

Financial Agreement

By and Between

BOROUGH OF SAYREVILLE

and

1970 NJ RT 35 URBAN RENEWAL LLC

Dated as of: _____, 2024

THIS FINANCIAL AGREEMENT (hereinafter “**Agreement**” or “**Financial Agreement**”), made this ___ day of _____, 2024, by and between **1970 NJ RT 35 URBAN RENEWAL LLC**, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (the “**Exemption Law**”), with offices care of Insite Development Partners, LLC, 19191 S. Vermont Ave, Ste 680, Torrance CA 90502, along with its permitted successors and/or assigns (the “**Entity**” or “**Redeveloper**”), and the **BOROUGH OF SAYREVILLE**, a municipal corporation in the County of Middlesex and the State of New Jersey (the “**Borough**”; together with the Entity, the “**Parties**,” with each a “**Party**”).

WITNESSETH:

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended from time to time (the “**Redevelopment Law**”) authorizes municipalities to determine whether certain parcels of land in the municipality constitute “areas in need of redevelopment,” as defined in the Redevelopment Law; and

WHEREAS, pursuant to Resolution No. 2021-269 dated October 12, 2021, the municipal council of the Borough (the “**Borough Council**”) authorized the Planning Board of the Borough (the “**Planning Board**”) to investigate whether the Club Pure property commonly known as Block 425, Lot 2.02 on the tax map of the Borough should be designated as an area in need of redevelopment pursuant to the Redevelopment Law; and

WHEREAS, on February 16, 2022, the Planning Board held a hearing and recommended to the Borough Council that the Property be designated as an area in need of redevelopment pursuant to the Redevelopment Law; and

WHEREAS, on March 14, 2022, the Borough Council adopted Resolution 2022-75 designating the Property as a non-condemnation area in need of redevelopment (the “**Redevelopment Area**”); and

WHEREAS, Heyer, Gruel & Associates prepared a redevelopment plan entitled “1970 Route 35 Redevelopment Plan, Borough of Saville, Middlesex County, NJ May 20, 2022,” (the “**Redevelopment Plan**”), providing the development standards for the Property; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-7f, the Planning Board held a hearing at its June 15, 2022 meeting to review and discuss the Redevelopment Plan, at which meeting it approved the Redevelopment Plan; and

WHEREAS, on August 15, 2022, the Borough Council adopted Ordinance 23-22, which adopted the Redevelopment Plan for the Redevelopment Area; and

WHEREAS, the Redeveloper submitted to the Borough a proposal to undertake the construction of: (1) a 3-story self-storage building totaling approximately 120,699 square feet gross building area (90,675 SF leasable area) with a 36-foot maximum height; and, (2) a 1-story

self-storage building with 9,463 square feet in gross building area (8,950 SF leasable area) with a 14 foot maximum height (collectively referred to as the “**Project**”); and

WHEREAS, on November 17, 2022 the Sayreville Economic and Redevelopment Agency (“**SERA**”) adopted a Resolution designating the Redeveloper as “**Redeveloper**” (as such term is defined in the Redevelopment Law) of Block 425, Lot 2.02 in the Redevelopment Area (the “**Property**”) and authorizing the execution of a redevelopment agreement; and

WHEREAS, the SERA and the Redeveloper executed a redevelopment agreement on or about February, 2023 (the “**Redevelopment Agreement**”), that set forth the terms and conditions upon which the Property is to be redeveloped; and

WHEREAS, to enhance the economic viability of and opportunity for a successful project, the Borough now enters into this Financial Agreement with the Entity, which Agreement shall govern payments made to the Borough in lieu of real estate taxes on the Project pursuant to the Exemption Law; and

WHEREAS, the Entity has filed an application (the “**Application**,” as further defined herein), with the Mayor of the Borough for approval of a long term tax exemption (the “**Tax Exemption**”) for the Improvements (as defined herein) to the extent permitted by the Exemption Law; and

WHEREAS, the Borough has made the following findings with respect to the Project:

A. Relative benefits of the Project:

- i. The Project will provide self-storage space in the Borough, along with the renewal and revitalization of the Redevelopment Area.
- ii. The Borough will benefit from the creation of approximately 90 temporary construction jobs and approximately 13 permanent jobs.
- iii. Without the Tax Exemption granted herein, it is highly unlikely that the Entity would have proceeded with the Project.

B. Assessment of the importance of the Tax Exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

The Tax Exemption allows for competitive rates for potential customers. In a highly competitive market for self-storage space, the price per square foot of construction and land taxes can be the deciding factor for market absorption. To attract and retain quality tenants, developers need the ability to be competitive and local tax exemption play a critical role in the locational decisions of developers.

WHEREAS, upon consideration of the Application and the Mayor's recommendations with respect thereto pursuant to N.J.S.A. 40A:20-8, the Borough Council, on [REDACTED], adopted

Ordinance No. [] (the “**Ordinance**”) authorizing the execution of this Agreement and granting the Tax Exemption in accordance with the terms hereof; and

WHEREAS, to satisfy the requirements of the Exemption Law and to set forth the terms and conditions under which the Parties shall carry out their respective obligations with respect to the Annual Service Charge (as such term is defined herein), the Parties have determined to execute this Financial Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I
GENERAL PROVISIONS

Section 1.01 Governing Law – THIS FINANCIAL AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THIS STATE, INCLUDING THE PROVISIONS OF THE EXEMPTION LAW, THE REDEVELOPMENT LAW AND ALL OTHER APPLICABLE LAWS. IT IS HEREBY EXPRESSLY ACKNOWLEDGED, UNDERSTOOD AND AGREED THAT EACH AND EVERY PARCEL OF LAND, AND ANY IMPROVEMENT RELATED THERETO, INCLUDING WITHOUT LIMITATION, ANY UNIT, AS SUCH TERMS ARE DEFINED HEREIN, SHALL BE SUBJECT TO AND GOVERNED BY THE TERMS OF THIS FINANCIAL AGREEMENT.

Section 1.02 General Definitions. The following terms shall have the meaning assigned to such term in the preambles hereof:

Agreement	Planning Board
Application	Project
Borough	Property
Borough Council	Redeveloper
Entity	Redevelopment Agreement
Exemption Law	Redevelopment Area
Financial Agreement	Redevelopment Law
Ordinance	Redevelopment Plan
Parties/Party	Tax Exemption

Unless specifically provided otherwise or the context otherwise requires, the following terms when used in this Agreement shall mean:

Administrative Fee: As defined in Section 4.10.

Allowable Net Profit: The amount arrived at by applying the Allowable Profit Rate to the Total Project Cost pursuant to the provisions of N.J.S.A. 40A:20-3(b) and (c).

Allowable Profit Rate: The greater of twelve percent (12%) per annum or the percentage per annum arrived at by adding one and one quarter percent (1.25%) to the annual interest

percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of twelve percent (12%) per annum or the percentage per annum arrived at by adding one and one quarter percent (1.25%) per annum to the interest rate per annum that the Borough reasonably determines to be the prevailing rate of mortgage financing on comparable improvements in the county. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

Annual Gross Revenue: The Annual Gross Revenue shall be calculated as set forth within N.J.S.A. 40A:20-3(a). Annual gross ordinary income received by the Entity which is derived from or generated by the Project, specifically excluding, without limitation, extraordinary items, condemnation awards, insurance proceeds, reimbursement of tenant improvement costs, gains from sales, transfers, or assumption of the Project or any part thereof, proceeds of any financing or refinancing, proceeds from any disposition of any interest in the Entity or any successor entity. Annual Gross Revenue shall not include any tenant reimbursement of the Annual Service Charge or land taxes to the Entity.

Annual Service Charge: The amount the Entity has agreed to pay the Borough pursuant to Article IV herein with respect to the Improvements (but not the Property upon which the Improvements are located), which: (a) Entity has agreed to pay in part for municipal services supplied to the Project, (b) is in lieu of any taxes on the Improvements pursuant to N.J.S.A. 40A:20-12, (c) shall be paid on the Annual Service Charge Payment Dates, and (d) shall be prorated in the year in which this Agreement begins and the year in which this Agreement terminates.

Annual Service Charge Payment Dates: February 1, May 1, August 1 and November 1 of each year, commencing after the Certificate of Completion is issued for the Project and ending on the Termination Date.

Annual Service Charge Start Date: The first day of the month following the Completion Date.

Applicable Law: All federal, State and local laws, ordinances, approvals, rules, regulations and requirements applicable to the Project including, but not limited to, the Redevelopment Law, the Exemption Law, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary, pollution and other environmental safety ordinances, laws and such rules and regulations thereunder, including all applicable environmental laws, applicable federal and State labor standards and all applicable laws or regulations with respect to the payment of prevailing wages

Auditor's Report: As defined in Section 6.02.

Certificate of Completion: A certificate or certificates, issued by the Borough in accordance with the provisions of the Redevelopment Agreement, certifying that the Entity has performed its

duties and obligations under the Redevelopment Agreement and the Redevelopment Plan with respect to the Project in its entirety.

Borough Clerk: The Clerk of the Borough.

Chief Financial Officer: The Borough's Chief Financial Officer.

Completion Date: shall mean the date that the Improvements are substantially complete for their intended purpose as evidenced by the issuance of a Certificate of Completion.

Default: A breach or the failure to perform any obligation imposed by the terms of this Agreement, or under Applicable Law.

Effective Date: The date of this Agreement.

Improvements: All improvements associated with the construction and operation of the Project, including all ancillary improvements required for the Project.

In Rem Tax Foreclosure: A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale in accordance with the Tax Sale Law.

Land: The land comprising the Property (Block 425, Lot 2.02), excluding any improvements on the Property.

Land Taxes: The amount of taxes assessed on the value of the Land upon which the Project is located.

Land Tax Payments: Payments made on the quarterly due dates for Land Taxes as determined by the Tax Assessor and the Tax Collector in accordance with Applicable Law.

Minimum Annual Service Charge: The amount of taxes levied against the Land upon which the Project is located in the last full tax year in which the Land was subject to taxation.

Net Profit: The Annual Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c). Without limiting the foregoing, included in expenses shall be an amount sufficient to amortize the Total Project Cost in accordance with generally accepted accounting principles as well as all other expenses permitted under the provisions of N.J.S.A. 40A:20-3(c). As provided in N.J.S.A. 40A:20-3(a), any gain realized by the Entity on the sale of any unit in fee simple, whether or not taxable under federal or state law, shall not be included in computing Annual Gross Revenue.

Notice: As defined in Section 15.01.

Rentable Square Footage: The net building area that is actually rented to self-storage customers which is projected to be 102,000 square feet.

Secured Party/Secured Parties: As defined in Section 8.02(a)

Security Arrangements: As defined in Section 8.02(a).

State: The State of New Jersey.

Tax Assessor: The Borough Tax Assessor.

Tax Collector: The Borough Tax Collector.

Taxes Otherwise Due: The real property taxes that would be due on the Project if not for the Tax Exemption, which Taxes Otherwise Due are calculating based on the assessment on the Land plus the exempt assessment on the Improvements multiplied by the then applicable general tax rate of the Borough.

Tax Sale Law: The Tax Sale Law, N.J.S.A. 54:5-1 et seq., as the same may be amended or supplemented from time to time.

Termination Date: The earlier to occur of (i) the thirty-fifth (35th) anniversary of the Effective Date; (ii) the thirtieth (30th) anniversary date of the Annual Service Charge Start Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.

Total Project Cost: The cost of developing the Project as determined in accordance with N.J.S.A. 40A:20-3(h), including those costs set forth on **Exhibit E** attached hereto, as certified by a qualified architect or engineer and as permitted pursuant to N.J.S.A. 40A:20-3(h) for the Project.

Section 1.03 Interpretation and Construction. In this Financial Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Financial Agreement, refer to this Financial Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this Financial Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Financial Agreement, and any table of contents or marginal notes appended to copies hereof, shall

be solely for convenience of reference and shall not constitute a part of this Financial Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any person or party hereunder shall not be unreasonably withheld, conditioned, or delayed.

(f) All Notices to be given hereunder and responses thereto shall be given, unless a certain number of days is specified, within a reasonable time, which shall not be less than ten (10) days nor more than twenty (20) days, unless the context dictates otherwise.

(g) This Financial Agreement shall become effective upon its execution and delivery by the Parties.

(h) All exhibits referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof.

ARTICLE II **APPROVAL**

Section 2.01 Approval of Tax Exemption. The Borough hereby grants its approval for a tax exemption for the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of Applicable Law, which Improvements shall be constructed on the Land.

Section 2.02 Approval of Entity. The Entity represents that its Certificate of Formation as provided in the Application contain all the requisite provisions of law, have been reviewed and approved by the Commissioner of the Department of Community Affairs, and have been filed with, as appropriate, the Secretary of Treasury, all in accordance with N.J.S.A. 40A:20-5.

Section 2.03 Improvements to be Constructed. The Entity represents that it will construct, or cause to be constructed, the Project substantially in accordance with the Redevelopment Agreement, the Redevelopment Plan and Applicable Law, the use of which is more specifically described in the Application.

Section 2.04 Ownership, Management and Control. The Entity represents that it is the owner of the Property upon which the Improvements are to be constructed and which is the subject of this Agreement.

Section 2.05 Financial Plan. The Entity represents that the Improvements shall be financed substantially in accordance with the financial plans provided in the Application. The financial plans set forth the Entity's good faith estimate of estimated Total Project Cost, amortization rate on Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization for the Project.

Section 2.06 Statement of Projected Revenues. The Entity represents that its good faith estimate of projected Annual Gross Revenue is set forth in **Exhibit H** attached hereto.

Section 2.07 Representations and Covenants Regarding Use, Management and Operations of the Project by the Entity. The Entity expressly covenants, warrants and represents that upon completion, the Project, including all Land and Improvements, shall be used, managed and operated for the purposes set forth in the Application, substantially in accordance with the Redevelopment Agreement, Redevelopment Plan, and all Applicable Laws.

ARTICLE III DURATION OF AGREEMENT

Section 3.01 Term. It is understood and agreed by the Parties that this Agreement, including the obligation to pay the Annual Service Charge required under Article IV hereof and the tax exemption granted and referred to in Section 2.01 hereof, shall remain in effect until the Termination Date. The tax exemption shall only be effective while the Project is owned by a corporation, association or other entity formed and operating under the Exemption Law. Upon the Termination Date, the tax exemption for the Project shall expire and the Improvements shall thereafter be assessed and taxed according to the general law applicable to other taxable property in the Borough.

Section 3.02 Voluntary Termination by Entity. At any time after one (1) year after the Annual Service Charge Start Date for each phase of the Project if applicable, the Entity may, on not less than thirty (30) days written notice to the Borough, voluntarily terminate this Agreement in accordance with N.J.S.A. 40A:20-13. As of the date provided in such notice, this Agreement shall terminate and the tax exemption, Annual Service Charge, and limitation on profits and dividends shall terminate.

Section 3.03 Date of Termination. The Termination Date shall be deemed to be the fiscal year end of the Entity.

ARTICLE IV ANNUAL SERVICE CHARGE

Section 4.01 Payment of Conventional Taxes Prior to Commencement of Annual Service Charge. During the period between execution of this Agreement and the substantial completion of the Project, the Entity shall make payment of conventional real estate taxes with respect to the Land and any improvements currently existing thereon, at the time and to the extent due in accordance with Applicable Law.

Section 4.02 Commencement of Annual Service Charge. The Entity shall make payment of an Annual Service Charge commencing on the Annual Service Charge Start Date.

Section 4.03 Payment of Annual Service Charge.

(a) The Annual Service Charge shall be due and payable to the Borough on the Annual Service Charge Payment Dates, commencing to accrue as of the Annual Service Charge Start Date. If the Entity fails to timely pay any installment of the Annual Service Charge, the amount past due shall, until paid, bear the highest rate of interest permitted under applicable State law then being assessed against other delinquent taxpayers in the case of unpaid taxes or tax liens.

(b) Each installment payment of the Annual Service Charge is to be made to the Borough and shall be clearly identified as “Annual Service Charge Payment for the 1970 NJ RT 35 Urban Renewal LLC Project.”

Section 4.04 Annual Service Charge. In consideration for the tax exemption provided for herein, the Entity shall make payment to the Borough, in lieu of real property taxes on the Improvements, of an Annual Service Charge in an amount, prior to the application of the Land Tax credit against the Annual Service Charge pursuant to Section 4.09 hereof, calculated as follows:

(a) For each of years one (1) through five (5) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) twelve (12%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(b) For each of years six (6) through ten (10) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) twelve and one-half (12.5%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(c) For each of years eleven (11) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) thirteen (13%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(d) For each of years sixteen (16) through twenty (20) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) thirteen and one-half (13.5%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(e) For each of years twenty-one (21) through thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) fourteen (14%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(f) Schedule of Staged Adjustments. The Annual Service Charge shall be reviewed and shall be adjusted in stages over the term of this Agreement in accordance with *N.J.S.A. 40A:20-12(b)* as follows:

(i) **Stage One:** For each of the years one (1) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be the amount due pursuant to Section 4.04(a), (b), or (c) of this Agreement, as applicable.

(ii) **Stage Two:** For years sixteen (16) through nineteen (19) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.04(d) of this Agreement; or (2) twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iii) **Stage Three:** For years twenty (20) through twenty-three (23) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Sections 4.04(d) or (e) of this Agreement, as applicable; or (2) forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iv) **Stage Four:** For years twenty-four (24) through twenty-seven (27) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.04(e) of this Agreement; or (2) sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(v) **Stage Five:** For years twenty-eight (28) through thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.04(e) of this Agreement; or (2) eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements.

