

RESOLUTION OF THE TOWNSHIP OF PENNSAUKEN, COUNTY OF CAMDEN, STATE OF NEW JERSEY AUTHORIZING AN AGREEMENT FOR PAYMENTS IN LIEU OF TAXES WITH PENNSAUKEN TOWNSHIP FOR A 54-UNIT AFFORDABLE SENIOR HOUSING DEVELOPMENT TO BE KNOWN AS STONEGATE AT ST. STEPHEN – PHASE III

WHEREAS, Stonegate Three LLC (hereinafter referred to as the "Sponsor") proposes to construct a 54-unit senior affordable housing development known as “Stonegate at St. Stephen – Phase III” (hereinafter referred to as the "Project") pursuant to the provisions of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.) and the rules promulgated thereunder at N.J.A.C. 5:80-1 et seq. (the foregoing hereinafter referred to as the "HMFA Requirements") within the Township of Pennsauken (hereinafter referred to as the "Municipality") on an approximately 2.6-acre site described as a Block 6001, Lot 73.03 as shown on the Official Assessment Map of the Township of Pennsauken, Camden County and known as 6306 Browning Road, Pennsauken, New Jersey.

WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the New Jersey Housing and Mortgage Finance Agency (hereinafter referred to as the "Agency"); and

WHEREAS, the Sponsor has presented to the Municipality a revenue projection for the Project which sets forth the anticipated revenue to be received by the Sponsor from the operation of the Project as estimated by the Sponsor and the Agency, a copy of which is attached hereto and made a part hereof as Exhibit A; and

WHEREAS, pursuant to the HMFA Requirements, the governing body of the Municipality hereby determines that there is a need for this housing project in the Municipality.

NOW, THEREFORE BE IT RESOLVED by the Township Committee of the Township of Pennsauken (“Committee”), County of Camden, State of New Jersey as follows:

1. The Committee finds and determines that the proposed Project currently meets or will meet an existing housing need in the Township.

2. The Committee does hereby adopt the within Resolution and makes the determination and findings herein contained by virtue of, pursuant to, and in the conformity with the provisions of the HMFA Requirements with the intent and purpose that the Agency shall rely thereon in making a mortgage loan to the Sponsor, which shall construct, own and operate the Project.

3. The Committee does hereby adopt the within Resolution with the further intent and purpose that the proposed Project, including both the land and improvements thereon, will be exempt from real property taxation as provided in the HMFA Requirements, provided that payment in lieu of taxes for municipal services supplied to the Project are made to the Municipality in such amounts and manner set forth in the Agreement for Payment in Lieu of Taxes attached hereto as Exhibit "B"

4. The Committee hereby authorizes and directs the Mayor of the Township of Pennsauken to execute, on behalf of the Municipality, the Agreement for Payment in Lieu of Taxes in substantially the form annexed hereto as Exhibit "B".

5. The Committee understands and agrees that the revenue projections set forth in Exhibit "A" are estimates and that the actual payments in lieu of taxes to be paid by the Sponsor to the Municipality shall be determined pursuant to the Agreement for Payment in Lieu of Taxes executed between the Sponsor and Municipality.

CERTIFICATION

I, Pamela Scott-Forman hereby certify that I, the undersigned, am the Municipal Clerk of the Township of Pennsauken, and am duly authorized to certify resolutions adopted by the Township Committee at a regular meeting held on the **4th** day of August 2022.

Pamela Scott-Forman, RMC
Municipal Clerk

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

THIS AGREEMENT, made this _____ day of _____, 2022, between the **TOWNSHIP OF PENNSAUKEN**, a municipal corporation of the County of Camden and State of New Jersey with an address of 5605 N. Crescent Boulevard, Pennsauken, NJ 08110 (hereinafter the "Municipality") and **Stonegate Three LLC** a limited liability company of the State of New Jersey, having its principal office at 1845 Haddon Avenue, Camden, New Jersey 08103 (hereinafter referred to as the "Sponsor").

WITNESSETH

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

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A.55:14K-1 et. seq.) (hereinafter "HMFA Law") and a Resolution of the Governing Body of the Township of Pennsauken dated _____ (the "Resolution") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 55:14K-37.

2. The Project, as more particularly described in the Resolution is or will be situated on that parcel of land, consisting of approximately 2.6 acres, designated as Block 6001, Lot 73.03 as shown on the Official Assessment Map of the Township of Pennsauken and more commonly referred to as the former St. Stephen's School, 6306 Browning Road, Pennsauken, New Jersey.

3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency, the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Municipality as provided hereinafter. The exemption of the Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall not extend beyond the date on which the mortgage made by the Sponsor in favor of the Agency (hereinafter referred to as the "Agency Mortgage") is paid in full, which according to the HMFA Law, may not exceed fifty (50) years.

