



June 16, 2015

Dear City Council members and concerned residents:

I am writing to provide an update on several important issues. As a reminder, I hope that you will be able to attend the kickoff community meeting for the Rebuild by Design project which will be held on June 23rd from 6:30pm to 8:30pm at the Babbio Center on the Stevens campus.

Moving ahead with Washington Street

As you may know, we have submitted two applications to the New Jersey Environmental Infrastructure Trust for low-interest loans related to infrastructure upgrades on Washington Street. One loan was for the replacement of our water mains (\$6,200,000) and the other for drainage and green infrastructure improvements (\$3,000,000). As a reminder, these loans provide 0% interest on 75% of the loan and market rate interest on the remainder along with 19% principle forgiveness and eligibility for 50% grants for green infrastructure projects. In addition, we have received a \$457,000 grant from the NJ DOT for Washington Street. On the agenda is a bond ordinance for first reading which encompasses both loans plus the grant and an additional \$300,000 for engineering work which creates an appropriation by which we can begin spending these funds, similar to the bond ordinance issued for the wet weather pump establishing an appropriation for the funds received through another NJEIT loan. I hope all Council Members will support moving forward with this important project.

In addition, we have applied for a \$14 million grant from the U.S. Department of Transportation TIGER program to resurface and revitalize Washington Street. We received nearly 50 letters of support for our application, which you can learn more about on our website at www.hobokennj.org/washingtonstreet. We hope to learn by the end of the summer whether we have won the grant. The TIGER grant would require a local match, which we would provide through the low-interest NJEIT loans and NJ DOT grant.

Clock Towers and affordable housing for veterans

Recently, the Department of Community Affairs issued an RFP for project-based Section 8 Housing Vouchers for very-low income households (or individuals) where a veteran is the head of a household. The deadline for proposals is June 19, with awards being announced on July 20, 2015. On the agenda is a resolution to extend the PILOT for Clock Towers by an additional six months to provide the owners of the property with an opportunity to apply for the vouchers. Attached is a memo from outside counsel Jong Sook Nee, Esq. with more information regarding this extension request.

City Hall Sustainable Stormwater Demonstration Project

On the agenda is a resolution to award a contract to Greenscape Landscape Contractors for the City Hall sustainable stormwater demonstration project. As you may recall, this project is being funded as part of the low-interest NJ EIT loan for the H-5 wet weather pump. These loans are provided with extremely low interest rates, partial principle forgiveness, and eligibility for grant funding. This is an important project incorporating rain gardens and cisterns to demonstrate to our community how property owners can play a role in addressing our flooding challenge. When completed, the project will retain all rainwater that falls on City Hall during a 6 hour long 100 year storm and prevent it from contributing to flooding. This project is part of the “delay” element of the “Resist, Delay, Store, Discharge” strategy and we look forward to using this project to hold workshops and show the community how they can be part of the “delay” strategy. We are excited to move forward on this important demonstration project.

Bike share program update

We are very close to finalizing the sponsorships for our bike share program, and we look forward to announcing the founding sponsors shortly.

As previously authorized by the City Council, the contract between the City and the bike share operator states that the system will be funded through three main revenue sources: 1. Sponsorships, 2. Membership and rental fees, and 3. Advertising revenue. On the agenda will be a resolution to authorize the locations for the advertising panels.

The bike share program will have nearly 30 stations, and the previously approved contract authorized locating an ad panel at each station. Based on input from the Transportation and Parking Committee and working with the bike share operator, we are looking to minimize the number of stations with advertising panels while still generating the revenue necessary to fund the program. As a result, we are proposing to locate ad panels at only 13 locations, with some of the locations having two ad panels. While the resolution would authorize the location of 19 ad panels (a reduction from the 29 that would be permitted under the contract), we have included some additional locations for flexibility in case of space constraints and ultimately only expect to install a total of 15 ad panels.

The ad panels will be the same size as those on the side of bus shelters (4ft x 6ft) and will be solar powered to illuminate them at night, similar to other ad panels in town. We sought to avoid locating panels near parks and primarily residential areas wherever possible and to focus on commercial areas, near transit, and other higher profile locations that will generate sufficient revenue to support the program. On the Council agenda is a resolution to authorize locating advertising panels at the following bike share locations:

- Hudson Pl & River St (2 panels)
- Hudson Pl & Hudson St (2 panels)
- 1st St & Washington St (1 panel)
- 4th St & Washington St (1 panel)
- 6th St & River St (1 panel)
- 11th St & Washington St (1 panel)
- 14th St & Washington St (2 panels)
- 14th St & Sinatra Dr (2 panels)
- 14th St & Grand St (2 panels)
- 8th St & Jackson St (1 panel)
- 2nd St & Marshall Dr (1 panel)

- Observer Highway & Harrison St (1 panel)
- Newark St & Adams St (2 panels)

Advertising revenue will make up approximately 1/3 of the funds necessary for the program, so it is important that this component of the funding be in place in order to launch the program as soon as possible.

Flood insurance concept developed at conference

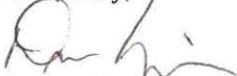
Thank you again for working with my Administration on all of our resiliency projects including the Resiliency Parks planned for Southwest, Midwest and Northwest Hoboken. These projects, working as a system with our new pump (due to begin construction after July 4th), will dramatically reduce our City's significant flooding challenges. While I am proud that we are being recognized nationally for our resiliency initiatives, I feel strongly that our residents and our City deserve financial benefits for our proactive approach to climate change adaption and flood mitigation.