(g) **Land Tax Credit:** In accordance with the Exemption Law, including without limitation, N.J.S.A. 40A:20-12, and Section 4.09 below, the Entity shall be entitled to a credit against the Annual Service Charge equal to the amount, without interest, of the Land Taxes paid by it in the last four preceding quarterly installments.

Section 4.05 Material Conditions. It is expressly agreed and understood that all payments of Land Taxes, Annual Service Charges and any interest payments, penalties or costs of collection due thereon, are material conditions of this Financial Agreement. If any other term, covenant or condition of this Financial Agreement or the Application, as to any person or circumstance shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Financial Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term, covenant or condition of this Financial Agreement shall be valid and enforced to the fullest extent permitted by Applicable Law.

Section 4.06 No Reduction in Payment of the Minimum Annual Service Charge. Neither the amounts nor dates established for payment of the Annual Service Charge, as provided in Sections 4.03 and 4.04 hereof shall be reduced, amended, or otherwise modified during the Term of this Agreement.

Section 4.07 Service Charges as Municipal Lien. In accordance with the provisions of the Exemption Law, any amount due and owing hereunder, including the Annual Service Charge shall be and constitute a continuous municipal lien on the Project.

Section 4.08 Security for Payment of Annual Service Charges. In order to secure the full and timely payment of the Annual Service Charges, the Borough reserves the right to prosecute a Foreclosure action against the Property, as more fully set forth in this Agreement.

Section 4.09 Land Taxes. In accordance with the Exemption Law, Land Taxes shall be assessed only on the land portion of the Property without regard to any Improvements or increase in value to the land because of the Improvements. The Borough agrees it shall not impose an added assessment, omitted added assessment or similar assessment on the value of the Improvements prior to the Annual Service Charge Start Date.

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity shall be entitled to a credit for the amount, without interest, of the Land Taxes paid on the Property in the last four preceding quarterly installments against the Annual Service Charge.

The Entity is obligated to make timely Land Tax Payments to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. No credit will be applied against the Annual Service Charge for partial payments of Land Taxes. In any year that the Entity fails to make any Land Tax Payments, beyond any notice and cure period, such delinquency shall render the Entity ineligible for any Land Tax credits against the Annual Service Charge for that year and such failure shall constitute a Default under this Agreement. In addition, the Borough shall have, among this remedy and other remedies, the right to proceed against the Property pursuant to the Tax Sale Law and/or may terminate this Agreement in a manner consistent with the Default provisions set forth in Article XIII hereof.

Section 4.10 Administrative Fee. In addition to the Annual Service Charge, the Entity shall pay to the Borough an annual fee of two percent (2%) of the projected Annual Service Charge upon the Annual Service Charge Start Date and each anniversary thereafter prior to the Termination Date (the “**Administrative Fee**”).

In the event the Entity fails to pay the Administrative Fee when due and owing, the amount paid shall bear the highest rate of interest permitted under applicable State law in the case of unpaid taxes or tax liens in the Borough until paid.

ARTICLE V

CERTIFICATE OF OCCUPANCY

Section 5.01 Certificate of Occupancy. It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner after the Entity has satisfied all requirements to secure such Certificate of Occupancy.

Section 5.02 Filing of Certificate of Occupancy. It shall be the responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy. Notwithstanding the foregoing, the filing of any Certificate of Occupancy shall not be a prerequisite for any action taken by the Borough, including, if appropriate, retroactive billing with interest to collect any charges hereunder to be due.

ARTICLE VI **ACCOUNTING, REPORTS AND CALCULATIONS**

Section 6.01 Accounting System. The Entity agrees to calculate its “Net Profit” pursuant to N.J.S.A. 40A:20-3(c). As stated in N.J.S.A. 40A:20-3(c), this calculation shall be made in accordance with generally accepted accounting principles or as otherwise prescribed in the Exemption Law during the term of this Agreement.

Section 6.02 Periodic Reports.

(a) In accordance with the Exemption Law, specifically N.J.S.A. 40A:20-9(d), the Entity shall submit, on an annual basis and within ninety (90) days after the close of the Entity’s fiscal year, its Auditor’s Report certified by an independent certified public accountant for the preceding fiscal year to the Mayor, the Borough Council and the Borough Clerk, who shall advise those municipal officials required to be advised, and to the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs. The provision of a consolidated schedule for the Entity, authorized by a person holding the title of Vice President and Controller, or equivalent position, attached to an audited Form 10-K produced for its parent entity or other alternative audited statement relating to the Entity generated by or on behalf of its parent shall constitute compliance with this Section. Failure of the Redeveloper to provide the Auditor’s Report within the time period provided for in this Section shall result in a late penalty charge to the Redeveloper of \$500 per day for each and every day submission of said Report is delayed beyond the above referenced 90 day period. Such late penalty shall be paid by the Redeveloper with the next due quarterly ASC payment.

(b) Disclosure Statement: The Entity shall submit to the Borough Council, on an annual basis and within ninety (90) days after the close of the Entity’s fiscal year, a disclosure statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each. It is anticipated, but not required, that the disclosure statement will be a part of the annual audit provided for in Section 6.02(a) above.

(c) Total Project Cost Certification: Within one hundred twenty (120) days after the Completion Date, the Entity shall submit to the Borough Tax Collector, Borough Tax Assessor and Borough Clerk, a certification of the actual Total Project Cost, certified as to actual construction costs by the Entity’s architect.

Section 6.03 Inspection. The Entity shall, upon request, permit the inspection of its property, equipment, buildings, and other facilities of the Project (subject to the rights of tenants) and also permit, upon request, examination and audit of its books, contracts, records, documents

and papers by representatives duly authorized by the Borough, and State Division of Local Government Services in the Department of Community Affairs pursuant to N.J.S.A. 40A:20-9(e). Such inspection shall be made upon seven (7) business days' written notice during the Entity's regular business hours, in the presence of an officer or agent designated by the Entity. To the extent reasonably possible, the inspection will not materially interfere with construction or operation of the Project.

ARTICLE VII

LIMITATION ON PROFITS AND RESERVES

Section 7.01 Limitation on Profits and Reserves. During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15. Pursuant to N.J.S.A. 40A:20-3(c), this calculation is completed in accordance with generally accepted accounting principles.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount up to ten percent (10%) of the Annual Gross Revenues of the Entity for the last full fiscal year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. In no event shall any portion of the excess Net Profits be retained or contributed to such reserve if the amount of the reserve as of the end of such fiscal year equals or exceeds ten percent (10%) of the preceding year's Annual Gross Revenues. The reserve is to be noncumulative.

Section 7.02 Payment of Dividend and Excess Profit Charge. In the event the Net Profits of the Entity shall exceed the Allowable Net Profits for the period, taken as one accounting period, commencing on the Annual Service Charge Start Date and terminating at the end of the last full fiscal year, then the Entity, within one hundred and twenty (120) days after the end of that fiscal year, shall pay such excess Net Profits to the Borough as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned Section 7.01. The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to N.J.S.A. 40A:20-3(b) and (c) and 40A:20-15.

Pursuant thereto, the calculation of Net Profit shall be cumulative for the period commencing on the date on which the construction of the project is completed, and terminating at the close of the fiscal year of the entity for the year of each annual audit, with any negative amounts of profit from prior years being carried forward and included in the accumulated excess profit calculation consistent with Borough of Newark vs. First Newark Gateway Urban Renewal Association, Docket No. ESX-L-1160-91 (NJ Super. Law Div. August 8, 1994).

Section 7.03 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale. The Termination Date of this Agreement, or the date of sale or transfer of the Improvements, shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the Borough the amount of the reserve, if any, maintained by it pursuant to Section 7.01 and the excess Net Profits, if any.

ARTICLE VIII
ASSIGNMENT AND/OR ASSUMPTION

Section 8.01 Restrictions on Transfer.

(a) Prior to the issuance of a Certificate of Completion, the Entity shall be permitted to transfer the Project, its ownership interest in the Land or any ownership interest in the Entity in accordance with the Redevelopment Agreement. After the issuance of a Certificate of Occupancy, except as set forth in the following subsections, the Entity may not voluntarily transfer more than ten percent (10%) of the ownership of the Project or any portion thereof until it has first removed both itself and the Project from all restrictions imposed by the Exemption Law, in the manner provided by the Exemption Law. Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than ten percent (10%) of the direct ownership interests, is disclosed to the Borough Council in the annual disclosure statement required pursuant to Section 6.02(b) of this Agreement or in correspondence sent to the Borough Clerk in advance of the annual disclosure in accordance with N.J.S.A. 40A:20-5e.

(b) As permitted by N.J.S.A. 40A:20-10, it is understood and agreed that the Borough, on written application by the Entity, will consent to a sale of the Project and the transfer of this Agreement provided that: (1) the transferee entity is formed and eligible to operate under the Exemption Law; (2) the transferee entity does not own any other project subject to long term tax exemption at the time of transfer; (3) the Entity is not then in Default of this Agreement or Applicable Law; and (4) the Entity's obligations under this Agreement are fully assumed by the transferee entity. The municipality may charge an application fee for any such transfer request which application fee shall not be more than 2% of the most recent annual service charge.

Section 8.02 Collateral Assignment. Notwithstanding the foregoing, it is expressly understood and agreed that the Entity has the right to encumber and/or assign the fee title to the Land and/or Improvements for purposes of (i) financing the design, development, and construction of the Project and (ii) permanent mortgage financing.

(a) The Borough agrees that the Entity and or its affiliates may assign, pledge, hypothecate or otherwise transfer its rights under this Agreement and/or its interest in the Project to one or more secured parties or any agents therefore (each, a "**Secured Party**" and collectively, the "**Secured Parties**") as security for obligations of the Entity, and/or its affiliates, incurred in connection with such secured financing (collectively, the "**Security Arrangements**"). The Entity shall give the Borough written notice of any such Security Arrangements, together with the name and address of the Secured Party or Secured Parties. Failure to provide such notice waives any requirement of the Borough hereunder to provide any notice of Default or notice of intent to enforce its remedies under this Agreement.

(b) Without limiting the generality of Article XIII hereof, if the Entity shall Default in any of its obligations hereunder, the Borough shall give notice of such Default to the Secured Parties and the Borough agrees that, in the event such Default is not waived by the Borough or cured by the Entity, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Entity hereunder, the Borough will provide the Secured

Parties a reasonable period of time to cure such Default, but in any event not less than fifteen (15) days from the date of such notice to the Secured Parties with regard to a failure of the Entity to pay the Annual Service Charge or Land Taxes and ninety (90) days from the date the Entity was required to cure any other Default.

(c) In the absence of a Default by the Entity, the Borough agrees to consent to any collateral assignment by the Entity to any Secured Party or Secured Parties of its interests in this Agreement and to permit each Secured Party to enforce its rights hereunder and under the applicable Security Arrangement and shall, upon request of the Secured Party, execute such documents as are typically requested by Secured Parties to acknowledge such consent. This provision shall not be construed to limit the Borough's right to payment from the Entity, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

(d) Notwithstanding anything to the contrary contained herein, and in addition to all other rights and remedies of Secured Parties set forth in this Agreement, the provisions of N.J.S.A. 55:17-1 to -11 shall apply to this Agreement to protect the interest of any Secured Party.

ARTICLE IX WAIVER

Section 9.01. Waiver. Either Party's election of any remedy shall not be construed as a waiver of any other remedies available to that Party.

ARTICLE X COMPLIANCE

Section 10.01 Statutes and Ordinances. The Entity hereby agrees at all times prior to the Termination Date to remain bound by the provisions of the Application and Applicable Law, including, but not limited to, the Exemption Law. The Entity's failure to comply with such statutes or ordinances shall constitute a Default under this Agreement and the Borough shall, among its other remedies, have the right to terminate this Agreement, subject to the Default procedure provisions of Article XIII herein.

ARTICLE XI CONSTRUCTION

Section 11.01 Construction. This Financial Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid or any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

ARTICLE XII INDEMNIFICATION

Section 12.01 Indemnification. It is understood and agreed that in the event the Borough shall be named as party defendant in any action brought against the Borough or Entity by allegation of any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of the Exemption Law, Entity shall indemnify and hold the Borough harmless from and against all liability, losses, damages, demands, costs, claims, actions or expenses (including reasonable attorneys' fees and expenses) of every kind, character and nature to the extent arising out of or resulting from any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of the Long Term Exemption Law, N.J.S.A. 40A:20-1 et seq., except for that which results from any negligence or misconduct by the Borough or any of its officers, officials, employees or agents, and Entity shall defend the suit at its own expense. Notwithstanding the foregoing, the Borough maintains the right to intervene as a party thereto, to which intervention Entity hereby consents, the expense thereof to be borne by Entity. To the extent practical and ethically permissible, the Entity's attorneys shall jointly defend and represent the interest of the Borough and the Entity as to all claims indemnified in connection with this Agreement.

ARTICLE XIII DEFAULT AND REMEDIES

Section 13.01 Cure Upon Default. Should the Entity be in Default, the Borough shall notify the Entity and any Secured Party in writing of said Default. Said notice shall set forth with particularity the basis of said Default. Except as provided in Section 8.02(b) hereof or otherwise limited by law, the Entity shall have ninety (90) days after it receives Notice to cure any Default (other than a Default in payment of any installment of the Annual Service Charge, which Default must be cured within fifteen (15) days after the Entity receives Notice). Curing the Default shall be the sole and exclusive remedy available to the Entity or the Secured Party, as applicable; provided, however, that if, in the reasonable opinion of the Borough, the Default cannot be cured within the applicable cure period using reasonable diligence, the time to cure may be extended upon written notice for an additional ninety (90) day period of time.

Upon the expiration of the cure period, or any approved extension thereof, and providing that the Default is not cured, the Borough shall have the right to terminate this Agreement in accordance with Section 13.02 of this Agreement.

Section 13.02 Remedies Upon Default.

(a) In the event the Entity or a Secured Party fails to cure or remedy the Default within the time period provided in Sections 13.01 or 8.02(b), respectively, the Borough may terminate this Agreement upon thirty (30) days written notice to the Entity and the Secured Party.

(b) Upon any Default in payment of any installment of the Annual Service Charge not cured within fifteen (15) days, the Borough in its sole discretion shall have the right to immediately exercise the following remedies: (1) terminate this Agreement, at which time: the Improvements on the Land shall be subject to conventional taxation; or (2) exercise any other remedy available to the Borough in law or equity. The Borough as a courtesy will give Entity and any Secured Party notice of the intention to exercise its remedies.

(c) No Default hereunder by the Entity shall terminate the tax exemption (except as described herein and after Notice and cure as provided for herein) and its obligation to make Annual Service Charges, which shall continue in effect for the duration of the term hereof and subject to Section 13.03 hereinafter.

(d) All of the remedies provided in this Agreement to the Borough shall be cumulative and concurrent and no determination of the invalidity of any provision of this Agreement shall deprive the Borough of any of its remedies or actions against the Entity as set forth in Section 13.02(b) because of Entity's failure to pay Land Taxes, the Annual Service Charge and/or any applicable water and sewer charges and interest payments.

(e) In no event shall either Party be liable for consequential damages.

Section 13.03 Final Accounting. Within ninety (90) days after the Termination Date, the Entity shall provide a final accounting and pay to the Borough the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any excess Net Profits. For purposes of rendering a final accounting, the Termination Date of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 13.04 Conventional Taxes. Upon the Termination Date, the tax exemption for the Project shall expire and the Land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the Borough.

ARTICLE XIV DISPUTE RESOLUTION

Section 14.01 Arbitration. In the event of a dispute arising between the Parties in reference to the terms and provisions as set forth herein, then the Parties may submit the dispute to arbitration in the State to be determined in such a fashion to accomplish the purpose of the Exemption Law. Either party, however, may elect to waive arbitration and proceed with the dispute in a New Jersey Court of competent jurisdiction with each Party bearing their own Costs. In the event of a Default on the part of the Entity to pay any installment of the Annual Service Charge required by Article IV above, the Borough, in addition to their other remedies, and subject to Article XIII of this Agreement, reserves the right to proceed against the Property, in the manner provided by law, including the Tax Sale Law, and any act supplementary or amendatory thereof. Whenever the word "Taxes" appears, or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as it is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In either case, however, the Entity does not waive any defense it may have to contest the rights of the Borough to proceed in the above-mentioned manner. Subject to the provisions of Articles XII and XIII, in the event of a Default under or breach of this Agreement by the Entity which is not cured within the applicable grace period, thereby causing a default under a mortgage or similar instrument issued by the Entity to finance construction of the Project (or any refinance thereof), then the provisions of N.J.S.A. 55:17-1 to N.J.S.A. 55:17-11 shall apply, solely to protect the interest of the Secured Party or Secured Parties.

Notwithstanding anything herein to the contrary, no arbitrator shall have any power or authority to amend, alter, or modify any part of this Agreement, in any way.

ARTICLE XV
NOTICE

Section 15.01 Notice. Formal notices, demands and communications between the Borough and Entity shall be deemed given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, or by a commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available (“**Notice**”). In that case such notice is deemed effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by written notice.

Copies of all notices, demands and communications shall be sent as follows:

If to the Borough:

Borough of Sayreville
167 Main Street
Sayreville, NJ 08872
Attention: Mayor

with copies to:

Michael Baker, Esq. and Anthony Iacocca, Esq
Hoagland, Longo, Moran, Dunst & Doukas, LLP
40 Paterson Street
New Brunswick, NJ 08903
mbaker@hoaglandlongo.com
aiacocca@hoaglandlongo.com

If to Entity:

InSite Development Partners, LLC
19191 S. Vermont Ave, Ste 680
Torrance, CA 90502
Attention: Elias Slaiby
elias@insitepg.com

with copies to:

Michael J. Caccavelli, Esq.
Pearlman & Miranda, LLC
110 Edison Place, Suite 301
Newark, New Jersey 07102-4908
mcaccavelli@pearlmanmiranda.com

ARTICLE XVI
MISCELLANEOUS

Section 16.01 Conflict. The Parties agree that in the event of a conflict between the Application and this Financial Agreement, the language in this Financial Agreement shall govern and prevail.

