

Resolution of the City of Jersey City, N.J.

City Clerk File No. Res. 15.346

Agenda No. 10.Z.19

Approved: MAY 13 2015

TITLE:



RESOLUTION AUTHORIZING THE SETTLEMENT OF 20 RIVER COURT WEST URBAN RENEWAL COMPANY V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-6019-13, NEWPORT HOTEL ONE URBAN RENEWAL LIMITED LIABILITY COMPANY V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-5248-13, AND TOWER AMERICA URBAN RENEWAL COMPANY V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-5265-13; AND CLARIFYING THE FINANCIAL AGREEMENTS BETWEEN THE CITY OF JERSEY CITY AND 25 RIVER DRIVE SOUTH URBAN RENEWAL COMPANY, 30 RIVER COURT EAST URBAN RENEWAL COMPANY, H.P. LINCOLN URBAN RENEWAL COMPANY, H.P. ROOSEVELT URBAN RENEWAL COMPANY, LLC, N.O.C. III URBAN RENEWAL LIMITED LIABILITY COMPANY, N.O.C. IV URBAN RENEWAL COMPANY, LLC, N.O.C. VI URBAN RENEWAL COMPANY, LLC, N.O.C. VII URBAN RENEWAL COMPANY, LLC, AND HOTEL AT NEWPORT URBAN RENEWAL, LLC

COUNCIL

offered and moved

adoption of the following Resolution:

WHEREAS, the respective Urban Renewal Entities affiliated with of each of the above properties are parties to Financial Agreements with the City of Jersey, subject to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq.; and

WHEREAS, the Tax Collector of the City of Jersey City sent bills based on certain provisions of those Financial Agreements to Tower America Urban Renewal Company, Newport Hotel One Urban Renewal, LLC. and 20 River Court West Urban Renewal Company, in the aggregate amount of \$4,204,084.43, which the respective Urban Renewal Entities paid under protest; and

WHEREAS, Tower America Urban Renewal Company, Newport Hotel One Urban Renewal, LLC, and 20 River Court West Urban Renewal, LLC, filed lawsuits contesting those payments in the Superior Court of New Jersey, Law Division, Hudson County, bearing Docket Nos. HUD-L-5265-13, HUD-L-5248-13 and HUD-L-6019-13, respectively; and

WHEREAS, in pursuit of a resolution of this litigation, the Corporation Counsel has engaged in negotiations involving the properties in litigation, as well as the properties affiliated with 25 River Drive South Urban Renewal Company, 30 River Court East Urban Renewal Company, H.P. Lincoln Urban Renewal Company, H.P. Roosevelt Urban Renewal Company, LLC, N.O.C. III Urban Renewal, LLC, N.O.C. IV Urban Renewal Company, LLC, N.O.C. VI Urban Renewal Company, LLC, N.O.C. VII Urban Renewal Company, LLC, and Hotel at Newport Urban Renewal, LLC; and

WHEREAS, as a result of these negotiations, the parties have agreed to the following:

1. The City of Jersey City will keep the \$4,204,084.43, which had been paid under protest by the Urban Renewal Entities affiliated with the three properties in litigation; and

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- 2. The City of Jersey City acknowledges that the Long Term Tax Exemption Law provides for the corporate structures as outlined in the respective Applications and Financial Agreements of all of the subject properties; and
- 3. The Urban Renewal Entities affiliated with the subject properties agree to calculate their Excess Net Profits on an annual rather than a cumulative basis; and
- 4. The Urban Renewal Entities affiliated with the subject properties agree, to provide information concerning the details of their respective income and expenses; and

WHEREAS, further details of the results of the negotiations are outlined in the attached proposed Settlement and Release Agreement; and

WHEREAS, the Corporation Counsel has recommended both settlement of the above-referenced litigation and approval of the clarification of the respective Financial Agreements, as outlined in the proposed Settlement and Release Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Jersey City that the proposed Settlement and Release Agreement be authorized and approved.

APPROVED: _____

APPROVED AS TO LEGAL FORM

APPROVED: _____

Business Administrator

Corporation Counsel

Certification Required ☐

Not Required ☐

APPROVED 9-0

RECORD OF COUNCIL VOTE ON FINAL PASSAGE 5.13.15											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
RAMCHAL	✓			OSBORNE	✓			WATTERMANN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.-Not Voting (Abstain)

Adopted at a meeting of the Municipal Council of the City of Jersey City N.J.

