

BOROUGH OF PEAPACK AND GLADSTONE

CLERK/Administrator
REGISTRAR

TELEPHONE: 908-234-2250
FAX: 908-781-0042

1 SCHOOL STREET
P.O. BOX 218
PEAPACK, NJ 07977

April 11, 2022

**The Borough Council Meeting on
April 12, 2022
will be held in person at Borough Hall as well as
virtually through Go To Meeting
The meeting starts at 7:00PM**

You can access the meeting with information below:

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/925480485>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3212](tel:+18722403212)

Access Code: 925-480-485

Get the app now and be ready when your first meeting starts:

<https://meet.goto.com/install>

1. All members of the public, that will be logged in virtually will be placed on mute by the host.
2. If you would like to speak during the public comment portion of the meeting, you will need to let the host know by typing your name in the chat box.
3. The host will unmute you when it is your turn to speak.
4. When it is your turn to speak, please state your name and address.
5. Once you are done speaking, the host will mute you again.



**MAYOR & COUNCIL
THE BOROUGH OF PEAPACK & GLADSTONE,
BOROUGH COUNCIL MEETING AGENDA**



APRIL 12, 2022

7:00 PM – REGULAR MEETING

**Location: Borough Hall Council Chambers, 1 School St., Peapack, NJ
& Virtually Via GOTO Meeting Conferencing System**

Actual meeting may contain discussion of items not mentioned on the agenda and alternatively any items specifically listed may be omitted.

1. CALL TO ORDER

2. SUNSHINE NOTICE – *Municipal Clerk reads the following statement:*

“Pursuant to the Open Public Meetings Act, Adequate notice of 2022 Meeting Dates was published in the Courier News and Bernardsville News on December 9, 2021 and posted at the Municipal Complex and the Borough Library. Action may be taken.”

3. FLAG SALUTE

4. ROLL CALL

5. PUBLIC COMMENTS: 5 MINUTES PER PERSON – NON-AGENDA ITEMS

It is the policy of the Borough Council that all public comments on an issue shall be limited to five (5) minutes per person. Comments may be made on any Non-Agenda subject pertaining to Borough issues. Comments pertaining to Public Hearings should be saved for that section of the agenda. No debating between residents. Comments should be addressed to Mayor and Council at the public microphone.

6. OLD BUSINESS

7. NEW BUSINESS

Borough Council Statement in Response to the Recent PBA Letter sent to Borough Residents

8. MISCELLANEOUS DISCUSSION/APPROVALS

9. READING AND APPROVAL OF MINUTES

Special Budget Meeting Minutes March 16, 2022

10. ORDINANCES

INTRODUCTION OF ORDINANCE 1110-2022 – ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK (N.J.S.A. 40A: 4-45.14) FOR THE YEAR 2022



**MAYOR & COUNCIL
THE BOROUGH OF PEAPACK & GLADSTONE,
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11. RESOLUTIONS

RESOLUTION NO. 84-22 – RESOLUTION FOR THE 2022 BUDGET INTRODUCTION

RESOLUTION NO. 85-22 – RESOLUTION AUTHORIZING SELF-EXAMINATION OF BUDGET

RESOLUTION NO. 86-22 – GOVERNING BODY CERTIFICATION OF COMPLIANCE WITH

THE UNITED STATES EQUAL EMPLOYMENT OPPORTUNITY COMMISSIONS'

“ENFORCEMENT GUIDANCE ON THE CONSIDERATION OF ARREST AND CONVICTION

RECORDS IN EMPLOYMENT DECISIONS UNDER TITLE VII OF THE CIVIL RIGHTS ACT OF

1964”

RESOLUTION NO. 87-22 – RESOLUTION FOR MAYORAL APPOINTMENTS FOR THE

BOROUGH OF PEAPACK & GLADSTONE TO THE RECREATION COMMISSION

RESOLUTION NO. 88-22 – RESOLUTION TO APPOINT JONATHAN APGAR AS A

DEPARTMENT OF PUBLIC WORKS LABORER IN THE AMOUNT OF \$38,000.00

RESOLUTION NO. 89-22 – AUTHORIZATION FOR JONATHAN APGAR TO BECOME A

RIDING MEMBER OF THE PEAPACK & GLADSTONE VOLUNTEER FIRE DEPARTMENT

RESOLUTION NO. 90-22 – RESOLUTION TO REFUND LIENHOLDER FOR REDEMPTION OF

LIEN #21-00003 ON BLOCK 29 LOT 4

RESOLUTION NO. 91-22 – RESOLUTION FOR TEMPORARY APPROPRIATIONS FOR

OPERATING PURPOSES

RESOLUTION NO. 92-22 – AUTHORIZATION TO PAY UNUSED VACATION, KELLY AND

COMPENSATION TIME TO ANTHONY DAMIANO

RESOLUTION NO. 93-22 – RESOLUTION AUTHORIZING AN APPLICATION TO THE

DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICES IN THE DEPARTMENT

OF COMMUNITY AFFAIRS FOR APPROVAL TO ADOPT AN ORDINANCE ESTABLISHING A

PROPERTY ASSESSED CLEAN ENERGY PROGRAM IN AN AMOUNT NOT TO EXCEED

\$21,000,000 PURSUANT TO N.J.S.A. 40:56-1.4 ET SEQ

A Presentation by Attorneys from McManimom, Scotland and Baumann, and Bob

Wojtowicz detailing the Request for this Resolution

12. BILLS LIST

RESOLUTION NO. 94-22 – *Approval of Bills as signed and listed on the Bill Payment List*

Total Amount: \$1,191,700.36



**MAYOR & COUNCIL
THE BOROUGH OF PEAPACK & GLADSTONE,
BOROUGH COUNCIL MEETING AGENDA**



APRIL 12, 2022

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**Location: Borough Hall Council Chambers, 1 School St., Peapack, NJ
& Virtually Via GOTO Meeting Conferencing System**

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13. PUBLIC COMMENTS – 3 MINUTES PER PERSON – AGENDA ITEMS ONLY

It is the policy of the Borough Council that all public comments on an issue shall be limited to three (3) minutes per person. No debating between residents. Comments should be addressed to Mayor and Council at the public microphone.

14. EXECUTIVE SESSION – RESOLUTION NO. 95-22 – AUTHORIZATION FOR EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES - (1) Personnel

15. ADJOURNMENT

**THE NEXT REGULAR MEETING OF THE MAYOR & COUNCIL WILL BE HELD ON
TUESDAY, APRIL 26, 2022 AT 7:00PM**

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 84-22

TITLE: 2022 BUDGET INTRODUCTION

BE IT RESOLVED that the following statements of revenues and appropriations shall constitute the Municipal Budget for the year 2022;

BE IT FURTHER RESOLVED,

1. That said Budget be published in the Bernardsville News in the issue of April 21, 2022
2. The Governing Body of the Borough of Peapack & Gladstone does hereby approve the following as the Budget for the year 2022.
3. A hearing on the Budget and Tax Resolution will be held at Borough Hall Council Chambers and Via GoTo Meeting Conferencing System on May 10, 2022 at 7:00PM at which time and place objections to said Budget and Tax Resolution for the year 2022 may be presented by taxpayers or other interested persons. Login instructions will be posted at least 48 hours in advance of the meeting on the Borough website, www.peapackgladstone.org

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

IT IS HEREBY CERTIFIED THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF A RESOLUTION ADOPTED BY THE BOROUGH COUNCIL OF THE BOROUGH OF PEAPACK & GLADSTONE AT A MEETING OF SAID COUNCIL HELD ON APRIL 12, 2022.

NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK & GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 85-22

TITLED: RESOLUTION AUTHORIZING SELF-EXAMINATION OF BUDGET

WHEREAS, N.J.S.A. 40A:4-78b has authorized the Local Finance Board to adopt rules that permit municipalities in sound fiscal condition to assume the responsibility, normally granted to the Director of the Division of Local Government Services, of conducting the annual budget examinations; and

WHEREAS, N.J.A.C. 5:30-7 was adopted by the Local Finance Board on February 11, 1997; and

WHEREAS, pursuant to N.J.A.C. 5:30-7.2 through 7.5, the Borough of Peapack and Gladstone has been declared eligible to participate in the program by the Division of Local Government Services, and the Chief Financial Officer has determined that the local government meets the necessary conditions to participate in the program for the 2022 budget year.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Borough Council of the Borough of Peapack and Gladstone, County of Somerset, State of New Jersey that in accordance with N.J.A.C. 5:30-7.6a & 7.6b and based upon the Chief Financial Officer's certification, the governing body has found the budget has met the following requirements:

1. That with reference to the following items, the amounts have been calculated pursuant to law and appropriated as such in the budget:
 - a. Payment of interest and debt redemption charges
 - b. Deferred charges and statutory expenditures
 - c. Cash deficit of preceding year
 - d. Reserve for uncollected taxes
 - e. Other reserves and non-disbursement items
 - f. Any inclusions of amounts required for school purposes.
2. That the provisions relating to limitation on increases of appropriations pursuant to N.J.S.A. 40A:4-45.2 and appropriations for exceptions to limits on appropriations found at N.J.S.A. 40A:4-45.3 et seq., are fully met (complies with CAP law).
3. That the budget is in such form, arrangement, and content as required by the Local Budget Law and N.J.A.C. 5:30-4 5:30-5.
4. That pursuant to the Local Budget Law:
 - a. All estimates of revenue are reasonable, accurate and correctly stated,
 - b. Items of appropriation are properly set forth
 - c. In itemization, form, arrangement and content, the budget will permit the exercise of the comptroller function within the municipality.

5. The budget and associated amendments have been introduced and publicly advertised in accordance with the relevant provisions of the Local Budget Law, except that failure to meet the deadlines of N.J.S.A. 40A:4-5 shall not prevent such certification.
6. That all other applicable statutory requirements have been fulfilled.

BE IT FURTHER RESOLVED that a copy of this resolution will be forwarded to the Director of the Division of Local Government Services upon adoption.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK & GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 86-22

TITLED: GOVERNING BODY CERTIFICATION OF COMPLIANCE WITH THE UNITED STATES EQUAL EMPLOYMENT OPPORTUNITY COMMISSIONS’ “ENFORCEMENT GUIDANCE ON THE CONSIDERATION OF ARREST AND CONVICTION RECORDS IN EMPLOYMENT DECISIONS UNDER TITLE VII OF THE CIVIL RIGHTS ACT OF 1964”

WHEREAS, N.J.S.A. 40A:4-5 as amended by P.L. 2017, c.183 requires the governing body of each municipality and county to certify that their local unit’s hiring practices comply with the United States Equal Employment Opportunity Commission’s “Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964” *as amended*, 42 U.S.C. § 2000e et seq., (April 25, 2012) before submitting its approved annual budget to the Division of Local Government Services in the New Jersey Department of Community Affairs; and

WHEREAS, the members of the governing body have familiarized themselves with the contents of the above-referenced enforcement guidance and with their local unit’s hiring practices as they pertain to the consideration of an individual’s criminal history, as evidenced by the group affidavit form of the governing body attached hereto.

NOW, THEREFORE, BE IT RESOLVED, That the Mayor and Borough Council of the Borough of Peapack and Gladstone, County of Somerset, State of New Jersey hereby states that it has complied with N.J.S.A. 40A:4-5, as amended by P.L. 2017, c.183, by certifying that the local unit’s hiring practices comply with the above-referenced enforcement guidance and hereby directs the Clerk to cause to be maintained and available for inspection a certified copy of this resolution and the required affidavit to show evidence of said compliance.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

GOVERNING BODY CERTIFICATION PURSUANT TO P.L. 2017, C.183 OF COMPLIANCE WITH THE UNITED STATES EQUAL EMPLOYMENT OPPORTUNITY COMMISSION'S "Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964"

**GROUP AFFIDAVIT FORM FOR MUNICIPALITIES AND COUNTIES
NO PHOTO COPIES OF SIGNATURES**

STATE OF NEW JERSEY
COUNTY OF SOMERSET

We, members of the governing body of the Borough of Peapack & Gladstone being duly sworn according to law, upon our oath depose and say:

1. We are duly elected members of the Mayor and Council of the Borough of Peapack & Gladstone in the county of Somerset
2. Pursuant to P.L. 2017, c. 183, we have familiarized ourselves with the contents of the United States Equal Employment Opportunity Commission's "Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964," *as amended, 42 U.S.C. § 2000e et seq., (April 25, 2012);*
3. We are familiar with the local unit's hiring practices as they pertain to the consideration of an individual's criminal history;
4. We certify that the local unit's hiring practices comply with the above-referenced enforcement guidance

(L.S.) _____ (L.S.) _____
(L.S.) _____ (L.S.) _____
(L.S.) _____ (L.S.) _____
(L.S.) _____ (L.S.) _____
(L.S.) _____ (L.S.) _____

Sworn and subscribed before me this
_____ day of April, 2022
Notary Public of New Jersey

Clerk

The Municipal Clerk (or Clerk of the Board of Chosen Freeholders as the case may be) shall set forth the reason for the absence of signature of any members of the governing body.

IMPORTANT: This certificate must be executed before a municipality or county can submit its approved budget to the Division of Local Government Services. The executed certificate and the adopted resolution must be kept on file and available for inspection.

The Municipal Clerk (or Clerk of the Board of Chosen Freeholders as the case may be) shall set forth the reason for the absence of signature of any members of the governing body.

IMPORTANT: This certificate must be executed before a municipality or county can submit its approved budget to the Division of Local Government Services. The executed certificate and the adopted resolution must be kept on file and available for inspection.

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 87-22

TITLE: RESOLUTION FOR MAYORAL APPOINTMENTS FOR THE BOROUGH OF PEAPACK & GLADSTONE TO THE RECREATION COMMISSION

WHEREAS, the governing body of the Borough of Peapack & Gladstone, County of Somerset, State of New Jersey, wishes to appoint members to the Recreation Commission; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Peapack & Gladstone, that it does hereby ratify, confirm and approve the appointment of the following to the Recreation Commission of the Borough of Peapack & Gladstone.

The following appointment was recommended by Mayor Skinner to the Borough Council as follows:

RECREATION COMMISSION	Length of Term	Term Expiration Date
Jessica Melillo	8 months	12/31/2022
Alexa Zajac	8 months	12/31/2022

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 88-22

TITLE: RESOLUTION TO APPOINT JONATHAN APGAR AS A DEPARTMENT OF PUBLIC WORKS LABORER IN THE AMOUNT OF \$38,000.00

WHEREAS, the Borough Department of Public Works has expressed a need to replace one (1) laborer who left the Borough during 2022; and

WHEREAS, Jonathan Apgar has expressed an enthusiastic attitude to learn and work with the Department of Public Works; and

WHEREAS, the Director of Public Works and the DPW Supervisor recommend Jonathan Apgar to be hired to fill the aforesaid position; and

WHEREAS, the Mayor and Council concurs with that recommendation.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Peapack & Gladstone, County of Somerset, State of New Jersey that Jonathan Apgar is hereby appointed as a laborer in the Borough of Peapack & Gladstone Department of Public Works at a salary of \$38,000 per year, with an effective starting date of April 18, 2022, conditional to the results of his background check and physical.

BE IT FURTHER RESOLVED that:

1. Upon successful completion of the 3-month probation period and upon written recommendation of the Director of Public Works he will be eligible for change of status to full time permanent employment and can begin training for his CDL
2. Once Jonathan Apgar becomes a full-time permanent employee, he is entitled to all full-time employees benefits according to the Borough Personnel Policies
3. Upon obtaining his CDL License, Jonathan Apgar will be given an increase to \$40,000.00 per year

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

DRAFT

RESOLUTION

BOROUGH OF PEAPACK & GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 89-22

TITLED: AUTHORIZATION FOR JONATHAN APGAR TO BECOME A RIDING MEMBER OF THE PEAPACK & GLADSTONE VOLUNTEER FIRE DEPARTMENT

WHEREAS, an application has been submitted for Jonathan Apgar to become a riding member of the Peapack & Gladstone Volunteer Fire Department; and

WHEREAS, Jonathan Apgar is a current member of the Whitehouse Fire Department; and

WHEREAS, Jonathan Apgar has met all the requirements of the Fire Department to become a member; and

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Peapack & Gladstone, County of Somerset, State of New Jersey hereby authorize Logan Weimer to become a Riding Member of the Peapack & Gladstone Volunteer Fire Department.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

BOROUGH OF PEAPACK AND GLADSTONE

RESOLUTION NO. 90-22

TITLE: RESOLUTION TO REFUND LIENHOLDER FOR REDEMPTION OF LIEN #21-00003 ON BLOCK 29 LOT 14

WHEREAS, lien #21-00003 was sold to Fig Cust FIGNJ19LLC & SEC PTY on November 12, 2021 at a tax sale held by the Borough of Peapack & Gladstone, and

WHEREAS, the lien holder paid in addition to the lien, a premium in the amount of \$2,000.00 at the tax sale, and

WHEREAS, Lereta Tax & Flood Services, on behalf of Block 29, Lot 14 has redeemed lien #21-00003 in the amount of \$864.81 by certified check on February 28, 2022, and

WHEREAS, the lien holder is entitled to a refund of the redemption along with the premium in accordance with Title 54 of the New Jersey Statutes Annotated,

NOW, THEREFORE BE IT RESOLVED, that the Treasurer is hereby authorized to refund the redemption monies and the premium for a total of \$2,864.81 to Fig Cust FIGNJ19LLC & SEC PTY

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 91-22

TITLE: RESOLUTION FOR TEMPORARY EMERGENCY APPROPRIATIONS FOR OPERATING PURPOSES

WHEREAS, the 2022 Municipal Budget has not been adopted and there is a need to increase the Temporary Budget prior to the 2022 Budget being adopted in order to maintain operations until such time as the Borough Budget is in place; and

WHEREAS, N.J.S.A. 40:4-20 provides for approval of emergency temporary appropriations prior to the Municipal budget being adopted, by a confirming vote of two-thirds of the full governing body.

NOW, THEREFORE, BE IT RESOLVED by confirmation of two-thirds vote of the Mayor and Borough Council of the Borough of Peapack & Gladstone, County of Somerset, State of New Jersey that the Chief Financial Officer is authorized to increase the temporary emergency appropriations as follows:

Current Fund

Assessment of Taxes	
Salary and Wages	\$ 5,000.00
Land Use Board	
Salary and Wages	\$ 2,000.00
Police Department	
Salary and Wages	\$ 100,000.00
Streets and Roads	
Salary and Wages	\$ 20,000.00
Streets and Roads	
Other Expenses	\$ 5,000.00
Gas (Natural)	
Other Expenses	\$ 2,000.00

Sewer Utility Fund

Salaries and Wages	\$ 10,000.00
Social Security	
Other Expenses	\$ 1,000.00

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 92-22

TITLE: AUTHORIZATION TO PAY UNUSED VACATION, KELLY AND COMPENSATION TIME TO ANTHONY DAMIANO

WHEREAS, The Borough of Peapack and Gladstone Personnel Policy and PBA Agreement stipulate that employees who resign from service from the Borough of Peapack and Gladstone are entitled to be paid for unused vacation time, Kelly time and compensation time earned, and

WHEREAS, Anthony Damiano earned at his last day of work on April 1, 2022, unused time as follows:

Vacation time	146 hours
Kelly time	77 hours
Compensation time	<u>197.88 hours</u>
Total	420.88 hours, at a hourly rate of \$51.94 for a total of \$21,860.51

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of Peapack and Gladstone, County of Somerset, State of New Jersey hereby authorizes the Finance Officer to pay to Anthony Damiano a sum of \$21,860.51 for unused vacation, Kelly and compensation time.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

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NANCY BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 93-22

TITLE: RESOLUTION AUTHORIZING AN APPLICATION TO THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICES IN THE DEPARTMENT OF COMMUNITY AFFAIRS FOR APPROVAL TO ADOPT AN ORDINANCE ESTABLISHING A PROPERTY ASSESSED CLEAN ENERGY PROGRAM IN AN AMOUNT NOT TO EXCEED \$21,000,000 PURSUANT TO N.J.S.A. 40:56-1.4 ET SEQ

WHEREAS the Borough of Peapack & Gladstone (the "**Borough**") is a municipal corporation of the State of New Jersey, located in the County of Somerset (the "**County**"); and

WHEREAS Pamphlet Law 2011, Chapter 187 (as the same may be amended and supplemented from time to time, the "**Act**"), authorizes a municipality, upon application to and approval by the Director of the Division of Local Government Services in the Department of Community Affairs (the "**Director**"), to establish, by ordinance, a program to finance renewable energy systems, energy efficiency improvements and any other improvements permitted to be completed pursuant to the Act (each, an "**Eligible Project**" and collectively, the "**Eligible Projects**"); and

WHEREAS undertaking Eligible Projects and financing of same with respect to a particular property through a program established by the Act is voluntary, and can only be undertaken at the request of the owner of such property; and

WHEREAS a municipality may apply to a county improvement authority to issue bonds pursuant to N.J.S.A. 40:37A-55 of the Act, the proceeds of which ("**Project Funds**") are made available to a property owner requesting an Eligible Project to be completed on such property owner's property (each, a "**Property**"); and

WHEREAS in exchange for the Project Funds made available to a property owner, a municipality shall impose a "clean energy special assessment" on the Property in the amount requested by the owner of the Property (each, an "**Assessment**") pursuant to the terms of a special assessment agreement, which Assessment is paid by the owner of such Property in quarterly installments, in accordance with the provisions of the Act; and

WHEREAS any bonds issued by a county improvement authority shall be special, limited obligations of such county improvement authority, secured solely by the Assessments for the Property upon which the respective Eligible Projects are located, shall be non-recourse to the Borough and County and shall not be secured by the full faith and credit of either the Borough or County; and

WHEREAS Natirar Resort Development, LLC and Natirar Residential Development Group, LLC (collectively, "**Natirar**") are the leasehold owners of property located within the Borough commonly known as 2 Main Street, on a portion of the Natirar Estate, and identified as Block 28, Lot 24.02 on the official tax maps of the Borough (the "**Natirar Property**"), pursuant to a 99-year long-term lease agreement between Natirar's predecessor in interest and the Somerset County Improvement Authority (the "**Authority**") dated December 2003 (as amended and supplemented from time to time, the "**Lease Agreement**"); and

WHEREAS Natirar seeks to finance various renewable energy systems, energy efficiency improvements and other improvements on the Natirar Property permitted to be completed pursuant to the Act (the "**Natirar PACE Project**"), as part of the broader redevelopment of the Natirar Mansion located on the Natirar Property, and has requested that the Borough establish a "Property Assessed Clean Energy Program" pursuant to the Act in order to finance same; and

WHEREAS pursuant to the Lease Agreement, the Authority consented to Natirar, or their affiliate, applying to such a Property Assessed Clean Energy Program for financing, and further agreed to cooperate in all respects with Natirar in their application for same, including promptly providing written consent and other support for such application, upon Natirar's request; and

WHEREAS the Borough wishes, via adoption of an ordinance (the "**PACE Ordinance**"), to (i) establish a "Property Assessed Clean Energy Program" (the "**Program**") for the financing of the Natirar PACE Project and the imposition of an Assessment on the Natirar Property in an amount at least sufficient to provide for the principal of and interest due on bonds issued by the Authority to fund such Natirar PACE Project (the "**Authority Bonds**"), (ii) apply to the Authority for the issuance of Authority Bonds to provide Project Funds to be used by Natirar to fund the Natirar PACE Project, such Bonds to be secured solely by the Assessments imposed on the Natirar Property, (iii) impose an Assessment against the Natirar Property upon which the Natirar PACE Project is located in an amount and in accordance with the terms of the hereinafter defined Natirar Special Assessment Agreement; and (iv) authorize the form and execution of a special assessment agreement by and between the Borough and Natirar (the "**Natirar Special Assessment Agreement**"); and

WHEREAS Natirar has secured a capital provider that will purchase the Authority Bonds and provide the necessary Project Funds to the Authority for further distribution to Natirar; and

WHEREAS the Borough now desires to make application to the Director in accordance with the Act, in substantially the form set forth on file in the office of the

Borough Clerk, for approval to adopt the PACE Ordinance and establish the Program (the "Application").

NOW, THEREFORE BE IT RESOLVED, by the Borough Council of the Borough of Peapack and Gladstone, in the County of Somerset, New Jersey as follows:

Section 1. The recitals to this Resolution are hereby incorporated as if set forth in full herein.

Section 2. The Application to the Director is hereby approved.

Section 3. The Borough's special counsel, McManimon, Scotland & Baumann, LLC, along with other representatives and professionals of the Borough, including, but not limited to, the Mayor, Chief Financial Officer, Clerk and General Counsel, are hereby collectively authorized to take any and all steps necessary to prepare and submit the Application to the Director and to represent the Borough in matters pertaining thereto, including, but not limited to, making any necessary modifications thereto and executing any other document, certificate or agreement necessary to effectuate the terms of this Resolution or the Application.

Section 4. The Director is hereby respectfully requested to consider the Application in accordance with applicable law.

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

Section 6. A copy of this Resolution shall be available for public inspection at the offices of the Borough.

Section 7. This Resolution shall take effect immediately.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

IT IS HEREBY CERTIFIED THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF A RESOLUTION ADOPTED BY THE BOROUGH COUNCIL OF THE BOROUGH OF PEAPACK & GLADSTONE AT A MEETING OF SAID COUNCIL HELD ON APRIL 12, 2022.

NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

April 13, 2022

Via Electronic Mail (Jacquelyn.Suarez@dca.nj.gov) and Federal Express

Jacquelyn A. Suarez, Director
Division of Local Government Services
Department of Community Affairs
101 South Broad Street – P.O. Box 803
Trenton, New Jersey 08625-0803

**Re: The Borough of Peapack & Gladstone, in the County of Somerset, New Jersey
Application for Property Assessed Clean Energy ("PACE") Program Approval
Pursuant to N.J.S.A. 40:56-1.4, et seq.**

Dear Director Suarez:

The Borough of Peapack & Gladstone (the "**Borough**") seeks your approval pursuant to Pamphlet Law 2011, Chapter 187, codified at N.J.S.A. 40:56-1.4 et seq. (the "**Act**") to adopt an ordinance authorizing the Borough's property assessed clean energy program (the "**PACE Program**") in an amount not to exceed \$21,000,000 (in the form attached hereto as Exhibit A, the "**PACE Ordinance**"). The Borough seeks to establish the PACE Program specifically to permit Natirar Resort Development, LLC and Natirar Residential Development Group, LLC (together, the "**Natirar Owners**") to finance various proposed renewable energy systems, energy efficiency improvements and other improvements as part of the redevelopment of the Natirar Mansion located on property within the Borough commonly known as the Natirar Estate (the "**Natirar Property**") (collectively, the "**Natirar PACE Project**").

The redevelopment of the Natirar Mansion is a public-private partnership between the Natirar Owners and the Somerset County Improvement Authority (the "**Authority**"). The Natirar Owners are the owner of the Natirar Property via a 99-year ground lease, memorialized in a Lease Agreement dated December 2003 (as amended and supplemented from time to time, the "**Lease Agreement**"), by and between the Natirar Owners and the Authority.

The Natirar Owners are redeveloping the Natirar Mansion through the adaptive reuse of such facility. Three years ago, the Natirar Owners added a 10,000 square-foot ballroom and event space to the Natirar Mansion. Now, the Natirar Owners are proposing an approximately \$70 million redevelopment project, which will include construction of a luxury country resort consisting of a hotel with 66-rooms and 5 farmhouse units and a spa (the "**Proposed Project**"). Included in the Proposed Project is approximately \$18.385 million of eligible commercial property assessed clean energy improvements to the hotel and spa, including various renewable energy systems, energy efficiency improvements and other improvements to make it an eco-friendly resort and will implement the latest equipment, technology, and material sciences to minimize its water and electrical consumption, as more fully detailed in Exhibit B attached hereto (the "**PACE Improvements**"). The redevelopment project also includes 16-20 separate for sale residential estate and farm residences, which do not contain any PACE Improvements.

Pursuant to the terms of the Act, the Borough will apply to and request that the Authority issue special, limited obligation bonds pursuant to N.J.S.A. 40:37A-55 of the Act (the "**Authority Bonds**"), in an amount not to exceed \$21,000,000. The Authority Bonds shall be non-recourse to the Borough and the County of Somerset (the "**County**") and shall not be secured by the full faith and credit of either the Borough or the County. The proceeds from the sale of the Authority Bonds ("**Project Funds**") will be made available by the Authority to the Natirar Owners in exchange for the Borough imposing a "clean energy special assessment" on the Natirar Property (the "**Assessment**"). The Assessment shall be imposed and paid pursuant to the PACE Ordinance and a special assessment agreement between the Borough and the Natirar Owners (in the form attached hereto as Exhibit C, the "**Natirar Special Assessment Agreement**"). The Authority Bonds will be secured solely by the Assessment, which will be in an amount at least sufficient to provide for the principal of and interest due on the Authority Bonds. The Borough will memorialize its obligation to pledge and assign its rights in and to the Assessment to the Authority in a separate assignment agreement between the Borough, the Authority, and the Authority's bond trustee.

To finance the Natirar Project, the Authority Bonds will be purchased by C-Change Capital, LLC or an affiliate of same (the "**Capital Provider**"). The Authority Bonds will be issued in the aggregate principal amount of not to exceed \$21 million, will bear interest at a fixed rate set 5 days prior to the issuance of the Authority Bonds (and currently projected to be approximately 5.45%) and will be issued for a term of thirty (30) years (the "**PACE Loan**"). Authority Bond proceeds will be used to fund approximately \$18.385 million in PACE Improvements, approximately \$2.2 million in capitalized interest, approximately \$215,000 in costs of issuance, and approximately \$200,000 in financing fees.

In furtherance of this application, and in addition to the attachments already referenced herein, attached hereto please find the following:

1. Resolution No. [●] adopted by the Borough Council of the Borough on April 12, 2022 approving this application (attached hereto as Exhibit D);
2. The Lease Agreement and all amendments to same, in which, among other things, the Authority explicitly consents to the Natirar Owners, or their respective affiliates, seeking financing through the PACE Program, and further agreeing to cooperate in all respects with the Natirar Owners in their pursuit of same (attached hereto as Exhibit E);
3. Consent of all existing lenders whose loans are secured by mortgages or other interest in the Natirar Property (attached hereto as Exhibit F); and
4. Term sheet and proposed debt service schedule evidencing the Capital Provider's commitment to the terms of the PACE Loan with the Natirar Owners (attached hereto as Exhibit G).

Accordingly, the Borough respectfully requests approval by the Director of the DLGS to adopt the PACE Ordinance authorizing the PACE Program in the amount not to exceed \$21,000,000 pursuant to the Act.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

Matthew D. Jessup

Enclosures

cc: Greg Skinner, Mayor, Borough of Peapack and Gladstone (email w/ encl.)
Nancy Bretzer, Borough Clerk, Borough of Peapack and Gladstone (email w/ encl.)
Joel L. Shain, Chairperson, Somerset County Improvement Authority (email w/ encl.)
Colleen Mahr, Administrator, Somerset County (email w/ encl.)
Robert Wojtowicz, Managing Partner, Natirar Resort Development, LLC (email w/ encl.)
John D. Draikiwicz, Esq., Counsel to Natirar Resort Development, LLC (email w/ encl.)
David J. Pascrell, Esq., Counsel to Natirar Resort Development, LLC (email w/ encl.)
Damian V. Santomauro, Esq., Counsel to Natirar Resort Development, LLC (email w/ encl.)
Joshua V. Berliner, Esq., Counsel to Borough of Peapack and Gladstone (email w/ encl.)
John Kinney, Managing Partner, C-Change Capital, LLC (email w/ encl.)

EXHIBIT A TO DLGS APPLICATION

FORM OF PACE ORDINANCE

ORDINANCE OF THE BOROUGH OF PEAPACK AND GLADSTONE, IN THE COUNTY OF SOMERSET, NEW JERSEY ESTABLISHING A PROPERTY ASSESSED CLEAN ENERGY PROGRAM PURSUANT TO N.J.S.A. 40:56-1.4 ET SEQ., AUTHORIZING A CLEAN ENERGY SPECIAL ASSESSMENT TO BE IMPOSED ON BLOCK 28, LOT 24.02 ON THE OFFICIAL TAX MAPS OF THE BOROUGH AS REQUESTED BY THE LEASEHOLD PROPERTY OWNER THEREOF IN CONNECTION WITH THE UNDERTAKING OF ONE OR MORE PROPERTY ASSESSED CLEAN ENERGY IMPROVEMENTS AND AUTHORIZING THE EXECUTION OF A PROPERTY ASSESSED CLEAN ENERGY SPECIAL ASSESSMENT AGREEMENT IN CONNECTION THEREWITH

WHEREAS, the Borough of Peapack and Gladstone (the "**Borough**") is a municipal corporation of the State of New Jersey, located in the County of Somerset (the "**County**"); and

WHEREAS, Pamphlet Law 2011, Chapter 187 (as the same may be amended and supplemented from time to time, the "**Act**"), authorizes a municipality, upon application to and approval by the Director of the Division of Local Government Services in the Department of Community Affairs (the "**Director**"), to establish, by ordinance, a program to finance renewable energy systems, energy efficiency improvements and any other improvements permitted to be completed pursuant to the Act (each, an "**Eligible Project**" and collectively, the "**Eligible Projects**"); and

WHEREAS, undertaking Eligible Projects and financing of same with respect to a particular property through a program established by the Act is voluntary, and can only be undertaken at the request of the owner of such property; and

WHEREAS, a municipality may apply to a county improvement authority to issue bonds pursuant to N.J.S.A. 40:37A-55 of the Act, the proceeds of which ("**Project Funds**") are made available to a property owner requesting an Eligible Project to be completed on such property owner's property (each, a "**Property**"); and

WHEREAS, in exchange for the Project Funds made available to a property owner, a municipality shall impose a "clean energy special assessment" on the Property in the amount requested by the owner of the Property (each, an "**Assessment**") pursuant to the terms of a special assessment agreement, which Assessment is paid by the owner of such Property in quarterly installments, in accordance with the provisions of the Act; and

WHEREAS, any bonds issued by a county improvement authority shall be special, limited obligations of such county improvement authority, secured solely by the Assessments for the Property upon which the respective Eligible Projects are located, shall be non-recourse to the Borough and County and shall not be secured by the full faith and credit of either the Borough or County; and

WHEREAS, Natirar Resort Development, LLC and Natirar Residential Development Group, LLC (collectively, "**Natirar**") are the leasehold owners of property located within the

Borough commonly known as 2 Main Street, on a portion of the Natirar Estate, and identified as Block 28, Lot 24.02 on the official tax maps of the Borough (as further described in **Exhibit A** attached hereto, the "**Natirar Property**"), pursuant to a 99-year long-term lease agreement between Natirar's predecessor in interest and the Somerset County Improvement Authority (the "**Authority**") dated December 2003 (as amended and supplemented from time to time, the "**Lease Agreement**"); and

WHEREAS, Natirar seeks to finance various renewable energy systems, energy efficiency improvements and other improvements on the Natirar Property permitted to be completed pursuant to the Act (the "**Natirar PACE Project**"), as part of the broader redevelopment of the Natirar Mansion located on the Natirar Property, and has requested that the Borough establish a "Property Assessed Clean Energy Program" pursuant to the Act in order to finance same; and

WHEREAS, pursuant to the Lease Agreement, the Authority consented to Natirar, or their affiliate, applying to such a Property Assessed Clean Energy Program for financing, and further agreed to cooperate in all respects with Natirar in their application for same, including promptly providing written consent and other support for such application, upon Natirar's request; and

WHEREAS, the Borough wishes to (i) establish a "Property Assessed Clean Energy Program" (the "**Program**") for the financing of the Natirar PACE Project and the imposition of an Assessment on the Natirar Property in an amount at least sufficient to provide for the principal of and interest due on bonds issued by the Authority to fund such Natirar PACE Project (the "**Authority Bonds**"), (ii) apply to the Authority for the issuance of Authority Bonds to provide Project Funds to be used by Natirar to fund the Natirar PACE Project, such Bonds to be secured solely by the Assessments imposed on the Natirar Property, (iii) impose an Assessment against the Natirar Property upon which the Natirar PACE Project is located in an amount and in accordance with the terms of the hereinafter defined Natirar Special Assessment Agreement; and (iv) authorize the form and execution of a special assessment agreement in substantially the form attached hereto as **Exhibit B** by and between the Borough and Natirar (the "**Natirar Special Assessment Agreement**"); and

WHEREAS, Natirar has secured a capital provider that will purchase the Authority Bonds and provide the necessary Project Funds to the Authority for further distribution to Natirar; and

WHEREAS, upon passage on first reading of this Ordinance, the Borough made application to the Director in accordance with the Act; and

WHEREAS, prior to final adoption of this Ordinance, the Director approved this Ordinance and all of the provisions contained herein, in accordance with the Act.

NOW THEREFORE BE IT ORDAINED BY THE BOROUGH OF PEAPACK AND GLADSTONE, IN THE COUNTY OF SOMERSET, NEW JERSEY AS FOLLOWS:

Section 1. Incorporation of Recitals. The recitals to this Ordinance are hereby incorporated as if set forth in full herein.

Section 2. Creation of Program. To effectuate the Natirar PACE Project, the Borough hereby establishes the Program, on the terms and conditions set forth herein and in the Natirar Special Assessment Agreement, as the same may be amended from time to time in accordance with its terms. The Borough hereby authorizes and directs each of the Mayor of the Borough (the "**Mayor**"), the chief financial officer of the Borough (the "**Chief Financial Officer**") and the Clerk of the Borough (the "**Borough Clerk**") to make application to the Authority to issue the Authority Bonds to fund the Natirar PACE Project by delivering a copy of this Ordinance as adopted to the Authority in furtherance of such application.

Section 3. Borough to Levy Assessment. (a) Upon execution of the Natirar Special Assessment Agreement, the Borough shall impose and levy an Assessment against the Natirar Property upon which the Natirar PACE Project is located in an aggregate amount not exceeding the amount set forth in the Natirar Special Assessment Agreement. Such Assessment shall be imposed and levied in the manner provided by the Act and pursuant to the Natirar Special Assessment Agreement. The Borough shall not contribute to the cost of the Natirar PACE Project.

(b) Each Assessment shall remain a lien upon the Natirar Property until the Assessment, with all installments and accrued interest, penalties, and fees thereon, applicable to the Natirar Property shall be paid and satisfied. Each Assessment shall be payable in quarterly installments and over the period of the Authority Bonds, which shall not exceed the number of years permitted by the Act, as set forth in the Natirar Special Assessment Agreement.

(c) Pursuant to *N.J.S.A. 40:56-33*, every Assessment, together with interest thereon and all costs and charges connected therewith, shall upon the effective date of this Ordinance be a continuous first lien upon the Natirar Property, paramount to all prior or subsequent alienations and descents of such Natirar Property or encumbrances thereon, except subsequent taxes or assessments, notwithstanding any mistake in the name or names of any owner or owners, or any omission to name any owner or owners who are unknown, and notwithstanding any lack of form therein, or in any other proceeding which does not impair the substantial rights of the owner or owners or other person or persons having a lien upon or interest in the Natirar Property.

Section 4. Natirar Special Assessment Agreement. (a) The Natirar Special Assessment Agreement is hereby approved in the form attached hereto as **Exhibit B**, together with such additions, insertions, modifications, completions and other changes as reviewed and approved by Counsel to the Borough, subject only to confirmation by Natirar that the terms and conditions set forth in Exhibit B to such Natirar Special Assessment Agreement are complete and accurate; such confirmation to be evidenced solely by execution of the Natirar Special Assessment Agreement by Natirar.

(b) The Mayor the Chief Financial Officer are each hereby authorized and directed without further authorization to execute by manual or facsimile signature the Natirar Special Assessment Agreement. The signatures of the Mayor and Chief Financial Officer shall be conclusively presumed to evidence all necessary approvals for the execution of the Natirar Special Assessment Agreement. The Borough Clerk is hereby authorized and directed without further authorization to attest to the signature of the Mayor and Chief Financial Officer, as applicable, and to apply the seal of the Borough to the Natirar Special Assessment Agreement.

(c) The Borough Clerk is hereby authorized and directed without further authorization to deliver a fully executed copy of the Natirar Special Assessment Agreement to the Chairperson of the Authority, Natirar, the tax assessing officer of the Borough (the "**Tax Assessor**") and the tax collecting officer of the Borough (the "**Tax Collector**").

(d) The Borough shall, at the cost of Natirar, record the Natirar Special Assessment Agreement against the Natirar Property in the land records of the County.

Section 5. Security for the Authority Bonds. (a) The Assessments due and payable under this Ordinance and pursuant to the Natirar Special Assessment Agreement are hereby pledged to the punctual payment of the principal of and the interest on the Authority Bonds issued to fund the Natirar PACE Project. The Authority Bonds shall be special, limited obligations of the Authority, secured solely by the Assessments received by the Borough. The Authority Bonds shall be non-recourse to the Borough and the County and shall not be secured by the full faith and credit of either the Borough or the County.

(b) Nothing in this Ordinance, any document or agreement authorized or entered into pursuant to this Ordinance or any Authority Bond referenced in this Ordinance shall be construed as obligating the Borough or the County to pay any Authority Bond or the interest thereon, or as pledging the full faith and credit of the Borough, the County, the State or any other political subdivision thereof, or as obligating the Borough, the County, the State or any other political subdivision thereof, directly, indirectly or contingently, to levy or pledge any form of taxation whatever therefor, other than the Assessments received by the Borough.

Section 6. Tax Assessor to Levy Assessment; Tax Collector to Collect Assessment. The Tax Assessor is hereby authorized and directed, immediately upon receipt of the fully executed Natirar Special Assessment Agreement from the Borough Clerk, to record the Assessment on the books and records of the Borough in accordance with the terms of such Natirar Special Assessment Agreement. The Tax Collector is hereby authorized and directed, immediately upon receipt of the fully executed Natirar Special Assessment Agreement from the Borough Clerk, to collect the Assessment in accordance with the terms of the Natirar Special Assessment Agreement.

Section 7. Notice of Assessment to Owner. By executing the Natirar Special Assessment Agreement, Natirar acknowledges that the Borough intends to make and to levy an Assessment against the Natirar Property in an aggregate amount set forth in the Natirar Special Assessment Agreement.

Section 8. Assignment by Borough of Assessment. The Borough hereby acknowledges and agrees that it shall pledge and assign all of its right, title and interest in and to the Natirar Special Assessment Agreement, including the Assessment payable thereunder, and including interest, penalties and costs of collection, to the Authority pursuant to an assignment (the "**Assignment**") acceptable to the Borough and the Authority and/or the trustee of the Authority Bonds (the "**Bond Trustee**"). Natirar is hereby notified of such assignments and, by executing the Natirar Special Assessment Agreement, Natirar acknowledges and consents to such assignment.

Section 9. Enforcement of Assessment and Costs. In connection with the issuance of the Authority Bonds, so long as such Authority Bonds are outstanding, the Bond Trustee as assignee of the Authority will require the Borough to cause Natirar to pay all the payments and other costs and charges payable by Natirar under the Natirar Special Assessment Agreement to the Bond Trustee. In the event that Natirar shall fail to make such payments, the Bond Trustee, as assignee of the Authority, will cause and direct the Borough to institute and prosecute all such legal proceedings available under applicable law as may be appropriate to enforce the payment of the Assessment and costs under the Natirar Special Assessment Agreement.

Section 10. Additional Acts. The Mayor, Chief Financial Officer and Borough Clerk are each hereby authorized to take all additional steps necessary to effectuate the purposes of the Program, including the execution of the Assignment, and the execution and entering into any other document, certificate or agreement necessary to effectuate the terms of this Ordinance or the terms and purposes of the Program.

Section 11. Additional Determinations of the Director. Pursuant to Section 3(b) of the Act, the Director has determined that the Assessments and the Authority Bonds issued shall generally be subject to *N.J.S.A. 40:56-21 et seq.*, except that *N.J.S.A. 40:56-21* through -30, inclusive, -34, -35 (the third and fourth paragraphs thereof), -37, -40 and any other provisions of *N.J.S.A. 40:56-21 et seq.* that conflict with the terms of the Authority Bonds shall not apply. Further, pursuant to the power granted to the Director pursuant to Section 3(c) of the Act, the Director has further determined that the provisions of *N.J.S.A. 40:56-11* shall not apply to Eligible Projects.

Section 12. Effectiveness. This Ordinance shall take effect in accordance with applicable law.

Exhibit A
Natirar Estate Property Description

EXHIBIT A

LEASED PREMISES

Being known and designated as New Lot 24.02 Block 28 as shown on a certain map entitled "Plan of Survey & Minor Subdivision for the Somerset County Improvement Authority Located at Tax Map Lots 23.01, 23.02, 23.03, 23.04 & 24 Block 28, Sheet Nos. 8, 9, 11 & 12, Borough of Peapack and Gladstone, Somerset County, New Jersey", dated August 17, 2004, last revised June 15, 2007, prepared by Somerset Surveying Services and being more particularly bound and described as follows:

Beginning at a stone monument (found) marking the terminus of Course No. 9, Tract Number 1 as described in Deed Book 1475 Page 673, also being a common corner of New Lots 24.01 and 24.02 Block 28, said stone monument having New Jersey State plane coordinates of North 682,218.87 feet and east 453,653.49 feet and 83 (1996) system, and from said beginning point and in the said bearing system running thence;

1. Along the Westerly line of New Lot 24.01 Block 28, South 02 degrees 57 minutes 14 seconds West, a distance of 69.30 feet to a stone monument (found) marking an angle point in the same; thence
2. Still along the Westerly line of New Lot 24.01 Block 28, South 22 degrees 25 minutes 54 seconds West, a distance of 108.06 feet to a stone monument (found) marking an angle point in the same; thence
3. Still along the Westerly line of New Lot 24.01 Block 28, South 29 degrees 56 minutes 13 seconds West, a distance of 103.70 feet to an iron pin (set) corner to same; thence
4. Along the Southwesterly line of New Lot 24,01 Block 28, South 36 degrees 40 minutes 00 seconds East, a distance of 566.06 feet to an iron pin (set) marking a point of curvature in same; thence
5. Still along the Southwesterly line of New Lot 24.01 Block 28, Southeasterly on a curve to the right having a radius of 275.00 feet, an arc length of 146.04 feet, a delta angle of 30 degrees 25 minutes 41 seconds, a chord bearing South 21 degrees 27 minutes 10 seconds East and a chord distance of 144.33 feet to an iron pin (set) marking a point of tangency; thence
6. Along the Westerly line of New Lot 24.01 Block 28, South 06 degrees 14 minutes 19 seconds East, a distance of 125.10 feet to an iron pin (set) marking a point of curvature in same; thence
7. Still along the Westerly line of New Lot 24.01 Block 28, Southerly to Southwesterly on a curve to the right having a radius of 335.00 feet, an arc length of 236.46 feet, a delta angle of 40 degrees 26 minutes 32 seconds, a chord bearing of South 13 degrees 58 minutes 56 seconds West and a chord distance of 231.58 feet to an iron pin (set) marking a point of tangency in the Northwesterly line of New Lot 24.01 Block 28; thence
8. Along the Northwesterly line of New Lot 24.01 Block 28, South 34 degrees 12 minutes 12 seconds West, a distance of 130.07 feet to an iron pin (set) marking an angle point in the same; thence
9. Still along the Northwesterly line of New Lot 24.01 Block 28, South 33 degrees 06 minutes 09 seconds West, a distance of 191.84 feet to an iron pin (set) marking an angle point in the same; thence
10. Still along the Northwesterly line of New Lot 24.01 Block 28, South 69 degrees 58 minutes 44 seconds West, a distance of 314.62 feet to an iron pin (set) corner to same; thence

11. Along the Northerly line of New Lot 24.01 Block 28, North 81 degrees 43 minutes 41 seconds West, a distance of 954.88 feet to an iron pin (set) corner to same; thence
12. Along the Northwesterly line of New Lot 24.01 Block 28, South 74 degrees 15 minutes 58 seconds West, a distance of 522.92 feet to an iron pin (set) corner to same
13. Along the Easterly line of New Lot 24.01 Block 28, North 3 degrees. 49 minutes 01 seconds West, a distance of 818.68 feet to an iron pin (set) corner to same; thence
14. Along the Northeasterly line of New Lot 24.01 Block 28 North 47 degrees 45 minutes 56 seconds West, a distance of 345.32 feet to an iron pin (set) corner to same; thence
15. Along the Easterly line of New Lot 24.01 Block 28, North 09 degrees 26 minutes 30 seconds East, a distance of 660.76 feet to an iron pipe (found) corner to same; thence
16. Along the Easterly line of New Lot 24.01 Block 28, North 64 degrees 41 minutes 31 seconds East, a distance of 553.74 feet to an iron pipe (found) corner to same; thence
17. Along the Southeasterly line of New Lot 24.01 Block 28, North 04 degrees 34 minutes 02 seconds West, a distance of 553.36 feet to an iron pipe (found) corner to same in the Southwesterly right-of-way line of Highland Avenue (50 foot right-of-way), said point being 25.00 feet Southwesterly measured a right angle from the centerline of Highland Avenue; thence

Along the Southwesterly and Southerly right-of-way line of Highland Avenue, running parallel 25.00 feet Southerly from the centerline of Highland Avenue, the following four courses:

18. Southeasterly on a curve to the right having a radius of 500.00 feet, an arc length of 102.96 feet, a delta angle of 11 degrees 47 minutes 55 seconds, a chord bearing South 64 degrees 27 minutes 42 seconds East and a chord distance of 102.78 feet to a point of tangency in same; thence
19. Still along same, South 58 degrees 33 minutes 45 second East, a distance of 141.02 feet to a point of curvature in same; thence
20. Southeasterly on a curve to the left having a radius of 550.00 feet, an arch length of 233.58 feet, a delta angle of 24 degrees 20 minutes 00 seconds, a chord bearing South 70 degrees 43 minutes 45 seconds East and chord distance of 231.83 feet to a point of tangency in same; thence
21. Still along same, South 82 degrees 53 minutes 45 seconds East, a distance of 197.40 feet to an angle point in same; thence
22. Still along same, South 88 degrees 39 minutes 45 seconds East, a distance of 129.89 feet to an angle point in the Southwesterly right-of-way line of Highland Avenue (variable right-of-way) (unimproved); thence

Along the Southwesterly right-of-way line of Highland Avenue, the following five courses:

23. South 60 degrees 44 minutes 45 seconds East, a distance of 204.38 feet to a iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
24. South 52 degrees 43 minutes 45 seconds East, a distance of 293.71 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
25. South 38 degrees 04 minutes 45 seconds East, a distance of 180.92 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
26. South 25 degrees 37 minutes 45 seconds East, a distance of 208.41 feet to an iron pin (set) marking an angle point in same (80.00 foot right-of-way at this point); thence
27. South 46 degrees 17 minutes 45 seconds East, a distance of 87.48 feet to an iron pin (set) in same (80.00 foot right-of-way at this point) corner to New Lot 24.01 Block 28; thence
28. Along the Northwesterly line of New Lot 24.01 Block 28, South 43 degrees 42 minutes 15 seconds West, a distance of 28.96 feet to the point and place of beginning.

Together with the right of a 100 foot access Easement as set forth in 6271 page 1306.

Subject to a 20 foot wide Drainage Easement crossing thru property between courses 17 and 18 as described above.

Subject to a Sanitary Sewer Easement along Highland Avenue (along courses 20, 21, and 22 as described above.

Subject to a Conservation Easement to the Borough of Peapack and Gladstone.

Subject to a View Shed Easement.