Section 16.02 Oral Representations. There have been no oral representations made by either of the Parties which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance of the Borough authorizing this Agreement, and the Application constitute the entire agreement between the Parties and there shall be no modifications thereto other than by a written instrument executed by the Parties and delivered to each of them.

Section 16.03 Entire Document. All conditions in the Ordinance of the Borough Council approving this Agreement are incorporated in this Agreement and made a part hereof. This Agreement, with all attachments and exhibits, the Ordinance and the Application shall constitute the entire agreement between the Parties, shall be incorporated herein by reference thereto and there shall be no modifications thereto other than by a written instrument approved and executed by and delivered to each Party. All prior agreements and understandings, if any, are superseded.

Section 16.04 Good Faith. In their dealings with each other, the Parties agree that they shall act in good faith.

Section 16.05 Reserved.

Section 16.06 Counterparts. This Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.07 Financing Matters. The financial information required by the final paragraph of N.J.S.A. 40A:20-9 is set forth in the Application.

Section 16.08 Amendments. This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties hereto.

Section 16.09 Certification. The Borough Clerk shall certify to the Tax Assessor, pursuant to N.J.S.A. 40A:20-12, that a Financial Agreement with an urban renewal entity, i.e., the Entity, for the development of the Property, has been entered into and is in effect as required by N.J.S.A. 40A:20-1 et seq. Delivery by the Borough Clerk to the Tax Assessor of a certified copy of the Ordinance adopted by the Borough Council approving the tax exemption described herein and this Financial Agreement shall constitute the required certification. Upon certification as required hereunder and upon the Annual Service Charge Start Date, the Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of this Financial Agreement or until

the Tax Assessor has been duly notified by the Borough Clerk that the exemption has been terminated.

Further, upon the adoption of this Financial Agreement, a certified copy of the Ordinance adopted by the Borough Council approving the tax exemption described herein and this Financial Agreement shall forthwith be transmitted to the Director of the Division of Local Government Services by the Borough Clerk to the Chief Financial Officer of Middlesex County and to the Middlesex County Counsel, for informational purposes.

Section 16.10 Conditions Precedent.

This Agreement is expressly subject to the satisfaction by the Entity or the Borough of the following conditions precedent:

(a) Receipt by the Entity of all federal, State, county and municipal approvals required for the construction of the Project.

(b) Enactment by the Borough of all ordinances and other official action necessary under N.J.S.A. 40A:20-1 et seq. to enter into and effectuate the terms of this Agreement.

Section 16.11 Construction. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the Party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXHIBITS

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

- A. Metes and Bounds description of the Property
- B. Project Description
- C. Application with Exhibits
- D. Ordinance
- E. Project Costs
- F. Certificate of Formation for the Entity
- G. Financial Plan for the Project
- H. Projected Revenues
- I. Schedule of ASC Charges per Rentable Square Foot

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Financial Agreement to be executed as of the day and year first above written.

ATTEST:

BOROUGH OF SAYREVILLE

Jessica Morelos, R.M.C.,
Borough Clerk

By: _____
Kennedy O'Brien,
Mayor

STATE OF NEW JERSEY

COUNTY OF MIDDLESEX

The foregoing instrument was acknowledged before me this ____ day of _____, 2024 by Kennedy O'Brien, and this person acknowledged under oath, to my satisfaction that:

- (a) he is the Mayor of the Borough of Sayreville, the Borough named in the within document;
- (b) he is authorized to execute the attached document on behalf of the Borough;
- (c) he executed the attached document on behalf of and as the act of the Borough;
and
- (d) the attached document was signed and made by the Borough as its duly authorized and voluntary act.

JESSICA MORELOS, R.M.C.
BOROUGH CLERK

EXHIBIT A

METES AND BOUNDS DESCRIPTION OF THE PROPERTY

January 18, 2023

LEGAL DESCRIPTION

Tax Lot 2.02, Block 425

1970 N.J.S.H. Route 35

Borough of Sayreville, Middlesex County, New Jersey

BEGINNING at a point on the northeasterly sideline of N.J.S.H. Route 35 (120' Right of Way Width per Tax Map), and running;

1. Along said northeasterly sideline of N.J.S.H. Route 35 following a curve to the right having a radius of 2,804.93 feet, a central angle of 05 degrees 17 minutes 26 seconds, an arc length of 259.00 feet, a chord bearing of North 53 degrees 28 minutes 50 seconds West and a chord distance of 258.91 feet to a point on the division line between Lots 2.02 and 2, Block 425, thence;

Running the following two (2) courses along said division line between Lots 2.02 and 2, Block 425:

2. North 46 degrees 46 minutes 43 seconds East, a distance of 129.61 feet to a point, thence;
3. North 31 degrees 57 minutes 51 seconds West, a distance of 115.00 feet to a point on the division line between Lot 2.02, Block 425 and Lot 3, Block 424, thence;
4. North 58 degrees 02 minutes 09 seconds East along the division line between Lot 2.02 Block 425 and Lots 3 and 1.01, Block 424, a distance of 184.20 feet to a point on the division line between Lot 2.02, Block 425 and Lot 7.02, Block 424, thence;
5. South 31 degrees 57 minutes 51 seconds East along the division line between Lot 2.02, Block 425 and Lots 7.02 and 7.01, Block 424 and along the southwesterly sideline of Olsen Street (50' Right of Way per Tax Map), a distance of 190.00 feet to a point on the southwesterly terminus of Olsen Street, thence;
6. North 58 degrees 02 minutes 09 seconds East along the southeasterly sideline of Olsen Street, a distance of 50.00 feet to a point on the division line between Lots 2.02 and 11, Block 425, thence;
7. South 31 degrees 57 minutes 51 seconds East along the division line between Lots 2.02, 11, 10, 9, 8, 7, & 6, Block 425, a distance of 453.31 feet to a point on the division line between Lots 2.02 and 2.01, Block 425, thence;
8. South 58 degrees 44 minutes 09 seconds West along said division line between Lots 2.02 and 2.01, Block 425, a distance of 130.37 feet to a point on the aforementioned northeasterly sideline of N.J.S.H. Route 35, thence;

Running the following four (4) courses along said northeasterly sideline of N.J.S.H. Route 35:

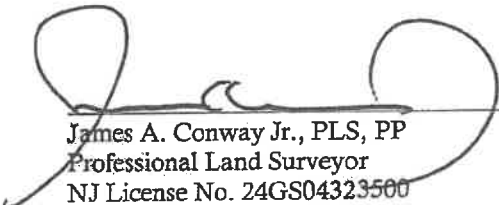
www.dynamic-surveyservices.com

9. Along a non-tangent curve to the right having a radius of 240.00 feet, a central angle of 13 degrees 23 minutes 32 seconds, an arc length of 56.10 feet, a chord bearing of North 40 degrees 20 minutes 17 seconds West and a chord distance of 55.97 feet to a point of tangency, thence;
10. North 33 degrees 38 minutes 30 seconds West, a distance of 132.06 feet to a point of curvature, thence;
11. Along a curve to the left having a radius of 85.00 feet, a central angle of 112 degrees 35 minutes 50 seconds, an arc length of 167.04 feet, a chord bearing of North 89 degrees 56 minutes 30 seconds West and a chord distance of 141.43 feet to a point, thence;
12. South 33 degrees 45 minutes 29 seconds West, a distance of 4.46 feet to the point and place of BEGINNING.

Containing a calculated area of 138,152 square feet or 3.172 acres.

The above-described property is subject to the rights and restrictions of easements, if any, being within and/or crossing the bounds as described above.

The description above is written in accordance with a map entitled "ALTA/NSPS Land Title Survey, Insite Property Group, Block 425, Lot 2.02, 1970 Route 35, Borough of Sayreville, Middlesex County, New Jersey", prepared by Dynamic Survey, LLC, dated 03/12/2021 and revised through 09/16/2022.


James A. Conway Jr., PLS, PP
Professional Land Surveyor
NJ License No. 24GS04323500

1/16/2023
Date

V:\DSURVEY PROJECTS\3041 InSite Property Group\99-008S Sayreville\Design (Survey)\Legal Descriptions\Lot 2.02 Legal Description.docx

EXHIBIT B

PROJECT DESCRIPTION

The Project shall consist of the construction of a self-storage facility and associated site improvements that will result in total rentable building area of approximately 130,000 gross SF and approximately 100,000 leasable square feet in size upon completion.

EXHIBIT C
APPLICATION WITH EXHIBITS

P E A R L M A N & M I R A N D A, L L C

Michael J. Caccavelli
110 Edison Place, Suite 301
Newark, NJ 07102
Telephone: 973-363-3832
Fax: 973-893-5962
Admitted in New Jersey
mcaccavelli@pearlmanmiranda.com

VIA HAND DELIVERY

July 12, 2023

Glenn Skarzynski, Business Administrator
Borough of Sayreville
167 Main Street
Sayreville, NJ 08872

**Re: 1970 NJ RT 35 Urban Renewal LLC
Application for Long Term Tax Exemption
Block 425, Lot 2.02**

Dear Mr. Skarzynski:

I enclose five (5) duplicate copies of an application for a long-term tax exemption pursuant to the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq., with respect to InSite Development Partner's redevelopment project located at 1970 Route 35, Sayreville, New Jersey.

If you have any questions or require any additional information, please call me.

Respectfully submitted,

s/ Michael J. Caccavelli

Michael J. Caccavelli

cc: Salvatore Alfieri (via email & overnight mail w/encs)
Bryan Morris (via email only w/encs)
Anthony Inverso (via email only w/encs)
Bob Smith (via email only w/encs)
Elias Slaiby (via email only w/ encs.)
Caroline Aragon (via email only w/encs)

APPLICATION FOR LONG TERM TAX EXEMPTION

In accordance with the requirements of the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et. seq., **1970 NJ RT 35 URBAN RENEWAL LLC**, a New Jersey limited liability company qualified as an urban renewal entity in accordance with the Long-Term Tax Exemption Law, submits this application for a thirty (30) year Long Term Tax Exemption pursuant to N.J.S.A. 40A:20-8 (“Application”) to the **BOROUGH OF SAYREVILLE**, a municipal corporation in the County of Middlesex and the State of New Jersey (the “Borough”).

1. **Name of Applicant:** 1970 NJ RT 35 Urban Renewal LLC (“1970 NJ RT 35 URE” or the “Entity”).
2. **Address of Applicant:** c/o InSite Development Partners, LLC, 2015 Manhattan Blvd., Ste 104, Redondo Beach, CA 90278.
3. **Identification of Property to be subject to the proposed tax exemption: Description of any anticipated subdivisions required by or related to the proposed redevelopment project:** The subject property consists of approximately 3.172 acres of land which is designated on the official tax map of the Borough of Sayreville as Block 425, Lot 2.02 with a street address of 1970 Route 35, Borough of Sayreville, Middlesex County, New Jersey (the “Subject Property”). Please see attached Survey attached as “**Exhibit A**” and a Metes and Bounds Description attached as “**Exhibit A-1.**”
4. **General description of the proposed redevelopment project:** The project will consist of the construction of: (1) a 3-story self-storage building totaling approximately 120,699 square feet gross building area (90,675 SF leasable area) with a 36-foot maximum height; and, (2) a 1-story self-storage building with 9,463 square feet in gross building area (8,950 SF leasable area) with a 14 foot maximum height (collectively referred to as the “Project”).
5. **Anticipated project schedule:** See Project Schedule attached as “**Exhibit C**”.
6. **Description of the anticipated benefits to the municipality and the community arising out of or related to the proposed redevelopment project, including a statement of any affordable housing to be incorporated into the proposed redevelopment project, as may be applicable:** Construction of the facility will create about 90 construction jobs, with such workers including electricians, ironworkers, carpenters, and other applicable trades working on the Project. Upon completion and operation, the project is projected to create 13 permanent jobs.

The long-term tax exemption requested is an integral part of the development and is required so that the Project can compete on an equitable footing with comparable self-storage buildings with the municipality and surrounding market. The long-term tax exemption is further necessary so that the property will be economically viable due to the high costs of development.

The benefits of the Project as compared to the costs are significant. There will be significant job creation both during construction and after construction. The tax exemption will enable the Project to move forward, and the municipal services associated with this development when completed will be minimal compared to the significant benefits generated consisting of jobs as well as increased revenue to the municipality.

The grant of the long-term tax exemption will permit 1970 NJ RT 35 URE to redevelop a vacant abandoned site into a productive, useful, and job-creating property. Currently, the property pays only about \$65,437 per year in real estate taxes, yielding about \$18,841 in net revenue to the Borough. Upon stabilization, the Project would pay an annual service charge of more than \$250,000 per year, and total annual service charges of more than \$11.244 million over the thirty (30) year term of the tax exemption. Therefore, upon stabilization of the Project, the net revenue generated by the Subject Property to the Borough would increase by more than 1000% (from about \$18,841 to \$220,431 in Year 3).

7. **Description of any environmental work (i.e., investigation and remediation) to be undertaken in connection with the proposed redevelopment project, if known to the Applicant.** See Dynamic memo regarding geotechnical and environmental conditions attached as “**Exhibit J**”.
8. **Total Project Cost Estimate:** The estimated Total Project Cost is approximately \$24,489,000. See Certification of Estimated Total Project Cost attached as “**Exhibit D**”.
9. **Disclosure of Project Ownership.** A Project Ownership Chart detailing the ownership of 1970 NJ RT 35 URE is attached as “**Exhibit E**”. A copy of the Certificate of Formation of 1970 NJ RT 35 URE and a copy of the DCA approval letter is attached as “**Exhibit F**.”
10. **Fiscal Plan:** A projected Project Fiscal Plan for the Project attached as “**Exhibit G**”. The estimated Fiscal Plan outlines a schedule of projected annual gross revenue for the Project, estimated expenditures for the maintenance and operation of the Project, and debt service. Additionally, the Fiscal Plan sets forth the projected Annual Service Charges payable from 1970 NJ RT 35 URE to the Borough pursuant to the Financial Agreement to be entered into between 1970 NJ RT 35 URE and the Borough.


11. **The source, method, and amount of money to be subscribed through the investment of private capital, setting forth the amount of stock or other securities to be issued therefor or the extent of capital invested and the proprietary or ownership interest obtained in consideration therefor:** The Project will be financed with a combination of traditional debt financing and equity investment by the owners of 1970 NJ RT 35 URE. No stock or securities will be issued in conjunction with the financing of the Project. Construction of the Project will be financed with approximately 40% of the total project cost derived through the equity investments of the owners of 1970 NJ RT 35 URE, with the remaining 60% of the total project cost financed by a conventional bank mortgage loan in a principal amount of about \$13.2 million.

12. **Financial Agreement:** A proposed Financial Agreement conforming to the provisions of N.J.S.A. 40A:20-9 is attached hereto as **“Exhibit H”**.

I certify that all of the foregoing initialed statements made by me are true. I am aware that if any of the foregoing initialed statements made by me are willfully false, I am subject to punishment. I also attach a Resolution of 1970 NJ RT 35 Urban Renewal LLC authorizing the submission of this application for a long-term tax exemption and the execution of a Financial Agreement upon approval by the Borough of this application, which Resolution is attached as **“Exhibit I.”**

**1970 NJ RT 35
URBAN RENEWAL LLC**

Date: 7/11/23

By: 
Charles Brown,
Authorized Signatory

LIST OF EXHIBITS

- 1. Survey- Exhibit A**
- 2. Metes and Bounds Description – Exhibit A-1**
- 3. Site Plan- Exhibit B**
- 4. Project Schedule – Exhibit C**
- 5. Total Project Cost Estimate – Exhibit D**
- 6. Disclosure of Project Ownership – Exhibit E**
- 7. Certificate of Formation and DCA Approval– Exhibit F**
- 8. Fiscal Plan – Exhibit G**
- 9. Financial Agreement – Exhibit H**
- 10. Resolution of the Entity Authorizing the Application - Exhibit I**
- 11. Dynamic Memo regarding geotechnical and environmental conditions – Exhibit J**

EXHIBIT A
SURVEY

EXHIBIT A-1

METES AND BOUNDS DESCRIPTION

January 18, 2023

LEGAL DESCRIPTION

Tax Lot 2.02, Block 425
1970 N.J.S.H. Route 35
Borough of Sayreville, Middlesex County, New Jersey

BEGINNING at a point on the northeasterly sideline of N.J.S.H. Route 35 (120' Right of Way Width per Tax Map), and running;

1. Along said northeasterly sideline of N.J.S.H. Route 35 following a curve to the right having a radius of 2,804.93 feet, a central angle of 05 degrees 17 minutes 26 seconds, an arc length of 259.00 feet, a chord bearing of North 53 degrees 28 minutes 50 seconds West and a chord distance of 258.91 feet to a point on the division line between Lots 2.02 and 2, Block 425, thence;

Running the following two (2) courses along said division line between Lots 2.02 and 2, Block 425:

2. North 46 degrees 46 minutes 43 seconds East, a distance of 129.61 feet to a point, thence;
3. North 31 degrees 57 minutes 51 seconds West, a distance of 115.00 feet to a point on the division line between Lot 2.02, Block 425 and Lot 3, Block 424, thence;
4. North 58 degrees 02 minutes 09 seconds East along the division line between Lot 2.02 Block 425 and Lots 3 and 1.01, Block 424, a distance of 184.20 feet to a point on the division line between Lot 2.02, Block 425 and Lot 7.02, Block 424, thence;
5. South 31 degrees 57 minutes 51 seconds East along the division line between Lot 2.02, Block 425 and Lots 7.02 and 7.01, Block 424 and along the southwesterly sideline of Olsen Street (50' Right of Way per Tax Map), a distance of 190.00 feet to a point on the southwesterly terminus of Olsen Street, thence;
6. North 58 degrees 02 minutes 09 seconds East along the southeasterly sideline of Olsen Street, a distance of 50.00 feet to a point on the division line between Lots 2.02 and 11, Block 425, thence;
7. South 31 degrees 57 minutes 51 seconds East along the division line between Lots 2.02, 11, 10, 9, 8, 7, & 6, Block 425, a distance of 453.31 feet to a point on the division line between Lots 2.02 and 2.01, Block 425, thence;
8. South 58 degrees 44 minutes 09 seconds West along said division line between Lots 2.02 and 2.01, Block 425, a distance of 130.37 feet to a point on the aforementioned northeasterly sideline of N.J.S.H. Route 35, thence;

Running the following four (4) courses along said northeasterly sideline of N.J.S.H. Route 35:


www.dynamic-surveyservices.com

9. Along a non-tangent curve to the right having a radius of 240.00 feet, a central angle of 13 degrees 23 minutes 32 seconds, an arc length of 56.10 feet, a chord bearing of North 40 degrees 20 minutes 17 seconds West and a chord distance of 55.97 feet to a point of tangency, thence;
10. North 33 degrees 38 minutes 30 seconds West, a distance of 132.06 feet to a point of curvature, thence;
11. Along a curve to the left having a radius of 85.00 feet, a central angle of 112 degrees 35 minutes 50 seconds, an arc length of 167.04 feet, a chord bearing of North 89 degrees 56 minutes 30 seconds West and a chord distance of 141.43 feet to a point, thence;
12. South 33 degrees 45 minutes 29 seconds West, a distance of 4.46 feet to the point and place of BEGINNING.