Rolando R. Lavarro, Jr., President of Council

Robert Byrne, City Clerk

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RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

RESOLUTION AUTHORIZING THE SETTLEMENT OF 20 RIVER COURT WEST URBAN RENEWAL V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-6019-13, NEWPORT HOTEL ONE URBAN RENEWAL V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-5248-13, AND TOWER AMERICA URBAN RENEWAL V. CITY OF JERSEY CITY, DOCKET NO. HUD-L-5265-13; AND CLARIFYING THE FINANCIAL AGREEMENTS BETWEEN THE CITY OF JERSEY CITY AND 25 RIVER DRIVE SOUTH URBAN RENEWAL COMPANY, 30 RIVER COURT EAST URBAN RENEWAL COMPANY, H.P. LINCOLN URBAN RENEWAL COMPANY, H.P. ROOSEVELT URBAN RENEWAL COMPANY, N.O.C. III URBAN RENEWAL LIMITED LIABILITY COMPANY, N.O.C. IV URBAN RENEWAL COMPANY, N.O.C. VI URBAN RENEWAL COMPANY, N.O.C. VII URBAN RENEWAL COMPANY, AND HOTEL AT NEWPORT URBAN RENEWAL

Initiator

Department/Division	Law	Law
Name/Title	Jeremy Farrell	Corporation Counsel
Phone/email	(201)547-4667	JFarrell@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

The approval of a Settlement and Release Agreement that would settle three cases involving properties subject to Financial Agreements under the Long Term Tax Exemption Law and clarify some of the terms of the Financial Agreements in order not only to resolve the litigation but also to avoid potential future litigation from other Urban Renewal Entities established under the same parent company.

I certify that all the facts presented herein are accurate.



Signature of Department Director

Date

5/13/15.346

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (the "**Settlement Agreement**") is entered into and effective on the 13 day of May, 2015 (the "**Effective Date**"), by and among 20 River Court West Urban Renewal Company, 25 River Drive South Urban Renewal Company, 30 River Court East Urban Renewal Company, H.P. Lincoln Urban Renewal Company, H.P. Roosevelt Urban Renewal Company, LLC, Tower America Urban Renewal Company, N.O.C. III Urban Renewal Limited Liability Company, N.O.C. IV Urban Renewal Company, LLC, N.O.C. VI Urban Renewal Company, LLC, N.O.C. VII Urban Renewal Company, LLC, Newport Hotel One Urban Renewal Limited Liability Company, Hotel At Newport Urban Renewal, LLC (collectively, the "**LeFrak UREs**") on the one hand, and The City of Jersey City ("**Jersey City**") on the other hand (Jersey City and the LeFrak UREs are referred to individually as a "**Party**", and collectively, as the "**Parties**").

WHEREAS, each of the LeFrak UREs is a party to a certain Financial Agreement (a "**Financial Agreement**") entered into with Jersey City pursuant to the Long Term Tax Exemption Law of 1992, as amended and supplemented, N.J.S.A. 40A:20-1 et. seq. (the "**LTTE Law**") with respect to the property ("**Property**"), identified in Exhibit A annexed hereto (all capitalized terms used but not defined in this Settlement Agreement have the respective meanings set forth in the respective Financial Agreements); and

WHEREAS, the Parties have been engaged in an ongoing dispute over the proper interpretation and application of certain terms of the Financial Agreements; and

WHEREAS, certain of the LeFrak UREs have asserted claims against Jersey City in the litigations *20 River Court West Urban Renewal Company v. Jersey City*, No. HUD-L-6019-13, *Newport Hotel One Urban Renewal Limited Liability Company v. Jersey City*, No. HUD-L-5248-13, and *Tower America Urban Renewal Company v. Jersey City*, No. HUD-L-5265-13, pending in the Superior Court of the State of New Jersey, Hudson County (the "**Litigations**"), arising out of payments those LeFrak UREs made to Jersey City under protest; and

WHEREAS, 30 River Court East Urban Renewal Company has also paid amounts under protest in connection with the Property located at 30 River Court, Jersey City, New Jersey; and

WHEREAS, the Parties have made certain other allegations, orally and in writing, concerning the interpretation of certain provisions of the Financial Agreements that, unless resolved, could result in additional claims and litigations between the Parties; and

WHEREAS, the Parties desire to settle and resolve, fully and finally, all claims between them arising out of or relating to the Litigations and the Financial Agreements, and to establish certain mutual understandings as to the future interpretation of certain provisions of the Financial Agreements, without any admissions of liability, fault, or wrongdoing; and

WHEREAS, this Settlement Agreement has been approved by the Jersey City Municipal Council by Resolution Number 15.346, adopted on May 13, 2015.