Exhibit B
Form of Natirar Special Assessment Agreement

EXHIBIT B TO DLGS APPLICATION

PACE IMPROVEMENTS

- **HVAC** – All heating, ventilating, and air conditioning, including the filtration systems and controls
- **Lighting** – Advanced lighting systems integrated into a building management system
- **Electrical** – The electrical systems will monitor, control, and optimize the use of electricity
- **Technology** – An “internet of things” information control system with sensors in every room
- **Glass & Glazing** – Energy efficient, multi-layer glazing that will minimize heat and cold transfer and reduce the impact on HVAC systems and will meet the high energy efficient standards for building fenestration
- **Insulation** – Building design and materials selection to minimize temperature transfer
 - Exterior doors and windows are designed with high performance frames inclusive of insulation
 - Thermal protection throughout the facility exceeds minimal standards to reduce heat and cold transfer
 - Roofing that will minimize energy loss through insulation and reflective materials
 - Building Envelope - Construction material and finishes selection to maximize thermal retention
- **Plumbing** – Fire suppression system with compartmentalized sensors to conserve water
 - Pool Equipment including pumps and heaters will incorporate energy efficient specifications
 - All water pumps will be Low Voltage, as defined in NFPA 70 for circuits and equipment operating at less than 50 V or for remote-control, signaling power-limited circuits
 - Pumps and motor assemblies will be in-line, hermetically sealed centrifugal pumps
 - Water heaters will be gas-fired, high-efficiency, storage, heaters with LEED documentation
 - Toilets and showers will have product data that meet LEED standards
 - Drip irrigation in 12-acre organic garden
- **Restaurant Rehab** – Upgraded HVAC, and LED lighting within the Ninety Acres Restaurant
- **Food Service and Refrigeration Equipment** – will have the latest, efficient specifications. This equipment will include energy efficient insulation and water saving fixtures

EXHIBIT C TO DLGS APPLICATION

FORM OF NATIRAR SPECIAL ASSESSMENT AGREEMENT

Record and return to:

Matthew D. Jessup, Esq.
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068

**PROPERTY ASSESSED CLEAN ENERGY
SPECIAL ASSESSMENT AGREEMENT**

by and among

**THE BOROUGH OF PEAPACK AND GLADSTONE,
IN THE COUNTY OF SOMERSET, NEW JERSEY**

and

NATIRAR RESORT DEVELOPMENT, LLC

and

NATIRAR RESIDENTIAL DEVELOPMENT GROUP, LLC

with respect to

**2 Main Street, Peapack and Gladstone, New Jersey 07977
Block 28, Lot 24.02**

THIS PROPERTY ASSESSED CLEAN ENERGY SPECIAL ASSESSMENT AGREEMENT (hereinafter "**Special Assessment Agreement**" or "**Agreement**"), is made as of the Closing Date (as defined herein) by and among the Borough of Peapack and Gladstone (the "**Borough**"), in the County of Somerset (the "**County**"), New Jersey (the "**State**"), and both Natirar Resort Development, LLC and Natirar Residential Development Group, LLC (collectively, the "**Natirar Owners**") (each a "**Party**" and, together, the "**Parties**").

WITNESSETH:

WHEREAS, Pamphlet Law 2011, Chapter 187 (as the same may be amended and supplemented from time to time, the "**Act**"), authorizes a municipality, upon application to and approval by the Director of the Division of Local Government Services in the Department of Community Affairs (the "**Director**"), to establish, by ordinance, a program to finance renewable energy systems, energy efficiency improvements and any other improvements permitted to be completed pursuant to the Act (each, an "**Eligible Project**" and collectively, the "**Eligible Projects**"); and

WHEREAS, undertaking Eligible Projects and financing of same with respect to a particular property through a program established by the Act is voluntary, and can only be undertaken at the request of the owner of such property; and

WHEREAS, a municipality may apply to a county improvement authority to issue bonds pursuant to *N.J.S.A.* 40:37A-55 of the Act, the proceeds of which ("**Project Funds**") are made available to a property owner requesting an Eligible Project to be completed on such property owner's property (each, a "**Property**"); and

WHEREAS, in exchange for the Project Funds made available to a property owner, a municipality shall impose a "clean energy special assessment" on the Property in the amount requested by the owner of the Property (each, an "**Assessment**") pursuant to the terms of a special assessment agreement, which Assessment is paid by the owner of such Property in quarterly installments, in accordance with the provisions of the Act; and

WHEREAS, any bonds issued by a county improvement authority shall be special, limited obligations of such county improvement authority secured solely by the Assessments for the Property upon which the respective Eligible Projects are located, shall be non-recourse to the Borough and County and shall not be secured by the full faith and credit of either the Borough or County; and

WHEREAS, the Natirar Owners are the leasehold owners of property located within the Borough commonly known as 2 Main Street, on a portion of the Natirar Estate, and identified as Block 28, Lot 24.02 on the official tax maps of the Borough (as further described in **Exhibit A** attached hereto, the "**Natirar Property**"), pursuant to a 99-year long-term lease agreement between the Natirar Owners' predecessor in interest and the Somerset County Improvement Authority (the "**Authority**") dated December 2003 (as amended and supplemented from time to time, the "**Lease Agreement**"); and

WHEREAS, the Natirar Owners seek to finance various renewable energy systems, energy efficiency improvements and other improvements on the Natirar Property permitted to be completed pursuant to the Act (the "**Natirar PACE Project**"), as part of the broader redevelopment of the Natirar Mansion located on the Natirar Property, and have requested that the Borough establish a "Property Assessed Clean Energy Program" pursuant to the Act in order to finance same; and

WHEREAS, pursuant to the Lease Agreement, the Authority consented to the Natirar Owners, or their respective affiliates, applying to such a Property Assessed Clean Energy Program for financing, and further agreed to cooperate in all respects with the Natirar Owners in their application for same, including promptly providing written consent and other support for such application, upon the joint request of the Natirar Owners; and

WHEREAS, pursuant to Ordinance No. [●] duly adopted on [●], 2022 (as the same may be amended and supplemented from time to time, the "**Assessment Ordinance**"), the Borough has established a "Property Assessed Clean Energy Program" pursuant to which the Borough has or will (i) finance the Natirar PACE Project and impose an Assessment on the Natirar Property in an amount at least sufficient to provide for the principal of and interest due on the hereinafter defined Authority Bonds issued by the Authority to fund such Natirar PACE Project, (ii) applied to and received the agreement from the Authority for the issuance by the Authority of the Authority Bonds to provide Project Funds to be used by the Natirar Owners to fund the Natirar PACE Project, such Authority Bonds to be secured solely by the Assessments imposed on the Natirar Property, (iii) impose an Assessment against the Natirar Property upon which the Natirar PACE Project is located in an amount and in accordance with the terms of this Agreement; and (iv) authorized the form and execution of this Agreement (collectively, the "**Program**"); and

WHEREAS, in accordance with the terms of the Act, the Assessment Ordinance and the Program, the Natirar Owners filed an application with the Borough prior to the date hereof (the "**Application Date**"), describing the Natirar PACE Project (as described in detail in **Exhibit A**), requesting the Assessment and requesting that the Authority issue the Authority Bonds to fund the Natirar PACE Project (the "**Application**"); and

WHEREAS, pursuant to Resolution No. [●] adopted by the Authority on [●], 2022 and the [Indenture of Trust] [Bond Agreement] authorized thereby, dated [●], 2022 by and between the Authority and the hereinafter defined Trustee (together, the "**Authority Bond Resolution**"), the Authority has issued \$21,000,000 aggregate principal amount of [Clean Energy Special Assessment Revenue Bonds, Series 2022 (Natirar PACE Project) (Federally Taxable)] (the "**Authority Bonds**"), the proceeds of which will be used to provide Project Funds to the Natirar Owners for the Natirar PACE Project, such Authority Bonds to be secured solely by the Assessments imposed on the Natirar Property; and

WHEREAS, the Natirar Owners have secured C-Change Capital, LLC as the capital provider that will purchase the Authority Bonds and provide the necessary Project Funds to the Authority for further distribution to the Natirar Owners; and

WHEREAS, the Parties now desire to set forth the terms and conditions of the Assessment and to enter into this Agreement pursuant to which the Borough shall impose the Assessment in an amount equal to the PACE Financing (as defined herein).

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth above and herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
GENERAL PROVISIONS

SECTION 1.01 Governing Law

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE, INCLUDING BUT NOT LIMITED TO THE PROVISIONS OF THE ACT, THE LOCAL IMPROVEMENTS LAW, AND THE TAX SALE LAW, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. IT IS HEREBY EXPRESSLY ACKNOWLEDGED, UNDERSTOOD AND AGREED THAT UPON THE EFFECTIVE DATE OF THE ASSESSMENT ORDINANCE, THE LIEN OF THE ASSESSMENT SHALL BE DEEMED ESTABLISHED AND PERFECTED AS A CONTINUOUS FIRST LIEN UPON THE NATIRAR PROPERTY. IT IS FURTHER HEREBY EXPRESSLY ACKNOWLEDGED, UNDERSTOOD AND AGREED THAT UPON THE CLOSING DATE, EACH AND EVERY OWNER OF THE NATIRAR PROPERTY FROM TIME TO TIME SHALL BE BOUND BY THE TERMS HEREOF.

SECTION 1.02 General Definitions

Capitalized terms used and defined in the preambles hereof shall have the meanings assigned to such terms. Unless specifically provided otherwise, or unless the context otherwise requires, the following terms when used in this Agreement shall mean:

Closing Date – shall mean [●], 2022.

Default – shall have the meaning ascribed to such term at Section 6.01.

Initial Payment Date – shall mean [●], 20[●].

In Rem Tax Foreclosure – shall mean a summary proceeding by which the Borough may enforce the lien for taxes, special assessments and other statutory liens. Said foreclosure is governed by the Tax Sale Law.

Legal Interest – shall have the meaning ascribed to such term at Section 3.03.

Local Improvements Law – *N.J.S.A. 40:56-1 et seq.*, as the same may be amended or supplemented from time to time.

PACE Financing – shall mean that certain PACE Financing by which Project Funds were made available to fund the Natirar PACE Project on the Natirar Property pursuant to the Act and the Local Improvements Law, the terms of which shall not exceed the following:

Original Balance:	[\$21,000,000]
- Project Costs:	[\$18,385,000]
- Capitalized Interest:	[\$2,200,000]
- Cost of Issuance	[\$215,000]
- Financing Fees	[\$200,000]
Term in Years:	[30 years]
Interest Rate:	[●]

Payment Dates – shall mean February 1, May 1, August 1 and November 1 in each year.

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

Term – shall mean the duration of this Agreement, as described at Section 2.01 hereof.

Trustee – shall mean [●], its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Authority Bond Resolution.

ARTICLE II **DURATION OF AGREEMENT**

SECTION 2.01 Term

The Parties hereby expressly, irrevocably and unconditionally acknowledge, agree, warrant and covenant that this Agreement, including the obligation to pay the Assessment required under Article III hereof, shall remain in effect until all payments of the Assessment as set forth at **Exhibit B** (as such Exhibit may be modified from time to time in accordance with this Agreement) have been made, subject to prepayment of the Assessment, as further described at Article III below.

ARTICLE III **ASSESSMENT**

SECTION 3.01 Assessment to Run with the Land

The Natirar Owners hereby expressly, irrevocably and unconditionally acknowledge and agree that upon the establishment and perfection of the lien of the Assessment as described in this Agreement, the Assessment shall attach to the Natirar Property and run with the land until discharged in accordance with the terms of this Agreement, regardless of any change in ownership or other property interest in the Natirar Property from time to time during the term of the Assessment.

SECTION 3.02 Assessment Amount and Installments

The Natirar Owners hereby expressly, irrevocably and unconditionally acknowledge and agree that, with respect to the Natirar Property and the Natirar PACE Project to be constructed thereon:

- (a) the Assessment relates to the Natirar PACE Project described in the Application;
- (b) the amount of the Assessment as calculated in accordance herewith, which includes the principal amount of the PACE Financing, the interest thereon (including the allocable portion of any capitalized interest), the cost of funding any reserve with respect to the Authority Bonds, and the costs and fees with respect to the PACE Financing and the Authority Bonds, and is hereby irrevocably and unconditionally accepted in full and agreed to by the Natirar Owners;
- (c) the amount of the PACE Financing and the Assessment constitute and are equal to the benefit conferred upon the Natirar Property by the Natirar PACE Project, and that no other determination of the amount of the Assessment, or the benefit conferred thereby, by any alternative procedures set forth in the Local Improvements Law shall be necessary or permissible;
- (d) the Natirar Owners shall pay the Assessment quarterly on the Payment Dates during the Term of this Agreement, commencing on the Initial Payment Date, on the dates and in the amounts set forth at **Exhibit B** hereto;
- (e) the Borough may, without further notice, authorization or consent of the Natirar Owners, assign the Assessment pursuant to Article V hereof and pay such Assessment to the Trustee to be applied in accordance with the terms of the Authority Bond Resolution;
- (f) the Natirar Owners shall make each installment payment of the aforesaid Assessment to the Borough, shall clearly identify the Assessment as an Assessment relating to the Natirar Property, and shall identify the Natirar Property by street address and by block and lot; and
- (g) the Borough shall not contribute to the cost of the Natirar PACE Project or the payment of the Assessment.

SECTION 3.03 Legal Interest; Interest on Past Due Amounts

- (a) The Borough shall charge interest (at the interest rate set forth in Section 1.02 herein) on unpaid installments of the Assessment while the repayment of such Assessment shall be current and in good standing.
- (b) The Natirar Owners hereby expressly, irrevocably and unconditionally acknowledge, agree, warrant, covenant and accept that in the event that the Natirar Owners fail to timely pay, in full, any installment of the Assessment as set forth at **Exhibit B** hereto, the Borough shall charge interest upon the amount past due at the highest rate of interest permitted under State law in the case of unpaid taxes or tax liens on land until paid.

SECTION 3.04 Prepayment of the PACE Financing

The Natirar Owners may prepay all of the remaining balance due of the Assessment on any Payment Date, or may prepay any portion in excess of \$1,000,000 of the remaining balance due of the Assessment on any Payment Date, plus a premium of 5% of the remaining balance due of the Assessment in years 1 through 5, 4% of the remaining balance due of the Assessment in year 6, 3% of the remaining balance due of the Assessment in year 7, 2% of the remaining balance due of the Assessment in year 8, and 1% of the remaining balance due of the Assessment thereafter. The Natirar Owners shall give the Authority, the Borough and the Trustee written notice of its intent to prepay no less than thirty (30) days prior to such Payment Date (the "**Prepayment Notice**"). After receiving such Prepayment Notice, the Trustee shall prepare a statement to be provided to all Parties setting forth the amount necessary to effectuate such prepayment, and directing the application of funds received thereby (the "**Prepayment Statement**"). If the Natirar Owners are prepaying a portion of the remaining balance due of the PACE Financing, the Prepayment Statement shall include a revised **Exhibit B** to this Agreement, indicating the fact of the prepayment, and decreasing the number of payments due under the payment schedule, while retaining the same quarterly payment amount. After such prepayment, the Borough shall record the revised **Exhibit B** in the land records of the County, at the cost and expense of the Natirar Owners, which cost and expense shall be included in the Prepayment Statement. If the Natirar Owners are prepaying the entire amount of the remaining balance due of the Assessment, the lien of the Assessment shall be satisfied and extinguished upon such prepayment.

ARTICLE IV
MUNICIPAL LIEN; ENCUMBRANCES

SECTION 4.01 Municipal Lien

(a) The Parties hereby expressly, irrevocably and unconditionally acknowledge, agree, warrant and covenant that in accordance with the Act and the Local Improvements Law, including *N.J.S.A. 40:56-33*, upon the effective date of the Assessment Ordinance, this Agreement and any amount due hereunder, including without limitation, the Assessment, shall constitute an automatic, enforceable and perfected statutory municipal lien for all purposes of law, superior to all non-municipal liens whenever or howsoever perfected.

(b) The Parties hereby expressly, irrevocably and unconditionally represent, agree, warrant and covenant that this Agreement, and the municipal lien of the Assessment, is valid and enforceable in accordance with all applicable law, including without limitation the Local Improvements Law and the Tax Sale Law.

SECTION 4.02 Right to Encumber Fee Title

The Natirar Owners hereby expressly, irrevocably and unconditionally acknowledge, agree, warrant and covenant that the Natirar Owners have the right, subordinate to the municipal lien of the Assessment, as a matter of law, to encumber the fee title to their property, including any

improvements related thereto, and that any such subordinate encumbrance shall not be deemed to be a violation of this Agreement.

ARTICLE V
ASSIGNMENT

SECTION 5.01 Assignment from Borough to the Authority

(a) The Borough agrees to enter into an assignment agreement (the "**Assignment**") with the Authority and the Trustee in a form acceptable to all parties to same that, among other things, absolutely and irrevocably grants, conveys, transfers and assigns unto the Authority, as issuer of the Authority Bonds, all of the right, title and interest of the Borough:

(i) in and to all of the Assessment;

(ii) in and to all rights to collect and enforce the rights to the Assessment, including the right to interest, penalties and costs of collection relating thereto; and

(iii) in and to the rights, interests, powers and authorities set forth in this Agreement with respect to the Assessment.

The foregoing are referred to herein as the "**Borough's Assigned Rights**". This assignment by the Borough as memorialized in the Assignment will be an unconditional, absolute and present assignment and not a mere assignment in the nature of a pledge or the mere grant of security interest. The assignment of the Borough's Assigned Rights as memorialized in the Assignment will inure to the benefit of the Authority and its successors and assigns and will bind the Borough and the Borough's successors and assigns. The Borough and the Natirar Owners agree and acknowledge that upon execution of the Assignment, the Authority may further assign the Borough's Assigned Rights to the Trustee for the benefit of holders of the Authority Bonds under the Authority Bond Resolution.

SECTION 5.02 Bondholders Intended Third Party Beneficiaries

The Borough recognizes and acknowledges that the Assessment is the sole collateral for the Authority Bonds, and as a result, the Parties hereby acknowledge that the holders from time to time of the Authority Bonds constitute intended third party beneficiaries of this Agreement. As such, the holders of such Authority Bonds shall have the right to enforce the provisions of this Agreement at law or equity, including by specific performance. The Borough shall, however, perform all of its obligations under or pursuant to the Borough's Assigned Rights and shall enforce the rights, interest, powers and authorities granted the Authority pursuant to the Borough's Assigned Rights.

ARTICLE VI
DEFAULT

SECTION 6.01 Default

Default shall be failure of any Party to perform its obligations under this Agreement, beyond any applicable notice, cure or grace period.

SECTION 6.02 Cure Upon Default

Should any Party be in Default of any obligation under this Agreement, a non-defaulting Party shall notify the defaulting Party and the other Party in writing of said Default. Except as otherwise limited by law, the defaulting Party shall have sixty (60) days to cure any Default, other than a payment Default, for which the defaulting Party shall have ten (10) days to cure.

SECTION 6.03 Remedies for Default

(a) In the event of any uncured Default by a Party other than the Natirar Owners, the non-defaulting parties may take whatever action at law or in equity, as may be necessary or desirable to enforce the performance or observance of any rights under this Agreement, including an action for specific performance or damages.

(b) In the event of any uncured Default by the Natirar Owners, the Borough may take whatever action at law or in equity, as may be necessary or desirable to enforce the performance or observance of any rights under this Agreement, including an action for specific performance or damages. No Default hereunder by the Natirar Owners shall terminate this Agreement (except as described herein) and their obligation to pay the Assessment amounts due hereunder, which shall continue in effect for the duration as set forth in Section 2.01 hereof, unless and until such obligations shall be paid in full prior to the expiration of the Term.

SECTION 6.04 Default in the Payment of Assessment

Upon any Default by the Natirar Owners in payment of any installment of the Assessment, the Borough, in addition to their other remedies, shall (on its own initiative or at the direction of the Trustee) proceed against the Natirar Property to which the Default applies, including any improvements related thereto, in the manner provided by applicable law and shall proceed to In Rem Tax Foreclosure consistent with the provisions and procedures of the Tax Sale Law.

In accordance with *N.J.S.A. 40:56-35*, in the event of a Default by the Natirar Owners in payment of the Assessment that remains uncured for thirty (30) days, the Borough shall, by resolution adopted at the direction of the Trustee, direct that the Natirar Owners shall be permitted to make the delinquent payment, and thereupon resume the regular repayment schedule.

ARTICLE VII
WAIVER

SECTION 7.01 Waiver of Claims and Challenges by Natirar Owners

IN CONSIDERATION FOR THE PACE FINANCING, THE NATIRAR OWNERS HEREBY EXPRESSLY WAIVE, ON THEIR OWN BEHALF, AND ON BEHALF OF THEIR SUCCESSORS AND ASSIGNS, INCLUDING ANY SUBSEQUENT OWNER OF THE NATIRAR PROPERTY FROM TIME TO TIME, ANY CLAIM OR CHALLENGE THAT THEY MAY HAVE TO THE ASSESSMENT AND/OR AMOUNT THEREOF, THE BENEFIT CONFERRED THEREBY, THE REMEDIES OF THE BOROUGH IN THE EVENT OF A DEFAULT, THE ASSESSMENT ORDINANCE AND THE PROGRAM.

SECTION 7.02 Jury Trial Waiver

EACH OF THE PARTIES, FOR THEMSELVES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, HEREBY WAIVE TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

ARTICLE VIII
NOTICES

SECTION 8.01 Notice

Formal notices, demands and communications between and among the Parties shall be in writing and 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. 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 Authority:

Somerset County Improvement Authority
Attn: Chairperson
20 Grove Street
Somerville, New Jersey 08876

If to the Borough:

Borough of Peapack and Gladstone
Attn: Borough Clerk
1 School Street, P.O. Box 218
Peapack and Gladstone, New Jersey 07977

With a copy to:

McManimon, Scotland & Baumann, LLC
Attn: Matthew D. Jessup, Esq.
75 Livingston Avenue, 2nd Floor
Roseland, New Jersey 07068

If to the Natirar Owners:

Natirar Resort Development, LLC
Attn: Robert Wojtowicz
2 Main Street, P.O. Box 331
Peapack and Gladstone, NJ 07977

With a copy to:

Gibbons P.C.
Attn: John D. Draikiwicz, Esq.
One Gateway Center
Newark, New Jersey 07102

If to any other owner:

The notice shall be directed to such owner's address
as set forth in the property tax records of the Borough.

If to the Trustee:

[•]

**ARTICLE IX
MISCELLANEOUS**

SECTION 9.01 Recording

Upon the execution and delivery of this Agreement, the entire Agreement shall be filed and recorded with the County Clerk by the Borough, at the Natirar Owners' expense, such that the Assessment and this Agreement shall be reflected upon the land records of the County as a

municipal lien upon, and a covenant running with, the Natirar Property and any improvements related thereto, until discharged in accordance with the terms of this Agreement.

SECTION 9.02 Representations, Warranties and Covenants of the Natirar Owners

(a) The Natirar Owners hereby represent and warrant as follows:

(i) All of the information contained in the Application submitted by the Natirar Owners on the Application Date, and any and all related information provided by the Natirar Owners to the Authority and/or the Borough was as of its date and is as of the date hereof, true, correct and complete in all respects.

(ii) The Natirar Owners have had sufficient time to review, and has reviewed and understands, this Agreement and any and all documents and agreements executed by the Natirar Owners on or prior to the date hereof in connection with the Program (collectively, the "**Contract Documents**"), and have had the opportunity to ask questions with respect to the Agreement and the Contract Documents, and have had the opportunity to consult with an attorney with respect to the same.

(iii) The Natirar Owners have reviewed, understand and agree to all terms, conditions and requirements of the Program.

(iv) The Natirar Owners affirm each and every representation and warranty in the Application and the Contract Documents.

(v) The Natirar Owners understand, acknowledge and agree to the schedule of Assessment payments set forth as **Exhibit B**.

(b) The Natirar Owners hereby covenant as follows:

(i) The Natirar Owners will comply with all of the terms and requirements set forth in this Agreement and the Contract Documents.

(ii) The Natirar Owners will not modify, alter or remove the Natirar PACE Project prior to satisfaction and discharge of the Assessment without the prior written consent of the Borough, and, if any Authority Bonds remain outstanding, the Trustee.

(iii) The Natirar Owners shall provide access to the Natirar Property to the Borough, and its collective agents and representatives, at any reasonable time, upon reasonable notice, to inspect the Natirar PACE Project. The Natirar Owners also shall provide the Borough and its agents and representatives with copies of any documentation relating to the Natirar PACE Project that shall be requested by any of them.

SECTION 9.03 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 9.04 Amendments

This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Trustee (if the Authority Bonds are then outstanding) and each of the Parties hereto.

SECTION 9.05 Severability of Invalid Provisions

If any one or more of the covenants, agreements or provisions herein contained shall be held to be illegal or invalid in a final proceeding, then any such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof. In such event, the Parties shall confer in good faith and endeavor to reform this Agreement in a manner which is lawful and produces the same or substantially the same results as existed prior to the declaration of illegality or invalidity.

SECTION 9.06 Indemnity

The Natirar Owners agree to indemnify, hold harmless and defend the Borough and its respective officers, governing members, directors, officials, employees, attorneys and agents, successors and assigns (each, an "**Indemnified Party**") against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments), to which the Indemnified Parties, or any of them, may become subject under federal or State securities laws or any other State statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to any transactions stated or contemplated by the Program, including, but not limited to, the procurement, construction, installation, renovation, maintenance or repair of the Natirar PACE Project, except in the case of the foregoing indemnification to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party.

The Natirar Owners agree to RELEASE, WAIVE, DISCHARGE, AND COVENANT NOT TO SUE THE BOROUGH, and each of its officers, governing members, directors, officials, employees, attorneys and agents, successors and assigns (hereinafter referred to as "**Releasees**"), from any and all liability, claims, demands, actions, and causes of action whatsoever arising out of or related to any loss, damage, or injury, that may be sustained, or to any property, that results directly or indirectly from the transactions stated or contemplated by the Program, including, but not limited to, the procurement, construction, installation, renovation, maintenance or repair of the Natirar PACE Project, expressly excluding herefrom, such loss caused by the gross negligence or willful misconduct of the Releasees.