Containing a calculated area of 138,152 square feet or 3.172 acres.

The above-described property is subject to the rights and restrictions of easements, if any, being within and/or crossing the bounds as described above.

The description above is written in accordance with a map entitled "ALTA/NSPS Land Title Survey, Insite Property Group, Block 425, Lot 2.02, 1970 Route 35, Borough of Sayreville, Middlesex County, New Jersey", prepared by Dynamic Survey, LLC, dated 03/12/2021 and revised through 09/16/2022.


James A. Conway Jr., PLS, PP
Professional Land Surveyor
NJ License No. 24GS04323500

1/18/2023
Date

V:\DSURVEY PROJECTS\3041 InSite Property Group\99-008S Sayreville\Design (Survey)\Legal Descriptions\Lot 2 02 Legal Description.docx

EXHIBIT B

SITE PLAN

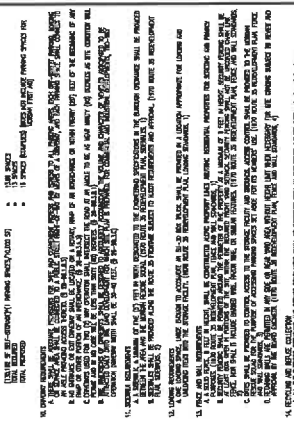
GENERAL NOTES

1. SEE THE SITE PLAN FOR GENERAL NOTES.
2. ALL DIMENSIONS ARE IN FEET AND INCHES UNLESS OTHERWISE NOTED.
3. ALL FINISHES ARE TO BE AS SHOWN ON THE ARCHITECTURAL DRAWINGS.
4. ALL MATERIALS AND METHODS OF CONSTRUCTION SHALL BE AS SHOWN ON THE ARCHITECTURAL DRAWINGS.
5. ALL UTILITIES SHALL BE PROTECTED AND DEEPER THAN SHOWN.
6. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
7. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
8. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
9. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
10. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.

NO.	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
1	CONCRETE	100	CU YD	100.00	100.00
2	STEEL	50	TON	50.00	50.00
3	BRICK	1000	SQ YD	1000.00	1000.00
4	PAVING	500	SQ YD	500.00	500.00
5	LANDSCAPING	100	SQ YD	100.00	100.00
6	UTILITIES	100	LINEAL FT	100.00	100.00
7	MECHANICAL	100	SQ YD	100.00	100.00
8	ELECTRICAL	100	SQ YD	100.00	100.00
9	PLUMBING	100	SQ YD	100.00	100.00
10	PAINT	100	SQ YD	100.00	100.00

GENERAL NOTES (CONTINUED)

11. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
12. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
13. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
14. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
15. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
16. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
17. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
18. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
19. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
20. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.



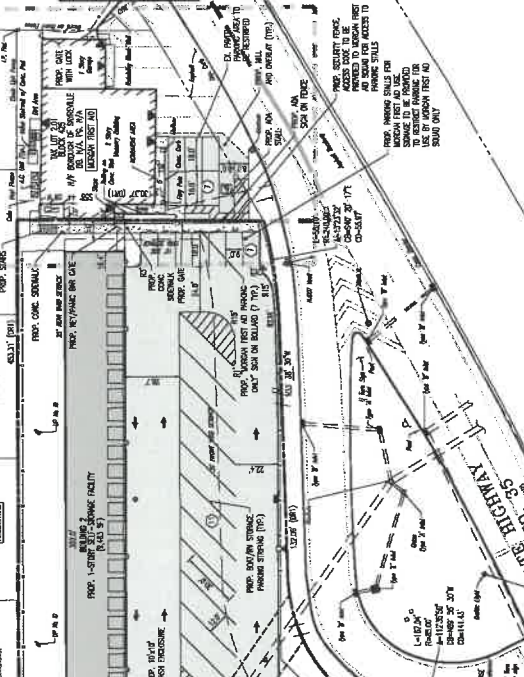
DYNAMIC ENGINEERING

SITE PLAN

INSITE DEVELOPMENT PARTNERS, LLC

THOMAS J. MULLER JOHN A. PALUS

PROJECT: 1000 & 1070 NORTH ROUTE 35
LOCATION: BRUNSWICK COUNTY, NORTH CAROLINA
DATE: 10/27/2011
SCALE: AS SHOWN
PROJECT NO.: 11011

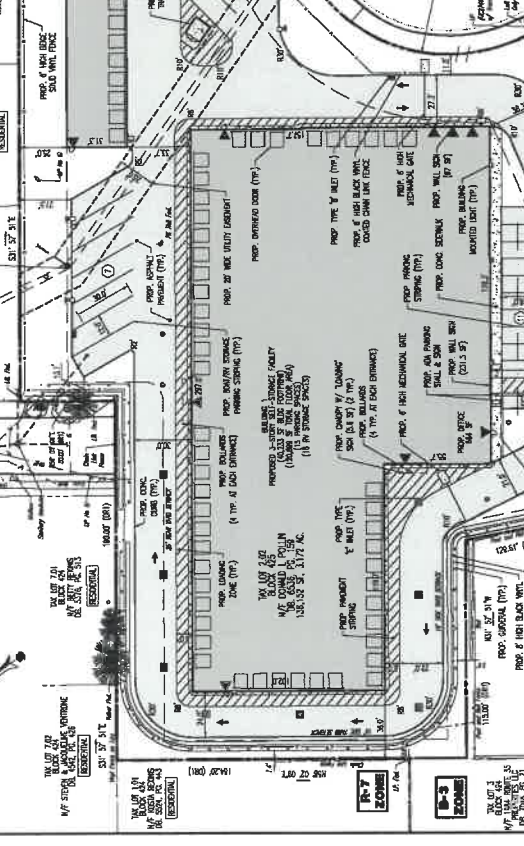


STORAGE TABLE

NO.	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
1	CONCRETE	100	CU YD	100.00	100.00
2	STEEL	50	TON	50.00	50.00
3	BRICK	1000	SQ YD	1000.00	1000.00
4	PAVING	500	SQ YD	500.00	500.00
5	LANDSCAPING	100	SQ YD	100.00	100.00
6	UTILITIES	100	LINEAL FT	100.00	100.00
7	MECHANICAL	100	SQ YD	100.00	100.00
8	ELECTRICAL	100	SQ YD	100.00	100.00
9	PLUMBING	100	SQ YD	100.00	100.00
10	PAINT	100	SQ YD	100.00	100.00

GENERAL NOTES (CONTINUED)

21. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
22. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
23. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
24. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
25. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
26. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
27. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
28. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
29. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
30. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.



STORAGE TABLE

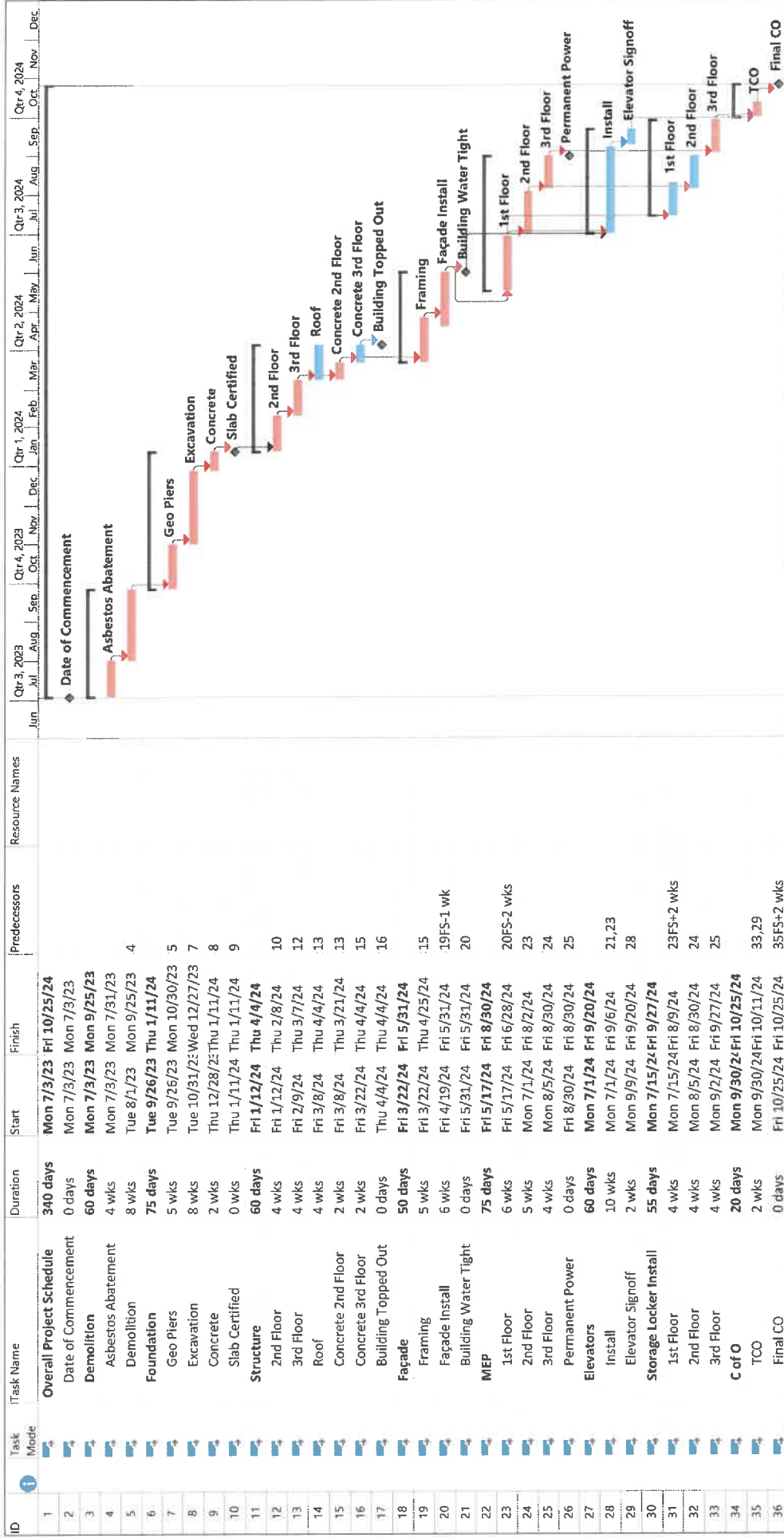
NO.	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
1	CONCRETE	100	CU YD	100.00	100.00
2	STEEL	50	TON	50.00	50.00
3	BRICK	1000	SQ YD	1000.00	1000.00
4	PAVING	500	SQ YD	500.00	500.00
5	LANDSCAPING	100	SQ YD	100.00	100.00
6	UTILITIES	100	LINEAL FT	100.00	100.00
7	MECHANICAL	100	SQ YD	100.00	100.00
8	ELECTRICAL	100	SQ YD	100.00	100.00
9	PLUMBING	100	SQ YD	100.00	100.00
10	PAINT	100	SQ YD	100.00	100.00

GENERAL NOTES (CONTINUED)

31. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
32. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
33. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
34. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
35. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
36. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
37. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
38. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
39. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.
40. ALL UTILITIES SHALL BE DEEPER THAN SHOWN.

EXHIBIT C

PROJECT SCHEDULE



Project: Sayenville Schedule
Date: Thu 2/9/23

Legend:

- Task: Solid blue bar
- Split: Dashed blue bar
- Milestone: Diamond icon
- Summary: Thin blue bar
- Project Summary: Thick blue bar
- Inactive Task: Light blue bar
- Inactive Milestone: Dashed light blue bar
- Inactive Summary: Thin light blue bar
- Manual Task: Thin blue bar with vertical lines
- Duration-only: Thin blue bar with vertical lines
- Manual Summary Rollup: Thick blue bar
- Manual Summary: Thin blue bar
- Start-only: Thin blue bar with vertical lines
- Finish-only: Thin blue bar with vertical lines
- External Tasks: Thin grey bar
- External Milestone: Diamond icon
- Deadline: Red bar with vertical lines
- Critical: Red bar with vertical lines
- Critical Split: Dashed red bar with vertical lines
- Progress: Blue bar with vertical lines
- Manual Progress: Blue bar with vertical lines

EXHIBIT D

TOTAL PROJECT COST ESTIMATE

STATE OF NEW JERSEY)
)SS
COUNTY OF)

1970 NJ RT 35 URBAN RENEWAL, LLC:
ARCHITECT'S ESTIMATE OF TOTAL PROJECT COST


In accordance with the Application for a Long-Term Tax Exemption ("Application") pursuant to N.J.S.A. 40A:20-1 *et. seq.* (the "LTTEL"), between 1970 NJ RT 35 URBAN RENEWAL, LLC ("1970 NJ RT 35 URE") and the Borough of Sayreville (the "Municipality"), the undersigned certifies to 1970 NJ RT 35 URE, and the Municipality as follows:

1. I am independent architect licensed to practice in the State of New Jersey (License No. 21A101639200).

2. The Project will consist of the construction of a self-storage facility with approximately 131,111 square feet of gross building area and associated site improvements. Serving as architect for the Project, I am familiar with the proposed construction of the facility, including the realty improvements that are the subject of the Application.

3. To the best of my knowledge, information, and belief, based on review of Project Plans and the actual Project construction costs, as shown by the plans and other data provided by 1970 NJ RT 35 URE, the Actual Total Project Cost for the Project, including soft costs, is **\$24,489,000**, which cost is detailed on the attached **EXHIBIT 1**.

4. I am providing this certificate at 1970 NJ RT 35 URE's request, for the limited purpose of compliance with the application requirements of the LTTEL. This certificate may not be used for any other purpose without my consent.


Name: Richard J. Bencivenga
Title: Vice President | Principal - TAO

Sworn to and subscribed before me this
27th day of February, 2023.


Name:


[Notary Public of
 Sharon Marie Merriman
State of New Jersey
Notary Public
Commission No. 2413732
My Commission Expires 10/20/2026

EXHIBIT 1

PROJECTED TOTAL PROJECT COST

Sources and Uses	
<u>Uses</u>	\$
Purchase Price	4,000
Construction Costs	15,894
Sub Total Facility Cost	19,894
Sub Total Fees & Reserves	4,595
Total	24,489
Construction + Contingency	17,483

EXHIBIT E

DISCLOSURE OF PROJECT OWNERSHIP

EXHIBIT G

DISCLOSURE OF OWNERSHIP

<u>Name</u>	<u>Home Address</u>	<u>% of Owners</u>
1. Charles Brown	19191 S Vermont Ave, Ste 680 Torrance, CA 90502	100%
2.		
3.		
4.		
5.		

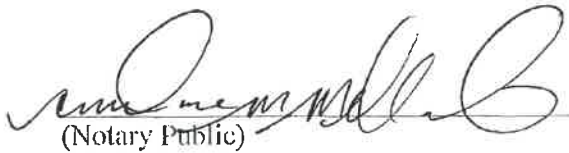
IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed this 18th day of January 2023.



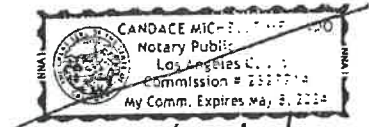
Affiant
(Authorized Agent of Corporation)

Sworn and Subscribed before
me this 18 day of January, 20 23

Charles Brown, Manager InSite Development Partners LLC
Print name and title of Affiant



(Notary Public)



cm 01/18/23

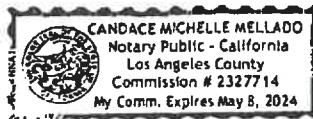


EXHIBIT F

CERTIFICATE OF FORMATION AND DCA APPROVAL

CERTIFICATE OF FORMATION

OF

1970 NJ RT 35 URBAN RENEWAL LLC

LLC
 FILED
 NOV 10 2022
 STATE TREASURER
 0600478873

THE UNDERSIGNED, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Company Act, of the New Jersey Statutes, and Title 40A:20, the New Jersey Long Term Tax Exemption Law, of the New Jersey Statutes, does hereby execute the following Certificate of Formation:

FIRST: The name of the Company is "1970 NJ RT 35 URBAN RENEWAL LLC" (the "Company").