4. From and after the date of the Agency Mortgage and for a period of fifteen (15) years thereafter, Sponsor shall make payment to the Municipality in an amount equal to 6.28 percent of Project Revenues. From and after the beginning of the sixteenth year after the date of the Agency Mortgage, Sponsor shall increase its payment to 7.5 percent of Project Revenues and shall continue to make such payment for the remainder of the term of the Agency Mortgage. As used herein, "Project Revenues" means the total annual gross rental or carrying charge or other income of the Sponsor from operating the Project, less common area utility cost and vacancies, if any. Project Revenues specifically does not include any grants, loans, equity contributions or other funds contributed to the project for any purpose related to the acquisition, construction, rehabilitation or the establishment of any required reserves for the Project. The amount of

payment in lieu of taxes to be paid pursuant this Agreement is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the Municipality as set forth in Exhibit "A" and as part of the Sponsor's application for an agreement for payments in lieu of taxes are estimates only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5. (a) Payments by the Sponsor shall be made on a quarterly basis in accordance with bills issued by the Tax Collector of the Municipality in the same manner and on the same dates as real estate taxes are paid to the Municipality and shall be based upon Project Revenues of the previous quarter. No later than three (3) months following the end of the first fiscal year of operation after Sponsor takes title to the Project and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the Municipality a certified, audited financial statement of the operation of the Project (the "Audit"), setting forth the Project Revenues and the total payments in lieu of taxes due to the Municipality (calculated at 6.28 percent of Project Revenues for the first fifteen years following the execution of the Agency Mortgage and 7.5% of Project Revenues for the remainder of the term of the Agency Mortgage) as set forth in the Audit (the "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any, between (i) the Audit Amount and (ii) payments made by the Sponsor to the Municipality for the preceding fiscal year. The Municipality may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the Municipality shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the municipality shall have all the rights and remedies of tax enforcement granted to the Municipalities by law just as if said payments constituted regular tax obligations on real property within the Municipality. If, however, the Municipality disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division for an accounting of the service charge due the Municipality, in accordance with this Agreement and HMFA Law. Any such action must be commenced within one year of the receipt of the Audit by the Municipality.

(c) In the event of any delinquency in the aforesaid payments, the Municipality shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(a) below, prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as (i) the successor entity qualifies under the HMFA Law or any other state law applicable at the time of the assignment of this Agreement and assumes the Agency Mortgage, and (ii) prior written notice is provided by the Sponsor to the Municipality of (A) such sale, transfer or conveyance of

the Project, or (B) a change in the organizational structure of the Sponsor. The Municipality shall, thereafter, have the right to approve or disapprove such a sale, transfer or conveyance, or change of organizational structure, in its discretion, which will not be unreasonably delayed, conditioned or withheld. Notwithstanding the foregoing, the parties acknowledge that the in connection with the closing on initial Low-Income Housing Tax Credit and Agency Mortgage financing for the Project, the Sponsor's current sole member shall withdraw and the Sponsor shall admit: (1) a managing member that is an affiliate of The Diocesan Housing Services Corporation of the Diocese of Camden, Inc.; and (2) a to-be-determined investor (non-managing) member who will make an equity investment in the Sponsor. The Municipality hereby consents to such initial change in organizational structure of the Sponsor.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any other applicable state law, the Project shall be taxed as omitted property in accordance with the law.

8. The Sponsor, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers associated with the calculations of the sums due under this Agreement by representatives duly authorized by the Municipality. Any such inspection, examination or audit shall be made during reasonable hours of the business day in the presence of an officer or agent of the Sponsor or its successors and assigns.

9. Any notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Municipality to the Sponsor, it shall be addressed Stonegate Three LLC, 1845 Haddon Avenue, Camden, New Jersey 08103 or to such other address as the Sponsor may hereafter designate in writing; and a copy of said notice or communication by the Municipality to the Sponsor shall be sent by the Municipality to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, PO Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Municipality, it shall be addressed to the Township of Pennsauken, Township Administrator, 5605 N. Crescent Boulevard, Pennsauken, NJ 08110 or to such other address as the Municipality may designate in writing; and a copy of said notice or communication by the Sponsor to the Municipality shall be sent by the Sponsor to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, PO Box 18550, Trenton, New Jersey 08650-2085.

10. In the event of a breach of this Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, Camden County Vicinage to settle and resolve set dispute in such fashion as will tend to accomplish the purposes of the HMFA Law.

11. This Agreement may be executed in any number of counter parts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each party hereto.

signature page follows

IN WITNESS WHEREOF, Sponsor and Municipality have executed this Agreement as of the date first above-written.

STONEGATE THREE LLC
By: The Diocesan Housing Services Corp.
of the Diocese of Camden, Inc., its
sole member

By: _____
James M. Reynolds

Witness
Executive Director

(SEAL)

ATTEST:

TOWNSHIP OF PENNSAUKEN

By: _____
Jessica Rafeh, Mayor

Pamela Scott-Forman,
Municipal Clerk
(SEAL)

EXHIBIT A TO AGREEMENT FOR PAYMENT IN LIEU OF TAXES

4853-3973-8154, v. 1