SECTION 9.07 Arbitration

Any dispute, controversy or claim of the Natirar Owners or the Borough arising out of, relating to or in connection with this Agreement or the Program, shall be resolved pursuant to the following procedures:

(a) Any Party wishing to initiate consideration of a dispute shall give a dispute notice to the other applicable Party of the existence of such dispute, and of the Party's desire to have the other Party consider the dispute. Such notice shall set forth in reasonable detail the nature of the dispute to be considered, and shall be accompanied by a full disclosure of all factual evidence and a statement of the applicable legal basis of the dispute; provided, however, that (1) the failure to provide any such disclosure or to state any such legal basis shall not operate as a waiver of such legal basis, or operate to preclude the presentation or introduction of such factual evidence in any subsequent arbitration or proceeding, or otherwise constitute a waiver of any right which a Party may then or thereafter possess; and, (2) any settlement proposal made or provided shall be deemed to have been made or provided as part of a settlement discussion, and may not be introduced in any arbitration or proceeding without the prior written consent of the party making such settlement disclosure and/or statement.

(b) Upon giving and receipt of a dispute notice, each Party shall appoint a negotiating team consisting of not less than one and not more than three representatives.

(c) The negotiating teams shall commence meeting within thirty (30) days of receipt of the dispute notice and shall, during and up to such thirty (30) day period, meet and negotiate in good faith for a period of up to thirty (30) days, to attempt to resolve the dispute. During such negotiation period, a Party asserting a claim for damages or equitable relief or any defense thereto against any other Party shall disclose to the other Party all previously undisclosed factual evidence and legal basis of such claim or defense; provided again, however, that (1) failure to provide any such disclosure or to state any such legal basis shall not operate as a waiver of such legal basis, or operate to preclude the presentation or introduction of such factual evidence in any subsequent arbitration or proceeding, or otherwise constitute a waiver of any right which a Party may then or thereafter possess; and, (2) any settlement proposal made or provided shall be deemed to have been made or provided as part of a settlement discussion, and may not be introduced in any arbitration or legal proceeding without the prior written consent of the Party making such settlement disclosure and/or statement.

(d) If the negotiating teams fail to resolve the dispute within the negotiation period set forth above, any Party may notify the other Party of such failure by delivery of a final dispute notice.

(e) Upon the giving or receipt of a final dispute notice, any disagreement within the scope of this section shall be determined by final and binding arbitration pursuant to the then current Commercial Arbitration Rules of the American Arbitration Association ("AAA"), in existence as of the date of the dispute notice. The arbitration shall be conducted in Somerville, New Jersey. The arbitration shall be before a panel of three (3) arbitrators. One arbitrator shall be selected by each of the Parties, and the third arbitrator shall be selected by the two arbitrators

designated by the Parties. Each Party shall bear its own costs and expenses in preparing for and participating in the arbitration hearing, except that each Party shall pay one-half of the compensation payable to the arbitrators, one-half of any fees to the AAA, and one-half of any other costs related to the hearing proceedings. The arbitration award may provide for either damages or other equitable relief, including, but not limited to, injunctive relief, and shall be final and binding on the Parties, and judgment on the award may be entered in any court having competent jurisdiction, including resort to the relief granted in the Federal Arbitration Act, any State counterpart thereto, or under applicable law.

(f) It is explicitly agreed by each of the parties that no such arbitration shall be commenced, except in conformity with this Section 9.07.

(g) Nothing in this Section 9.07 shall be construed to deprive any Party, or to abrogate any Party's right, to seek emergent, equitable or similar relief, if necessary, in any court of competent jurisdiction and in accordance with applicable law, as any such court may adjudge, order or decree under the pertinent circumstances.

SECTION 9.08 Borough Disclaimers

The Borough shall not be under any obligation, express or implied, to, and shall not, perform and duty or obligation other than as explicitly set forth herein. The Borough does not make any warranty or representation, either express or implied, as to the eligibility, value, design, condition, merchantability, fitness for particular purpose or fitness for use of the Natirar PACE Project or any contractor, subcontractor, vendor, employee or other person associated with the design, installation and/or operation and maintenance of the Natirar PACE Project. The Borough disclaims all risks and liabilities, whether or not covered by insurance, for loss or damage to the Natirar PACE Project, or any portion thereof, and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of any eligible contractors or other third parties, and whether such property damage be to the Natirar Property or to the property of others.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

ATTEST:

**BOROUGH OF PEAPACK AND
GLADSTONE, IN THE COUNTY OF
SOMERSET, NEW JERSEY**

By: _____

ATTEST:

NATIRAR RESORT DEVELOPMENT, LLC

By: _____

ATTEST:

**NATIRAR RESIDENTIAL DEVELOPMENT
GROUP, LLC**

By: _____

STATE OF NEW JERSEY,
COUNTY OF SOMERSET SS:

I CERTIFY that on _____, 2022, _____ personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached instrument;
- (b) was authorized and did execute this instrument as Mayor of the Borough of Peapack and Gladstone, in the County of Somerset, New Jersey (the "Borough"); and
- (c) executed the instrument as the act of the Borough.

Notary Public

STATE OF NEW JERSEY,
COUNTY OF SOMERSET SS:

I CERTIFY that on _____, 2022, _____ personally came before me and stated to my satisfaction that this person (or if more than one, each person) was the maker of the attached instrument.

Notary Public

STATE OF NEW JERSEY,
COUNTY OF SOMERSET SS:

I CERTIFY that on _____, 2022, _____ personally came before me and stated to my satisfaction that this person (or if more than one, each person) was the maker of the attached instrument.

Notary Public

Exhibit A
Natirar Property Description and Natirar PACE Project Description

[Attach property description from lease]

EXHIBIT A

LEASED PREMISES

Being known and designated as New Lot 24.02 Block 28 as shown on a certain map entitled "Plan of Survey & Minor Subdivision for the Somerset County Improvement Authority Located at Tax Map Lots 23.01, 23.02, 23.03, 23.04 & 24 Block 28, Sheet Nos. 8, 9, 11 & 12, Borough of Peapack and Gladstone, Somerset County, New Jersey", dated August 17, 2004, last revised June 15, 2007, prepared by Somerset Surveying Services and being more particularly bound and described as follows:

Beginning at a stone monument (found) marking the terminus of Course No. 9, Tract Number 1 as described in Deed Book 1475 Page 673, also being a common corner of New Lots 24.01 and 24.02 Block 28, said stone monument having New Jersey State plane coordinates of North 682,218.87 feet and east 453,653.49 feet and 83 (1996) system, and from said beginning point and in the said bearing system running thence;

1. Along the Westerly line of New Lot 24.01 Block 28, South 02 degrees 57 minutes 14 seconds West, a distance of 69.30 feet to a stone monument (found) marking an angle point in the same; thence
2. Still along the Westerly line of New Lot 24.01 Block 28, South 22 degrees 25 minutes 54 seconds West, a distance of 108.06 feet to a stone monument (found) marking an angle point in the same; thence
3. Still along the Westerly line of New Lot 24.01 Block 28, South 29 degrees 56 minutes 13 seconds West, a distance of 103.70 feet to an iron pin (set) corner to same; thence
4. Along the Southwesterly line of New Lot 24,01 Block 28, South 36 degrees 40 minutes 00 seconds East, a distance of 566.06 feet to an iron pin (set) marking a point of curvature in same; thence
5. Still along the Southwesterly line of New Lot 24.01 Block 28, Southeasterly on a curve to the right having a radius of 275.00 feet, an arc length of 146.04 feet, a delta angle of 30 degrees 25 minutes 41 seconds, a chord bearing South 21 degrees 27 minutes 10 seconds East and a chord distance of 144.33 feet to an iron pin (set) marking a point of tangency; thence
6. Along the Westerly line of New Lot 24.01 Block 28, South 06 degrees 14 minutes 19 seconds East, a distance of 125.10 feet to an iron pin (set) marking a point of curvature in same; thence
7. Still along the Westerly line of New Lot 24.01 Block 28, Southerly to Southwesterly on a curve to the right having a radius of 335.00 feet, an arc length of 236.46 feet, a delta angle of 40 degrees 26 minutes 32 seconds, a chord bearing of South 13 degrees 58 minutes 56 seconds West and a chord distance of 231.58 feet to an iron pin (set) marking a point of tangency in the Northwesterly line of New Lot 24.01 Block 28; thence
8. Along the Northwesterly line of New Lot 24.01 Block 28, South 34 degrees 12 minutes 12 seconds West, a distance of 130.07 feet to an iron pin (set) marking an angle point in the same; thence
9. Still along the Northwesterly line of New Lot 24.01 Block 28, South 33 degrees 06 minutes 09 seconds West, a distance of 191.84 feet to an iron pin (set) marking an angle point in the same; thence
10. Still along the Northwesterly line of New Lot 24.01 Block 28, South 69 degrees 58 minutes 44 seconds West, a distance of 314.62 feet to an iron pin (set) corner to same; thence

11. Along the Northerly line of New Lot 24.01 Block 28, North 81 degrees 43 minutes 41 seconds West, a distance of 954.88 feet to an iron pin (set) corner to same; thence
12. Along the Northwesterly line of New Lot 24.01 Block 28, South 74 degrees 15 minutes 58 seconds West, a distance of 522.92 feet to an iron pin (set) corner to same
13. Along the Easterly line of New Lot 24.01 Block 28, North 3 degrees. 49 minutes 01 seconds West, a distance of 818.68 feet to an iron pin (set) corner to same; thence
14. Along the Northeasterly line of New Lot 24.01 Block 28 North 47 degrees 45 minutes 56 seconds West, a distance of 345.32 feet to an iron pin (set) corner to same; thence
15. Along the Easterly line of New Lot 24.01 Block 28, North 09 degrees 26 minutes 30 seconds East, a distance of 660.76 feet to an iron pipe (found) corner to same; thence
16. Along the Easterly line of New Lot 24.01 Block 28, North 64 degrees 41 minutes 31 seconds East, a distance of 553.74 feet to an iron pipe (found) corner to same; thence
17. Along the Southeasterly line of New Lot 24.01 Block 28, North 04 degrees 34 minutes 02 seconds West, a distance of 553.36 feet to an iron pipe (found) corner to same in the Southwesterly right-of-way line of Highland Avenue (50 foot right-of-way), said point being 25.00 feet Southwesterly measured a right angle from the centerline of Highland Avenue; thence

Along the Southwesterly and Southerly right-of-way line of Highland Avenue, running parallel 25.00 feet Southerly from the centerline of Highland Avenue, the following four courses:

18. Southeasterly on a curve to the right having a radius of 500.00 feet, an arc length of 102.96 feet, a delta angle of 11 degrees 47 minutes 55 seconds, a chord bearing South 64 degrees 27 minutes 42 seconds East and a chord distance of 102.78 feet to a point of tangency in same; thence
19. Still along same, South 58 degrees 33 minutes 45 second East, a distance of 141.02 feet to a point of curvature in same; thence
20. Southeasterly on a curve to the left having a radius of 550.00 feet, an arch length of 233.58 feet, a delta angle of 24 degrees 20 minutes 00 seconds, a chord bearing South 70 degrees 43 minutes 45 seconds East and chord distance of 231.83 feet to a point of tangency in same; thence
21. Still along same, South 82 degrees 53 minutes 45 seconds East, a distance of 197.40 feet to an angle point in same; thence
22. Still along same, South 88 degrees 39 minutes 45 seconds East, a distance of 129.89 feet to an angle point in the Southwesterly right-of-way line of Highland Avenue (variable right-of-way) (unimproved); thence

Along the Southwesterly right-of-way line of Highland Avenue, the following five courses:

23. South 60 degrees 44 minutes 45 seconds East, a distance of 204.38 feet to a iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
24. South 52 degrees 43 minutes 45 seconds East, a distance of 293.71 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
25. South 38 degrees 04 minutes 45 seconds East, a distance of 180.92 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
26. South 25 degrees 37 minutes 45 seconds East, a distance of 208.41 feet to an iron pin (set) marking an angle point in same (80.00 foot right-of-way at this point); thence
27. South 46 degrees 17 minutes 45 seconds East, a distance of 87.48 feet to an iron pin (set) in same (80.00 foot right-of-way at this point) corner to New Lot 24.01 Block 28; thence
28. Along the Northwesterly line of New Lot 24.01 Block 28, South 43 degrees 42 minutes 15 seconds West, a distance of 28.96 feet to the point and place of beginning.

Together with the right of a 100 foot access Easement as set forth in 6271 page 1306.

Subject to a 20 foot wide Drainage Easement crossing thru property between courses 17 and 18 as described above.

Subject to a Sanitary Sewer Easement along Highland Avenue (along courses 20, 21, and 22 as described above.

Subject to a Conservation Easement to the Borough of Peapack and Gladstone.

Subject to a View Shed Easement.

- **HVAC** – All heating, ventilating, and air conditioning, including the filtration systems and controls
- **Lighting** – Advanced lighting systems integrated into a building management system
- **Electrical** – The electrical systems will monitor, control, and optimize the use of electricity
- **Technology** – An “internet of things” information control system with sensors in every room
- **Glass & Glazing** – Energy efficient, multi-layer glazing that will minimize heat and cold transfer and reduce the impact on HVAC systems and will meet the high energy efficient standards for building fenestration
- **Insulation** – Building design and materials selection to minimize temperature transfer
 - Exterior doors and windows are designed with high performance frames inclusive of insulation
 - Thermal protection throughout the facility exceeds minimal standards to reduce heat and cold transfer
 - Roofing that will minimize energy loss through insulation and reflective materials
 - Building Envelope - Construction material and finishes selection to maximize thermal retention
- **Plumbing** – Fire suppression system with compartmentalized sensors to conserve water
 - Pool Equipment including pumps and heaters will incorporate energy efficient specifications
 - All water pumps will be Low Voltage, as defined in NFPA 70 for circuits and equipment operating at less than 50 V or for remote-control, signaling power-limited circuits
 - Pumps and motor assemblies will be in-line, hermetically sealed centrifugal pumps
 - Water heaters will be gas-fired, high-efficiency, storage, heaters with LEED documentation
 - Toilets and showers will have product data that meet LEED standards
 - Drip irrigation in 12-acre organic garden
- **Restaurant Rehab** – Upgraded HVAC, and LED lighting within the Ninety Acres Restaurant
- **Food Service and Refrigeration Equipment** – will have the latest, efficient specifications. This equipment will include energy efficient insulation and water saving fixtures

Exhibit B
Schedule of Assessment Payments

<u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>	Less: <u>Capitalized</u> <u>Interest</u>	Borough <u>Administrative</u> <u>Fee</u>	Authority <u>Administrative</u> <u>Fee</u>	<u>Trustee</u> <u>Fee</u>	<u>Total</u> <u>Assessment</u>
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EXHIBIT D TO DLGS APPLICATION
BOROUGH COUNCIL RESOLUTION NO. [●]

EXHIBIT E TO DLGS APPLICATION

LEASE AGREEMENT

LEASE AGREEMENT

Dated: , 2003

Between

SOMERSET COUNTY IMPROVEMENT AUTHORITY, Landlord

and

THE VIRGIN SPA AT NATIRAR, L.L.C., Tenant

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DEFINITIONS

Administrative Office Area shall be an office area located within the Leased Premises at a place designated by the Tenant.

Agreement or Lease Agreement shall mean this Agreement by and between the Somerset County Improvement Authority and The Virgin Spa at Natirar, LLC as it may be amended or supplemented from time to time.

Annual Ball or Event shall mean and include any event scheduled on the Leased Premises pursuant to Paragraph 44 of this Agreement.

Bank Line of Credit or Letter of Credit shall be in an amount equal to twenty five (25%) percent of each year's Minimum Monthly Lease Payments which shall be obtained by the Tenant to secure rental payments as defined in Paragraph 4 of this Lease Agreement and which shall be obtained by a Banking Institution which is authorized to do business in the United States and the State of New Jersey.

Calendar Year. The Calendar Year shall be January 1 through December 31 of any year during the Term.

Capital Improvements shall mean expenditures for rebuilding, replacement, repair or additions and improvements to the structural components of any portion of the facilities located on the Leased Premises, including but not limited to routine painting and regular maintenance and repair of those systems to any heating, ventilating, airconditioning, plumbing, electrical systems or other systems of any portion of the facility.

Contract Date shall mean the latter of the dates that this Agreement is executed by the County and the Tenant.

County shall mean Somerset County, Somerset County Board of Chosen Freeholders and/or the Somerset County Improvement Authority or such agency, authority or instrumentality subsequently designated by the County of Somerset to assume its rights and obligations under this Agreement.

Driveway Entrance shall be a driveway entrance or access way that provides access to the Natirar Estate and to the Leased Premises from Peapack Road and as is more particularly described in Paragraph 18M of this Lease Agreement.

Effective Date shall mean the date of the issuance of an unconditional Certificate of Occupancy from the Landlord.

End of Term shall be the expiration or termination of the Lease Term, whether it be by surrender, expiration of the term of the Lease, notice or by declaration of default in accordance with the terms of the Lease.

Excess Percentage Payments shall be equal to two (2%) percent of those Total Revenues that exceed the Secondary Revenue Threshold in any one Fiscal Year.

Facility shall mean any Improvement existing or constructed by the Tenant on the Leased Premises including any facility or improvement that is related to the Tenant's use of the premises as a hotel, spa, convention center, restaurant or any other use permitted or approved in accordance with the Lease Agreement.

Fiscal Year shall be the twelve month period commencing on the 1st day of the month immediately following the Effective Date of the Lease and ending one year thereafter. For example, if the Effective Date is March 15, 2006, the Fiscal Year shall be April 1, 2006 to March 31, 2007 and thereafter shall be April 1 to March 31 of year thereafter.

Improvements shall be any facilities or infrastructure that is existing or constructed on the Leased Premises during the term of the Lease Agreement in accordance with and as described in Paragraph 18 of this Lease Agreement.

Initial Improvements shall be those improvements that are existing or to be constructed by the Tenant as a part of its improvement plan or site plan that is proposed by the Tenant as a part of the improvements to be constructed by the Tenant that are a condition precedent to this Lease Agreement.

Leased Premises. The Leased Premises shall consist of approximately 80 acres of land which is a part of the Natirar Estate and designated as portions of Block 28, Lots 23.03(Q), 23.04(Q) and 24 and 24Q as shown on the Peapack-Gladstone Borough Tax Map and which has been set forth and shown on the map attached to this Lease Agreement as Exhibit "A". The Landlord shall have the option to subdivide the existing portion of the Natirar Estate so that the Leased Premises shall be located on a separate parcel of property. In the event the Landlord purchases property known as Lots 23.01 and 23.02 in Block 28 in the Borough of Peapack/Gladstone, the area contained in those lots shall also be included within the Leased Premises at no additional cost to the Tenant.

Leasehold Mortgage shall be a lien or a security interest upon Tenant's leasehold interest in the property. A Leasehold Mortgage shall not consist of any lien or interest upon the fee title held by the Landlord on the Leased Premises or any portion of the Natirar Estate.

Mansion shall include the existing Ladd Residence as well as any other structures or improvements that are connected to the Ladd Residence during the term of the Lease.

Master Lock System shall be a system of security of locks or keys or computerized entrance which shall be installed by the Tenant at its own cost and expense in accordance with Paragraph 15C of this Agreement.

Minimum Monthly Lease Payment shall be one twelfth (1/12) of the number as set out in Column (A) of Exhibit C for each applicable year.

Monthly Total Revenue Report shall be a report provided by the Tenant to the Landlord which shall indicate the amount of Total Revenues received from all sources during the past calendar month.

Moveable Trade Fixtures shall mean those trade fixtures that are not attached to the walls, ceilings or floors of the Leased Premises, including art work such as paintings, framed artwork, sculptures and the like as more specifically defined in paragraph 5C.

Natirar Estate shall mean that property purchased and owned by the County of Somerset and/or Somerset County Improvement Authority and/or the Somerset County Park Commission consisting of approximately 80 acres and known as Block 19, Lots 2 and 2Q and Block 20, Lots 2 and 2Q in Bedminster Township; Block 6, Lots 9 and 9Q and Block 7, Lot 1Q in Borough of Far Hills; and Block 28, Lots 23.03(Q), 23.04(Q) and 24 and 24Q in Borough of Peapack-Gladstone.

NJDEP shall mean the New Jersey Department of Environmental Protection.

Parties shall refer to both the Landlord and the Tenant.

Party shall refer to either the Landlord or the Tenant.

Prime Rate shall be the prime interest rate charged by any commercial bank that is located within the boundaries of Somerset County, New Jersey, as that rate changes from time to time.

Relevant Percentage shall have the meaning set out in paragraph 4A.

Secondary Revenue Threshold is a revenue threshold figure which has been negotiated by the parties to this Agreement which represents a Total Revenue threshold above which the Tenant agrees pursuant to this Agreement to pay to the Landlord two (2%) percent of the excess Total Revenue. Secondary Revenue Threshold is shown on Column D of Exhibit C attached hereto. For instance, in the event Tenant earns Total Revenues in excess of \$17,567,840 during Fiscal Year 1, and notwithstanding any other provision of this Agreement, the Landlord shall owe to the Tenant two (2%) percent of all Total Revenues received in excess of \$17,567,840 during that fiscal Year.

Security shall be the protection of the Leased Premises from fire, theft, burglary, vandalism, malicious damage and unauthorized entry as described in Paragraph 15 of the Lease Agreement.

Somerset County shall mean the Somerset County Government and/or the Somerset County Board of Chosen Freeholders.

Somerset County Counsel shall mean the Attorney or Counsel for the Somerset County Board of Chosen Freeholders appointed in accordance with N.J.S.A. 40A:9-43.

Somerset County Engineer shall mean the County Engineer appointed by the Somerset County Board of Chosen Freeholders in accordance with N.J.S.A. 49A:9-43.

Somerset County Improvement Authority shall mean the Landlord herein which is a duly authorized and established Improvement Authority established in accordance with N.J.S.A. 40:37A-1, et seq.

Somerset County Park Commission shall mean the Somerset County Park Commission, its Directors or Commissioners. The Somerset County Park Commission is a duly formed Park Commission in accordance with N.J.S.A. 40:37-1, et seq.

Total Annual Lease Payment Cap is the maximum amount of rent to be paid to Lessee in any specified year in accordance with the terms and conditions of this agreement. For the purposes of this Agreement, in the event the Minimum Monthly Lease Payment and the Variable Payment based upon the percentage of total revenues exceed Total Annual Lease Payment Cap in any one year, the Tenant shall only be obligated to pay the amount of the Total Annual Lease Payment Cap for that year. The Total Annual Lease Payment Cap is shown in Column C on Exhibit C attached hereto.

"Total Revenues" shall have the meaning set out in paragraph 4B.

"Unforeseen Events" shall mean the following acts, events or conditions or any combination thereof (other than a labor strike by Tenant, its employees, affiliates or subcontractors) that is (i) unforeseeable as of the Contract Date; (ii) outside of the control of the party relying thereon for justification for not performing an obligation or complying with any condition required of such party under the Agreement; and (iii) has had or may be reasonably expected to have a direct, material adverse effect on the continued use of the Leased Premises by the Tenant as anticipated in this Agreement:

1. Force Majeure events such as acts of God, acts of terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts and explosions, civil disturbance, acts of the public enemy and war;

2. Change in Law defined as (a) the enactment of any law or regulation after the Contract Date (excluding pending Changes in Law reasonably anticipated to be enacted as of the Contract Date and further excluding changes in tax law); or (b) a material modification or imposition of any material condition on the issuance, modification or renewal of any official permit, license or approval, which in either case establishes requirements materially affecting the continued use of the Leased Premises by the Tenant as anticipated in this Agreement;

3. the order, judgment, action and/or determination of any federal, state or local court of competent jurisdiction, administrative agency or governmental body (other than the County) that materially affects the continued use of the Leased Premises by the Tenant as anticipated in this Agreement;

4. the suspension, termination, interruption, denial or failure of renewal or issuance of any permit, license, consent, authorization or approval that is necessary to improve, repair or operate the Facility.

Utility Charges shall be charges for services for gas, electric, telephone, cable television, water, sewerage and/or garbage collection for the Leased Premises. Utility charges shall be payments, charges or fees due for the payment of any utilities serviced to the Leased Premises.

"Variable Payment" shall be the amount determined by the Relevant Percentage of Total Gross Revenue as defined in this Agreement from the Tenant to the Landlord in accordance with the terms of this Agreement. The Variable Rent Payment shall "vary" each year, depending on the calculation of the amount due to the Landlord of the Relevant Percentage of Total Revenues. The Estimated Variable Payment based upon estimated projection of revenue is shown in Column B of Exhibit C attached hereto.

LEASE AGREEMENT

THIS AGREEMENT made this day of , 2003

BETWEEN SOMERSET COUNTY IMPROVEMENT AUTHORITY
Somerset County Administration Building
20 Grove Street
Post Office Box 3000
Somerville, New Jersey 08876-3000

(hereinafter referred to as "Landlord")

AND THE VIRGIN SPA AT NATIRAR, L.L.C.
One Cragwood Road
South Plainfield, NJ 07080

(hereinafter referred to as "Tenant")

WHEREAS, the Landlord is charged with the responsibility and is empowered to acquire, hold, lease, operate, manage, protect and develop lands or a portion of the lands known as Block 19, Lots 2 and 2Q and Block 20, Lots 2 and 2Q in Bedminster Township; Block 6, Lots 9 and 9Q and Block 7, Lot 1Q in Borough of Far Hills; and Block 28, Lots 23.03(Q), 23.04(Q) and 24 and 24Q in Borough of Peapack-Gladstone (hereinafter referred to as "The Natirar Estate"); and

WHEREAS, Tenant has submitted a proposal to the Landlord for the improvement, maintenance and operation of a portion of The Natirar Estate consisting of approximately eighty (80) acres for a spa/restaurant/inn facility being that portion of the property as is depicted in Exhibit A as may be extended as referred to therein at no additional cost to the Tenant; and

WHEREAS, Landlord has determined that the Tenant's proposal represents the optimum public benefit in terms of the proposed development, management and operation of the Leased Premises; and

WHEREAS, in accordance with the Tenant's proposal, Landlord proposes to lease the Leased Premises to the Tenant for a term of ninety nine (99) years whereby the Tenant would be responsible for the management, maintenance and operation of the Leased Premises for the uses and purposes specified in this Agreement; and

WHEREAS, the Landlord has determined that the leasing of the Leased Premises to the Tenant for the purposes and subject to the terms and conditions herein provided is in the best interest of the public and to the County of Somerset and will not interfere with the Landlord's reasonably anticipated plans for development, management, operation and use of the remaining portion of The Natirar Estate.