SECOND: The address of the Company's initial registered agent in the State of New Jersey is Michael J. Caccavelli, Pearlman and Miranda, LLC, 110 Edison Place, Suite 301, Newark, New Jersey 07102.

THIRD: (a) The purposes for which this Company is formed shall be to operate under P.L.1991, c.431 (C.40A:20-1 et seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects and, when authorized by financial agreement with the BOROUGH OF SAYREVILLE (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of improvement in a single project, under such conditions as to use, ownership, management and control as regulated pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.).

(b) So long as the Company is obligated under financial agreement with the Municipality made pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), it shall engage in no business other than the ownership, operation and management of the project.

(c) The Company has been organized to serve a public purpose. Its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced, or to be displaced, by redevelopment, or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.). The Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as the Company remains

the owner of a project subject to the terms of P.L.1991, c.431 (C.40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than ten percent (10%) of the ownership of the project, or any portion of a project undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the governing body of the municipality a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10% (ten percent), is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

(e) The Company shall be subject to the provisions of Section 18 of P.L.1991, c.431 (C.40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

FOURTH: The Company shall have perpetual existence.

FIFTH: The effective date of this Certificate of Formation shall be the date of filing with the State of New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 27th day of September, 2022.


Nicole E. Charpentier, Esq.



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL PLANNING SERVICES
101 SOUTH BROAD STREET
PO Box 813
TRENTON, NJ 08625-0813
(609) 292-3000 • FAX (609) 633-6056

PHILIP D. MURPHY
Governor

LT. GOVERNOR SHEILA Y. OLIVER
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: 1970 NJ RT 35 URBAN RENEWAL LLC
File # 3483
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF FORMATION OF AN URBAN RENEWAL ENTITY has been examined and approved by the Department of Community Affairs, pursuant to the power vested in it under the "Long Term Tax Exemption Law," P.L. 1991, c.431.

Done this 31ST day of October 2022 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS

By: 
Sean Thompson, Director
Local Planning Services



EXHIBIT G
FISCAL PLAN

EXHIBIT H
FINANCIAL AGREEMENT

Financial Agreement

By and Between

BOROUGH OF SAYREVILLE

and

1970 NJ RT 35 URBAN RENEWAL LLC

Dated as of: _____, 2023

THIS FINANCIAL AGREEMENT (hereinafter “**Agreement**” or “**Financial Agreement**”), made this ___ day of _____, 2022, by and between **1970 NJ RT 35 URBAN RENEWAL LLC**, a New Jersey limited liability company qualified to do business under the provisions of the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et seq. (the “**Exemption Law**”), with offices care of Insite Development Partners, LLC, 19191 S. Vermont Ave, Ste 680, Torrance CA 90502, along with its permitted successors and/or assigns (the “**Entity**” or “**Redeveloper**”), and the **BOROUGH OF SAYREVILLE**, a municipal corporation in the County of Middlesex and the State of New Jersey (the “**Borough**”; together with the Entity, the “**Parties**,” with each a “**Party**”).

WITNESSETH:

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended from time to time (the “**Redevelopment Law**”) authorizes municipalities to determine whether certain parcels of land in the municipality constitute “areas in need of redevelopment,” as defined in the Redevelopment Law; and

WHEREAS, pursuant to Resolution No. 2021-269 dated October 12, 2021, the municipal council of the Borough (the “**Borough Council**”) authorized the Planning Board of the Borough (the “**Planning Board**”) to investigate whether the Club Pure property commonly known as Block 425, Lot 2.02 on the tax map of the Borough should be designated as an area in need of redevelopment pursuant to the Redevelopment Law; and

WHEREAS, on February 16, 2022, the Planning Board held a hearing and recommended to the Borough Council that the Property be designated as an area in need of redevelopment pursuant to the Redevelopment Law; and

WHEREAS, on March 14, 2022, the Borough Council adopted Resolution 2022-75 designating the Property as a non-condemnation area in need of redevelopment (the “**Redevelopment Area**”); and

WHEREAS, Heyer, Gruel & Associates prepared a redevelopment plan entitled “1970 Route 35 Redevelopment Plan, Borough of Saville, Middlesex County, NJ May 20, 2022,” (the “**Redevelopment Plan**”), providing the development standards for the Property; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-7f, the Planning Board held a hearing at its June 15, 2022 meeting to review and discuss the Redevelopment Plan, at which meeting it approved the Redevelopment Plan; and

WHEREAS, on August 15, 2022, the Borough Council adopted Ordinance 23-22, which adopted the Redevelopment Plan for the Redevelopment Area; and

WHEREAS, the Redeveloper submitted to the Borough a proposal to undertake the construction of: (1) a 3-story self-storage building totaling approximately 120,699 square feet gross building area (90,675 SF leasable area) with a 36-foot maximum height; and, (2) a 1-story

self-storage building with 9,463 square feet in gross building area (8,950 SF leasable area) with a 14 foot maximum height (collectively referred to as the “**Project**”); and

WHEREAS, on _____, the Borough adopted Resolution _____, designating the Redeveloper as “redeveloper” (as such term is defined in the Redevelopment Law) of Block 425, Lot 2.02 in the Redevelopment Area (the “**Property**”) and authorizing the execution of a redevelopment agreement; and

WHEREAS, the Borough and the Redeveloper executed a redevelopment agreement on _____, 2023 (the “**Redevelopment Agreement**”), that set forth the terms and conditions upon which the Property is to be redeveloped; and

WHEREAS, to enhance the economic viability of and opportunity for a successful project, the Borough now enters into this Financial Agreement with the Entity, which Agreement shall govern payments made to the Borough in lieu of real estate taxes on the Project pursuant to the Exemption Law; and

WHEREAS, the Entity has filed an application (the “**Application**,” as further defined herein), with the Mayor of the Borough for approval of a long term tax exemption (the “**Tax Exemption**”) for the Improvements (as defined herein) to the extent permitted by the Exemption Law; and

WHEREAS, the Borough has made the following findings with respect to the Project:

- A. Relative benefits of the Project:
 - i. The Project will provide self-storage space in the Borough, along with the renewal and revitalization of the Redevelopment Area.
 - ii. The Borough will benefit from the creation of approximately 90 temporary construction jobs and approximately 13 permanent jobs.
 - iii. Without the Tax Exemption granted herein, it is highly unlikely that the Entity would have proceeded with the Project.
- B. Assessment of the importance of the Tax Exemption in obtaining development of the Project and influencing the locational decisions of probable occupants:

The Tax Exemption allows for competitive rates for potential customers. In a highly competitive market for self-storage space, the price per square foot of construction and land taxes can be the deciding factor for market absorption. To attract and retain quality tenants, developers need the ability to be competitive and local tax exemption play a critical role in the locational decisions of developers.

WHEREAS, upon consideration of the Application and the Mayor's recommendations with respect thereto pursuant to N.J.S.A. 40A:20-8, the Borough Council, on [____], adopted

Ordinance No. [] (the “**Ordinance**”) authorizing the execution of this Agreement and granting the Tax Exemption in accordance with the terms hereof; and

WHEREAS, to satisfy the requirements of the Exemption Law and to set forth the terms and conditions under which the Parties shall carry out their respective obligations with respect to the Annual Service Charge (as such term is defined herein), the Parties have determined to execute this Financial Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

ARTICLE I
GENERAL PROVISIONS

Section 1.01 Governing Law – THIS FINANCIAL AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THIS STATE, INCLUDING THE PROVISIONS OF THE EXEMPTION LAW, THE REDEVELOPMENT LAW AND ALL OTHER APPLICABLE LAWS. IT IS HEREBY EXPRESSLY ACKNOWLEDGED, UNDERSTOOD AND AGREED THAT EACH AND EVERY PARCEL OF LAND, AND ANY IMPROVEMENT RELATED THERETO, INCLUDING WITHOUT LIMITATION, ANY UNIT, AS SUCH TERMS ARE DEFINED HEREIN, SHALL BE SUBJECT TO AND GOVERNED BY THE TERMS OF THIS FINANCIAL AGREEMENT.

Section 1.02 General Definitions. The following terms shall have the meaning assigned to such term in the preambles hereof:

Agreement	Planning Board
Application	Project
Borough	Property
Borough Council	Redeveloper
Entity	Redevelopment Agreement
Exemption Law	Redevelopment Area
Financial Agreement	Redevelopment Law
Ordinance	Redevelopment Plan
Parties/Party	Tax Exemption

Unless specifically provided otherwise or the context otherwise requires, the following terms when used in this Agreement shall mean:

Administrative Fee: As defined in Section 4.10.

Allowable Net Profit: The amount arrived at by applying the Allowable Profit Rate to the Total Project Cost pursuant to the provisions of N.J.S.A. 40A:20-3(b) and (c).

Allowable Profit Rate: The greater of twelve percent (12%) per annum or the percentage per annum arrived at by adding one and one quarter percent (1.25%) to the annual interest

percentage rate payable on the Entity's initial permanent mortgage financing. If the initial permanent mortgage is insured or guaranteed by a governmental agency, the mortgage insurance premium or similar charge shall be considered as interest for this purpose. If there is no permanent mortgage financing, or if the financing is internal or undertaken by a related party, the Allowable Profit Rate shall be the greater of twelve percent (12%) per annum or the percentage per annum arrived at by adding one and one quarter percent (1.25%) per annum to the interest rate per annum that the Borough reasonably determines to be the prevailing rate of mortgage financing on comparable improvements in the county. The provisions of N.J.S.A. 40A:20-3(b) are incorporated herein by reference.

Annual Gross Revenue: The Annual Gross Revenue shall be calculated as set forth within N.J.S.A. 40A:20-3(a). Annual gross ordinary income received by the Entity which is derived from or generated by the Project, specifically excluding, without limitation, extraordinary items, condemnation awards, insurance proceeds, reimbursement of tenant improvement costs, gains from sales, transfers, or assumption of the Project or any part thereof, proceeds of any financing or refinancing, proceeds from any disposition of any interest in the Entity or any successor entity. Annual Gross Revenue shall not include any tenant reimbursement of the Annual Service Charge or land taxes to the Entity.

Annual Service Charge: The amount the Entity has agreed to pay the Borough pursuant to Article IV herein with respect to the Improvements (but not the Property upon which the Improvements are located), which: (a) Entity has agreed to pay in part for municipal services supplied to the Project, (b) is in lieu of any taxes on the Improvements pursuant to N.J.S.A. 40A:20-12, (c) shall be paid on the Annual Service Charge Payment Dates, and (d) shall be prorated in the year in which this Agreement begins and the year in which this Agreement terminates.

Annual Service Charge Payment Dates: February 1, May 1, August 1 and November 1 of each year, commencing after the Certificate of Completion is issued for the Project and ending on the Termination Date.

Annual Service Charge Start Date: The first day of the month following the Completion Date.

Applicable Law: All federal, State and local laws, ordinances, approvals, rules, regulations and requirements applicable to the Project including, but not limited to, the Redevelopment Law, the Exemption Law, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary, pollution and other environmental safety ordinances, laws and such rules and regulations thereunder, including all applicable environmental laws, applicable federal and State labor standards and all applicable laws or regulations with respect to the payment of prevailing wages

Auditor's Report: As defined in Section 6.02.

Certificate of Completion: A certificate or certificates, issued by the Borough in accordance with the provisions of the Redevelopment Agreement, certifying that the Entity has performed its

duties and obligations under the Redevelopment Agreement and the Redevelopment Plan with respect to the Project in its entirety.

Borough Clerk: The Clerk of the Borough.

Chief Financial Officer: The Borough's Chief Financial Officer.

Completion Date: shall mean the date that the Improvements are substantially complete for their intended purpose as evidenced by the issuance of a Certificate of Completion.

Default: A breach or the failure to perform any obligation imposed by the terms of this Agreement, or under Applicable Law.

Effective Date: The date of this Agreement.

Improvements: All improvements associated with the construction and operation of the Project, including all ancillary improvements required for the Project.

In Rem Tax Foreclosure: A summary proceeding by which the Borough may enforce the lien for taxes due and owing by a tax sale in accordance with the Tax Sale Law.

Land: The land comprising the Property (Block 425, Lot 2.02), excluding any improvements on the Property.

Land Taxes: The amount of taxes assessed on the value of the Land upon which the Project is located.

Land Tax Payments: Payments made on the quarterly due dates for Land Taxes as determined by the Tax Assessor and the Tax Collector in accordance with Applicable Law.

Minimum Annual Service Charge: The amount of taxes levied against the Land upon which the Project is located in the last full tax year in which the Land was subject to taxation.

Net Profit: The Annual Gross Revenue of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles and the provisions of N.J.S.A. 40A:20-3(c). Without limiting the foregoing, included in expenses shall be an amount sufficient to amortize the Total Project Cost in accordance with generally accepted accounting principles as well as all other expenses permitted under the provisions of N.J.S.A. 40A:20-3(c). As provided in N.J.S.A. 40A:20-3(a), any gain realized by the Entity on the sale of any unit in fee simple, whether or not taxable under federal or state law, shall not be included in computing Annual Gross Revenue.

Notice: As defined in Section 15.01.

Rentable Square Footage: The net building area that is actually rented to self-storage customers which is projected to be 102,000 square feet.

Secured Party/Secured Parties: As defined in Section 8.02(a)

Security Arrangements: As defined in Section 8.02(a).

State: The State of New Jersey.

Tax Assessor: The Borough Tax Assessor.

Tax Collector: The Borough Tax Collector.

Taxes Otherwise Due: The real property taxes that would be due on the Project if not for the Tax Exemption, which Taxes Otherwise Due are calculating based on the assessment on the Land plus the exempt assessment on the Improvements multiplied by the then applicable general tax rate of the Borough.

Tax Sale Law: The Tax Sale Law, N.J.S.A. 54:5-1 et seq., as the same may be amended or supplemented from time to time.

Termination Date: The earlier to occur of (i) the thirty-fifth (35th) anniversary of the Effective Date; (ii) the thirtieth (30th) anniversary date of the Annual Service Charge Start Date; or (iii) such other date as this Financial Agreement may terminate pursuant to the terms hereof or pursuant to Applicable Law.

Total Project Cost: The cost of developing the Project as determined in accordance with N.J.S.A. 40A:20-3(h), including those costs set forth on Exhibit E attached hereto, as certified by a qualified architect or engineer and as permitted pursuant to N.J.S.A. 40A:20-3(h) for the Project.

Section 1.03 Interpretation and Construction. In this Financial Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Financial Agreement, refer to this Financial Agreement, and the term “hereafter” means after, and the term “heretofore” means before the date of delivery of this Financial Agreement.

(b) Words importing a particular gender mean and include correlative words of every other gender and words importing the singular number mean and include the plural number and vice versa.

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public or governmental bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Financial Agreement, and any table of contents or marginal notes appended to copies hereof, shall

be solely for convenience of reference and shall not constitute a part of this Financial Agreement, nor shall they affect its meaning, construction or effect.

(e) Unless otherwise indicated, all approvals, consents and acceptances required to be given or made by any person or party hereunder shall not be unreasonably withheld, conditioned, or delayed.

(f) All Notices to be given hereunder and responses thereto shall be given, unless a certain number of days is specified, within a reasonable time, which shall not be less than ten (10) days nor more than twenty (20) days, unless the context dictates otherwise.

(g) This Financial Agreement shall become effective upon its execution and delivery by the Parties.

(h) All exhibits referred to in this Financial Agreement and attached hereto are incorporated herein and made part hereof.

ARTICLE II **APPROVAL**

Section 2.01 Approval of Tax Exemption. The Borough hereby grants its approval for a tax exemption for the Improvements to be constructed and maintained in accordance with the terms and conditions of this Agreement and the provisions of Applicable Law, which Improvements shall be constructed on the Land.

Section 2.02 Approval of Entity. The Entity represents that its Certificate of Formation as provided in the Application contain all the requisite provisions of law, have been reviewed and approved by the Commissioner of the Department of Community Affairs, and have been filed with, as appropriate, the Secretary of Treasury, all in accordance with N.J.S.A. 40A:20-5.

Section 2.03 Improvements to be Constructed. The Entity represents that it will construct, or cause to be constructed, the Project substantially in accordance with the Redevelopment Agreement, the Redevelopment Plan and Applicable Law, the use of which is more specifically described in the Application.

Section 2.04 Ownership, Management and Control. The Entity represents that it is the owner of the Property upon which the Improvements are to be constructed and which is the subject of this Agreement.

Section 2.05 Financial Plan. The Entity represents that the Improvements shall be financed substantially in accordance with the financial plans provided in the Application. The financial plans set forth the Entity's good faith estimate of estimated Total Project Cost, amortization rate on Total Project Cost, the source of funds, the interest rates to be paid on construction financing, the source and amount of paid-in capital, and the terms of any mortgage amortization for the Project.

Section 2.06 Statement of Projected Revenues. The Entity represents that its good faith estimate of projected Annual Gross Revenue is set forth in **Exhibit H** attached hereto.

Section 2.07 Representations and Covenants Regarding Use, Management and Operations of the Project by the Entity. The Entity expressly covenants, warrants and represents that upon completion, the Project, including all Land and Improvements, shall be used, managed and operated for the purposes set forth in the Application, substantially in accordance with the Redevelopment Agreement, Redevelopment Plan, and all Applicable Laws.