NOW THEREFORE, in consideration of the foregoing and of the material covenants and agreements of the Parties contained herein, the receipt and sufficiency of which is acknowledged by the undersigned, it is hereby agreed by and between the Parties as follows:

1. **Settlement Steps.** Following the execution of this Settlement Agreement:
 - 1.1 **Effective Date.** This Settlement Agreement shall become effective as of the date on which all Parties shall have executed and delivered the Settlement Agreement.
 - 1.2 **Consolidation And Amendment Of The Litigations.** Jersey City will cooperate with the LeFrak UREs, and will not oppose any efforts made by the LeFrak UREs, to consolidate the Litigations, add all of the LeFrak UREs as parties to the consolidated action, and amend the pleadings in the consolidated action to reflect the addition of those parties and their claims.
 - 1.3 **So-Ordered Stipulation.** The LeFrak UREs and Jersey City shall seek to have this Agreement so-ordered as a Stipulation of Settlement and Dismissal or a Consent Order in the Litigations or in the consolidated action, to the extent the efforts described in Paragraph 1.2 are successful. The Parties shall cooperate to cause such Stipulation or Consent Order to be so-ordered as to all of the Properties and Financial Agreements listed in Exhibit A attached hereto, including, without limitation, by cooperating in the filing of actions with respect to each property or in efforts to consolidate the Litigations and amend the pleadings as described in Paragraph 1.2.
2. **No Admission of Liability.** This Settlement Agreement is entered into in the interest of avoiding the expenses and uncertainties of litigation. Neither this Settlement Agreement, nor any of its terms and provisions, shall be deemed an admission or concession of any liability, fault or wrongdoing.
3. **Settlement Payments.** Jersey City shall keep all amounts that the LeFrak UREs have paid to date under protest. This includes amounts presently in litigation in *20 River Court West Urban Renewal Company v. Jersey City*, No. HUD-L-6019-13, *Newport Hotel One Urban Renewal Limited Liability Company v. Jersey City*, No. HUD-L-5248-13, and *Tower America Urban Renewal Company v. Jersey City*, No. HUD-L-5265-13, as well as amounts paid under protest in connection with 30 River Court East. The total amount paid under protest, and which Jersey City shall keep, is \$4,204,084.43
4. **Entity Structure; Future Interpretation.** Jersey City agrees that, for all periods during the respective terms of the Financial Agreements, the calculation of Annual Service Charges and Excess Net Profits for each Property utilizing an Urban Renewal Entity lease structure, as identified in Exhibit A attached hereto, shall be based only on the Total Project Cost (with respect to the Annual Service Charges) and revenues and expenses (with respect to the Excess Net Profits) of the respective LeFrak URE, and not project costs or revenues and expenses of any other entities which own or lease interests in the respective Property. Jersey City acknowledges that each of the LeFrak UREs has made

all necessary disclosures concerning the ownership and lease structure of each respective Property prior to the execution of each respective Financial Agreement. The Parties will rely on Section 40A:20-22 of the LTTE Law (the "2003 LTTE Amendment") which ratifies and validates the structure and method used to calculate excess profit and annual service charges, as well as existing URE entity structures, including affiliated entities. In support of the foregoing, each of the LeFrak UREs hereby represents and warrants to Jersey City, with respect to its Financial Agreement and Property, that the Urban Renewal Entity structure and the lease arrangements under the Urban Renewal Entity leases have not changed in any material respect, without approval of the Jersey City Municipal Council, since the date of its Application, other than (x) changes made from time to time in the beneficial ownership of the various Urban Renewal Entity and other Property entities, (y) non-material changes to the Leases which do not affect the "structure and methods used to calculate excess profits and annual service charges," within the meaning of N.J.S.A. 40A:20-22, and (z) changes in the ordinary course of business (e.g., refinancing indebtedness) which do not affect the "structure and methods used to calculate excess profits and annual service charges", within the meaning of N.J.S.A. 40A:20-22. Each LeFrak URE has provided to Jersey City copies of all leases among itself and its affiliated entities, which set forth the rents and other financial arrangements between the respective LeFrak URE and its affiliated entities.

5. **Annual vs. Cumulative Calculation.** Each LeFrak URE agrees to calculate and pay Excess Net Profits using an annual calculation (i.e., a calculation that determines Excess Net Profits for each calendar year throughout the Term, calculated solely with respect to the calendar year in question), provided that:

- 5.1 **Allowable Profit Rate.** Pursuant to Section 1.2(i) of each Financial Agreement, for those Properties for which the effective date of the Financial Agreement is prior to the effective date of the 2003 LTTE Amendment, as identified in Exhibit A, the Allowable Profit Rate shall be calculated as the sum of 1.25% plus the percentage rate of the initial permanent mortgage (such sum, the "Pre-2003 Allowable Interest Rate"). The allowable Net Profits for the Entity for each calendar year shall be the Pre-2003 Allowable Interest Rate multiplied by the Total Project Cost. For Properties for which the effective date of the Financial Agreement is on or after the effective date of the 2003 LTTE Amendment, as identified in Exhibit A, the Allowable Profit Rate shall be the greater of the Pre-2003 Allowable Interest Rate or 12% (such greater amount, the "Post-2003 Allowable Interest Rate"), and the allowable Net Profits for the Entity for each calendar year shall be the Post-2003 Allowable Interest Rate multiplied by the Total Project Cost.