WHEREAS, the Landlord and Tenant recognize that the Landlord will have to provide easement rights to the Tenant for access as well as for all required utilities over the remaining lands of the Landlord; and

WHEREAS, the Landlord and Tenant recognize and desire that the remaining lands to be owned by the County should remain as parkland, recreational uses and open space to preserve the view and the beauty of the surrounding land.

NOW, THEREFORE, IN CONSIDERATION of the payment of rent by Tenant as herein below provided and the mutual covenants herein below made, Landlord and Tenant hereby agree as follows:

1. TERM

This Lease shall be in effect for a period of ninety-nine (99) Years ("Term") unless sooner terminated as hereinafter provided, commencing on "Effective Date". The "Calendar Year" shall mean a period of twelve consecutive months beginning on January 1 and ending on December 31 except with respect to the "First Calendar Year" which shall commence on the date of the issuance of the certificate of occupancy and shall expire on December 31 of said calendar year and the "Last Calendar Year" which shall expire on the last day of the calendar year in which the term of this Lease expires.

2. USE OF LEASED PREMISES – SCOPE OF USE

A. Tenant shall not use or occupy the Leased Premises, as set out in the Plan at Exhibit A, for any other purpose other than the construction, improvement, management, maintenance and operation of the Facility which includes any related uses and accessory uses that are associated with the underlying permitted uses including, but not limited to, a spa and health club facility, full service restaurant, catering facility, an inn and conference center. Tenant shall also be permitted to conduct the following additional operations and activities as permitted, but shall not be limited to the accessory uses:

- (i) Banquets, weddings, social functions, corporate meetings and conferences, and special events and catered affairs.
- (ii) Alcoholic beverages may be offered for sale by Tenant as a part of the restaurant/spa/inn operations, weddings, christenings, bar mitzvahs and other special event functions.

B. The conduct of Tenant's operations shall be limited to the premises and real property specifically designated as the "Leased Premises". Tenant's guests shall be entitled to use the remaining County property to the same extent offered to the general public.

C. Tenant shall not use or allow or permit others to use the Leased Premises for any purpose or in any manner other than as expressly provided herein. The Tenant, its agents, servants and representatives shall not use the Leased Premises for any purpose or in any manner inconsistent with the terms of this Lease without first obtaining the express written approval of Landlord.

D. Tenant shall provide the services, products and amenities customarily offered for the permitted business operated by the Tenant and as described in this Lease. Tenant shall not change or modify the scope of the permitted uses without first submitting the Landlord a comprehensive written justification for and description of the proposed change and obtain Landlord's express written approval thereof. Landlord's approval shall not be unreasonably withheld or delayed and shall be based upon Landlord's determination whether the proposed change is in the best interest of the public and is consistent with the intent and purpose of this Lease Agreement.

E. Tenant shall have the right to use for scheduled special events or special catering events, any area adjacent to the Leased Premises as shall be designated by the Landlord from time to time as being available for use by the Tenant for such events upon written request from the Tenant and approval by the Landlord (based on its sole discretion).

F. The rights and privileges granted to Tenant in this Lease Agreement shall not, subject to the terms of this Agreement, be construed to restrict, condition or prevent Landlord from scheduling activities, events or other affairs as a part of the Landlord's operation and management of the remaining portions of The Natirar Estate, provided those activities do not interfere with Tenant's right to peaceful use of the Leased Premises in accordance with this agreement.

3. CONDITION OF PREMISES

Subject to the provisions of paragraph 46 (conditions precedent), paragraph 49 (environmental) and paragraph 50 (environmental indemnity), the Leased Premises are leased to and accepted by Tenant in their present condition ("as is") without representation or warranty of any kind by Landlord including, without limitation, any representations or warranty of fitness for a particular purpose. Tenant has made a physical inspection of the Leased Premises and has found the premises satisfactory for all of the purposes contemplated in this Lease. Tenant shall, at Tenant's sole cost and expense, provide all labor, materials, supplies and equipment sufficient to construct, improve, maintain and operate the Leased Premises as herein provided. If, during the approval process (but before the Effective Date of the Lease), the Leased Premises are found by Tenant to be unsuitable for the purposes of this Lease whether for failure of the Tenant to obtain any required approval, permit, license, third party funding or certificate or any other reason, this Lease may be declared null and void by the Tenant notifying the Landlord within thirty (30) days of discovery of the facts supporting its unsuitability. In that event, neither party to this Agreement shall be liable to the other or any person or entity claiming by or through Tenant for any loss, damage, claim or liability arising from or claimed to arise from this Agreement and/or from the unsuitability of the Leased Premises for the purposes of this Lease, unless and except as specifically provided in this Agreement.

4. RENT – NET LEASE

A. In consideration for use of the Leased Premises as well as granting other rights and privileges and franchises to the Tenant as set forth in this Lease Agreement, the Tenant shall, subject to Paragraph 4G, pay to the Landlord, the following amounts on the following dates:

(i) During the first thirty one (31) fiscal years of the Lease, commencing at the Effective Date of the Lease, and ending at the end of the thirty first (31st) fiscal year, the aggregate of:

- a. the Minimum Monthly Lease Payment; payable on the 15th day of each month (or next business day thereafter where not a business day)
- b. Variable Payments in accordance with paragraph 4D;
- c. the Excess Percentage Payment in accordance with paragraph 4H

For the purposes of this Agreement, the "Minimum Monthly Lease Payment" shall be one twelfth (1/12th) of the number as set out in Column (A) of Exhibit C for the relevant year and the "Variable Payment" shall, subject to Paragraph 4G, be an amount equal to the Relevant Percentage of the Total Revenues received by the Tenant in excess of \$8,500,000.00. The Estimated Variable Payments are shown in Column (B) of Exhibit C. The Excess Percentage Payment shall be equal to two (2%) percent of those Total Revenues in excess of the amount defined as the Secondary Revenue Threshold during any one Fiscal Year. The Secondary Revenue Threshold is shown in Column (D) of Exhibit C attached hereto. The Relevant Percentage shall be for Fiscal Year 1 through Fiscal Year 10 of the Lease, 1.5%; For years 11 through 31 of the Lease, 2%.

B. For the purpose of this Lease, "Total Revenues" shall include any and all revenues realized during a particular Fiscal Year as determined in accordance with generally accepted accounting principles, the Uniform System of Accounting for the Lodging Industry (9th edition) including allowances and the Lease Fee Report included in this lease as Exhibit E from the use of the Mansion, including but not limited to, any revenues from food and beverage services, service or fee revenues realized from any businesses operated by the Tenant or subtenant of Tenant on or as a part of the Leased Premises, sale of goods or services or novelties on the Leased Premises by the Tenant or subtenant of Tenant, advertising sales, sale by the Tenant or subtenant of Tenant, sale of any royalty or logo rights by the Tenant or subtenant of Tenant, sale of any television, cablevision, movie, telecommunications, internet or other forms of electronic, cameras or video rights or audio rights by the Tenant, room rentals or fees for room and board and/or facility rental by the Tenant or subtenant of Tenant. Total Revenues shall not include refundable membership deposits or any other amounts not permanently retained by tenant, but shall include any monies classified as non-refundable membership deposits.

Subsequent editions of the Uniform System of Accounting for the Lodging Industry may be used with the approval of all parties

C. All Revenues received from the Leased Premises (including the sale of receivables received from the mansion and any other structures developed or constructed that are physically attached to the existing mansion structure) are included in Total Revenues. Notwithstanding the foregoing, Total Revenues received from other facilities or additional facilities outside of the mansion including, but not limited to, development of cottages, existing or new, barn structures or development of other existing structures not physically attached to the mansion shall be excluded from the calculation of Total Revenues during the first two Fiscal Years of operation of such developments or structures. All Total Revenues shall be included effective during the third (3rd) fiscal year of operation of such developments or structures and any subsequent year of the Lease Term.

D. For any Fiscal Year in the first 31 years of this lease, the Variable Payments will begin during the month of that particular Fiscal Year that the Total Revenues exceed the Eight Million Five Hundred Thousand (\$8,500,000.00) Dollar threshold. The Variable Payment shall be paid within 45 days from each month end in accordance with each month's Monthly Total Revenue Report, which shall be determined in accordance with the Uniform System of Accounting for the Lodging Industry (9th Edition). A final reconciliation of each year will be made by the payment due on February 15th of the subsequent year.

E. Rental payments for the years after Fiscal Year 31 through until the end of the term of this Lease shall be monthly lease payments in an amount equal to two (2%) percent of any and all Total Revenues up to Forty Five Million (\$45,000,000) Dollars and one (1%) percent of any and all Total Revenues in an amount in excess of Forty Five Million (\$45,000,000) Dollars which shall be paid in accordance with the terms and conditions of this Lease. Payment will be made within 45 days from each month end in accordance with each month's Monthly Total Revenue Report.

F. All Rent payments shall be made to the Somerset County Improvement Authority at County Administration Building, 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000. If any check is dishonored or returned to Landlord, all future Rent shall be paid by certified or cashiers check or electronic transfer only.

G. Each year's rent payment shall be in an amount equal to the aggregate of the Minimum Monthly Lease Payment plus the Variable Payments, such amounts not to exceed the Annual Lease Payment Cap as shown in Column C of Exhibit C for that year unless the Total Revenue exceeds the Secondary Revenue Threshold for that year as shown in Column D of Exhibit C.

H. For any year in which the Year's Total Revenue exceeds the Secondary Revenue Threshold as described in Column (D) of the attached Exhibit C, the rent payment shall include an additional amount equal to two (2%) percent of any and all Total Revenue received that is in excess of the Secondary Revenue Threshold.

5. **TRADE FIXTURES AND MOVEABLE TRADE FIXTURES**

A. Tenant shall, at its sole cost and expense, provide all Trade Fixtures as that term is defined in subparagraph 5B hereof and all Moveable Trade Fixtures as that term is defined in subparagraph 5C hereof in sufficient quantity and quality necessary for the

management, maintenance and operation of the operation of the uses permitted in this Lease Agreement. Prior to the issuance of the final certificate of occupancy Tenant shall submit to Landlord (either to County Counsel or the designated representative of the Park Commission) an Inventory of Trade Fixtures to be used in the operations on the Leased Premises.

B. All Trade Fixtures which, for the purpose of this Lease shall be defined as being fixtures, equipment and other property incorporated into the Leased Premises, and shall become the property of Landlord at the termination of this Lease.

C. All Moveable Trade Fixtures, which for the purpose of this Lease shall be defined as items included in the annual fixed asset register or stocktake including office furniture, art work (such as paintings, framed artwork, sculptures or the like), tables, chairs, linens, china, glassware, silverware, display racks and any other property to be used in the operations on the Leased Premises and located on the Leased Premises that are not attached to and/or physically incorporated in the Leased Premises, shall be and remain the property of Tenant. Within 60 days of the Effective Date, Tenant shall submit to the Landlord an Inventory of Moveable Trade Fixtures. Tenant shall on an annual basis submit a revised inventory list for the moveable trade fixtures.

D. Tenant shall, at its sole cost and expense, repair and maintain all Trade Fixtures and Moveable Trade Fixtures (together being "Fixtures") in good order and repair and replace all Fixtures as necessary so that the type and number of Fixtures described in each Inventory is available at all times for the management, maintenance and operation of the uses permitted in this Lease Agreement.

E. Prior to the End of Term of this Lease, Tenant hereby agrees to offer for sale to Landlord those Moveable Trade Fixtures selected by Landlord from the then current Inventory of Moveable Trade Fixtures. Each Moveable Trade Fixture selected by Landlord shall be sold to Landlord at its then current fair market value free of all liens, encumbrances or restrictions. In the event Landlord elects to purchase any Moveable Trade Fixtures, Landlord shall select those Fixtures it intends to purchase at least thirty (30) days prior to the expiration of or within thirty (30) days after the termination of the Lease, whichever is later. Landlord shall have a period of two (2) months after it selects any fixtures that it intends to purchase to pay Tenant for the Fixtures purchased. In the event of any disagreement as to value, the parties agree to submit the issue of the determination of the valuation to binding determination with the American Arbitration Association, or such similar organization as may exist at the time of the termination of this Lease.

6. ADDITIONAL RENT – ADVANCES BY LANDLORD

A. The amounts paid by the Tenant to comply with paragraphs 4, 5, 16, 17, 25, 29, 32 and 35 of this Lease (the: "Additional Rent Clauses") shall constitute "Additional Rent."

B. If Tenant shall fail to make or perform any payment or any act on its part to be made or performed under the Additional Rent Clauses, then: (i) upon Tenant's failure to make such payment within thirty (30) days after Landlord gives Tenant written notice

thereof; or (ii) upon Tenant's failure to perform such act within sixty (60) days after Landlord gives Tenant written notice thereof or if such act is not capable of being performed within such sixty (60) day period, upon Tenant's failure to commence to perform such act within such sixty (60) day period and proceed in good faith to diligently complete such act thereafter; Landlord may (but shall not be obligated to), without waiving any default or releasing Tenant from any obligation, make such payment or perform such act for the account and at the cost and expense of Tenant. All sums so paid by Landlord and all reasonably necessary and incidental costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with the performance of any such act by Landlord, together with interest not to exceed the "Prime Rate" plus three (3%) percent per annum from the date of the making of such payment or of the incurring of such costs and expense by Landlord, shall be payable by Tenant to Landlord as Additional Rent.

C. The Additional Rent shall be due and payable as rent within thirty (30) days after written demand therefore by Landlord. Nonpayment of Additional Rent gives Landlord the same rights against Tenant as if Tenant failed to pay the Rent. Tenant's obligation to pay any Additional Rent accruing during the Term of this Lease shall survive and remain a continuing obligation of Tenant after the expiration or termination of this Lease.

7. **NO WAIVER OF DEFICIENCY.**

The acceptance by the Landlord of any Rent from the Tenant shall not be construed as an admission of the accuracy of the financial statement filed with such payment or amount or an admission or acceptance of the sufficiency of the payment or amount to comply with the terms of the Agreement.

8. **REPORTING, RECONCILIATION AND PAYMENT REQUIREMENTS.**

Tenant shall submit the following reports:

A. On or before the 30th day of the following month, a Schedule of any gross revenue collected during the prior month, including itemization reasonably acceptable to the Chief Financial Officer of the Landlord of the type and the amount of revenue received for each type of activity performed by the Tenant on the Leased Premises.

B. Tenant shall submit an annual statement of: (1) Gross Revenues audited by an independent Certified Public Accountant within six months of the close of Tenant's 12-month fiscal year; and (2) payment made to the Landlord of any Variable Payment or Excess Percentage Payment that may be due the Landlord as shown in such schedule. The annual statement provided by the Tenant shall be accompanied by a report or a certification by an Independent Certified Public Accountant (CPA) or by a firm of CPAs to the effect that the information provided by the Tenant represents fairly the computation and other information required by the Landlord in accordance with Paragraph 4 of this Agreement.

C. All reports shall be issued in accordance with generally accepted accounting principles and the Uniform System of Accounting for the Lodging Industry.

9. MAINTENANCE OF BOOKS AND RECORDS.

Tenant shall keep or cause to be kept in the administrative office area within the Leased Premises, proper and complete records and books of account in which shall be entered fully and accurately all transactions and other matters relevant to Tenant's business related to this Agreement. Tenant's books and records shall be prepared in accordance with generally accepted accounting principles in conformance with the Uniform System of Accounts for the Lodging Industry applied on a consistent basis save where otherwise noted in such books and records. Tenant shall maintain these records for at least a seven-year period from the end of the fiscal year in which the filing as referred to herein occurred.

10. RIGHT TO AUDIT.

Tenant grants the Landlord the right, at the Landlord's own expense, to audit (but not to take copies of) the books, records and ledgers of Tenant to document compliance by Tenant with the terms of this Agreement. Such audit shall be conducted within one (1) year after the filing of the final annual financial statement referred to in Article 8. In the event that such audit discloses an understatement of Gross Revenues of more than two (2%) percent, the cost of such audit to the Landlord will be reimbursed by Tenant and the amount of such deficiency shall be paid immediately by Tenant to the Landlord with interest at 3% above the prime rate, computed from the date that such amount or amounts should have been paid. The Landlord agrees to maintain the confidentiality of any records audited. In the event there is a dispute between the auditors as to the amount of Gross Revenue, any such dispute shall be resolved in accordance with Paragraph 25 of this Agreement.

11. INTENTIONALLY LEFT BLANK

12. BANK LINE OF CREDIT – IRREVOCABLE LETTER OF CREDIT

During the Term of the Lease, Tenant shall establish and maintain a Bank Line of Credit or Bank Letter of Credit in an amount of at least twenty five (25%) percent of the annual Minimum Monthly Lease Payments as set forth in Column (A) of Exhibit "C" attached hereto. On request by the Landlord, the Tenant shall submit proof reasonably acceptable to the Landlord of the sufficiency of the Line of Credit or Letter of Credit (as appropriate) failing which Landlord shall have the right to contact the bank to determine whether Tenant continues to maintain a sufficient Bank Line of Credit or Letter of Credit (as appropriate) to cover the cost of twenty five (25%) percent of the annual Minimum Monthly Lease Payments. Once the final plans are approved and prior to the commencement of construction Tenant shall supply Landlord with written verification, within 30 days, that the Bank Line of Credit or Bank Letter of Credit required to be obtained by the Tenant pursuant to this paragraph has been met. Tenant shall use all reasonable endeavors to procure that the Bank Line of Credit or Letter of Credit shall provide that prior to its cancellation or termination that the Landlord shall be provided with notice of same. In the event of a cash deposit, the money shall be deposited in an interest bearing joint account in the name of the Landlord's Counsel and Tenant's Counsel with interest to belong to that party to whom the deposit is eventually paid.

13. END OF TERM

Upon the expiration, termination or surrender of this Lease or declaration that this Lease is null and void, Tenant shall:

A. Upon the expiration of or following the service of a notice of termination at the expiry of the notice period, as provided in this Lease, Tenant shall (1) promptly discontinue all operation of the Leased Premises, take all commercially reasonable actions to mitigate damages, deliver up peaceable possession and use of the Leased Premises to Landlord in at least as good condition as it was delivered at the commencement of this Lease less reasonable wear and tear, and Landlord may at once re-enter, take possession of the Leased Premises and Improvements thereon, remove any and all persons occupying the Leased Premises, and assume complete responsibility for management, maintenance and operation of the Leased Premises; and (2) deliver or otherwise make available to Landlord all data, drawings, specifications, reports, and such other information and materials specifically related to the Lease and the Leased Premises as may have been made, kept or accumulated by Tenant over the prior five (5) year period in performing this Lease, whether completed or in process. This provision shall not apply to tax records. If Tenant shall fail to remove any personal property or Moveable Trade Fixtures lawfully belonging to and to be removed by Tenant within the time prescribed by any notice of termination, Landlord may appropriate the same to its own use without allowing any compensation therefore or may remove the same at the expense of Tenant. If Tenant removes any personal property, Tenant hereby covenants to repair and/or pay for any and all damages that may be caused to the Leased Premises by said removal;

B. Pay to Landlord without demand or notice the sum of the following: (1) all Rent, Additional Rent and other payments accrued to the date of the End of Term and a proportionate part of the Rent otherwise payable for the month in which the End of Term occurs; and (2) the cost of making all restoration, renovation, improvement and repairs required to be but not actually made by Tenant hereunder, including but not limited to the removal of personal property, any unauthorized improvements, and of performing any covenants of Tenant relating to the condition of the Leased Premises during the Term and upon the End of Term not carried out by Tenant prior to the End of Term, such cost to be deemed prima facie to be the cost actually expended or incurred by Landlord;

C. Have the opportunity to assign any existing contracts and obligations relating solely and exclusively to the Leased Premises to the Landlord or any new tenant of the Leased Premises with the approval of Landlord.

14. PARKING AND DELIVERIES.

A. Parking for the Tenant, employees and prospective customers shall be accommodated at a location on the Leased Premises that is to be subsequently agreed upon by the parties and with local government approvals. The parties agree to cooperate in attempting to formulate a plan that results in the least visibility of the trucks and deliveries from the public and the guests of the Tenant's facility.

B. Tenant shall, whenever practicable, schedule all deliveries and pickups between the hours of 6:00 AM and 5:00 PM so as not to interfere with the security or operations of the portion of The Natirar Estate that is retained by the County. If possible, the Tenant may allow deliveries and pickups through an alternate access, if one is available, and subject to the approval of the Peapack-Gladstone Planning Board. If approval from the Peapack-Gladstone Planning Board can be obtained, Landlord shall provide access and any necessary easements to the Tenant. Any accesses shall be designed, defined and approved by the County Engineer's office in conjunction with Tenant's consulting engineer. Landlord will assist and cooperate with Tenant in the approval process.

15. SECURITY

A. Landlord shall have no obligation to the Tenant for the security of the Leased Premises. Tenant shall, at its sole cost and expense, be completely responsible for all security of the Leased Premises against, including, but not limited to, fire, theft, burglary, vandalism, malicious damage and unauthorized entry. Landlord shall not be responsible to Tenant, its agents, employees, contractors or invitees for personal injury, death and/or loss, damage or destruction to improvements, equipment or personal property on the Leased Premises.

B. Once the Tenant installs a master lock system for the premises it shall supply three (3) sets of keys to the Landlord to be held in a secure location and only utilized by the Landlord in the event of a default. Landlord shall retain the master keys for the duration of the Lease. The Landlord agrees to indemnify and hold the Tenant harmless for any and all damages or claims that arise from the Landlord's keys being improperly released and used by any unauthorized person. No other locks may be installed or affixed to any main door within the Leased Premises without three (3) copies of the keys thereto being provided to the Landlord to be held and utilized as aforesaid.

C. Tenant shall be responsible for the installation, maintenance, repair and replacement of all fire and security alarm systems for the Leased Premises. Any changes, corrections, additions to or replacement of the alarm or fire systems currently installed for the Leased Premises shall first be submitted to Landlord in writing and Landlord's written approval thereof obtained prior to installation, such approval shall not be unreasonably withheld or delayed. All expenses incurred by Tenant and/or Landlord with regard to the alarm or fire security systems are the sole responsibility of Tenant.

16. MAINTENANCE AND REPAIRS

A. Tenant shall, during the Term of this Lease, at Tenant's sole cost and expense, be responsible for and pay all costs incurred in the maintenance and repair of the Leased Premises and any structures or buildings located on the Leased Premises including but not limited to:

(i) all utility systems, equipment and fixtures, roofs, plumbing and electrical systems, heating and/or air-conditioning systems, structural components and any other portions of any other improvements on the Leased Premises or constructed by Tenant on the Leased Premises, and shall keep such items in good repair and condition at

all times, minimizing the effects of use and damage by being completely responsible for repairs, painting, janitorial and cleaning services;

(ii) any snow or ice removal from any sidewalks or blacktop areas located within the Leased Premises. Care should be taken to insure that chemicals (salt or other ice controlling substance) are not used in the immediate and runoff areas of lawns and plants;

(iii) ensuring the placement of all garbage and trash generated by the Tenant in Tenant's operation in designated containers and that said containers are emptied daily or as more frequently reasonably required by Landlord at a location to be agreed upon by the Tenant and Landlord. Disposal costs from this location shall be entirely borne by the Tenant. Tenant shall provide such additional trash containers as may be reasonably required to keep the Leased Premises clean at all times. The type of trash container provided by Tenant shall be reasonably approved by Landlord prior to use. Tenant shall participate and comply with the requirements of any recycling program in effect within Somerset County or the State of New Jersey;

(iv) Cleaning and replacement as needed of all window trim, drapes, shades, screens and blinds;

(v) as needed sweeping, maintenance and cleaning of all carpeted areas;

(vi) repair or replacement of all carpeting;

(vii) daily bathroom maintenance, including supply of usual bathroom supplies and upkeep as well as responsibility for fixtures, floor and wall repair and replacement as needed;

(viii) as needed, refinishing of all woodwork;

(ix) as needed, painting of kitchen and restaurant interior;

(x) inspection and service of fire protection system after discharging or as required;

(xi) degreasing and deep cleaning of kitchen on an "as and when needed" basis.

(xii) service and cleaning of the exhaust system including the roof vent;

(xiii) service and cleaning of main grease trap and drains on an "as and when needed" basis, including repairs to any drains to the floor sink, dishwasher and bathroom; and

(xiv) interior and utility system repair caused in any manner by Tenant, its employees, contractors and invitees. Tenant shall promptly, as and when needed, make all such repairs and replacements necessary to preserve the Leased Premises and utility systems in good condition and working order.

B. Upon end of Term of this Lease, Tenant shall deliver up peaceable possession of the Landlord-owned equipment to Landlord in good and clean condition. In the event Tenant does not deliver up peaceable such equipment as herein provided, Landlord may restore such equipment to such condition and the cost therefore shall be paid by Tenant to Landlord within thirty (30) days after demand therefore.

C. With regards to the installation and operation of any new equipment, Tenant shall obtain any and all permits and approvals required and make all utility system improvements.

D. Tenant shall ensure there is a proper equipment maintenance plan, usual for a business of its size and nature. Failure to comply with this preventative maintenance schedule shall result in Tenant being responsible for all repairs and/or replacement of equipment.