ARTICLE III DURATION OF AGREEMENT

Section 3.01 Term. It is understood and agreed by the Parties that this Agreement, including the obligation to pay the Annual Service Charge required under Article IV hereof and the tax exemption granted and referred to in Section 2.01 hereof, shall remain in effect until the Termination Date. The tax exemption shall only be effective while the Project is owned by a corporation, association or other entity formed and operating under the Exemption Law. Upon the Termination Date, the tax exemption for the Project shall expire and the Improvements shall thereafter be assessed and taxed according to the general law applicable to other taxable property in the Borough.

Section 3.02 Voluntary Termination by Entity. At any time after one (1) year after the Annual Service Charge Start Date for each phase of the Project if applicable, the Entity may, on not less than thirty (30) days written notice to the Borough, voluntarily terminate this Agreement in accordance with N.J.S.A. 40A:20-13. As of the date provided in such notice, this Agreement shall terminate and the tax exemption, Annual Service Charge, and limitation on profits and dividends shall terminate.

Section 3.03 Date of Termination. The Termination Date shall be deemed to be the fiscal year end of the Entity.

ARTICLE IV ANNUAL SERVICE CHARGE

Section 4.01 Payment of Conventional Taxes Prior to Commencement of Annual Service Charge. During the period between execution of this Agreement and the substantial completion of the Project, the Entity shall make payment of conventional real estate taxes with respect to the Land and any improvements currently existing thereon, at the time and to the extent due in accordance with Applicable Law.

Section 4.02 Commencement of Annual Service Charge. The Entity shall make payment of an Annual Service Charge commencing on the Annual Service Charge Start Date.

Section 4.03 Payment of Annual Service Charge.

(a) The Annual Service Charge shall be due and payable to the Borough on the Annual Service Charge Payment Dates, commencing to accrue as of the Annual Service Charge Start Date. If the Entity fails to timely pay any installment of the Annual Service Charge, the amount past due shall, until paid, bear the highest rate of interest permitted under applicable State law then being assessed against other delinquent taxpayers in the case of unpaid taxes or tax liens.

(b) Each installment payment of the Annual Service Charge is to be made to the Borough and shall be clearly identified as “Annual Service Charge Payment for the 1970 NJ RT 35 Urban Renewal LLC Project.”

Section 4.04 Annual Service Charge. In consideration for the tax exemption provided for herein, the Entity shall make payment to the Borough, in lieu of real property taxes on the Improvements, of an Annual Service Charge in an amount, prior to the application of the Land Tax credit against the Annual Service Charge pursuant to Section 4.09 hereof, calculated as follows:

(a) For each of years one (1) through five (5) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) twelve (12%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(b) For each of years six (6) through ten (10) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) twelve and one-half (12.5%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(c) For each of years eleven (11) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) thirteen (13%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(d) For each of years sixteen (16) through twenty (20) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) thirteen and one-half (13.5%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(e) For each of years twenty-one (21) through thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be equal to the greater of (i) fourteen (14%) of the Annual Gross Revenue, or (ii) the applicable amount per rentable square foot of the building as set forth in **Exhibit I**.

(f) **Schedule of Staged Adjustments.** The Annual Service Charge shall be reviewed and shall be adjusted in stages over the term of this Agreement in accordance with *N.J.S.A. 40A:20-12(b)* as follows:

(i) **Stage One:** For each of the years one (1) through fifteen (15) from the Annual Service Charge Start Date, the Annual Service Charge shall be the amount due pursuant to Section 4.01(a), (b), or (c) of this Agreement, as applicable.

(ii) **Stage Two:** For years sixteen (16) through nineteen (19) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.1(d) of this Agreement; or (2) twenty percent (20%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iii) **Stage Three:** For years twenty (20) through twenty-three (23) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Sections 4.1(d) or (e) of this Agreement, as applicable; or (2) forty percent (40%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(iv) **Stage Four:** For years twenty-four (24) through twenty-seven (27) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.1(e) of this Agreement; or (2) sixty percent (60%) of the amount of the taxes otherwise due on the value of the Land and Improvements;

(v) **Stage Five:** For years twenty-eight (28) through thirty (30) from the Annual Service Charge Start Date, the Annual Service Charge shall be the greater of (1) the amount due pursuant to Section 4.1(e) of this Agreement; or (2) eighty percent (80%) of the amount of the taxes otherwise due on the value of the Land and Improvements.

(g) **Land Tax Credit:** In accordance with the Exemption Law, including without limitation, N.J.S.A. 40A:20-12, and Section 4.09 below, the Entity shall be entitled to a credit against the Annual Service Charge equal to the amount, without interest, of the Land Taxes paid by it in the last four preceding quarterly installments.

Section 4.05 Material Conditions. It is expressly agreed and understood that all payments of Land Taxes, Annual Service Charges and any interest payments, penalties or costs of collection due thereon, are material conditions of this Financial Agreement. If any other term, covenant or condition of this Financial Agreement or the Application, as to any person or circumstance shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Financial Agreement or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term, covenant or condition of this Financial Agreement shall be valid and enforced to the fullest extent permitted by Applicable Law.

Section 4.06 No Reduction in Payment of the Minimum Annual Service Charge. Neither the amounts nor dates established for payment of the Annual Service Charge, as provided in Sections 4.03 and 4.04 hereof shall be reduced, amended, or otherwise modified during the Term of this Agreement.

Section 4.07 Service Charges as Municipal Lien. In accordance with the provisions of the Exemption Law, any amount due and owing hereunder, including the Annual Service Charge shall be and constitute a continuous municipal lien on the Project.

Section 4.08 Security for Payment of Annual Service Charges. In order to secure the full and timely payment of the Annual Service Charges, the Borough reserves the right to prosecute a Foreclosure action against the Property, as more fully set forth in this Agreement.

Section 4.09 Land Taxes. In accordance with the Exemption Law, Land Taxes shall be assessed only on the land portion of the Property without regard to any Improvements or increase in value to the land because of the Improvements. The Borough agrees it shall not impose an added assessment, omitted added assessment or similar assessment on the value of the Improvements prior to the Annual Service Charge Start Date.

The Entity is required to pay both the Annual Service Charge and the Land Tax Payments. The Entity shall be entitled to a credit for the amount, without interest, of the Land Taxes paid on the Property in the last four preceding quarterly installments against the Annual Service Charge.

The Entity is obligated to make timely Land Tax Payments to be entitled to a Land Tax credit against the Annual Service Charge for the subsequent year. No credit will be applied against the Annual Service Charge for partial payments of Land Taxes. In any year that the Entity fails to make any Land Tax Payments, beyond any notice and cure period, such delinquency shall render the Entity ineligible for any Land Tax credits against the Annual Service Charge for that year and such failure shall constitute a Default under this Agreement. In addition, the Borough shall have, among this remedy and other remedies, the right to proceed against the Property pursuant to the Tax Sale Law and/or may terminate this Agreement in a manner consistent with the Default provisions set forth in Article XIII hereof.

Section 4.10 Administrative Fee. In addition to the Annual Service Charge, the Entity shall pay to the Borough an annual fee of two percent (2%) of the projected Annual Service Charge upon the Annual Service Charge Start Date and each anniversary thereafter prior to the Termination Date (the “**Administrative Fee**”).

In the event the Entity fails to pay the Administrative Fee when due and owing, the amount paid shall bear the highest rate of interest permitted under applicable State law in the case of unpaid taxes or tax liens in the Borough until paid.

ARTICLE V

CERTIFICATE OF OCCUPANCY

Section 5.01 Certificate of Occupancy. It is understood and agreed that it shall be the obligation of the Entity to obtain all Certificates of Occupancy in a timely manner after the Entity has satisfied all requirements to secure such Certificate of Occupancy.

Section 5.02 Filing of Certificate of Occupancy. It shall be the responsibility of the Entity to forthwith file with both the Tax Assessor and the Tax Collector a copy of each Certificate of Occupancy. Notwithstanding the foregoing, the filing of any Certificate of Occupancy shall not be a prerequisite for any action taken by the Borough, including, if appropriate, retroactive billing with interest to collect any charges hereunder to be due.

ARTICLE VI
ACCOUNTING, REPORTS AND CALCULATIONS

Section 6.01 Accounting System. The Entity agrees to calculate its "Net Profit" pursuant to N.J.S.A. 40A:20-3(c). As stated in N.J.S.A. 40A:20-3(c), this calculation shall be made in accordance with generally accepted accounting principles or as otherwise prescribed in the Exemption Law during the term of this Agreement.

Section 6.02 Periodic Reports.

(a) In accordance with the Exemption Law, specifically N.J.S.A. 40A:20-9(d), the Entity shall submit, on an annual basis and within ninety (90) days after the close of the Entity's fiscal year, its Auditor's Report certified by an independent certified public accountant for the preceding fiscal year to the Mayor, the Borough Council and the Borough Clerk, who shall advise those municipal officials required to be advised, and to the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs. The provision of a consolidated schedule for the Entity, authorized by a person holding the title of Vice President and Controller, or equivalent position, attached to an audited Form 10-K produced for its parent entity or other alternative audited statement relating to the Entity generated by or on behalf of its parent shall constitute compliance with this Section.

(b) Disclosure Statement: The Entity shall submit to the Borough Council, on an annual basis and within ninety (90) days after the close of the Entity's fiscal year, a disclosure statement listing the persons having an ownership interest in the Project, and the extent of the ownership interest of each. It is anticipated, but not required, that the disclosure statement will be a part of the annual audit provided for in Section 6.02(a) above.

(c) Total Project Cost Certification: Within one hundred twenty (120) days after the Completion Date, the Entity shall submit to the Borough Tax Collector, Borough Tax Assessor and Borough Clerk, a certification of the actual Total Project Cost, certified as to actual construction costs by the Entity's architect.

Section 6.03 Inspection. The Entity shall, upon request, permit the inspection of its property, equipment, buildings, and other facilities of the Project (subject to the rights of tenants) and also permit, upon request, examination and audit of its books, contracts, records, documents and papers by representatives duly authorized by the Borough, and State Division of Local Government Services in the Department of Community Affairs pursuant to N.J.S.A. 40A:20-9(e). Such inspection shall be made upon seven (7) business days' written notice during the Entity's regular business hours, in the presence of an officer or agent designated by the Entity. To the

extent reasonably possible, the inspection will not materially interfere with construction or operation of the Project.

ARTICLE VII
LIMITATION ON PROFITS AND RESERVES

Section 7.01 Limitation on Profits and Reserves. During the period of tax exemption as provided herein, the Entity shall be subject to a limitation of its profits pursuant to the provisions of N.J.S.A. 40A:20-15. Pursuant to N.J.S.A. 40A:20-3(c), this calculation is completed in accordance with generally accepted accounting principles.

The Entity shall have the right to establish a reserve against vacancies, unpaid rentals, and reasonable contingencies in an amount up to ten percent (10%) of the Annual Gross Revenues of the Entity for the last full fiscal year and may retain such part of the excess Net Profits as is necessary to eliminate a deficiency in that reserve, as provided in N.J.S.A. 40A:20-15. In no event shall any portion of the excess Net Profits be retained or contributed to such reserve if the amount of the reserve as of the end of such fiscal year equals or exceeds ten percent (10%) of the preceding year's Annual Gross Revenues. The reserve is to be noncumulative.

Section 7.02 Payment of Dividend and Excess Profit Charge. In the event the Net Profits of the Entity shall exceed the Allowable Net Profits for the period, taken as one accounting period, commencing on the Annual Service Charge Start Date and terminating at the end of the last full fiscal year, then the Entity, within one hundred and twenty (120) days after the end of that fiscal year, shall pay such excess Net Profits to the Borough as an additional service charge; provided, however, that the Entity may maintain a reserve as determined pursuant to aforementioned Section 7.01. The calculation of Net Profit and Allowable Net Profit shall be made in the manner required pursuant to N.J.S.A. 40A:20-3(b) and (c) and 40A:20-15.

Pursuant thereto, the calculation of Net Profit shall be cumulative for the period commencing on the date on which the construction of the project is completed, and terminating at the close of the fiscal year of the entity for the year of each annual audit, with any negative amounts of profit from prior years being carried forward and included in the accumulated excess profit calculation consistent with Borough of Newark vs. First Newark Gateway Urban Renewal Association, Docket No. ESX-L-1160-91 (NJ Super. Law Div. August 8, 1994).

Section 7.03 Payment of Reserve/Excess Net Profit Upon Termination, Expiration or Sale. The Termination Date of this Agreement, or the date of sale or transfer of the Improvements, shall be considered to be the close of the fiscal year of the Entity. Within ninety (90) days after such date, the Entity shall pay to the Borough the amount of the reserve, if any, maintained by it pursuant to Section 7.01 and the excess Net Profits, if any.

ARTICLE VIII
ASSIGNMENT AND/OR ASSUMPTION

Section 8.01 Restrictions on Transfer.

(a) Prior to the issuance of a Certificate of Completion, the Entity shall be permitted to transfer the Project, its ownership interest in the Land or any ownership interest in the Entity in accordance with the Redevelopment Agreement. After the issuance of a Certificate of Occupancy, except as set forth in the following subsections, the Entity may not voluntarily transfer more than ten percent (10%) of the ownership of the Project or any portion thereof until it has first removed both itself and the Project from all restrictions imposed by the Exemption Law, in the manner provided by the Exemption Law. Nothing herein shall prohibit any transfer of the ownership interest in the Entity itself provided that the transfer, if greater than ten percent (10%) of the direct ownership interests, is disclosed to the Borough Council in the annual disclosure statement required pursuant to Section 6.02(b) of this Agreement or in correspondence sent to the Borough Clerk in advance of the annual disclosure in accordance with N.J.S.A. 40A:20-5e.

(b) As permitted by N.J.S.A. 40A:20-10, it is understood and agreed that the Borough, on written application by the Entity, will consent to a sale of the Project and the transfer of this Agreement provided that: (1) the transferee entity is formed and eligible to operate under the Exemption Law; (2) the transferee entity does not own any other project subject to long term tax exemption at the time of transfer; (3) the Entity is not then in Default of this Agreement or Applicable Law; and (4) the Entity's obligations under this Agreement are fully assumed by the transferee entity. The municipality may charge an application fee for any such transfer request which application fee shall not be more than 2% of the most recent annual service charge.

Section 8.02 Collateral Assignment. Notwithstanding the foregoing, it is expressly understood and agreed that the Entity has the right to encumber and/or assign the fee title to the Land and/or Improvements for purposes of (i) financing the design, development, and construction of the Project and (ii) permanent mortgage financing.

(a) The Borough agrees that the Entity and or its affiliates may assign, pledge, hypothecate or otherwise transfer its rights under this Agreement and/or its interest in the Project to one or more secured parties or any agents therefore (each, a "**Secured Party**" and collectively, the "**Secured Parties**") as security for obligations of the Entity, and/or its affiliates, incurred in connection with such secured financing (collectively, the "**Security Arrangements**"). The Entity shall give the Borough written notice of any such Security Arrangements, together with the name and address of the Secured Party or Secured Parties. Failure to provide such notice waives any requirement of the Borough hereunder to provide any notice of Default or notice of intent to enforce its remedies under this Agreement.

(b) Without limiting the generality of Article XIII hereof, if the Entity shall Default in any of its obligations hereunder, the Borough shall give notice of such Default to the Secured Parties and the Borough agrees that, in the event such Default is not waived by the Borough or cured by the Entity, its assignee, designee or successor, within the period provided for herein, before exercising any remedy against the Entity hereunder, the Borough will provide the Secured Parties a reasonable period of time to cure such Default, but in any event not less than fifteen (15) days from the date of such notice to the Secured Parties with regard to a failure of the Entity to pay the Annual Service Charge or Land Taxes and ninety (90) days from the date the Entity was required to cure any other Default.

(c) In the absence of a Default by the Entity, the Borough agrees to consent to any collateral assignment by the Entity to any Secured Party or Secured Parties of its interests in this Agreement and to permit each Secured Party to enforce its rights hereunder and under the applicable Security Arrangement and shall, upon request of the Secured Party, execute such documents as are typically requested by Secured Parties to acknowledge such consent. This provision shall not be construed to limit the Borough's right to payment from the Entity, nor shall the priority of such payments be affected by the Secured Party exercising its rights under any applicable Security Arrangement.

(d) Notwithstanding anything to the contrary contained herein, and in addition to all other rights and remedies of Secured Parties set forth in this Agreement, the provisions of N.J.S.A. 55:17-1 to -11 shall apply to this Agreement to protect the interest of any Secured Party.

ARTICLE IX WAIVER

Section 9.01. Waiver. Either Party's election of any remedy shall not be construed as a waiver of any other remedies available to that Party.

ARTICLE X COMPLIANCE

Section 10.01 Statutes and Ordinances. The Entity hereby agrees at all times prior to the Termination Date to remain bound by the provisions of the Application and Applicable Law, including, but not limited to, the Exemption Law. The Entity's failure to comply with such statutes or ordinances shall constitute a Default under this Agreement and the Borough shall, among its other remedies, have the right to terminate this Agreement, subject to the Default procedure provisions of Article XIII herein.

ARTICLE XI CONSTRUCTION

Section 11.01 Construction. This Financial Agreement shall be construed and enforced in accordance with the laws of the State, and without regard to or aid or any presumption or other rule requiring construction against the party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

ARTICLE XII INDEMNIFICATION

Section 12.01 Indemnification. It is understood and agreed that in the event the Borough shall be named as party defendant in any action brought against the Borough or Entity by allegation of any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of the Exemption Law, Entity shall indemnify and hold the Borough harmless from and against all liability, losses, damages, demands, costs, claims, actions or expenses (including reasonable attorneys' fees and expenses) of every kind, character and nature to the extent arising

out of or resulting from any breach, Default or a violation by the Entity of any of the provisions of this Agreement and/or the provisions of the Long Term Exemption Law, N.J.S.A. 40A:20-1 et seq., except for that which results from any negligence or misconduct by the Borough or any of its officers, officials, employees or agents, and Entity shall defend the suit at its own expense. Notwithstanding the foregoing, the Borough maintains the right to intervene as a party thereto, to which intervention Entity hereby consents, the expense thereof to be borne by Entity. To the extent practical and ethically permissible, the Entity's attorneys shall jointly defend and represent the interest of the Borough and the Entity as to all claims indemnified in connection with this Agreement.