- 5.2 **Most Favored Nations.** To the extent a New Jersey court, in a final and irrevocable judicial order, subsequently determines (or Jersey City subsequently agrees in writing with respect to a third party) that (x) the appropriate method of calculating Excess Net Profits is to use a cumulative, rather than an annual, method (i.e., a calculation that determines Excess Net Profits for the sum of the calendar years from the effective date of the Financial Agreement through the end of the calendar year for which the calculation is being made, calculated on an

aggregate basis), or (y) the Post-2003 Allowable Interest Rate is applicable to properties for which the effective date of the Financial Agreement for such property is prior to the effective date of the 2003 LTTE Amendment, then, in either such case, the LeFrak UREs will subsequently be entitled to use such determinations or agreements with respect to the interpretation of the Financial Agreements for the Properties for all periods following the date of such court ruling and/or agreement. Notwithstanding the foregoing, such court ruling and/or written agreement will not be used by the LeFrak UREs to seek a refund or recalculation of any Excess Net Profits paid or due for any period prior to such court ruling and/or agreement (with partial years prorated).

6. **Hotel Occupancy Tax and Other Pass-along Payments.** The LeFrak UREs will not include receipts in, or deduct payments of, the Hotel Occupancy Tax or, except to the extent required by law, any other pass-along fees imposed upon and/or paid by third parties, as part of the LeFrak UREs' future calculations of Excess Net Profits and/or Excess Hotel Revenue for the hospitality Properties (as identified on Exhibit A).
7. **Tower America CPI Increase.** Jersey City will withdraw and cancel the \$1,707,384 invoice dated September 11, 2014, delivered to the Tower America Urban Renewal Company, for purported CPI annual increases to the Minimum Annual Service Charge.
8. **Reserves.** In consideration for the annual calculation of Excess Net Profits pursuant to Paragraph 5 hereof, Jersey City agrees that for both the South Hampton (20 River Court) and East Hampton (30 River Court) Properties (each a "Reserve Property") the reserves shall be set to \$0, for all purposes of the respective Financial Agreements, and shall begin recalculating as of the date of this Settlement Agreement. No additional Excess Net Profits payments shall be due as a result of this recalculation of reserves. The provisions of this Paragraph 8 shall be void with respect to any Reserve Property which is sold, and/or all or substantially all of the ownership interests therein transferred, to a third party by the respective LeFrak URE within two (2) years following the effective date of this Settlement Agreement. In the event of such a sale and/or transfer of a Reserve Property to a third party, the transferring LeFrak URE shall upon such transfer pay to Jersey City the amount of the reserves that would otherwise have been established as the Excess Net Profits calculations for such Reserve Property for the calendar year prior to the effective date of this Settlement Agreement.
9. **Reporting.** Pursuant to the Financial Agreements and to N.J.S.A. 40A:20-9(e), at Jersey City's request, the respective LeFrak UREs shall provide a breakdown of any income or expense amount claimed in its annual Auditor's Report, including the source of the income, the specific calculation of funds received from related entities (e.g., NOC III's 10% of project revenue in excess of \$17,500,000) and the name of the entity to which payment for a claimed expense was made. The respective LeFrak UREs also agree to provide information substantiating the appropriateness of the allocation of expenses to the LeFrak UREs in cases where expenses are allocated among the LeFrak UREs and related entities or paid by an unrelated third party on behalf of the LeFrak UREs, and the allocated share or payment by an unrelated third party is claimed as an expense by the respective LeFrak URE in its annual Auditor's Report.

10. **Protection of Tax Rights.** Notwithstanding the Settlement Agreement, the LeFrak UREs will retain all rights to surrender voluntarily any Financial Agreement at any time by providing Jersey City with the notice required in the respective Financial Agreements.
11. **Successors and Assigns.** The rights and obligations under this Settlement Agreement shall run with the Financial Agreements, and shall be binding upon and inure to the benefit of the Parties hereto, and any party assuming a Financial Agreement pursuant to the terms thereof.
12. **Release of Claims.** Each of the LeFrak UREs, on behalf of itself and its officers, directors, trustees, principals, employees, affiliates, successors and assigns, and direct and/or indirect owners, and each of them (collectively, the "LeFrak URE Parties"), unconditionally remise, release and forever discharge Jersey City, and its officials, officers, employees, municipal affiliates, successors and assigns, (collectively, the "Jersey City Parties"), and Jersey City Parties, and each of them, unconditionally remise, release and forever discharge the LeFrak URE Parties, and each of them, in each case, of and from all manner of actions, obligations, causes of action, suits, debts, taxes, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, guaranties, claims, counterclaims and demands whatsoever, in law, in admiralty or in equity, whether known or unknown, asserted or unasserted, suspected or unsuspected, choate or inchoate, which against the other of them the LeFrak URE Parties (or any of them) or the Jersey City Parties (or any of them), as the case may be, ever had, now has or can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to date of these presents, to the extent arising from the Financial Agreements, except to the extent expressly excluded in this Settlement Agreement and Release. There is expressly excluded from this mutual release and the operation hereof the following matters (collectively, "Excluded Claims"): (x) all obligations of the LeFrak UREs and Jersey City set forth in in this Settlement Agreement to be performed or observed on or following the effective date of this Settlement Agreement, (y) all rights and obligations of the LeFrak UREs and Jersey City set forth in in the Financial Agreements, as interpreted in accordance with this Settlement Agreement, in respect of calendar year [2014] and subsequent calendar years, and (z) all other matters related to the Properties, other than matters arising from the Financial Agreements.
13. **Miscellaneous.**
 - 13.1 This Settlement Agreement, together with the Consent Order attached hereto as Exhibit B and the Financial Agreements, shall constitute the entire agreement between the Parties as it relates to the subject matter herein, and supersedes all prior agreements, negotiations, representations, promises or warranties (oral or otherwise) made between or among the Parties with respect to the subject matter hereof. No Party has entered into this Settlement Agreement in reliance on any other Party's representations, statements, promises or warranties (oral or otherwise) except for those that are expressly set forth in this Settlement