E. Tenant shall provide Landlord with a complete list of names, addresses, and telephone numbers of all personnel, contractors, suppliers and/or vendors to be contacted in case of any failure of equipment or emergency.

F. In the event that the Leased Premises are not maintained in good condition, order or repair or are not kept reasonably clean, neat and well maintained by Tenant to the reasonable satisfaction of the Landlord, Landlord may, subject to the availability of sufficient funds, proceed to perform the necessary maintenance, repairs or replacements after notice to Tenant. Said notice shall describe the maintenance, repairs or replacements to be undertaken and shall give Tenant a period of sixty (60) days from receipt of the notice to commence the maintenance, repairs or replacements and such additional period of time as is reasonably necessary to complete the work. If Tenant does not commence and complete the maintenance, repairs or replacement within the period above provided, Landlord may proceed to complete the work, and in such event, Tenant shall pay to Landlord as Additional Rent, upon Landlord's demand, the full costs incurred by Landlord in performing such maintenance, repairs or replacement.

G. The Agreements and covenants contained in Paragraph 16 shall inure to the benefit of Landlord and Tenant and be binding upon the respective parties hereto and their successors and assigns only. In no event shall the reach of any such agreement and/or covenant be enforceable by or in any way deemed to inure to the benefit of or create a right for or on behalf of members of the public or any third party except Landlord and Tenant.

17. PAYMENT FOR UTILITY SERVICE

Tenant shall, at its sole cost and expense, pay all utility charges as outlined below related to the operation of the uses permitted in this Lease Agreement during the Term of this Lease.

18. IMPROVEMENTS

A. Tenant shall, with the prior written approval of Landlord as provided in subparagraph 18C hereof, have the opportunity to undertake specific preservation, restoration, rehabilitation and reconstruction projects including renovation of structural components and replacement or installation of utility systems on or within any structure, building or improvement located within the Leased Premises ("Improvement") at Tenant's sole cost and expense.

B. Tenant shall not let any contract for or commence any Improvement without first submitting design plans and specifications therefor to and obtaining the written approval thereof from Landlord. The design plan shall include, but not be limited to, the preliminary drawings, outline specifications, materials, measurements and dimensions, including site plans, floor plans, elevations and cross sections which establish the intent, scope and character of the proposed Improvement. Approval by Landlord shall be granted provided that Landlord, acting reasonably, determines that the proposed Improvement is consistent with this Lease. Tenant agrees to keep the Landlord apprised of all current versions and proposed plans. Tenant agrees to appoint a liaison representative who will be available to the Landlord for consultation and input on the project. Landlord shall have a maximum period of three (3) months from the time the Tenant provides the Landlord with written notice by certified mail that the plans have been submitted to the Landlord for review and approval to either accept or disapprove of the plans. If the Landlord fails to respond within the three (3) month period, Tenant shall have the right to consider the plans that have been submitted to be approved by the Landlord and so notify the Landlord of the action or position taken by the Tenant. If the Landlord disapproves of the final plans proposed by the Tenant and the Landlord and Tenant are not able to resolve the area of dispute, Tenant shall have the right to terminate this Agreement.

C. Approval by Landlord of design plans, specifications and reports submitted by Tenant in accordance with this Lease shall not in any way relieve Tenant of responsibility for the technical accuracy thereof. Tenant is responsible for the professional quality, technical accuracy, timely completion and coordination of all designs, drawings, specifications and reports furnished under this Lease. Tenant shall, at its sole cost and expense, correct or revise any errors, omissions or other deficiencies in its designs, drawings, specifications and reports. Approval or acceptance thereof by Landlord shall not be construed as a waiver of any rights of Landlord under this Lease or any cause for action arising out of the performance of this Lease.

D. All contracts, plans and specifications required to be submitted to Landlord by Tenant pursuant to this Paragraph 18 shall not be construed to relieve the Tenant of its responsibility to obtain and maintain all necessary licenses, permits and approvals, now or subsequently required, by the appropriate Federal and State Authorities for the construction, operation and use of the improvement. Tenant shall provide Landlord with satisfactory written evidence that all such licenses, permits and approvals have been obtained prior to the construction, operation and use of the Improvement as appropriate.

E. Tenant shall, prior to the commencement of any Improvement, apply to all governmental authorities having jurisdiction over the Leased Premises and the work to be performed for building and other permits, licenses and approvals required for the

construction of the proposed Improvement. Prior to the commencement of construction, Tenant shall provide Landlord with satisfactory written evidence that Tenant has obtained all required permits and approvals. Upon the issuance of all required building permits and other permits, licenses and approvals, Tenant shall commence and diligently prosecute the Improvement by one or more general contractors and/or subcontractors. All construction shall be done in a good and workmanlike manner, in accordance with the approved plan and requisite building and other permits, licenses and approvals and other requirements of governmental authorities having jurisdiction, including but not limited to, federal and state laws. Landlord shall cooperate with all applications for approval made by the Tenant and shall supply whatever signed consent forms are required by the individual reviewing authority.

F. If any Federal, Local, or State Government Agency requires amendments to the plans for any proposed Improvement as a condition of approval, then if such amendments or conditions are material, the Tenant will present them to the Landlord for approval. The Landlord shall have thirty (30) days to give such approval, and if the Landlord fails to respond within such period, Tenant shall have the right to consider the plans that have been submitted to be approved by the Landlord and so notify the Landlord of the action or position taken by the Tenant. If the Landlord disapproves of the final plans proposed by the Tenant and the Landlord and Tenant are not able to resolve the area of dispute, Tenant shall have the right to terminate this Agreement.

G. Tenant may enter into contracts for the performance of construction of an Improvement provided that in no such event shall Tenant's obligations under this Lease be deemed to be diminished thereby. Nothing contained in the contract shall be construed to create any contractual relationship between any contractor or subcontractor and Landlord. Prior to entering into any construction contract, Tenant shall submit a copy of the proposed contract and a statement of the proposed contractor's qualifications to and obtain the written approval of the contract and contractor by Landlord. Landlord reserves the right to reasonably disapprove the use of any contractor and in such event, Tenant shall promptly secure the services of a contractor reasonably acceptable to Landlord.

H. Tenant shall, at its sole cost and expense, provide all necessary construction management for each Improvement including, but not limited to, project layout, conducting project meetings, preparation of project meeting minutes, inspection of project, records and accounting, and contractor payments. Landlord may, at its sole cost and expense, monitor Tenant's construction management.

I. At the written request of Landlord, Tenant shall, prior to the commencement of construction of any Improvement or the delivery of any goods or services to a customer or client, deliver to Landlord certificates of insurance showing that Tenant and/or its contractors and subcontractors have obtained the following insurance coverages during the period of construction or operation of the Leased Premises:

(i) Complete Value Builder's Risk insurance with standard fire and extended coverage and, to the extent that insurance against any additional risk is obtainable at standard rates, "all-risk" extended coverage endorsement;

(ii) Contingent Liability and Commercial General Public Liability insurance with a Contractual Liability endorsement (including insurance with respect to owned or operated motor vehicles) with aggregate limits of not less than One Million Dollars with respect to bodily injury, death or property damage for any one accident;

(iii) Workers Compensation and Employers Liability insurance in accordance with the requirements of the Workers Compensation Laws of the State of New Jersey;

(iv) Dram Shop. (Liquor Law Legal Liability) A certificate obtained by Tenant or such other successors or concessionaires, providing Dram Shop Liability coverage, naming, in the case of a certificate provided by Tenant or such other successor Tenant, the County and the Authority as additional insured with limits of not less than \$3,000,000 per person.

(v) Miscellaneous. To include but not be limited to crime, plate glass, sign, innkeeper's liability, adjacent property liability, earthquake and flood and insurance against other operating risks.

The insurance policies described above shall name Landlord as an additional insured. Landlord reserves the right to require such other insurance and in such amounts as may from time to time be reasonably required by Landlord against other insurable risks which at the time are completely insured against in the case of premises similarly situated with due regard to the type of Improvement and work to be performed. Landlord further reserves the right to increase the limits of the insurance policies provided the request is for coverage that is customary and reasonable for similar construction projects in New Jersey.

J. All construction shall comply with standards adopted by the State for the handicapped, the New Jersey Uniform Construction Code, the Architectural Barriers Act of 1968, Section 504 of the Rehabilitation Act of 1973, and the United States Department of the Interior Section 504 Regulations (43 CFR 17) and the Americans with Disabilities Act of 1990 now in effect and as same may be subsequently amended, revised or supplemented from time to time.

K. All Improvements undertaken or made without Landlord's written approval and/or for which Tenant cannot document to the satisfaction of Landlord that the Improvement was completed in accordance with the requirements of all governmental authorities having jurisdiction shall be removed by Tenant on Landlord's demand. Tenant shall, at Tenant's sole cost and expense, repair any damage to the Leased Premises and/or any other County Park property caused by Tenant's construction and/or removal of any such Improvement.

L. Tenant shall be and shall remain as regards the Landlord liable in accordance with applicable law for all damages caused by Tenant's construction of any Improvement except for errors, omissions or other deficiencies to the extent attributable to Landlord or Landlord furnished data. Landlord's review, approval or acceptance of any Improvement shall not be construed as a waiver of any rights under this Lease or of any cause of action arising out of the performance of this Lease.

M. **Driveway Entrance:** The parties agree that the existing driveway entrance along Peapack Road should be moved to the north and then be realigned to meet the existing driveway to the estate. An analysis of where the driveway should be located shall be made and determined by the Somerset County Engineer. Landlord shall be responsible for the costs associated with moving the driveway area and obtaining any required permits, if any. The parties shall mutually agree to the location of the realignment, which consent shall not be unreasonably withheld or delayed. Landlord shall have the option, but not the obligation to relocate the existing gatehouse to the area where the new driveway shall be located.

Landlord shall supply the Tenant with a valid access easement document to be filed in the Office of the Somerset County Clerk that shall be effective for the duration of the Lease allowing full ingress and egress over the full length of the new and existing driveway as it crosses the County's remaining lands and shall connect to the driveway to the "Leased Premises". Landlord shall allow the Tenant to build a gatehouse\security house at the juncture of the easement area and the driveway to the "Leased Premises" which will control access from the County's driveway to the "Leased Premises". The Landlord shall be solely responsible for the adequate maintenance of the roadway which is located on the Landlord's remaining property and shall be responsible for all snow plowing in order to provide access to the "Leased Premises" for the employees and guests of the Tenant up to the point in the roadway where the Leased Premises commence, in the area of the Tenant's gate house. Landlord agrees not to allow the construction of any improvements (other than driveways, trails, fences, parking areas or the like) of the area two hundred (200') feet from either side of the roadway up to the Tenant's gatehouse as both parties want to preserve the open space along the entranceway. Additionally, the Tenant shall have the option to install fencing around the entire perimeter (or portion thereof) of the Leased Premises for security and cosmetic purposes. Landlord shall have the right to review and approve the gatehouse facility and type of fencing, which approval shall not be unreasonably withheld or delayed, but the Landlord's review may consider and include construction and aesthetic considerations. Tenant shall be solely responsible for the maintenance of and snowplowing of the roadway that exists on the Leased Premises from the gatehouse where its property commences by the County Road, up through its facilities located on the Leased Premises.

N. **EXISTING BARN** It is understood by the parties that the Landlord intends to use the existing barns on the remaining portions of the Natirar Estate (as depicted on Exhibits A and B attached hereto) for the storage of maintenance equipment for the remaining portions of the Natirar Estate. Landlord understands that the barns are within sight of the roadway going to the proposed Facility and that a natural rural setting is in the best interest of both parties. Accordingly, Landlord agrees that any equipment and materials/supplies will be stored inside in the barns and not placed outside the structures where they can be seen. Tenant shall retain the option to install white pines or similar screening (to be approved by the County engineer) along the area of Landlord's property in the area of the barns that face the Leased Premises. In the event such screening is installed it shall be installed solely at Tenant's expense. Landlord shall remove a portion of the existing roadway going to the barns, at its expense in accordance with the plan attached hereto as Exhibit B.

19. OWNERSHIP OF IMPROVEMENTS – ACCEPTANCE

A. All Improvements constructed or installed on the Leased Premises by Tenant including but not limited to carpeting, fabric, woodwork, hardware and fixtures shall, upon completion in accordance with the approved plans therefore and the requirements of public authorities having jurisdiction thereof, become the property of Landlord as a part of the Leased Premises without payment of compensation therefore to Tenant.

B. Upon completion of any Improvement, Tenant shall, as a condition precedent to Landlord's acceptance thereof and Tenant's use and occupancy thereof as a part of the Leased Premises, deliver to Landlord:

(i) copies of such permanent certificates of occupancy as shall be necessary for the use and occupancy thereof;

(ii) copies of final and complete waivers by Tenant's general contractor and its subcontractors of their rights to file or assert a mechanic's lien against any part of the Improvement or any work performed;

(iii) one complete set of reproducible "as-built" or record drawings of the Improvement.

C. Landlord's review, approval or acceptance of any Improvement shall not be construed as a waiver of any rights under this Lease or any cause of action arising out of the performance of this Lease.

20. COMPLIANCE WITH LAWS, LICENSES AND PERMITS

A. Tenant shall, in accordance with all federal and state statutes and rules now or subsequently in effect, obtain and maintain all licenses, permits and approvals required by federal and state governmental agencies having jurisdiction over the Leased Premises and/or operations of the uses contemplated in this Lease Agreement. Landlord agrees to fully cooperate with Tenant in obtaining such licenses, permits and approvals. Tenant shall provide Landlord with satisfactory documentation that all such permits and approvals now required have been obtained prior to the Effective Date of this Lease and as subsequently required. Tenant shall also provide Landlord with satisfactory written evidence that all such permits, licenses, certificates or other documents have been renewed as may be required so that Landlord is at all times in possession of appropriate documentation to evidence that Tenant has obtained and is maintaining such licenses, permits, certificates or other documents.

B. Tenant shall, at its sole cost and expense, comply with all duly promulgated and applicable federal and state laws, rules and/or orders affecting the Leased Premises and/or operation of the uses contemplated in this Lease Agreement.

C. Tenant shall comply with the requirements of all policies of insurance required by this Lease which at any time may be in force with respect to the Leased Premises and operation of the uses contemplated in this Lease Agreement.

D. Tenant shall, at its sole cost and expense, obtain and maintain all licenses necessary for the sale of alcoholic beverages as a part of the uses contemplated in this Lease Agreement.

21. REPRESENTATIONS AND WARRANTIES

A. The Landlord's Representations and Warranties. The Landlord represents and warrants to Tenant as follows:

(i) it is the title owner to the Leased Premises and that it has the right and authority to enter into a this Lease Agreement;

(ii) that it is not prevented from entering into the Agreement by any statute or regulation of the State of New Jersey or any other governmental authority, or by any license, debt, instrument, lease, contract or other agreement or instrument binding upon it or any of its property; and

(iii) that no consent of or notice to any other individual, private or public entity or governmental authority is required in connection with the execution and delivery of the Agreement which has not been obtained; and

(iv) that the Agreement, when properly executed by both parties, will constitute a valid and binding agreement, enforceable by Tenant in accordance with its terms; and

(v) that, the Landlord is not aware of any claims, suits, actions or judgments which, if successful, would create an encumbrance upon the Leased Premises or revenues thereof which would have a priority over the Tenant's entitlement to the revenues of the Leased Premises or which otherwise would have a material adverse effect on the ability of the Tenant to perform its obligations under this agreement and/or on the ability of the Tenant to conduct Tenant Events as referred to in Clause 2A; and

(vi) that it will take all actions within its power to satisfy or cooperate with the Tenant to satisfy the conditions precedents set forth in Paragraph 46 of this Agreement; and

(vii) that it will be responsible for the performance of the terms and conditions of this Lease Agreement.

B. Tenant's Representations and Warranties. Tenant represents and warrants to the Landlord as follows:

(i) that it has been validly organized as a New Jersey Corporation, is in good standing under the laws of the State of New Jersey and is duly qualified to do business in the State of New Jersey or that it shall be a Limited Liability Company or Company duly qualified to do business in the State of New Jersey;

(ii) that it has the right and authority to enter into the Agreement and is not prevented from entering into the Agreement by its Certificate of Incorporation or By-Laws or Membership Agreement, by any statute, regulation or order of the State of New Jersey, or any other governmental authority, or by any license, debt instrument, lease, contract, or other agreement binding upon it, any of the affiliates or any of its property;

(iii) that it has taken all necessary corporate action to obtain such authorization, and that no consent of or notice to any other individual, private or public entity or governmental authority is required in connection with the execution and delivery of the Agreement;

(iv) that the Agreement, when properly executed by both parties, will constitute a valid and binding agreement, enforceable by the Landlord in accordance with its terms;

(v) that so far as the Tenant is aware, no litigation is pending or threatened against the Tenant or its members, incorporators or shareholders which would impair Tenant's ability to perform its duties and obligations under this Agreement;

(vi) that, save as set out in paragraphs 35 and 36, and except for those instances where the Tenant leases equipment and such leases are approved by the County in advance, at all times during the Term of this Agreement, the Tenant shall keep the Leased Premises and any and all buildings and improvements on the Leased Premises and any and all components, property or fixtures owned by the County free from any and all liens and encumbrances arising out of or in connection with its (i) use, operations and maintenance; or (ii) acts, omissions or debts of the Tenant and any of this subsidiaries, affiliates or any of its subcontractors. In no case shall the term of such leases extend beyond the useful lives of the equipment or the Term of this Agreement;

(vii) that it will, in good faith, take all actions within its power to satisfy the conditions precedents set forth in Paragraph 46 of this Agreement;

(viii) that it will be responsible for the performance of the terms and conditions of this Lease Agreement that relate to the Tenant.

C. Survival of Representations and Warranties. The representations and warranties of each party set forth in this Paragraph 21 shall survive the execution of the Agreement.

22. NO INTERFERENCE WITH COUNTY PARK – PARK CLOSURE

A. Tenant shall conduct all activities on the Leased Premises so as not to interfere with, impair or prevent the development, maintenance and operation of the Natirar Estate other than the Leased Premises or the remainder of the property retained for use by the Landlord and the safe use and enjoyment thereof by the public. Tenant shall coordinate with Landlord all activities on the Leased Premises which could adversely affect the public's use and enjoyment of the Natirar Estate other than the Leased Premises or property and/or interfere with the Landlord's development, maintenance and operation

thereof. Tenant shall implement all measures reasonably required by Landlord to minimize such adverse affects.

B. Landlord reserves the right in its sole discretion to close all or part of the County Park or property as the Landlord determines necessary. The Director of the Somerset County Park Commission shall be the sole authority to determine whether or not the County Park or any portion of the County property will be closed. The Landlord will make arrangements so that any closure of the County Park or County facilities shall not in any way interfere with Tenant's ability to obtain access to its properties for its employees, customers, invitees or contractors. Tenant hereby waives any right, claim or remedy available to Tenant at law or equity as a result of Landlord's closure of the County property or County Park or any part thereof other than as relate to the Landlord's failure to ensure access to the Leased Premises during any such closure. Landlord shall not be liable to the Tenant and/or any party claiming by or through the Tenant for damages, abatement or compensation as a result of Landlord's closure other than as relate to the Landlord's failure to ensure access to the Leased Premises during any such closure. Landlord shall supply Tenant with as much prior notice as is reasonably practicable, and to make best efforts to provide a minimum of forty eight (48) hours written notice of any Park closures so that it can make proper arrangements for its activities. Notice can be provided by confirmed email or fax.

23. CAPITAL IMPROVEMENTS

The Tenant shall be required to pay for any and all Capital Improvements that are constructed on the Leased Premises during the term of the Lease, including but not limited to, the initial improvements and any Improvements. Any other Capital Improvements that are requested by the Landlord shall be negotiated by the parties at that time.

24. DEFAULT REMEDIES; UNFORESEEN EVENTS

A. **Default Remedies,**

In the event of a breach by Tenant of any term of this Agreement and provided that the Tenant has not cured any such event of default as to its obligation required under this Agreement, the Landlord, at the Landlord's sole option, shall have the right to take any of the following actions in addition to any right of remedy available at law or equity:

(i) terminate this Lease Agreement;

(ii) perform the obligation, covenant or agreement for which Tenant is in default, and recover any payment, cost or expense that the Landlord incurs, with interest at the per annum floating rate of three (3%) percent over the "Prime Rate";

(iii) to recover all of the amounts then due and payable immediately;

(iv) to enter all areas of the Leased Premises, and to remove or cause Tenant to remove all persons and all or any property therefrom by any suitable action or proceeding at law, or by force or otherwise, and to repossess and enjoy all such areas of the Leased Premises together with all additions, alterations and improvements. Upon recovering

possession of the Leased Premises by reason of or based upon or arising out of a default on the part of Tenant, the Landlord may, at the Landlord's option, either terminate the Agreement and/or make such alterations and repairs as may be necessary in order to market the Leased Premises to be relet to another tenant;

- (v) Landlord may sue Tenant for damages the Landlord may sustain;
- (vi) Landlord has all other rights and remedies as provided by law and equity.

B. Unforeseen Events.

Tenant and the Landlord agree that, with respect to any services to be provided or actions to be taken by any party in connection with the Agreement, the party required to furnish or perform the same shall in no event be liable for failure to do so when prevented by Unforeseen Events. The time within which such services or actions shall be performed or rendered shall be extended for a period of time equivalent to the delay caused by such Unforeseen Event. The provisions of this Paragraph 24B shall not apply to any payment obligation.

25. DISPUTE RESOLUTION

A. Any controversy, claim or dispute ("Dispute") arising out of or relating to this Lease shall be resolved in accordance with the procedure specified in this Article, which the parties agree shall be the exclusive procedure for resolution of any Dispute.

B. The parties shall attempt, in good faith, to resolve any Dispute arising out of or relating to this Lease promptly by negotiation between representatives having authority to settle the controversy. If any Dispute has not been resolved within 20 days of one party's request to the other for negotiation, either party may initiate mediation as provided hereinafter. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of New Jersey Rules of Evidence.

C. If the Dispute is not resolved by negotiation as hereinabove provided, the parties shall endeavor to settle the Dispute by mediation under the then current American Arbitration Association ("AAA") Model Procedure for Mediation of Business Disputes. A neutral party will be selected as mediator from the AAA (or its successor or like organization if AAA is no longer in operation) panel of neutrals, with the assistance of AAA, unless the parties have selected their own mediator. The prevailing third party in any Dispute, as determined by the mediator, will be reimbursed for any reasonable costs incurred by the prevailing party for the mediation, including but not limited to, reasonable counsel fees.

D. The award of the mediator shall be final and binding on the parties and may be entered by any New Jersey State or Federal Court having jurisdiction.

26. SIGNS – ADVERTISEMENT AND PROMOTION

The parties acknowledge that the approval and design process shall result in a request by the Tenant to install various signs both on the remaining County property by the entrance road as well as along the entry road to direct customers to the Leased Premises and/or to the gatehouse at the entry to the Leased Premises. The Tenant shall not post or permit or otherwise allow others to post temporary or permanent signs of any description on or about any other County-owned property comprising part of the County Park without first obtaining the express written approval thereof by Landlord, which consent shall not be unreasonably withheld or delayed. With regard to signs on the Leased Premises itself that shall be within the discretion of the Tenant subject to compliance with all laws and regulations governing same. If local approval is required Tenant shall apply for and obtain same at its sole cost.

27. INDEMNIFICATION

A. Subject to Clause 27F, Tenant shall, for itself, its successors and assigns, assume all risks and liabilities arising out of the possession, improvement and maintenance of the Leased Premises and operation of the uses contemplated in this Lease Agreement. Tenant covenants to defend, protect, indemnify and save harmless Landlord and the County and the Somerset County Park Commission and hereby releases Landlord and each of its officers, agents, employees, successors and assigns from and against any and all such liabilities, losses, damages, costs, expenses (including reasonable attorney's fees and expenses), causes of action, suits, claims, demands or judgments of every nature arising from or claimed to arise from in whole or in part from:

(i) any injury to or death of any person in or on or any damage to property which occurs in, on or about the Leased Premises or upon any sidewalk, walkway or parking lot within the Leased Premises or in any manner growing out of or in connection with the uses contemplated in this Lease Agreement, the condition or occupancy of the Leased Premises, or any part thereof, or construction or repair of any Improvements on the Leased Premises (for the avoidance of doubt, this provision shall not apply to any injuries suffered on the remaining lands in the Natirar Estate, but rather to the Leased Premises)

(ii) violation of any agreement or condition of this Lease by Tenant, its agents, employees, contractors, invitees and anyone claiming by or through Tenant;

(iii) violation by Tenant of any contracts and agreements of record concerning the Leased Premises and restrictions of record and/or any law or regulation affecting the Leased Premises, the uses contemplated in this Lease Agreement, or any part thereof and/or any law or regulation affecting Tenant's corporate operations; and

(iv) any act, error or omission by Tenant, its agents, employees, contractors, invitees, and anyone claiming by or through Tenant in the operation of the uses contemplated in this Lease Agreement and/or performance of this Lease.

B. Landlord shall, as soon as practicable after a claim has been made against it in relation to any of the matters set out in Paragraph 27(A) above, give written notice thereof to Tenant, along with full and complete particulars of the claim. If a suit is brought

against Landlord or any of its agents, servants or employees, Landlord shall expeditiously forward or have forwarded to Tenant every demand, complaint, notice, summons, pleading or other document received by or then in possession of Landlord or its representatives.

C. It is expressly agreed and understood that any approval by Landlord of the work performed and/or reports, plans and specifications provided by Tenant shall not operate to limit the obligations of Tenant assumed pursuant to this Agreement or this Paragraph 27.

D. Tenant's liability pursuant to this paragraph shall continue after the End of Term of this Lease with respect to any liability, loss, expense or damage resulting from acts, errors or omissions occurring prior to such termination or expiration.

E. Tenant's indemnification obligations are not limited by, but are in addition to, the insurance obligations contained in this Lease.