ARTICLE XIII **DEFAULT AND REMEDIES**

Section 13.01 Cure Upon Default. Should the Entity be in Default, the Borough shall notify the Entity and any Secured Party in writing of said Default. Said notice shall set forth with particularity the basis of said Default. Except as provided in Section 8.02(b) hereof or otherwise limited by law, the Entity shall have ninety (90) days after it receives Notice to cure any Default (other than a Default in payment of any installment of the Annual Service Charge, which Default must be cured within fifteen (15) days after the Entity receives Notice). Curing the Default shall be the sole and exclusive remedy available to the Entity or the Secured Party, as applicable; provided, however, that if, in the reasonable opinion of the Borough, the Default cannot be cured within the applicable cure period using reasonable diligence, the time to cure may be extended upon written notice for an additional ninety (90) day period of time.

Upon the expiration of the cure period, or any approved extension thereof, and providing that the Default is not cured, the Borough shall have the right to terminate this Agreement in accordance with Section 13.02 of this Agreement.

Section 13.02 Remedies Upon Default.

(a) In the event the Entity or a Secured Party fails to cure or remedy the Default within the time period provided in Sections 13.01 or 8.02(b), respectively, the Borough may terminate this Agreement upon thirty (30) days written notice to the Entity and the Secured Party.

(b) Upon any Default in payment of any installment of the Annual Service Charge not cured within fifteen (15) days, the Borough in its sole discretion shall have the right to immediately exercise the following remedies: (1) terminate this Agreement, at which time: the Improvements on the Land shall be subject to conventional taxation; or (2) exercise any other remedy available to the Borough in law or equity. The Borough as a courtesy will give Entity and any Secured Party notice of the intention to exercise its remedies.

(c) No Default hereunder by the Entity shall terminate the tax exemption (except as described herein and after Notice and cure as provided for herein) and its obligation to make Annual Service Charges, which shall continue in effect for the duration of the term hereof and subject to Section 13.03 hereinafter.

(d) All of the remedies provided in this Agreement to the Borough shall be cumulative and concurrent and no determination of the invalidity of any provision of this Agreement shall deprive the Borough of any of its remedies or actions against the Entity as set forth in Section 13.02(b) because of Entity's failure to pay Land Taxes, the Annual Service Charge and/or any applicable water and sewer charges and interest payments.

(e) In no event shall either Party be liable for consequential damages.

Section 13.03 Final Accounting. Within ninety (90) days after the Termination Date, the Entity shall provide a final accounting and pay to the Borough the reserve, if any, pursuant to the provisions of N.J.S.A. 40A:20-13 and 15 as well as any excess Net Profits. For purposes of rendering a final accounting, the Termination Date of the Agreement shall be deemed to be the end of the fiscal year for the Entity.

Section 13.04 Conventional Taxes. Upon the Termination Date, the tax exemption for the Project shall expire and the Land and the Improvements thereon shall thereafter be assessed and conventionally taxed according to the general law applicable to other nonexempt taxable property in the Borough.

ARTICLE XIV **DISPUTE RESOLUTION**

Section 14.01 Arbitration. In the event of a dispute arising between the Parties in reference to the terms and provisions as set forth herein, then the Parties may submit the dispute to arbitration in the State to be determined in such a fashion to accomplish the purpose of the Exemption Law. Either party, however, may elect to waive arbitration and proceed with the dispute in a New Jersey Court of competent jurisdiction with each Party bearing their own Costs. In the event of a Default on the part of the Entity to pay any installment of the Annual Service Charge required by Article IV above, the Borough, in addition to their other remedies, and subject to Article XIII of this Agreement, reserves the right to proceed against the Property, in the manner provided by law, including the Tax Sale Law, and any act supplementary or amendatory thereof. Whenever the word "Taxes" appears, or is applied, directly or implied, to mean taxes or municipal liens on land, such statutory provisions shall be read, as far as it is pertinent to this Agreement, as if the Annual Service Charge were taxes or municipal liens on land. In either case, however, the Entity does not waive any defense it may have to contest the rights of the Borough to proceed in the above-mentioned manner. Subject to the provisions of Articles XII and XIII, in the event of a Default under or breach of this Agreement by the Entity which is not cured within the applicable grace period, thereby causing a default under a mortgage or similar instrument issued by the Entity to finance construction of the Project (or any refinance thereof), then the provisions of N.J.S.A. 55:17-1 to N.J.S.A. 55:17-11 shall apply, solely to protect the interest of the Secured Party or Secured Parties.

Notwithstanding anything herein to the contrary, no arbitrator shall have any power or authority to amend, alter, or modify any part of this Agreement, in any way.

ARTICLE XV

NOTICE

Section 15.01 Notice. Formal notices, demands and communications between the Borough and Entity shall be deemed given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, or by a commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available (“**Notice**”). In that case such notice is deemed effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by written notice.

Copies of all notices, demands and communications shall be sent as follows:

If to the Borough:

Borough of Sayreville
167 Main Street
Sayreville, NJ 08872
Attention: Mayor

with copies to:

Michael Baker, Esq.
Hoagland, Longo, Moran, Dunst & Doukas, LLP
40 Paterson Street
New Brunswick, NJ 08903
mbaker@hoaglandlongo.com

If to Entity:

InSite Development Partners, LLC
19191 S. Vermont Ave, Ste 680
Torrance, CA 90502
Attention: Elias Slaiby
elias@insitepg.com

with copies to:

Michael J. Caccavelli, Esq.
Pearlman & Miranda, LLC
110 Edison Place, Suite 301
Newark, New Jersey 07102-4908
mcaccavelli@pearlmanmiranda.com

ARTICLE XVI MISCELLANEOUS

Section 16.01 Conflict. The Parties agree that in the event of a conflict between the Application and this Financial Agreement, the language in this Financial Agreement shall govern and prevail.

Section 16.02 Oral Representations. There have been no oral representations made by either of the Parties which are not contained in this Financial Agreement. This Financial Agreement, the Ordinance of the Borough authorizing this Agreement, and the Application constitute the entire agreement between the Parties and there shall be no modifications thereto other than by a written instrument executed by the Parties and delivered to each of them.

Section 16.03 Entire Document. All conditions in the Ordinance of the Borough Council approving this Agreement are incorporated in this Agreement and made a part hereof. This Agreement, with all attachments and exhibits, the Ordinance and the Application shall constitute the entire agreement between the Parties, shall be incorporated herein by reference thereto and there shall be no modifications thereto other than by a written instrument approved and executed by and delivered to each Party. All prior agreements and understandings, if any, are superseded.

Section 16.04 Good Faith. In their dealings with each other, the Parties agree that they shall act in good faith.

Section 16.05 Reserved.

Section 16.06 Counterparts. This Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.07 Financing Matters. The financial information required by the final paragraph of N.J.S.A. 40A:20-9 is set forth in the Application.

Section 16.08 Amendments. This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties hereto.

Section 16.09 Certification. The Borough Clerk shall certify to the Tax Assessor, pursuant to N.J.S.A. 40A:20-12, that a Financial Agreement with an urban renewal entity, i.e., the Entity, for the development of the Property, has been entered into and is in effect as required by N.J.S.A. 40A:20-1 et seq. Delivery by the Borough Clerk to the Tax Assessor of a certified copy of the Ordinance adopted by the Borough Council approving the tax exemption described herein and this Financial Agreement shall constitute the required certification. Upon certification as required hereunder and upon the Annual Service Charge Start Date, the Tax Assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of this Financial Agreement or until the Tax Assessor has been duly notified by the Borough Clerk that the exemption has been terminated.

Further, upon the adoption of this Financial Agreement, a certified copy of the Ordinance adopted by the Borough Council approving the tax exemption described herein and this Financial

Agreement shall forthwith be transmitted to the Director of the Division of Local Government Services by the Borough Clerk to the Chief Financial Officer of Middlesex County and to the Middlesex County Counsel, for informational purposes.

Section 16.10 Conditions Precedent.

This Agreement is expressly subject to the satisfaction by the Entity or the Borough of the following conditions precedent:

(a) Receipt by the Entity of all federal, State, county and municipal approvals required for the construction of the Project.

(b) Enactment by the Borough of all ordinances and other official action necessary under N.J.S.A. 40A:20-1 et seq. to enter into and effectuate the terms of this Agreement.

Section 16.11 Construction. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, and without regard to or aid of any presumption or other rule requiring construction against the Party drawing or causing this Agreement to be drawn since counsel for both the Entity and the Borough have combined in their review and approval of same.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXHIBITS

The following Exhibits are attached hereto and incorporated herein as if set forth at length herein:

- A. Metes and Bounds description of the Property
- B. Project Description
- C. Application with Exhibits
- D. Ordinance
- E. Project Costs
- F. Certificate of Formation for the Entity
- G. Financial Plan for the Project
- H. Projected Revenues
- I. Schedule of ASC Charges per Rentable Square Foot

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Financial Agreement to be executed as of the day and year first above written.

ATTEST:

BOROUGH OF SAYREVILLE

Jessica Morelos, R.M.C.,
Borough Clerk

By: _____
Victoria Kilpatrick,
Mayor

STATE OF NEW JERSEY

COUNTY OF MIDDLESEX

The foregoing instrument was acknowledged before me this ____ day of _____, 2023 by Victoria Kilpatrick, and this person acknowledged under oath, to my satisfaction that:

- (a) she is the Mayor of the Borough of Sayreville, the Borough named in the within document;
- (b) she is authorized to execute the attached document on behalf of the Borough;
- (c) she executed the attached document on behalf of and as the act of the Borough;
and
- (d) the attached document was signed and made by the Borough as its duly authorized and voluntary act.

JESSICA MORELOS, R.M.C.
BOROUGH CLERK

EXHIBIT A

METES AND BOUNDS DESCRIPTION OF THE PROPERTY

EXHIBIT B

PROJECT DESCRIPTION

The Project shall consist of the construction of a self-storage facility and associated site improvements that will result in total rentable building area of approximately 107,820 square feet in size upon completion.

EXHIBIT C

APPLICATION WITH EXHIBITS

EXHIBIT D
ORDINANCE

EXHIBIT E
ESTIMATED PROJECT COSTS

EXHIBIT F

**CERTIFICATE OF FORMATION
AND CERTIFICATE OF AUTHORITY
OF THE ENTITY**

EXHIBIT G

FINANCIAL PLAN FOR THE PROJECT

Source of funds: The cost of the Project is anticipated to be funded through a combination of 75% traditional bank financing and 25% redeveloper equity.

THE INFORMATION ON THIS EXHIBIT IS PRELIMINARY AND SUBJECT TO CHANGE

EXHIBIT H
PROJECTED REVENUES

EXHIBIT I

**SCHEDULE OF ASC CHARGES
PER RENTABLE SQUARE FOOT OF BUILDING AREA**

PILOT YEAR	ASC CHARGE PER RENTABLE SF
1	\$0.00
2	\$0.00
3	\$1.50
4	\$2.00
5	\$2.06
6	\$2.10
7	\$2.14
8	\$2.19
9	\$2.23
10	\$2.27
11	\$2.32
12	\$2.37
13	\$2.41
14	\$2.46
15	\$2.51
16	\$2.56
17	\$2.61
18	\$2.66
19	\$2.72
20	\$2.77
21	\$2.83
22	\$2.88
23	\$2.94
24	\$3.00
25	\$3.06
26	\$3.12
27	\$3.18
28	\$3.25
29	\$3.31
30	\$3.38

EXHIBIT I

**RESOLUTION OF THE ENTITY
AUTHORIZING THE APPLICATION**

RESOLUTION OF 1970 NJ RT 35 URBAN RENEWAL LLC

PLEASE TAKE NOTICE that the 1970 NJ RT 35 URBAN RENEWAL LLC, a New Jersey limited liability company (the “Company”), hereby adopts the following resolutions:

RESOLVED that this Company is authorized to submit an application to the Borough of Sayreville (the “Municipality”) for a long-term tax exemption pursuant to N.J.S.A. 40A:20-1 *et. seq.* providing for a payment in lieu of taxes (“PILOT”).

BE IT FURTHER RESOLVED that if this Company's PILOT application is approved by the Municipality, any authorized representative of the Company, is authorized to execute and deliver on its behalf, a contract with the Municipality, substantially in the form attached to the application, with such changes thereto as may be negotiated by the parties.

The undersigned hereby certifies that the foregoing Resolution was lawfully adopted by this Company on the date set forth above, that the foregoing Resolution is a true, accurate and complete copy of the Resolution so adopted and placed in the Company's records, and that they are in full force and effect as of the date hereof.

1970 NJ RT 35 URBAN RENEWAL LLC, a New Jersey limited liability company

By: _____

Authorized Signatory

EXHIBIT J

**DYNAMIC MEMO REGARDING GEOTECHNICAL
AND ENVIRONMENTAL CONDITIONS**

May 26, 2021
Via Email (elias@insitepg.com)

InSite Development Group, LLC
811 N. Catalina Avenue
Suite 1306
Redondo Beach, CA 90277

Attn: Elias Slaiby

**RE: InSite Development Partners, LLC
Proposed Self-Storage Facility
Block 425, Lot 2.02
1970 NJSH Route 35
Borough of Sayreville
Middlesex County, NJ
DEC# 3041-99-008**

Dear Mr. Slaiby,

Pursuant to your request, Dynamic Engineering Consultants, PC is currently in the process of conducting a due diligence investigation for the above referenced project. Our investigation includes, but is not limited to, a land use and zoning review, ALTA land title surveying, geotechnical investigation, and environmental investigation. Based on our review, at this time we have identified the following key items that may impact the proposed development yield and constructions costs:

1. The Morgan First Aid Squad is located immediately adjacent to the south of the subject property. Based on the ALTA/NSPS Land Title Survey prepared by Dynamic Survey, LLC, and through subsequent discussions with Borough professionals and the representatives of the Morgan First Aide Squad, the Morgan First Aide Squad utilizes a portion of the subject property (Block 425, Lot 2.02) for parking to support their operations. The parking area for the Morgan First Aide Squad consists of approximately twelve (12) parking stalls and associated drive aisles. Further, it appears the parking area is not located within an easement on the subject property. Therefore, in order to continue to provide adequate parking facilities to maintain the Morgan First Aide Squad operations, the overall development yield for this project must be reduced.
2. According to the Geotechnical Investigation prepared by Dynamic Earth, LLC, relatively deep existing fill material was encountered within the central portion of the site that appears to be within an area that has been a historically-filled depression. The existing fill material is not suitable for direct foundation support without the risk of excessive settlement. While overexcavation and complete replacement is technically feasible, additional developmental concerns associated with relatively deep overexcavation include special handling of the existing fill material for reuse, disposal of unsuitable portions of the existing fill materials, and import of structural fill material, and therefore would be considered cost prohibitive for the development of the site. Therefore, the site development must consider the following:
 - a. In order to support the proposed building foundations and retaining walls, ground improvement with installation of aggregate piers will be required.
 - b. Partial overexcavation and replacement of the existing fill material will be required throughout the site within the proposed pavement areas. At this time, it is expected overexcavation of

www.dynamicec.com

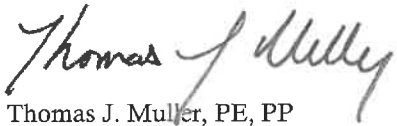
approximately two (2) feet below proposed pavement elevations with geogrid reinforcement will be required.

3. Based on documentation received through a public open records search through the Borough of Sayreville, our office received documentation associated with previous land use approvals for the subject parcel. Through review of these documents, an existing subsurface storm sewer pipe was identified. The existing pipe appears to bisect the property and appears to drain from the northern portion to the southern portion of the site and ultimately connects to the existing drainage system within NJSH Route 35. This pipe was not identified as part of the preparation of the ALTA/NSPS Land Title Survey as the onsite storm structure has been buried, covered by asphalt, and is not currently accessible. Further, the pipe is not located within any easement(s) pursuant to the title commitment report provided by your office. Due to the location of this pipe, the site development must consider the following:
 - a. Pursuant to discussions with the Borough professionals, any proposed structure must be located no closer than ten (10) feet from the centerline of the existing storm pipe. Therefore, the two (2) proposed buildings on site will need to be relocated/reduced in size to accommodate the pipe.
 - b. Due to the depth of the pipe adjacent to the proposed structures, the foundations of the structures in proximity to the pipe may require additional reinforcement, as future excavation and maintenance of the existing storm pipe could result in undermining of the foundations of the buildings.

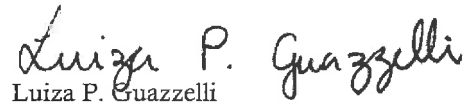
Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

Sincerely,

DYNAMIC ENGINEERING CONSULTANTS, PC



Thomas J. Muller, PE, PP



Luiza P. Guazzelli

cc: Caroline Aragon (via Email)

EXHIBIT D
ORDINANCE

ORDINANCE OF THE BOROUGH OF SAYREVILLE, COUNTY OF MIDDLESEX, NEW JERSEY AUTHORIZING THE EXECUTION OF A FINANCIAL AGREEMENT, BY AND BETWEEN THE BOROUGH AND 1970 NJ RT 35 URBAN RENEWAL, LLC, PURSUANT TO THE LONG TERM TAX EXEMPTION LAW, N.J.S.A. 40a:20-1 ET SEQ.