Agreement. This Settlement Agreement may not be modified or amended, except by an instrument in writing signed by the Parties.

- 13.2 The Parties have reviewed this Settlement Agreement, have had the opportunity to discuss it with their counsel, and are fully knowledgeable about its terms and conditions. Each Party has received legal advice from its counsel with respect to the advisability of making the settlement and release provided for and with respect to the advisability of executing this Settlement Agreement.
- 13.3 The Settlement Agreement was negotiated by the Parties' respective counsel. The Parties therefore agree that this Settlement Agreement shall be construed without regard to the authorship of the language and without any presumption or rule of construction in favor of either of them.
- 13.4 This Settlement Agreement shall be interpreted under and governed by the substantive laws of the State of New Jersey without regard to its principles or rules concerning choice of law or conflicts of law.
- 13.5 This Settlement Agreement and its contents shall not be admissible as evidence in any litigation except to enforce the terms expressed herein.
- 13.6 The Parties agree that any legal action brought to interpret or enforce any terms of this Settlement Agreement shall be brought in the Superior Court of the State of New Jersey, Hudson County.
- 13.7 The Settlement Agreement may be executed in a number of counterparts, including by facsimile and electronic mail, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Settlement Agreement. The signatures to this Settlement Agreement may be evidenced by facsimile or PDF copies reflecting the signatories hereto, and any such facsimile or PDF copy shall be sufficient evidence of each signature as if it were an original signature.
- 13.8 The Parties acknowledge that the purpose of this Settlement Agreement is to dismiss litigations and release claims and to establish a common understanding of the interpretation of certain provisions of the Financial Agreements. In the event that any provision or portion of this Settlement Agreement is found to be void or invalid for any reasons, the Parties will continue to interpret this Settlement Agreement to accomplish the purposes and intents of the Parties expressed herein.
- 13.9 The Parties shall each bear their own costs, attorneys' fees, and any other fees incurred in or arising out of the Litigations and the negotiation and making of this Settlement Agreement.

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SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

20 RIVER COURT WEST URBAN RENEWAL COMPANY

By: River Court Realty Corp., Partner

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County, 17
Comm. Expires Dec. 16, 20

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

25 RIVER DRIVE SOUTH URBAN RENEWAL COMPANY

By: 25 River Drive Realty Corp., Partner

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozza
Paul P. Bozza,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

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Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
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IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

30 RIVER COURT EAST URBAN RENEWAL COMPANY

By: River Court Realty Corp., Partner

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

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Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified In New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

H.P. LINCOLN URBAN RENEWAL COMPANY

By: Newport Hamilton Park Realty Corp., Partner

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public
PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
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Comm. Expires Dec. 16, 2017

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H.P. ROOSEVELT URBAN RENEWAL COMPANY LLC

By: H.P. Roosevelt Realty Corp., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

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TOWER AMERICA URBAN RENEWAL COMPANY

By: Newport Site Realty Corp., Partner

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public
PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

N.O.C. III URBAN RENEWAL LIMITED LIABILITY COMPANY

By: N.O.C. III Realty Corp., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
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Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

N.O.C. IV URBAN RENEWAL CO., LLC

By: Newport N.O.C. IV Realty Co. Inc., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

NOC VI URBAN RENEWAL LLC

By: NOC VI Realty Inc., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

NOC VII URBAN RENEWAL COMPANY LLC

By: NOC VII Leasing Corp., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public

PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

NEWPORT HOTEL ONE URBAN RENEWAL LIMITED LIABILITY COMPANY

By: Hotel One Realty Corp., Member

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public
PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

IN WITNESS THEREOF, this Settlement and Release Agreement is signed this 10th day of June, 2015.