F. Landlord for itself, its successors and assigns, shall assume all risks and liabilities arising out of any use or occupation of the Leased Premises by its employees, agents and servants during the term of this lease. Landlord covenants to defend, protect, indemnify and save harmless Tenant and hereby releases Tenant and each of its officers, agents, employees, successors and assigns from and against any and all such liabilities, losses, damages, costs, expenses (including reasonable attorney's fees and expenses), causes of action, suits, claims, demands or judgments of every nature arising from or claimed to arise from Landlord's use of the Leased premises.

28. REPORT OF INJURY

Any material injury which shall occur to Tenant, its employees, agents, contractors or invitees express or implied requiring medical intervention of which Tenant shall be aware, shall be reported to Landlord in writing within seventy two (72) hours of the incident.

29. INSURANCE

A. Tenant shall, at its sole cost and expense, obtain and maintain at all times following the execution of this Agreement and thereafter during the Term of this Lease and require any person providing any service and/or conducting any activity on the Leased Premises to secure and maintain in force at all times during the provision of any service and/or conduct of any activity as a part of Tenant's operation of the of the uses contemplated in this Lease Agreement, insurance on the Leased Premises of the types and in the amounts hereinafter provided:

(i) commercial general liability insurance as broad as the standard coverage form currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage (including coverage for protection and indemnity, Tenant owned or operated motor vehicles, broad form contractual liability, completed operations and broad form property damage endorsements) against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises. Limits of liability shall be such amounts as Landlord may reasonably require, considering

such amounts as are customarily at the time maintained by owners of commercial establishments of a size and character similar to that of the uses contemplated in this Lease Agreement, but in any event not less than \$2,000,000.00 with respect to bodily injury, death or property damage combined single limit per occurrence;

(ii) property insurance to cover loss or damage on a "Special Form" of physical loss form of coverage including but not limited to collapse, loss or damage occasioned by fire, the perils included in the so-called extended coverage endorsement, flood, water damage and containing Replacement Cost, Agreed Value and Improvements and Betterments endorsements covering the Leased Premises and all Improvements now or hereafter located on the Leased Premises including all fixtures, equipment and other property attached thereto and/or physically incorporated therein, the foregoing coverage to be provided in amounts sufficient to provide one hundred (100%) percent of the full replacement cost of the Leased Premises and all Improvements subject to a deductible provision not in excess of \$25,000.00 provided, however, that Tenant shall be responsible for any and all claims as though there was no deductible. The Tenant shall use all reasonable endeavors to procure that the said policy shall be written so as to provide that the insurer waives all right to subrogation against either Landlord or Tenant in connection with any loss or damage covered by the policy. Said policies shall provide that the losses there under shall be paid as provided in Paragraph 30 hereof;

(iii) property insurance to cover loss or damage on an "Special Form" of physical loss form of coverage against fire, loss, theft and damage on the contents of the Leased Premises owned by Tenant. Said insurance shall be in an amount not less than the appraised value of those contents. Tenant shall obtain and provide, at its own cost and expense, an initial appraisal of the contents owned by Tenant for the purpose of obtaining and maintaining the aforementioned insurance. The Tenant shall use all reasonable endeavors to procure that the said policy shall be written so as to provide that the insurer waives all right of subrogation against either Landlord or Tenant in connection with any loss or damage covered by the policy;

(iv) workers compensation and employers liability insurance of the type and in the amounts required by the laws of the State of New Jersey now or subsequently in effect;

(v) Miscellaneous. To include but not be limited to crime, plate glass, sign, innkeeper's liability, adjacent property liability, earthquake and flood and insurance against other operating risks; and

(vi) Dram Shop. (Liquor Law Legal Liability). A certificate obtained by Tenant or such other successors or concessionaires, providing Dram Shop Liability coverage naming, in the case of a certificate provided by Tenant or such other successor Lessee, the Landlord as an additional insured in the limits set forth in Paragraph 18 above.

B. All insurance provided for under the foregoing provisions of this Article shall be effected by policies issued by insurance companies of sound and adequate financial responsibility, qualified to do business and with operations in the State of New Jersey and shall name the County of Somerset and Somerset County Improvement Authority and the Somerset County Park Commission as additional insureds. Tenant shall deliver copies of

certificates of insurance with respect to the policies of insurance so procured, including existing additional and renewal policies, to the Landlord or the County's authority as the Landlord may designate. In the case of insurance policies about to expire, Tenant shall deliver copies of Certificates of Insurance with respect to the renewal policies to the Landlord not less than thirty (30) days prior to the respective dates of expiration.

C. Prior to the Effective Date, Tenant shall submit to Landlord Certificates of Insurance in form and substance satisfactory to Landlord as evidence that Tenant has obtained insurance coverage in accordance with this Lease. The Tenant shall use all reasonable endeavors to procure that the Certificates shall provide for thirty (30) days notice in writing to Landlord prior to any cancellations, expiration or non-renewal during the term the insurance is required to be maintained in accordance with this Lease. Tenant shall provide Landlord with valid Certificates of Renewal upon the expiration of the policies so that Landlord is in continuous possession of documentation that Tenant has at all times obtained and maintained all insurance coverage required under this Lease. Tenant shall, upon request, provide Landlord with copies of each policy required under this Lease certified by the agent or underwriter to be true copies of the policies provided to Tenant.

D. The limits of insurance coverage shall be increased from time to time to meet changed circumstances including but not limited to changes in the U.S. Consumer Price Index and changes indicated by the course of plaintiff's verdicts in personal injury actions provided those changes are to limits that are ordinary and customary in the real estate industry in New Jersey for commercial leases of buildings and property of similar size.

E. Tenant expressly understands and agrees that any insurance protection required by this Lease shall in no way limit Tenant's obligations assumed in this Lease, and shall not be construed to relieve Tenant from liability in excess of such coverage, nor shall it preclude Landlord from taking such other actions as are available to it under any provision of this Lease or otherwise at law.

F. Special Endorsements. All policies of insurance provided for under this Article shall, to the extent reasonably obtainable, have attached thereto (i) an endorsement that such policy shall not be cancelled or materially changed without at least ninety (90) days' prior written notice to the Landlord and Tenant; and (ii) an endorsement to the effect that no act or omission of the Landlord and Tenant shall affect the obligation of the insurer to pay the full amount of any loss sustained by Landlord.

30. CASUALTY AND APPLICATION OF PROCEEDS OF PROPERTY INSURANCE

A. If the Leased Premises or any part thereof shall be damaged or destroyed by fire, the elements or other casualty, Tenant shall: (i) as promptly as possible after Tenant has knowledge of such damage or destruction, notify Landlord thereof; and (ii) with all due diligence, with received proceeds of insurance, repair, restore and rebuild the Leased Premises so that the repaired, rebuilt or newly constructed Leased Premises and Improvements shall be at least equal in appearance, stability, permanency of construction, usefulness and value to the Improvements immediately prior to the damage or destruction. All repairs, restoration and rebuilding shall be completed by Tenant in accordance with the requirements of Paragraph 16 hereof to the same extent as though said work is an

Improvement. This Lease shall remain in full force and effect during any period of such damage or destruction unless there is a total loss of the main building on the Leased Premises. In that event Tenant shall have the option to terminate the lease and collect any insurance monies over and above the actual reconstruction costs incurred as set forth below. Tenant shall be solely entitled to any and all insurance benefits for lost records and lost profits or income. If a partial destruction of the Leased Premises occurs, the Rent shall abate to the extent (percentage) of the Leased Premises that becomes unusable in light of the destruction rendering a portion of the Leased Premises untenable so as to preclude the operation of the uses permitted pursuant to this Lease Agreement. If the Leased Premises are rendered untenable, the Rent shall abate until the Premises can again be operated for the uses permitted pursuant to this Lease Agreement. If the Leased Premises shall be partially damaged or destroyed so as to effectively limit the use of a portion of the Leased Premises for the uses permitted pursuant to this Lease Agreement, then the Rent shall abate for the portion of the Premises effectively limited until such time as effective use of the Premises can be completely restored. The requirement of all due diligence of Tenant in restoring the Leased Premises shall be subject to a reasonable opportunity to adjust the loss with insurance companies and to Tenant's inability to obtain labor and material where such inability is not due to Tenant's own fault.

B. To the extent allowed by any lender's requirements and the terms of any loan documents in effect for financing obtained by the Tenant for this project, all property insurance shall provide that losses there under shall be payable in all cases to a trustee, for the benefit of Landlord and Tenant as their interests may appear. The trustee shall be mutually agreeable to the parties and in the event they cannot agree the parties shall submit the issue to dispute resolution as defined in Paragraph 25 above. Said insurance policies shall from time to time as written be delivered to such trustee to be held by it for Landlord and Tenant. Tenant shall forward to the trustee Certificates of renewal together with evidence of payment of premiums so that the trustee is at all times in possession of documentation that Tenant has obtained and is maintaining property insurance in compliance with the requirements of this Lease. The trustee of Landlord and Tenant for the purpose of holding such insurance policies and receiving payments of losses there under shall at all times be a bank or trust company or other entity that is experienced in performing the duties of trustee as described in this paragraph. Either Landlord or Tenant shall have the right at any time to dismiss the insurance trustee, upon reasonable notice to the other party and to the then trustee. A new trustee shall be named by mutual written agreement of Landlord and Tenant. Landlord and Tenant shall each pay one-half of the charges and expenses of the insurance trustee upon written demand by the trustee.

C. All proceeds of any insurance in case of loss are to be paid to the insurance trustee to be held, paid and used solely for repairing, rebuilding and restoration of the Leased Premises and Improvements on account of the injury or destruction of which such insurance monies have been paid. Insurance Trustee shall use such insurance monies for the repair or reconstruction of the Leased Premises and such Improvements and shall provide any additional sums which may be required to complete the repair or reconstruction thereof so that repaired, rebuilt or newly constructed Improvements shall be at least equal in appearance, stability, permanency of construction, usefulness and value to the Improvements immediately prior to the damage or destruction. The repair, rebuilding and restoration of the Leased Premises required under this paragraph shall be subject to the provisions of paragraph 16 hereof to the same extent as though such repair or

restoration was an Improvement. The insurance monies shall be paid out by the trustee from time to time as the work of rebuilding, reconstruction or repair shall progress on bona fide certificates of a supervising architect at the rate of ninety (90%) percent of the amounts provided by the insurance company for labor and materials as shown by such certificates, the remaining ten (10%) percent to be paid to Tenant after such repairing or rebuilding shall have been completed and Tenant shall have furnished to the trustee satisfactory evidence that all claims and demands for labor or materials used or furnished in repairing or rebuilding have been paid in full or that no claim or lien can accrue or be enforced against any part of the improvement on account thereof. The ten (10%) percent allocated to the Tenant shall be used as an incentive to bring the repair project in for less than the quoted or estimated cost and to compensate it for the management time put into the project. Notwithstanding anything contained herein to the contrary, in the event that both parties reach an agreement that reconstruction should not take place and reach an agreement as to an allocation of the insurance proceeds the parties may elect not to proceed with reconstruction and instead accept the insurance proceeds. In the event that the loss is of an out building and not the main structure that includes the spa, the parties shall negotiate a reduction in Rent in good faith based on the loss of said structure, unless the structure is reconstructed in accordance with this Paragraph.

D. If the amount of the net insurance proceeds received by the Insurance Trustee exceeds the cost and expense of such restoration, the Insurance Trustee shall pay to the Tenant any such excess. No payment of any such excess shall be made to Tenant if any monetary event of default of this Lease or any default which can be cured upon the payment of the excess insurance funds shall have happened and be continuing. In such event, any such funds shall be paid to Landlord to be applied to the complete or partial cure of such default.

31. DAMAGE CLAUSE

If the Leased Premises or any Improvements (including utility systems or material equipment thereon) is damaged or lost by any cause arising out of or related to any act, error or omission of Tenant, its agents, servants, employees, contractors or invitees, then Tenant shall with all due diligence, at Tenant's sole cost and expense, repair, restore and rebuild the Leased Premises so that the repaired, rebuilt or newly constructed Improvements shall be at least equal in appearance, stability, permanency of construction, usefulness and value to the Improvements immediately prior to the damage. Tenant shall complete all repairs in accordance with the requirements of Paragraph 16 hereof to the same extent as though said repair is an improvement.

32. TAXES AND ASSESSMENTS

Subject to paragraph 48, Tenant shall promptly pay when due all taxes and assessments together with interest and penalties thereon, which are levied upon or assessed with respect to the Leased Premises and/or the leasehold estate hereby created following the execution of this Agreement and up to the End of Term. Immediately upon receipt of any such tax bill or assessment, Tenant shall forward a copy of same to Landlord. If any assessment is made or any tax is levied against the Leased Premises or leasehold estate which may be legally paid in installments, Tenant shall have the option to pay such tax or assessment in installments, except that each installment thereof, and any

interest thereon, shall be paid by the final date fixed for the payment thereof, and the whole amount thereof shall be paid prior to the End of Term of this Lease. Within thirty (30) days following the due date for payment of any such tax, assessment or installment thereof, Tenant shall submit to Landlord a receipt, cancelled check or such other evidence required by Landlord documenting that such tax, assessment or installment has been paid in a timely manner as above provided. In the event that such tax or assessment is not paid in full prior to the expiration or termination of the Term of this Lease, the payment thereof shall remain a continuing obligation of Tenant after the expiration or termination of this Lease. Payments shall be made directly by the Tenant to the taxing authority.

33. ASSIGNMENT

A. Tenant shall not assign or transfer this Lease or Tenant's responsibilities under this Lease or the operations authorized hereunder without first obtaining the express written approval thereof of Landlord, which approval shall not be unreasonably withheld or delayed and shall be provided by the Landlord after reviewing and determining that the business reputation, the financial standing, operational experience and the type of business or style of operation of the proposed assignee is satisfactory and complies with the terms and conditions of this Lease Agreement. Prior to any assignment, Tenant shall notify the prospective assignee in writing that the assignment cannot be executed without first obtaining the approval of Landlord, which approval shall not be unreasonably withheld or delayed. Tenant shall request in writing Landlord's approval of the proposed assignment and shall include with said request all relevant documents related to the assignment and the names and qualifications concerning the assignee's ability to perform the operation of the Tenant. Such assignment shall be in writing and Tenant shall furnish Landlord with a copy of same and an assumption agreement in writing wherein the assignee assumes full, faithful and due performance of all covenants, conditions and obligations of this Agreement to be kept, performed and observed by Tenant and the assignee. Upon Landlord's approval of the assignment and Tenant's delivery of such assignment and assumption agreement to assignee, all liabilities and obligations on the part of Tenant accruing after the effective date of such assignment shall terminate and, upon the effective date of such assignment and thereafter, all liabilities and obligations of Tenant under this Lease shall be binding upon the assignee. No assignment shall be permitted if Tenant is in default under any of the terms and conditions of this Lease at the time that Landlord's approval of any such assignment is requested and on the effective date of such assignment. Any assignment executed without first obtaining the express written approval thereof by Landlord shall be null and void and shall constitute grounds for termination of this Lease.

B. Landlord, in exercising the discretionary authority set forth herein, shall, among other matters, take into consideration the financial qualifications, the management qualifications of the person(s) or entities which would thereby obtain an interest in the Leased Premises, the experience of such individuals or entities with the uses contemplated in this Lease Agreement (and the ability of such individuals or entities to operate the Leased Premises in accordance with the terms and conditions of this Agreement). In the consideration of any proposed assignment, Landlord reserves the right to require the proposed assignee to demonstrate compliance with or the ability to comply with the requirements of this Lease. No assignment shall become effective without first obtaining the written approval of Landlord as to the terms and conditions thereof and the ability of the proposed assignee. In approving any assignment, Landlord reserves the right to set

conditions based upon a consideration of the qualifications and the financial ability of the proposed assignee to perform the obligations of tenant under this Lease. Without limitation, Landlord's discretionary approval shall be based upon Landlord's determination that the assignment does not alter the rights, obligations and liabilities of Landlord and Tenant under this Lease. Tenant shall be solely entitled to any and all profits obtained from the assignment of the Lease.

C. Any consent given by Landlord for a particular assignment shall not constitute a waiver of the necessity for such consent to any subsequent assignment. In each instance of a permitted assignment, a duplicate original or a certified copy thereof in recordable form shall be delivered to Landlord within ten (10) days after execution, together with an assumption agreement duly signed and acknowledged by the assignee.

D. The assignment or divestiture by Tenant of its leasehold interest in this Lease shall not relieve Tenant of any obligations and liabilities, actual or contingent, accruing under this Lease on or prior to the date of such assignment or divestiture.

E. The Landlord shall not assign the Lease without the prior written consent of the Tenant which consent shall not be unreasonably withheld or delayed except that an assignment to another entity, agency or subdivision of Somerset County, including Somerset County and/or the Somerset County Park Commission or any successor entity to the Landlord shall be permitted.

34. SUBLETTING

A. Tenant shall not sublet the Leased Premises or any part thereof without first obtaining the express written approval thereof by Landlord, which approval shall not be unreasonably withheld or delayed. Prior to any sublease, Tenant shall notify the prospective subtenant in writing that the sublease cannot be executed without first obtaining the approval of Landlord. Notwithstanding any subletting, Tenant shall at all times remain fully responsible and liable for the payment of any Rent and/or Additional Rent herein specified and for compliance with all of the Tenant's other obligations under this Lease. Any sublease executed without first obtaining the written approval thereof by landlord shall be null and void.

B. Any subletting shall be made solely upon the following terms and conditions:

(i) Tenant shall give Landlord at least thirty (30) days prior written notice of any proposed sublease together with a statement containing the name and address of the proposed subtenant, comprehensive description of the proposed use by subtenant, description of Improvements to Leased Premises necessary for the subtenant's use, and a copy of the proposed sublease. Landlord shall approve the proposed sublease if Landlord, acting reasonably, determines that the proposed use and any Improvements by subtenant and the terms and conditions of the sublease are consistent with this Lease. Landlord shall either approve or disapprove the proposed sublease by notice to Tenant within thirty (30) days after receipt of the notice from Tenant. Without limitation, Landlord's approval shall be conditioned upon the subtenant agreeing to indemnify, protect, defend and save harmless Landlord and obtaining such types and amounts of reasonable insurance coverage required by Landlord. Any insurance coverage required by Landlord shall be obtained and

maintained by subtenant in compliance with this Lease and shall name Tenant and Landlord as additional insured.

(ii) There shall be no event of default by Tenant under any of the terms, covenants and conditions of this Lease at the time that Landlord's approval of any such subletting is requested and the date of the commencement of the term of any such proposed sublease.

(iii) Upon receiving Landlord's written approval, a duly executed copy of the sublease together with a certificate of insurance documenting that the subtenant has obtained such insurance coverage as shall be prescribed by Landlord as a condition of its approval of the sublease shall be delivered to Landlord within ten (10) days after the execution thereof. Any such sublease shall provide that the subtenant shall comply with all applicable terms and conditions of this Lease to be performed by Tenant. Tenant shall be responsible for assuring subtenant's compliance with this lease.

(iv) In no event shall any permitted subtenant assign its sublease or further sublet all or any part of its sublet space without Landlord's prior written approval, such approval not to be unreasonably withheld or delayed.

(v) Prior to the commencement of any improvement to and any use or occupancy of the sublet space, Tenant shall deliver to Landlord satisfactory written documentation that all licenses, certificates, permits and approvals have been obtained from all federal and state authorities having jurisdiction over subtenant's proposed use; and

(vi) Any consent given by Landlord to a particular sublease shall not constitute a waiver of the necessity for Tenant to obtain Landlord's approval of any subsequent sublease.

35. LIENS

A. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien or other encumbrance upon the reversion or other estate of Landlord, or of any interest of Landlord in the Leased Premises, or any Improvements thereon; it being agreed that should Tenant cause any alterations, rebuilding, replacements, changes, additions, improvements or repairs to be made to the Leased Premises, or labor performed or material furnished therein, thereon or thereto, neither Landlord shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished, but all such alterations, rebuilding, replacements, changes, additions, improvements, repairs, labor and material shall be made, furnished and performed at Tenant's expense, and Tenant shall be solely and wholly responsible to the contractors, laborers and material men furnishing and performing such labor and material. Notwithstanding anything contained herein to the contrary, Tenant shall not be deemed in violation of this Lease if a supplier or contractor files a proper claim under the New Jersey revised Mechanics Lien Law, but Tenant shall be responsible to satisfy or obtain a discharge of any said lien at its sole cost and expense.

Tenant shall be solely responsible for adjusting and handling the mechanics lien claim and shall post a bond or cash in the amount of the claim and arbitrate the claim in accordance with the New Jersey Mechanics Lien Law procedure as soon as possible. Tenant shall keep the Landlord apprised of the status of the claim.

B. If, because of any act or omission (or alleged act or omission) of Tenant, any mechanic's or other lien, charge or order for the payment of money shall be filed against the Leased Premises or any Improvements thereon, or against Landlord (whether or not such lien, charge or order is valid or enforceable as such), Tenant shall, at its own cost and expense, cause the same to be cancelled and discharge of record or bonded within twenty (20) days after notice to Tenant of the filing thereof, and Tenant shall indemnify and save harmless the Landlord against and from all costs, expenses, liabilities, losses, damages, suits, fines, penalties, claims and demands, including reasonable counsel fees resulting there from.

C. Tenant shall, upon completion of any repairs, replacements or Improvements, provide Landlord with a signed copy of any and all liens, said statement indicating that all contractors have been paid and all liens have been discharged.

36. LEASEHOLD MORTGAGE

From time to time during the Term of this Lease, and in connection with the construction or the refinance of the Improvements on the Leased Premises, contemplated by this Lease, Tenant may create one or more Leasehold Mortgages upon Tenant's leasehold interest with the prior written consent of Landlord provided that:

(i) no such Leasehold Mortgage shall extend to or affect the fee, the reversionary interest or the estate or interest of Landlord in the Leased Premises;

(ii) prior to Landlord's approval of any Leasehold Mortgage, Landlord and Tenant execute an amendment of this Lease setting forth all the terms and conditions under which such Leasehold Mortgage shall be binding on Landlord in the enforcement of its rights under this Lease against Tenant, Leasehold Mortgagee or a purchaser at foreclosure; said terms shall be consistent with the provisions of this Lease.

(iii) Landlord determines that the Leasehold Mortgage is solely for the purposes of this Lease; and

(iv) no such Leasehold Mortgage shall be effective unless said Leasehold Mortgage agreement is approved by Landlord in writing. Landlord's consent shall not be unreasonably withheld or delayed with the understanding that Tenant fully intends to finance the construction of the improvements and then apply and obtain a leasehold mortgage with a lending institution or individual consistent with the term of the Lease and Tenant's interest in the Lease.

37. LANDLORD'S ACCESS TO LEASED PREMISES

A. Landlord, its agents or employees, shall have the right of ingress and egress on, over and across the Leased Premises for access to, maintenance, development and

operation of adjacent County-owned property which shall be done on 24 hours verbal notice to the Tenant so that security can be advised accordingly. Landlord shall indemnify and hold the Tenant harmless from any and all claims arising out of Landlord's access to Tenant's property, including reasonable attorney's fees that may be associated with Tenant's cost of defense of any claim associated with Landlord ingress/egress access to the Leased Premises.

B. Landlord, its employees or authorized representative, shall have the right to enter upon and inspect the Leased Premises and Tenant's operation thereof and take such action as Landlord may deem necessary to assure compliance by Tenant with the terms and conditions of this Lease and/or to correct any condition resulting from Tenant's failure or omission to comply with the terms and conditions of this Lease. Landlord will make best efforts in order to limit its inspection to no more than once every six (6) months.

C. Landlord shall exercise its rights under paragraphs 37A and 37B above in such a manner as not to damage Tenant's property or unreasonably interfere with Tenant's activities in light of the nature and extent of Landlord's activities necessary to ensure Tenant's compliance with this Lease.

38. COMPLIANCE AND PERFORMANCE EVALUATION

Landlord and Tenant shall conduct an annual evaluation and compliance review meeting each Calendar Year. The meetings shall occur in January and shall review all aspects of the Tenant's operation of the Leased Premises to ensure that all terms and conditions of this Lease are clearly understood by both Landlord and Tenant. The meetings shall be held on the Leased Premises with appropriate staff of the Landlord and/or Somerset County and/or the Somerset County Park Commission, and a management/supervisory representative of Tenant. An evaluation form shall be utilized to document the evaluation meeting which shall identify deficiencies, corrective action required, and schedule for implementation of corrective action. A copy of the completed evaluation form shall be provided to the Landlord and the management/supervisory representative of Tenant, and shall be attached to and made a part of this Lease.

39. SUSPENSION OF OPERATIONS

Landlord may, in its sole discretion, suspend, delay or interrupt all or any part of its operation of the of the remaining County lands other than the Leased Premises for such period of time as Landlord determines to be appropriate to protect County-owned property, to protect public health, safety and welfare, of the public. During that period of any suspension of activities, Tenant shall not allow its employees, representatives, agents or servants to utilize the County property other than the Leased Premises and use of the driveway ingress and egress. The Tenant's obligation to pay rent will be suspended if Landlord's activities cause the Tenant to suspend activities on the Leased Premises during the period that Tenant's activities are suspended.

40. TERMINATION

A. This Lease may be terminated by Landlord upon the occurrence of any of the following events of default by Tenant, namely:

(i) Tenant's failure to: (a) obtain a renewal of the insurance set forth in Paragraph 29 above and required by this Lease upon expiration of the policies; or (b) pay, when due, any Rent, Percentage Rent, Additional Rent or other sums required to be paid by Tenant hereunder and the continuation of such failure under (a) or (b) above for sixty (60) days after Tenant's receipt of written notice thereof from Landlord served by Certified Mail, Return Receipt Requested; or

(ii) Tenant's failure to perform any of the covenants, agreements and conditions set forth in this Lease which result in a significant risk of health to the public, Landlord's employees or Tenant's guests at the Leased Premises, and such failure shall continue for sixty (60) days after the date of receipt of written notice from Landlord of such failure, or if such failure is of such character as cannot reasonably be cured within such sixty (60) days, and Tenant fails to initiate within said sixty (60) days such actions as reasonably can be taken towards curing the same and/or fails to prosecute in good faith such action as diligently as soon as reasonably possible after such action is initiated

(iii) failure to abide by the provisions of Paragraph 33;

Upon termination by the landlord in accordance with Clause 40, Tenant shall be allowed with the prior approval of Landlord (such approval not to be unreasonably withheld or delayed) to re-enter the Leased Premises and satisfy any outstanding contracts entered into by Tenant. Any/all compensation due and owing to Landlord must be satisfied in advance of satisfying said contractual obligation.