As a City, we are making investments and taking concrete steps to comprehensively protect from flooding, but when it comes to the National Flood Insurance Program rates for our residents and businesses, we get absolutely no credit at all for our initiatives. We cannot raise our homes on pilings to reduce our insurance rates as they are doing at the shore, but our taxpayers are funding infrastructure projects that will mitigate flooding in Hoboken. Why shouldn't our residents and businesses get credit from the National Flood Insurance Program for funding these mitigation initiatives that will protect our entire City?

This week, I was invited to attend the Clinton Global Initiative conference. I spoke on a panel about resiliency and then participated in a workshop on resiliency and infrastructure. The structure of the conference is to get people from different areas of expertise to sit down, talk and essentially hash out potential commitments to make an implementable change. During the workshop, I had the opportunity to talk with insurance brokers, carriers, insurance companies, a Harvard Professor who is Director of Resiliency and Infrastructure, and other experts about the unfairness of the system for urban areas like Hoboken that are taking a comprehensive approach to protecting our City from flooding. There was a lot of discussion about various approaches that could be taken, but ultimately, the group agreed to work together on a pilot program that could establish comprehensive resiliency standards that could be recognized by the insurance industry with the long-term goal of reducing flood insurance rates. This will admittedly be a very challenging process, but given that our flood insurance rates will soon be rising, and we get no credit for all that we are doing, I hope you will agree this is a worthwhile endeavor for our citizens and businesses. In addition, the workshop members agreed that the proposed pilot should also include rating agencies. While the rating agency was interested in what we are doing with resiliency, the City should also be getting full credit for our efforts since these initiatives will protect the economic vitality of Hoboken.

I do want to advise you that the Clinton Foundation did not fund my travel expenses to the conference, but given the direct potential benefit to our residents and businesses I hope that all of you will support my participation in this conference where I advocated strongly for the urban approach that will help Hoboken.

Sincerely,



Dawn Zimmer

MEMORANDUM

TO: Mayor Dawn Zimmer
Council for the City of Hoboken

CC: Melissa Longo, Esq.
Brandy Forbes

FROM: Jong Sook Nee, Esq.

RE: **Hoboken/Clock Towers**
Temporary Extension of PILOT Agreement

DATE: June 10, 2015

Jefferson Adams Rehab Company (the “**Entity**”) is the owner and operator of the project known as “Clock Towers” located at 300 Adams Street which consists of 173 residential units, 68 of which receive project-based Section 8 housing assistance and 16 of which are subject to housing vouchers through the Department of Community Affairs (the “**Project**”). The Project is the subject of an In Lieu Tax Payment Agreement with the City dating back to December 19, 1974, pursuant to the Limited-Dividend Nonprofit Housing Corporations or Associations Act, *N.J.S.A. 55:16-1 et seq.* (the “**Limited-Dividend Law**”). The In Lieu Tax Payment Agreement was amended and restated on or about December 2000 pursuant to an Amended and Restated PILOT Agreement (the “**PILOT Agreement**”) and also the terms of a settlement agreement between the City and the Entity.

The PILOT Agreement terminated after 40 years on or about March 26, 2015, despite the fact that the Limited-Dividend Law permits tax exemptions and payments in lieu of taxes for a term of up to 50 years. Resultantly, the Entity is requesting an extension of the PILOT Agreement for an additional 10 years as permitted under the Limited-Dividend Law.

The City is trying to determine whether the Project satisfies the requirements of the Limited-Dividend Law to enable an extension of the tax exemption for the full 50 years. A previous temporary extension of the PILOT Agreement was recommended and granted for a 3 month period in order to permit the City to undertake its due diligence with the Entity to determine whether the Entity and the Project are eligible for an extension and under what terms the City might consider granting such an extension. During that time frame, the Department of Community Affairs has issued a Request for Proposals for Project-Based Section 8 Housing Vouchers for Veterans (the “**DCA Voucher Program**”). The submission deadline for this Request for Proposals is June 19th with awards being announced on July 20, 2015. The DCA Voucher Program would grant up to 20 project-based vouchers to very-low income households (or individuals) where a veteran is the head of a household. The Entity would like to apply for this program as part of a good faith effort to work with the City to extend and expand the affordable housing options within the City.

In addition to the DCA Voucher Program, the City professionals have been working with the Entity over the past 3 months to secure documentation relating to the administration of the Project and the federal subsidy programs that would permit an extension of the PILOT Agreement under the Limited-Dividend Law.

At present, the City still requires additional information from the Entity relating to the administration of the Project and the need to extend the PILOT Agreement, further the Entity seeks additional time to determine whether it can secure an award under the DCA Voucher Program. Accordingly, the City requests consideration of a temporary extension of the PILOT Agreement for 6 months in order to permit the Entity to apply for the DCA Voucher Program and complete the due diligence requirements of the City to permit a more complete consideration of a full extension of the PILOT Agreement. Once the City's due diligence and analysis is completed and to the extent the terms of any further extension can be agreed upon by the parties, the Council would have to review and approve any additional extension as a separate action.

If you have any questions with respect to the foregoing, please do not hesitate to contact me.