HOTEL AT NEWPORT URBAN RENEWAL LLC

By: Newport Hotel Managers Ltd., Manager

By: Arnold S. Lehman
Arnold S. Lehman,
Vice President

Attested by:

Paul P. Bozzo
Paul P. Bozzo,
Assistant Secretary

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

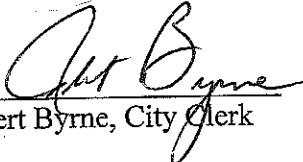
I certify that on June 10, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Arnold S. Lehman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon belief which the individual acted, executed the instrument.

Patrice Schuster
Notary Public
PATRICE SCHUSTER
Notary Public, State of New York
No. 24-4989909
Qualified in New York County
Comm. Expires Dec. 16, 2017

SEPARATE SIGNATURE PAGE TO
SETTLEMENT AND RELEASE AGREEMENT

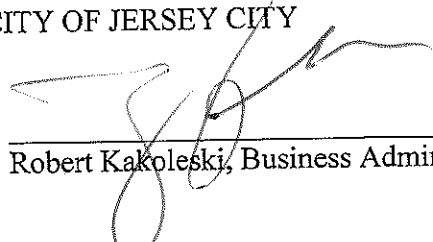
IN WITNESS THEREOF, this Settlement and Release Agreement is signed and sealed
this 16th day of June, 2015.

ATTEST:


Robert Byrne, City Clerk

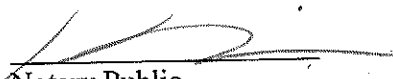
THE CITY OF JERSEY CITY

By:


Robert Kakoleski, Business Administrator

STATE OF NEW JERSEY)
) ss.:
COUNTY OF HUDSON)

I certify that on June 16th, 2015, before me, the undersigned, a Notary Public in and for
said State, personally appeared Robert Kakoleski, personally known to me or proved to me on
the basis of satisfactory evidence to be the individual whose name is subscribed to the within
instrument and acknowledged to me that he executed the same in his capacity, and that by his
signature on the instrument, the individual, or the person upon belief which the individual acted,
executed the instrument.


Notary Public

KIM NIEVES
A Notary Public Of New Jersey
My Commission Expires May 30, 2016

EXHIBIT A

URE	Property Type	Property Address	Financial Agreement
20 River Court West Urban Renewal Company (Southampton)	Residential	20 River Court Jersey City, NJ	Signed June 8, 1999, between URE & Jersey City.
25 River Drive South Urban Renewal Company (Pacific)	Residential	25 River Drive South Jersey City, NJ	Signed May 4, 2000, between URE & Jersey City. Amended Apr. 4, 2002.
30 River Court East Urban Renewal Company (East Hampton)	Residential	30 River Court Jersey City, NJ	Signed Oct. 9, 1997, between URE & Jersey City. Replaced Sept. 9, 1998.
H.P. Lincoln Urban Renewal Company	Residential	204 10th Street Jersey City, NJ	Signed Sept. 10, 1994, between URE & Jersey City.
H.P. Roosevelt Urban Renewal Company, LLC	Residential	180 10th Street Jersey City, NJ	Signed June 3, 2004, between URE & Jersey City.
Tower America Urban Renewal Company (Riverside)	Residential	1 River Court Jersey City, NJ	Signed May 26, 1989, between URE & Jersey City. Amended Aug. 3, 1995. Amended Feb. 6, 1997.
N.O.C. III Urban Renewal Limited Liability Company	Commercial (URE Entity Structure)	499 Washington Boulevard Jersey City, NJ	Signed May 22, 1998, between URE & Jersey City.

N.O.C. IV Urban Renewal Company, LLC	Commercial (URE Entity Structure)	545 Washington Boulevard Jersey City, NJ	Signed July 1, 1999, between URE & Jersey City. Amended May 31, 2000
N.O.C. VI Urban Renewal Company, LLC	Commercial (URE Entity Structure)	570 Washington Boulevard Jersey City, NJ	Signed Aug. 10, 2000, between URE & Jersey City.
N.O.C. VII Urban Renewal Company, LLC	Commercial (URE Entity Structure)	480 Washington Boulevard Jersey City, NJ	Signed July 20, 2000, between URE & Jersey City.
Newport Hotel One Urban Renewal Limited Liability Company (Marriot)	Hospitality (URE Entity Structure)	540 Washington Boulevard Jersey City, NJ	Signed Apr. 1, 1999, between URE & Jersey City.
Hotel At Newport Urban Renewal, LLC (Westin)	Hospitality (URE Entity Structure)	479 Washington Boulevard Jersey City, NJ	Signed Mar. 21, 2001, between URE & Jersey City.

EXHIBIT B

[ATTACH FORM OF CONSENT ORDER]

McCARTER & ENGLISH LLP
Four Gateway Center
Newark, New Jersey 07101-0652
(973) 622-4444

Attorneys for Plaintiffs

20 RIVER COURT WEST URBAN
RENEWAL COMPANY,

Plaintiff,

v.

THE CITY OF JERSEY CITY,

Defendant.