WHEREAS, the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended from time to time (the “**Redevelopment Law**”), authorizes municipalities to determine whether certain parcels of land in a municipality constitute areas in need of redevelopment, and to adopt a redevelopment plan for such areas, pursuant to which redevelopment projects are to be undertaken; and

WHEREAS, the Redevelopment Law confers certain contract, planning and financial powers upon a redevelopment entity, as defined in *N.J.S.A. 40A:12A-3*, in order to implement redevelopment plans adopted pursuant thereto; and

WHEREAS, the Borough of Sayreville (the “**Borough**”), in the County of Middlesex, State of New Jersey, has elected to exercise these redevelopment entity powers through its redevelopment entity, the Sayreville Economic and Redevelopment Agency (“**SERA**”), as permitted under *N.J.S.A. 40A:12A-1 et seq.*, and

WHEREAS, **1970 NJ RT 35 URBAN RENEWAL, LLC** (the “**Entity**”), is the redeveloper of a portion of the property commonly known as the Club Pure Site, located at 1970 NJ RT 35, in the Borough of Sayreville New Jersey and as Block 425 , Lot 2.02, on the Borough’s tax maps (together, the “**Project Area**”), which is located in an area previously designated by the Borough as an “area in need of redevelopment,” as that term is defined under the Redevelopment Law; and

WHEREAS, the Entity and SERA entered into a Redevelopment Agreement, pursuant to which, among other things, the Entity will redevelop the Project Area by constructing thereon a project consisting of (1) a three (3) story self-storage building totaling approximately 120,660 SF gross building area (90,675 SF leasable area) and (2) a one (1) story self-storage building with 9,463 SF in gross building and area (8,950 SF leasable area) and associated infrastructure improvements, (the “**Project**”); and

WHEREAS, in order to enhance the economic viability of and opportunity for a successful project, the Entity submitted to the Mayor of the Borough (the “**Mayor**”) an application (the “**Application**”), which is on file with the Borough Clerk, seeking tax exemption in connection with the Project pursuant to the Long Term Tax Exemption Law, *N.J.S.A. 40A:20-1 et seq.* (the “**Long Term Tax Exemption Law**”), in exchange for which the Entity proposes to make payments to the Borough in lieu of taxes; and

WHEREAS, the Entity also submitted to the Mayor a form of financial agreement a copy of which is attached to the Application, establishing the rights, responsibilities and obligations of the Entity, which Financial Agreement has been revised through negotiations between the Borough

and the Entity. The form of a financial agreement acceptable to both the Borough and the Entity is attached hereto as Schedule A, (the “**Financial Agreement**”);; and

WHEREAS, the Mayor submitted the Application and Financial Agreement to the Borough Council with his recommendation for approval, a copy of which recommendation is on file with the Borough Clerk; and

WHEREAS, the Borough Council has determined that the Project represents an undertaking permitted by the Long Term Tax Exemption Law.

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL OF THE BOROUGH OF SAYREVILLE, NEW JERSEY AS FOLLOWS:

Section 1. The aforementioned recitals are incorporated herein as though fully set forth at length.

Section 2. The Application and Financial Agreement are hereby approved.

Section 3. The Mayor is hereby authorized to execute the Financial Agreement substantially in the form attached hereto, subject to minor modification or revision, as deemed necessary and appropriate after consultation with counsel.

Section 4. The Clerk of the Borough is hereby authorized and directed, upon execution of the Financial Agreement by the Mayor, to attest to the signature of the Mayor and to affix the corporate seal of the Borough upon such document.

Section 5. If any part(s) of this ordinance shall be deemed invalid, such part(s) shall be severed and the invalidity thereby shall not affect the remaining parts of this ordinance.

Section 6. This ordinance shall take effect in accordance with applicable law.

EXHIBIT E

ESTIMATED PROJECT COSTS

\$24,489,000

EXHIBIT F

**CERTIFICATE OF FORMATION
AND CERTIFICATE OF AUTHORITY
OF THE ENTITY**

CERTIFICATE OF FORMATION

OF

1970 NJ RT 35 URBAN RENEWAL LLC



THE UNDERSIGNED, of the age of eighteen years or over, for the purpose of forming a limited liability company pursuant to the provisions of Title 42:2C, the New Jersey Limited Liability Company Act, of the New Jersey Statutes, and Title 40A:20, the New Jersey Long Term Tax Exemption Law, of the New Jersey Statutes, does hereby execute the following Certificate of Formation:

FIRST: The name of the Company is "1970 NJ RT 35 URBAN RENEWAL LLC" (the "Company").

SECOND: The address of the Company's initial registered agent in the State of New Jersey is Michael J. Caccavelli, Pearlman and Miranda, LLC, 110 Edison Place, Suite 301, Newark, New Jersey 07102.

THIRD: (a) The purposes for which this Company is formed shall be to operate under P.L.1991, c.431 (C.40A:20-1 et seq.) and to initiate and conduct projects for the redevelopment of a redevelopment area pursuant to a redevelopment plan, or projects necessary, useful, or convenient for the relocation of residents displaced or to be displaced by the redevelopment of all or part of one or more redevelopment areas, or low and moderate income housing projects and, when authorized by financial agreement with the BOROUGH OF SAYREVILLE (the "Municipality"), to acquire, plan, develop, construct, alter, maintain or operate housing, senior citizen housing, business, industrial, commercial, administrative, community, health, recreational, educational or welfare projects, or any combination of two or more of these types of improvement in a single project, under such conditions as to use, ownership, management and control as regulated pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.).

(b) So long as the Company is obligated under financial agreement with the Municipality made pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), it shall engage in no business other than the ownership, operation and management of the project.

(c) The Company has been organized to serve a public purpose. Its operations shall be directed toward: (1) the redevelopment of redevelopment areas, the facilitation of the relocation of residents displaced, or to be displaced, by redevelopment, or the conduct of low and moderate income housing projects; (2) the acquisition, management and operation of a project, redevelopment relocation housing project, or low and moderate income housing project under P.L.1991, c.431 (C.40A:20-1 et seq.). The Company shall be subject to regulation by the Municipality, and to a limitation or prohibition, as appropriate, on profits or dividends for so long as the Company remains

the owner of a project subject to the terms of P.L.1991, c.431 (C.40A:20-1 et seq.).

(d) The Company shall not voluntarily transfer more than ten percent (10%) of the ownership of the project, or any portion of a project undertaken by it under P.L.1991, c.431 (C.40A:20-1 et seq.), until it has first removed both itself and the project from all restrictions of P.L.1991, c.431 (C.40A:20-1 et seq.) in the manner required by P.L.1991, c.431 (C.40A:20-1 et seq.) and, if the project includes housing units, has obtained the consent of the Commissioner of Community Affairs to such transfer; with the exception of transfer to another urban renewal entity, as approved by the Municipality, which other urban renewal entity shall assume all contractual obligations of the transferor entity under the financial agreement with the municipality. The Company shall file annually with the governing body of the municipality a disclosure of the persons having an ownership interest in the project, and of the extent of the ownership interest of each. Nothing herein shall prohibit any transfer of the ownership interest in the Company itself provided that the transfer, if greater than 10% (ten percent), is disclosed to the municipal governing body in the annual disclosure statement or in correspondence sent to the Municipality in advance of the annual disclosure statement referred to above.

(e) The Company shall be subject to the provisions of Section 18 of P.L.1991, c.431 (C.40A:20-18) respecting the powers of the municipality to alleviate financial difficulties of the Company or to perform actions on behalf of the Company upon a determination of financial emergency.

(f) Any housing units constructed or acquired by the Company shall be managed subject to the supervision of, and rules adopted by, the Commissioner of Community Affairs.

FOURTH: The Company shall have perpetual existence.

FIFTH: The effective date of this Certificate of Formation shall be the date of filing with the State of New Jersey Department of Treasury.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 27th day of September, 2022.


Nicole E. Charpentier, Esq.



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL PLANNING SERVICES
101 SOUTH BROAD STREET
PO Box 813
TRENTON, NJ 08625-0813
(609) 292-3000 • FAX (609) 633-6056

PHILIP D. MURPHY
Governor

LT. GOVERNOR SHEILA Y. OLIVER
Commissioner

DEPARTMENT OF COMMUNITY AFFAIRS

TO: State Treasurer
RE: 1970 NJ RT 35 URBAN RENEWAL LLC
File # 3483
An Urban Renewal Entity

This is to certify that the attached CERTIFICATE OF FORMATION OF AN URBAN RENEWAL ENTITY has been examined and approved by the Department of Community Affairs, pursuant to the power vested in it under the "Long Term Tax Exemption Law," P.L. 1991, c.431.

Done this 31st day of October 2022 at Trenton, New Jersey.

DEPARTMENT OF COMMUNITY AFFAIRS


By: 
Sean Thompson, Director
Local Planning Services



EXHIBIT G

FINANCIAL PLAN FOR THE PROJECT

Source of funds: The cost of the Project is anticipated to be funded through a combination of 75% traditional bank financing and 25% redeveloper equity.

EXHIBIT H
PROJECTED REVENUES



Saverville Borough
 InSite Storage Redevelopment Project - PILOT Analysis
 PILOT Comparison to Traditional Tax Scenario
 Preliminary Projection For Discussion Purposes Only - Subject to Change

Year ⁽¹⁾	Annual Gross Revenue	ASC Basis (% of AGR)	GREATER OF: ASC Basis (\$/SF)	Proposed ASC (before Stages)	Statutory Stages (% of Conv. Taxes)	Gross Projected ASC	ASC as a % of Conv. Taxes	Plus: Admin. Fee	Less: to County	Land Tax Credit	Net ASC to Municipality	THEORETICAL CONVENTIONAL TAXES ⁽³⁾					NET ASC COMPARISON	
												Total	Municipal	County	School	Municipal Portion of Land Tax	Aggregate Revenue to Municipality	Net Revenue Above Conv. Taxes
Year 1	\$2,074,994	12.00%	\$0.00	\$248,999	0.00%	\$248,999	58.7%	\$4,980	(\$10,777)	(\$33,452)	\$209,750	\$423,911	\$116,904	\$67,700	\$239,307	\$9,410	\$219,159	\$102,255
Year 2	2,116,494	12.00%	0.00	253,979	0.00%	253,979	58.7%	5,080	(10,993)	(34,121)	213,945	432,389	119,242	69,054	244,093	9,598	223,543	104,300
Year 3	2,158,824	12.00%	1.50	259,059	0.00%	259,059	58.7%	5,181	(11,213)	(34,804)	218,223	441,037	121,627	70,435	248,975	9,790	228,013	106,386
Year 4	2,202,000	12.00%	2.00	264,240	0.00%	264,240	58.7%	5,285	(11,437)	(35,500)	222,588	449,858	124,060	71,844	253,954	9,986	232,574	108,514
Year 5	2,246,040	12.00%	2.06	269,525	0.00%	269,525	58.7%	5,390	(11,666)	(36,210)	227,040	458,855	126,541	73,281	259,034	10,185	237,225	110,684
Year 6	2,290,961	12.50%	2.10	286,370	0.00%	286,370	61.1%	5,727	(12,472)	(36,934)	242,692	468,032	129,072	74,746	264,214	10,389	253,081	124,009
Year 7	2,336,780	12.50%	2.14	292,098	0.00%	292,098	61.1%	5,842	(12,721)	(37,673)	247,545	477,983	131,653	76,241	269,498	10,597	258,142	126,489
Year 8	2,383,516	12.50%	2.19	297,939	0.00%	297,939	61.1%	5,959	(12,976)	(38,426)	252,496	486,941	134,286	77,766	274,888	10,809	266,305	129,019
Year 9	2,431,186	12.50%	2.23	303,898	0.00%	303,898	61.1%	6,078	(13,235)	(39,195)	257,546	496,679	136,972	79,321	280,386	11,025	268,571	131,600
Year 10	2,479,810	12.50%	2.27	309,876	0.00%	309,876	61.1%	6,200	(13,500)	(39,979)	262,697	506,613	139,711	80,908	285,994	11,246	273,943	134,232
Year 11	2,529,406	13.00%	2.32	328,823	0.00%	328,823	63.6%	6,576	(14,402)	(40,778)	280,219	516,745	142,505	82,526	291,714	11,471	291,689	149,184
Year 12	2,579,994	13.00%	2.37	335,999	0.00%	335,999	63.6%	6,708	(14,690)	(41,594)	285,823	527,080	145,355	84,177	297,548	11,700	297,523	152,168
Year 13	2,631,594	13.00%	2.41	342,107	0.00%	342,107	63.6%	6,842	(14,984)	(42,426)	291,540	537,622	148,263	85,860	303,499	11,934	303,474	155,211
Year 14	2,684,226	13.00%	2.46	348,949	0.00%	348,949	63.6%	6,979	(15,284)	(43,274)	297,370	548,374	151,228	87,577	309,569	12,173	309,543	158,315
Year 15	2,737,910	13.00%	2.51	355,928	0.00%	355,928	63.6%	7,119	(15,589)	(44,140)	303,318	559,342	154,252	89,329	315,760	12,416	315,734	161,481
Year 16	2,792,668	13.50%	2.56	377,010	0.00%	377,010	66.0%	7,540	(16,599)	(45,022)	322,929	570,529	157,337	91,115	322,076	12,664	335,593	178,256
Year 17	2,848,522	13.50%	2.61	384,550	0.00%	384,550	66.0%	7,691	(16,931)	(45,923)	329,987	581,999	160,484	92,938	328,517	12,918	342,305	181,821
Year 18	2,905,492	13.50%	2.66	392,241	0.00%	392,241	66.0%	7,845	(17,270)	(46,841)	335,975	593,578	163,694	94,796	335,087	13,176	349,151	185,457
Year 19	2,963,602	13.50%	2.72	400,086	0.00%	400,086	66.0%	8,002	(17,615)	(47,778)	342,694	605,449	166,968	96,692	341,789	13,440	356,134	189,166
Year 20	3,022,874	13.50%	2.77	408,088	0.00%	408,088	66.0%	8,162	(17,968)	(48,734)	349,548	617,558	170,307	98,626	348,625	13,708	363,257	192,950
Year 21	3,083,332	14.00%	2.83	431,666	0.00%	431,666	68.5%	8,633	(19,098)	(49,708)	371,993	629,910	173,713	100,999	355,598	13,982	385,476	211,763
Year 22	3,144,998	14.00%	2.88	440,300	0.00%	440,300	68.5%	8,806	(19,480)	(50,703)	378,923	642,508	177,188	102,611	362,709	14,262	393,185	215,998
Year 23	3,207,898	14.00%	2.94	449,106	0.00%	449,106	68.5%	8,982	(19,869)	(51,717)	386,502	655,358	180,731	104,663	369,964	14,547	401,049	220,318
Year 24	3,272,056	14.00%	3.00	458,088	0.00%	458,088	68.5%	9,162	(20,267)	(52,751)	394,232	668,465	184,346	106,756	377,363	14,838	409,070	224,724
Year 25	3,337,497	14.00%	3.06	467,250	0.00%	467,250	68.5%	9,345	(20,672)	(53,806)	402,116	681,834	188,033	108,891	384,910	15,135	417,252	229,219
Year 26	3,402,427	14.00%	3.12	476,595	0.00%	476,595	68.5%	9,532	(21,086)	(54,882)	410,159	695,471	191,793	111,069	392,608	15,438	425,597	233,803
Year 27	3,472,332	14.00%	3.18	486,127	0.00%	486,127	68.5%	9,723	(21,507)	(55,980)	418,186	709,380	195,629	113,291	400,461	15,747	434,109	238,479
Year 28	3,541,779	14.00%	3.25	495,849	0.00%	495,849	80.0%	11,577	(26,088)	(57,099)	507,244	723,588	199,542	115,556	408,470	16,061	523,306	323,764
Year 29	3,612,614	14.00%	3.31	505,766	0.00%	505,766	80.0%	11,809	(26,610)	(58,241)	517,989	738,039	203,533	117,867	418,639	16,383	533,772	330,239
Year 30	3,684,867	14.00%	3.38	515,881	0.00%	602,240	80.0%	12,045	(27,142)	(59,406)	527,737	752,800	207,603	120,225	424,972	16,710	544,448	336,844
Total	\$84,178,512			\$11,185,894		\$11,439,924		\$228,798	(\$304,141)	(\$1,357,097)	\$9,807,484	\$17,197,258	\$4,742,573	\$2,746,462	\$9,708,223	\$381,738	\$10,189,222	\$5,446,650

(1) Year 1 assumed to be 2025
 (2) Assumes full stabilization in Year 1 for presentation purposes.
 (3) Assumes a 2.00% annual increase to the tax rate and an estimated assessed valuation of \$6,864,052.
 (4) Assumes Developer pays annual land tax and receives a credit against the ASC in the following year. Based on a land assessment of \$552,500.

EXHIBIT I

**SCHEDULE OF ASC CHARGES
PER RENTABLE SQUARE FOOT OF BUILDING AREA**

PILOT YEAR	ASC CHARGE PER RENTABLE SF
1	\$0.00
2	\$0.00
3	\$1.50
4	\$2.00
5	\$2.06
6	\$2.10
7	\$2.14
8	\$2.19
9	\$2.23
10	\$2.27
11	\$2.32
12	\$2.37
13	\$2.41
14	\$2.46
15	\$2.51
16	\$2.56
17	\$2.61
18	\$2.66
19	\$2.72
20	\$2.77
21	\$2.83
22	\$2.88
23	\$2.94
24	\$3.00
25	\$3.06
26	\$3.12
27	\$3.18
28	\$3.25
29	\$3.31
30	\$3.38