SUPERIOR COURT OF NEW
JERSEY
LAW DIVISION,
HUDSON COUNTY

DOCKET NO. HUD-L-6019-13

CIVIL ACTION

NEWPORT HOTEL ONE URBAN
RENEWAL LIMITED LIABILITY
COMPANY,

Plaintiff,

v.

THE CITY OF JERSEY CITY

Defendant.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION,
HUDSON COUNTY

DOCKET NO. HUD-L-5248-13

CIVIL ACTION

TOWER AMERICA URBAN RENEWAL
COMPANY,

Plaintiff,

v.

THE CITY OF JERSEY CITY

Defendant.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION,
HUDSON COUNTY

DOCKET NO. HUD-L-5265-13

CIVIL ACTION

**STIPULATION OF SETTLEMENT, CONSENT ORDER,
AND STIPULATION OF DISMISSAL WITH PREJUDICE**

WHEREAS, *Newport Hotel One Urban Renewal Limited Liability Company v. the City of Jersey City*, Docket No. HUD-L-5248-13 is currently pending before the Honorable Francis B. Schultz, J.S.C. in the Superior Court of the State of New Jersey, Hudson County; and

WHEREAS, *20 River Court West Urban Renewal Company v. the City of Jersey City*, Docket No. HUD-L-6019-13, and *Tower America Urban Renewal Company v. the City of Jersey City*, Docket No. HUD-L-5265-13, are also pending in the Superior Court of the State of New Jersey, Hudson County, and have been assigned to the Honorable Francis B. Schultz, J.S.C. for the purpose of case management (collectively with the *Newport Hotel One* action, the "Litigations"); and

WHEREAS, the Plaintiffs and the Defendant in the Litigations have reached a settlement agreement, attached as Exhibit 1 to the Certification of Frank E. Ferruggia, filed herewith (the "Settlement"); and

WHEREAS, the Settlement has been approved by the Jersey City Municipal Council by Resolution Number 15.346, adopted on May 13, 2015; and

WHEREAS, the Settlement is among a number of entities, some of which are not currently parties to the Litigations but are similarly situated to the Plaintiffs in the Litigations and have similar claims against Defendant; and include 25 River Drive South Urban Renewal Company, 30 River Court East Urban Renewal Company, H.P. Lincoln Urban Renewal Company, H.P. Roosevelt Urban Renewal Company, LLC, N.O.C. III Urban Renewal Limited Liability Company, N.O.C. IV Urban Renewal Company, LLC, N.O.C. VI Urban Renewal Company, LLC, N.O.C. VII Urban Renewal Company, LLC, Hotel At Newport Urban Renewal, LLC, (together with the Plaintiffs in the Litigations, the "LeFrak UREs," and collectively with the Plaintiffs and the Defendant in the Litigations, the "Settlement Parties"); and

WHEREAS, the Plaintiffs and the Defendant in the Litigations desire to consolidate the Litigations into a consolidated action (the "Consolidated Action"); and

WHEREAS, the Settlement Parties desire to amend the pleadings in the Consolidated Action such that: all of the Settlement Parties will be party to the Consolidated Action; each LeFrak URE will be a plaintiff in the Consolidated Action; and the claims of each LeFrak URE relating, directly or indirectly, to the subject matter of the Litigations will be raised in a consolidated amended complaint; and

WHEREAS, the Settlement Parties desire to have the Settlement incorporated into a Consent Order;

NOW THEREFORE, it is hereby stipulated, agreed, and ordered that:

1. **Consolidation.** The above-captioned actions are hereby consolidated for all purposes and assigned to the Honorable Francis B. Schultz, J.S.C., pursuant to Rule 4:38-1.

2. **Amendment.** The pleadings in the Litigations, attached as Exhibits 2, 3, and 4 to the Certification of Frank E. Ferruggia, are hereby amended and replaced by the consolidated amended complaint (the "Consolidated Amended Complaint"), attached as Exhibit 5 to the Certification of Frank E. Ferruggia. The Consolidated Amended Complaint adds each Settlement Party to this Consolidated Action, and raises each LeFrak URE's claims relating to the subject matter of the Litigations to this Consolidated Action.
3. **Consent Order.** The Settlement, attached as Exhibit I to the Certification of Frank E. Ferruggia, is hereby incorporated by reference as if set forth fully herein, and the Settlement shall be deemed a Consent Order, binding upon the Settlement Parties and so-ordered by this Court. The Settlement Parties shall each have the power, rights, and standing to seek judicial enforcement of the terms of the Settlement.
4. **Stipulation of Dismissal with Prejudice.** The matters in dispute in the Litigations and the Consolidated Actions having been amicably adjusted by and between the Settlement Parties, it is hereby stipulated and agreed that all claims between plaintiffs 20 River Court West Urban Renewal Company, Newport Hotel One Urban Renewal Limited Liability Company, Tower America Urban Renewal Company, 25 River Drive South Urban Renewal Company, 30 River Court East Urban Renewal Company, H.P. Lincoln Urban Renewal Company, H.P. Roosevelt Urban Renewal Company, LLC, N.O.C. III Urban Renewal Limited Liability Company, N.O.C. IV Urban Renewal Company, LLC, N.O.C. VI Urban Renewal Company, LLC, N.O.C. VII Urban Renewal Company, LLC, Hotel At Newport Urban Renewal, LLC, and defendant City of Jersey City, hereby are dismissed with prejudice pursuant to Rule 4:37-1, without cost as against any party.

The Honorable Francis B. Schultz, J.S.C.

The parties, through their respective counsel, agree to the form, substance, and entry of the within order.

McCARTER & ENGLISH LLP
Attorneys for the LeFrak UREs

THE CITY OF JERSEY CITY

By: _____
Frank E. Ferruggia

By: _____
Mary Ann Murphy

Dated: June __, 2015

Dated: June __, 2015



STEVEN M. FULOP
MAYOR OF JERSEY CITY

CITY OF JERSEY CITY
DEPARTMENT OF LAW

CITY HALL • 280 GROVE STREET • JERSEY CITY, NJ 07302
PHONE (201) 547-5229 • FAX (201) 547-5230



JEREMY FARRELL
CORPORATION COUNSEL

May 6, 2015

President and Members of the Municipal Council
City of Jersey City
280 Grove Street
Jersey City, NJ 07302

**Re: 20 River Court West Urban Renewal Company v. City of Jersey City,
Docket No. HUD-L-6019-13; Tower America Urban Renewal Company v.
City of Jersey City, Docket No. HUD-L-5265-13; and Newport Hotel One
Urban Renewal Limited Liability Company v. City of Jersey City, Docket No.
HUD-L-5248-13**

Dear President and Members of the Municipal Council:

The plaintiffs in the above matters are Urban Renewal Entities, each a party to a Financial Agreement with the City, pursuant to the terms of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1, et seq.. As part of her review of the tax-abated properties, the Tax Collector discovered that certain payments which she determined would be due under the terms of those agreements had not been made by the plaintiffs. She sent each of them a bill, each of which was paid under protest. The aggregate amount of the payments was \$4,204,084.43. The plaintiffs then filed suit in the Superior Court of New Jersey contesting those payments, in addition to other methods of calculation that the Tax Collector requested.

After a prolonged period of discovery and several motions, the plaintiffs and the City entered into negotiations to resolve not only the matters in litigation but also the concerns of the other Urban Renewal Entities affiliated with the LeFrak Organization (i.e. 25 River Drive South Urban Renewal Company, 30 River Court East Urban Renewal Company, H.P. Lincoln Urban Renewal Company, H.P. Roosevelt Urban Renewal Company, LLC, N.O.C. III Urban Renewal Limited Liability Company, N.O.C. IV Urban Renewal Company, LLC, N.O.C. VI Urban Renewal Company, LLC, N.O.C. VII Urban Renewal Company, LLC, and Hotel At Newport Urban Renewal, LLC). Among others, these concerns included the percentage to be used to calculate the Urban Renewal Entities' allowable profit rate, the method by which to calculate Urban Renewal Entities' Excess Net Profits (on a cumulative or annual basis), the types of expenses the Urban Renewal Entities would be allowed to claim, and the effect of the corporate structure of the projects on the revenue and expenses included in the calculation of Excess Net Profits owed to the City..

The results of these negotiations are contained in the proposed Settlement and Release Agreement attached to the Resolution. In short, the parties agreed that the City would keep the money that had been paid under protest, the allowable net profit rate would remain as stated in the respective Financial Agreements, the calculation of the Excess Net Profits would be done on an annual rather than a cumulative basis, and the calculation would be based on the income coming directly to the Urban Renewal Entity, and not to any other entity that is part of the corporate structure of several of the projects. The nature of the corporate structure of all of the projects was disclosed to the City at the time the various Urban Renewal Entities filed their respective Applications for their tax abatements.

Based upon the benefit to the City in retaining the money already billed and the clarification of the methods of calculation and effect of the various corporate structures, the settlement is fair and reasonable. I would recommend that the Council approve it.

Very truly yours,


JEREMY FARRELL
CORPORATION COUNSEL

MAM/mw

[ATTACH SIGNATURE PAGES AND ACKNOWLEDGEMENTS FOR JERSEY CITY, ALL
LEFRAK URES]

EXHIBIT A

URE	Property Type	Property Address	Financial Agreement
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N.O.C. VII Urban Renewal Company, LLC	Commercial (URE Entity Structure)	480 Washington Boulevard Jersey City, NJ	Signed July 20, 2000, between URE & Jersey City.
Newport Hotel One Urban Renewal Limited Liability Company (Marriot)	Hospitality (URE Entity Structure)	540 Washington Boulevard Jersey City, NJ	Signed Apr. 1, 1999, between URE & Jersey City.
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