B. In the event of the Landlord's failure to perform any covenant, agreement or condition set forth in this Lease which results in a significant risk of health to the public or any material covenant of this Agreement, and said failure continues for a period of sixty (60) days after the date of receipt of written notice from the Tenant to the Landlord of such failure, or such failure of such character cannot reasonably be cured within such sixty (60) days, and Landlord fails to initiate its actions as reasonably can be taken towards curing the same and/or fails to prosecute in good faith such action as diligent, fails to prosecute in good faith such actions diligently, as soon as reasonably possible after such action is initiated, Tenant shall have the right to terminate this Lease, upon sixty (60) days written notice, which right shall be in addition to Tenant's right to cure any such default by the Landlord and offset the reasonable costs of the cure against any payment of rent.

C. Tenant may terminate this Lease upon the occurrence of Unforeseen Events as defined in Paragraph 24B of this Lease Agreement by giving to the Landlord not less than one (1) year's written notice.

D. In the event Tenant uses the Leased Premises or any part thereof for any purpose not authorized under this Lease, or abandons for a period of sixty (60) days or more, the Landlord may terminate this Lease upon sixty (60) days written notice served upon Tenant by Certified Mail, Return Receipt Requested if Tenant's failure to perform shall continue for sixty (60) days after the date of receipt of written notice from the Landlord of such alleged failure, and the Tenant fails to cure the violation.

E. In the event of a claim of breach resulting in termination of the Lease by either side which is disputed, the parties hereby agree to submit the issue to immediate dispute resolution as provided for in Paragraph 25 of this Agreement.

41. CUMULATIVE REMEDIES; WAIVER

A. Any and all rights and remedies which either party may have under this Lease or by operation of law, either at law or in equity, by reason of a breach by the other party shall be distinct, separate and cumulative and shall not be deemed inconsistent with any other right or remedy and any two or more or all of such rights and remedies may be exercised at the same time.

B. Failure of either party to insist at any time upon the strict performance of any covenant or agreement, or to exercise any option, right, power or remedy contained in this Lease, or to complain of any act or omission on the part of the other party, no matter how long same may continue, shall not be deemed a waiver by said party of any of its rights hereunder. No waiver by either party at any time express or implied of breach of any provision of this Lease shall be deemed a waiver of breach of any other provision or a consent to any subsequent breach of the same or any other provision. The consent to or approval of any action on any one occasion by either party hereto shall not be deemed a consent to or approval of any other action on the same or any subsequent occasion. No waiver by either party of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by the party sought to be charged with the waiver.

C. Acceptance by either party of any of the benefits of this Lease with knowledge of any breach thereof by the other party shall not be deemed a waiver by the party receiving the benefit of any rights or remedies to which it is entitled hereunder or by law.

42. BANKRUPTCY OR INSOLVENCY OF TENANT

The following shall apply in the event of the bankruptcy or insolvency of Tenant:

A. If a petition is filed by, or an order for relief is entered against Tenant under Chapter 7 of the Bankruptcy Code, and the trustee of Tenant elects to assume this Lease for the purpose of assigning it, the election or assignment, or both, may be made only if all of the terms and conditions of this paragraph 42 are satisfied. If the trustee fails to elect to assume this Lease for the purpose of assigning it within sixty (60) days after the trustee's appointment, this Lease shall be deemed to have been rejected. Landlord shall then immediately be entitled to possession of the Leased Premises without further obligation to Tenant or trustee, and this Lease will be canceled. Landlord's right to be compensated for damages in the bankruptcy proceeding shall, however, survive.

B. If Tenant files a petition for reorganization under Chapters 11 or 13 of the Bankruptcy Code, or if a proceeding is filed by or against Tenant under any other chapter of the Bankruptcy Code and is converted to a Chapter 11 or 13 proceeding and Tenant's trustee or Tenant as a debtor-in-possession fails to assume this Lease within sixty (60) days from the date of filing of the petition or conversion, the trustee or the debtor-in-possession will be deemed to have rejected this Lease. Landlord shall then immediately be

entitled to possession of the Leased Premises without further obligation to Tenant or the trustee, and the Lease will be canceled. Landlord's right to be compensated for damages in the bankruptcy proceeding shall, however, survive. To be effective, an election to assume this Lease must be in writing and addressed to Landlord, and in Landlord's business judgment, all of the following conditions, which Landlord and Tenant acknowledge to be commercially reasonable, must have been satisfied:

(i) The trustee or debtor-in-possession has cured or has provided to Landlord adequate assurance, as defined in this subparagraph B that: (a) the trustee will cure all monetary defaults under this Lease within thirty (30) days from the date of assumption; and (b) the trustee will cure all non-monetary defaults under this Lease within sixty (60) days from the date of assumption.

(ii) The trustee or debtor-in-possession has compensated Landlord, or has provided to Landlord adequate assurance as defined in subparagraphs B(v) and D below that within thirty (30) days from the date of assumption Landlord will be compensated for any pecuniary loss it incurred arising from the default of Tenant, the trustee, or the debtor-in-possession as recited in Landlord's written statement of pecuniary loss sent to the trustee or the debtor-in-possession.

(iii) The trustee or debtor-in-possession has provided Landlord with adequate assurance of the further performance of each of Tenant's obligations under this Lease; provided, however, that (a) the trustee or debtor-in-possession will also deposit with Landlord, as security for the timely payment of rent, an amount equal to one (1) Calendar Year's Rent and other monetary charges accruing under this Lease; and (b) if not otherwise required by the terms of this Lease, the trustee or debtor-in-possession will also pay in advance for one (1) Calendar Year an amount equal to Tenant's annual obligations under this Lease; and (c) from and after the date of assumption of this Lease, the trustee or debtor-in-possession will pay the Rent in advance on each day that the Rent is payable; and (d) the obligations imposed on the trustee or the debtor-in-possession will continue for Tenant after the completion of the bankruptcy proceedings.

(iv) Landlord has determined that the assumption of this Lease will not breach any provision in any Federal or State law, rule or order by which Landlord is bound relating to the land comprising the Leased Premises.

(v) For the purpose of this subparagraph B, "adequate assurance" means that: (a) Landlord will determine that the trustee or debtor-in-possession has, and will continue to have, sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the trustee or debtor-in-possession will have sufficient funds to fulfill Tenant's obligations under this Lease; and (b) an order will have been entered segregating sufficient cash payable to Landlord to secure to Landlord the obligation of the trustee or debtor-in-possession to cure the monetary or non-monetary defaults under this Lease within the time periods set forth above.

C. In the event that this Lease is assumed by a trustee appointed for Tenant or by Tenant as a debtor-in-possession under the provisions of subparagraph B above and if Tenant is then either adjudicated a bankrupt or files a subsequent petition for arrangement

under Chapter 11 of the Bankruptcy Code, then Landlord may terminate this Lease and all Tenant's rights under it by giving written notice of Landlord's election to terminate.

D. For the purposes of this paragraph, "adequate assurance for future performance" means that Landlord has ascertained that each of the following conditions have been satisfied:

(i) The assignee has submitted a current financial statement, audited by a certified public accountant, that shows a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by the assignee of Tenant's obligations under this Lease; and

(ii) The assignee will obtain guarantees, in form and substance satisfactory to Landlord, from a surety company.

E. Neither Tenant's interest in this Lease nor any estate of Tenant created in this Lease will pass to any trustee, receiver, assignee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state or country having jurisdiction of the person or property of Tenant, unless Landlord consents in writing to the transfer. Landlord's acceptance of Rent or any other payments from any trustee, receiver, assignee, person or other entity will not be deemed to have waived, or waive, the need to obtain Landlord's consent or Landlord's right to terminate this Lease for any transfer of Tenant's interest under this Lease without that consent.

43. TENANT TERMINATION

The Tenant shall have the option to terminate upon a minimum of one (1) year's advance written notice once the Term of the Lease has commenced. This right is in addition to any contingencies set forth herein during the planning and approval process or during the Term set forth herein.

44. ANNUAL BALL OR EVENT

Tenant hereby agrees to host/run two (2) yearly afternoon or evening balls or events at the Leased Premises for the benefit of the Landlord or its assigns. Tenant shall provide for a party planner at its own cost and expense but Landlord shall be responsible to reimburse the Tenant for the actual costs of food, beverages and other costs associated with hosting the Event and plus the actual costs of the Tenant's usual personnel for hosting such an event or the personnel requested by the Landlord in order to host such an event. The specific date and time shall be mutually agreeable to both parties. The ball or event shall take place on the Leased Premises and the balance of the monies from the sale of tickets or fees for the event shall be donated to the Landlord and or its assigns. The parties acknowledge that it would be in the best interest of both parties to conduct the evening ball or event during the warmer months where at least a portion of the event can be held outside.

45. APPROVED PLANS

It is understood by both parties that this project will require a substantial amount of time, effort, and money to develop the plans required for this Facility. Tenant has already engaged the design architect and is incurring costs to prepare plans to be submitted to the Landlord for review. Once the Landlord has accepted the final plans submitted by the Tenant for its review as well as acceptance of any cost estimates for the construction and approval of the project, the Tenant shall have, within one hundred twenty (120) days from the acceptance by the Landlord, the right to terminate this Lease in the event that the financial models and figures for the project indicate, in Tenant's sole discretion, that the project is not viable. Additionally, in the event prior to commencement of construction of the premises, Tenant is not able to obtain financing for the construction and/or improvement of facilities which provide for interest rates in an amount not to exceed five and one-half (5.5%) percent, Tenant shall have the right to terminate this agreement by providing for termination in writing to the Landlord by certified mail. The financing contingency must be met or waived by the Tenant no later than ninety (90) days after acceptance of the final plans by the Landlord.

46. CONDITIONS PRECEDENT

Landlord hereby acknowledges that the Tenant would be unable to use the Leased Premises for the purposes contemplated by this agreement if Tenant did not receive any and all approvals required to build the building or buildings required for Tenant's operations in accordance with its business plan. Therefore, this lease is specifically contingent upon the following conditions and covenants:

a. Tenant obtaining the approval of all public and governmental authorities as to all matters relating to zoning, site planning, engineering, ingress and egress, commercial deliveries, special use permits or similar requirements for the Tenant to build and operate the Tenant's facilities described herein in accordance with the final plans and specifications of the Tenant (as approved by the Landlord), that will permit the Tenant to obtain all permits and licenses required to build, develop, and operate the Facility on the Leased Premises

b. That the water, gas mains, electric power lines and feeds, sanitary and storm sewers being located on or in the vicinity of the public right of way being available and reasonably accessible for the Tenant's proposed use. Landlord agrees to extend or provide access and or easements to serve the Tenant's Facility across the balance of the Landlord's property to service the Tenant's Facilities provided said access does not materially interfere with Landlord's use of the remaining property.

c. Tenant obtaining all necessary government approvals, licenses, and permits, of any type, for the construction and operation of the Facility, including Tenant's signs in accordance with the final plans and specifications of the Tenant, to which end Landlord will cooperate in the permit\approval process and execute such documents (as County counsel shall deem reasonable), and make such appearances and do such other things in its power to assist Tenant in obtaining all required approvals as quickly as possible and such other things as Tenant may reasonably request.

d. Landlord providing Tenant's professionals with copies of any and all available existing surveys, topography studies, location of all available utilities, legal descriptions, or title documents regarding the Leased Premises.

e. Landlord providing Tenant's professionals with copies of any and all available existing environmental surveys or studies, any test boring reports, lab reports, UST studies or any other documents reflecting the existing condition of the Mansion including but not limited to the existence of asbestos wrapped pipes in the Mansion structure and the Leased Premises as well as all new reports and studies as the project continues.

f. Tenant obtaining acceptable access from the public thoroughfare (County Route 512) so that the access will adequately serve the Tenant's facilities in Tenants sole discretion.

g. Tenant obtaining all necessary government approvals, licenses, and permits, of any type, from the New Jersey Department of Environmental Protection and/or all other governmental agencies and authorities for the design, construction and operation of wastewater management plant or access to sanitary sewer facilities that will have sufficient capacity to service the proposed Tenant's Facility.

h. Tenant locating, inspecting, testing, and reviewing the domestic water system\supply as well as the location of the nearest source of city water and determining at the Tenant's sole discretion that it can adequately and reasonably service the required capacity and quality necessary for the Tenant's facilities.

i. Tenant obtaining all building permits required to construct the Tenant's facilities and related buildings in accordance with the final plans and specifications approved by the parties.

j. Tenant and Landlord successfully reaching an agreement as to the design and layout of the Tenant's facilities and related buildings. It is understood that Tenant shall meet with Landlord's representatives and provide renderings from its architect on a continuing basis.

k. No receiver, liquidator, custodian or trustee of the Tenant or of a major part of either party's property having been appointed subsequent to the Contract Date, and no petition to reorganize the Tenant pursuant to the United States Bankruptcy Code or any similar statute that is applicable to the Tenant having been filed subsequent to the Contract Date; and (ii) no adjudication of bankruptcy or a filing for voluntary bankruptcy under the provisions of the United States Bankruptcy Code or any other similar statute which is applicable to the Tenant shall having been filed.

l. No indictment having been returned against any official of the Tenant with respect to any business transaction, whether or not related to the transactions contemplated by the terms of this Agreement unless the official tenders his resignation to the Company within twenty (20) days after request by the Landlord.

m. No change having occurred subsequent to the date of execution of this Agreement or prior to the Effective Date in any applicable federal, state or local law, or any applicable federal, state or local statute, regulation thereunder or written interpretation thereof by any applicable regulatory authority, that would make the execution or delivery by either party of this Agreement or the compliance by the Landlord with the terms and conditions hereof or the consummation by the Landlord of the transactions contemplated hereby, a violation of such law, statute or regulation, or that would constitute a "Change in Law" as defined in the definition of "Unforeseen Events" in Paragraph 24B hereof.

In the event that the Tenant cannot obtain any and all required approvals or to satisfy any of the other conditions precedent to this Agreement as set forth in paragraph 46 above within a period of three (3) years from the execution of this Contract, the Tenant shall have the option of terminating this Lease immediately by providing the Landlord written notice by certified mail. In the event Tenant terminates pursuant to this provision, there shall be no further costs to either party.

47. CONFLICT BETWEEN LOCAL APPROVALS AND LANDLORDS REVIEW AUTHORITY.

To the extent Landlord's authority to review Tenant's "Initial Improvements" and the uses and operations contemplated and approved for those improvements conflicts with a condition of approval specifically required by the required local approval or by the State or any of its agencies the local authority or State's condition or review shall prevail to the extent Tenant is willing to comply with that condition. In the event that the Tenant prefers Landlord's decision instead of the local governmental or State's requirement or condition, Tenant shall have the option to terminate the Lease immediately upon written notice, certified mail to the Landlord.

48. CONTESTING TAXES

a. Contesting Taxes. If Tenant shall in good faith desire to contest the validity or amount of any tax, assessment, levy, or other governmental charge agreed in this section to be paid by Tenant, Tenant shall be permitted to do so, and to defer payment of such tax or charge, the validity or amount of which Tenant is so contesting, until final determination of the contest, on giving to Landlord written notice thereof prior to the commencement of any such contest, which shall be at least 60 days prior to delinquency, and on protecting Landlord on demand by a good and sufficient surety bond against any such tax, levy, assessment, rate, or governmental charge, and from any costs, liability, or damage arising out of any such contest.

b. Disposition of rebates. All rebates on account of any taxes, rates, levies, charges, or assessments required to be paid and paid by Tenant under the provisions of this Lease Agreement shall belong to Tenant, and Landlord will, on the request of Tenant, execute any receipts, assignments, or other documents that may be necessary to secure the recovery of any rebates, and will pay over to Tenant any rebates that may be received by Landlord.

c. Roll Back Taxes. Tenant's responsibility shall be limited to taxes incurred for its land and the improvements on the leased premises as described in this Lease from the date the local assessor assesses taxes for improvements constructed by the Tenant for those improvements constructed by the Tenant. Landlord shall be responsible for any and all roll back taxes, if any, that are imposed, if any, by any governmental authority for the Leased Premises prior to the commencement of the Lease.

49. ENVIRONMENTAL.

Landlord represents to the Tenant, that the Landlord has not, and to the best of its knowledge, Landlord's predecessors have not at any time used the Leased Premises or any other adjoining land for the dumping or disposal of any hazardous waste or substances, as those terms are defined in the Industrial Site Recovery Act, NJSA 13:1K-6, et seq. (ISRA), nor has the Landlord or to the best of Landlord's knowledge its predecessors, created, suffered or permitted the discharge of hazardous waste or substances, into or under the Leased Premises, nor directly or indirectly into any waterways flowing upon, under or near the Leased Premises, nor does Landlord have any knowledge of such dumping or disposal by any third party or knowledge that any material has been buried on the Leased Premises. Landlord agrees to be responsible for any existing underground storage tank (UST) on the Leased Premises. Landlord also represents that they will obtain and supply to the Tenant for use with Tenant's construction financing, any available Wetlands Letter of Interpretation (if available) only obtained from the New Jersey Department of Environmental Protection. In addition Landlord agrees to make application to the NJDEP for a confirmation that the provisions of ISRA do not apply to the subject transaction or Leased Premises in order to permit the transaction to proceed. Notwithstanding the foregoing, Tenant agrees that it will be responsible for the removal of any asbestos from the heating and/or plumbing system pipes existing buildings or facilities in the Mansion at its own cost and expense.

50. ENVIRONMENTAL INDEMNIFICATION

SECTION A: Indemnity. (a) It is understood between the parties that the Tenant shall only be responsible for the clean up costs related to the disclosed existence of asbestos around the heating system pipes in the Mansion and agrees to be solely responsible for the removal of such asbestos in the event the Tenant proceeds with construction as well as any improper discharge or environmental condition caused by its operations after Tenant assumes occupancy of the premises. As to the balance of the Leased Premises it is the Landlord's responsibility for the environmental conditions and that the Leased Premises, that are existing at the Effective Date. Each Party undertakes to and does hereby protect, indemnify, save and hold harmless the other and its successors and assigns from and against any and all costs, expenses, reasonable attorneys' fees, charges, liability, loss or damage assessed or otherwise determined in, or arising from or in connection with, judgments, orders, claims, suits, demands, binding directives with the force of law, proceedings and investigations arising from or related to the deposit, storage, disposal, burial, dumping, injecting, spillage, leakage, seepage, discharge, emission, placement or release in on or from the Leased Premises, of any Substance which occurred consistent with each parties responsibilities as defined above, including but not limited to:

(i) liability arising out of any violation of any Environmental Law, statute, ordinance, rule, regulation, order or binding directive with the force of law;

(ii) liability for injury to, destruction of, or loss of natural resources including the reasonable cost of assessing injury to, destruction of or loss of natural resources, pursuant to any and all Environmental Laws now or hereinafter promulgated, including but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et seq. ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1251 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., the Clean Water Act, 33 U.S.C. Section 1251 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. ("RCRA"), the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq. ("TSCA"), the Safe Drinking Water Act, 42 U.S.C. Section 300f, the New Jersey Spill Compensation and Control Act ("the Spill Act"), N.J.S.A. 58:10-23.11 et seq., the New Jersey Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq., the New Jersey Hazardous Discharges Law N.J.S.A. 13:1K-15, the New Jersey Industrial Site Responsibility Act ("ISRA"), N.J.S.A. 13:1K-6 et seq., the New Jersey Safe Drinking Water Act, N.J.S.A. 58:12A-1 et seq., the New Jersey Solid Waste Management Act ("SWMA"), N.J.S.A. 13:1E-1 et seq., the New Jersey Sanitary Landfill Facility Closure and Contingency Fund Act ("Landfill Closure Act"), N.J.S.A. 13:1E-100, the New Jersey Toxic Catastrophe Prevention Act ("TCPA"), N.J.S.A. 13:1K-19 et seq., the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq., the New Jersey Comprehensive Regulated Medical Waste Management Act ("Medical Waste Act"), N.J.S.A. 13:1E-48.1 et seq., the New Jersey Lead Acid Battery Disposal Act, N.J.S.A. 13:1E-199 et seq., the New Jersey Coastal Area Facility Review Act ("CAFRA"), N.J.S.A. 13:19-1 et seq., the New Jersey Freshwater Wetlands Protection Act ("Wetlands Act"), N.J.S.A. 13:9B-1 et seq., the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 and the New Jersey Pollution Prevention Act, N.J.S.A. 13:1D-35 et seq., Solid Waste Management act, 35 P.S. orders and/or decrees now or hereafter promulgated pursuant to these statutes; and

(iii) Any and all reasonable costs and expenses, arising from or in connection with any required and necessary investigations, site characterizations, testing, sampling, analytical work, abatements, removals, remedial actions or cleanups, and any and all fines, damages, liens, response costs or penalties, arising under common law or under the provisions of CERCLA, SARA, the Hazardous Materials Transportation Act, the Clean Air Act, the Clean Water Act, RCRA, TSCA, the Safe Drinking Water Act, the New Jersey Spill Act, the New Jersey Water Pollution Control Act, the New Jersey Hazardous Discharge Law, the New Jersey ISRA, the New Jersey Safe Drinking Water Act, the New Jersey SWMA, the New Jersey Landfill Closure Act, the New Jersey TCPA, the New Jersey Waste Control Act, the New Jersey Underground Storage of Hazardous Substances Act, the New Jersey Medical Waste Act, the New Jersey Lead Acid battery Disposal Act, the New Jersey CAFRA, the New Jersey Wetlands Act, the New Jersey Air Pollution Act, or any other federal, state or local statute, law, regulation, ordinance, rule or pursuant to any order, judgment or other binding directive with the force of law of any court, administrative body, governmental authority or any person having jurisdiction or authority with respect hereto, specifically arising out of their respective environmental obligations.

SECTION B. The obligations under this Lease shall be limited as follows:

(i) Tenant's obligations shall be solely related to the removal of the asbestos around the heating system pipes in the existing structure. No obligations shall arise for the Tenant for any other pre-existing condition on the Leased Premises other than the asbestos condition around the heating and/or plumbing system pipes within the existing Mansion structure.

SECTION C Environmental Definitions. The terms "Environmental Law" and "Environmental Laws" as used in this Indemnity include all current and future federal, state and local environmental laws, statutes, rules, regulations and ordinances, as the same shall be amended and modified from time to time. The term "Substances" as used in this Indemnity includes any and all "hazardous substances" as defined in CERCLA and the New Jersey Spill Act and the New Jersey ISRA, any and all "hazardous waste" as defined in RCRA and under New Jersey regulations at N.J.A.C. 7:26-8.1, any and all "extraordinarily hazardous substances" as defined in the New Jersey TCPA, any and all "toxic substances" as defined in TSCA, petroleum products, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs"), radon gas, flammable explosives, urea formaldehyde foam insulation, radioactive materials, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions and all other hazardous substances, materials and waste regulated or controlled by any of the Environmental Laws.

SECTION D: Further Indemnification. The liability of the party required to indemnify hereunder shall, without limiting the indemnity provided in the above section, shall extend to and further include all reasonable costs, expenses, and reasonable attorneys' fees incurred or sustained by the other party making any reasonable investigation on account of any judgment, order, claim, suit, demand, proceeding or investigation as referred to above, in prosecuting or defending any action brought in connection therewith, in obtaining or seeking to obtain a release therefrom and in enforcing any of the agreements contained herein. Should a party not require to indemnify, incur any such liability, loss or damage by reason of this Indemnity, or in the defense of any such claims or demands, the amount thereof, including reasonable costs, expenses and reasonable attorneys' fees, including those incurred in the enforcement of this Agreement, shall be reimbursed to that party immediately upon demand, with interest at the rate of four (4%) percent over prime rate.

After receipt by either party of notice of any action, suit, or proceeding potentially giving rise to a claim under this Indemnity, the party notified shall, if a claim in respect thereof is to be made, use reasonable efforts to notify the other party in writing of the commencement thereof; provided that the failure to so notify shall not relieve the other party from any liability under this Indemnity. The Indemnifying party shall have the right to assume the defense or conduct of such litigation or proceeding. If the Indemnitor fails to assume the defense or conduct of the litigation or proceeding referred to in the notice within ten (10) days of receipt of such notice, or such shorter period of time as may be required under any applicable Environmental Law, the non-indemnifying party may, in its sole discretion and at Indemnitor's expense, assume the defense or conduct of such litigation or proceeding, and the Indemnitor shall, upon demand, reimburse the non-indemnifying party for all costs incurred by the other in connection with the litigation or proceeding. In any such litigation or proceeding the defense of which the Indemnitor shall

have assumed, the other party shall have the right in its reasonable discretion to participate therein and retain its own counsel at the expense of the Indemnitor.

51. ACCESS AND OCCUPANCY

Landlord agrees that the actual term of the lease and obligation to pay rent shall commence on the date an unconditional certificate of occupancy is issued for the Tenant's facilities and all related structures which will allow the Tenant to commence operations of any of the uses contemplated in this Agreement. Until that time, Tenant is provided with complete and uninterrupted access to the Leased Premises and reasonable access over the Landlord's other lands for access to the Leased Premises to perform activities necessary to construct Tenant's facilities or improvements required as a part of Tenant's operations. Tenant's access shall be conditional upon the Tenant providing the proof of the general liability insurance as set forth in paragraphs 18 and 29 of this Agreement.

52. VIEW SHED NON DEVELOPMENT

Both parties acknowledge that it is essential for the proposed development that the viewshed generally described on the attached Exhibit B remain in an undeveloped state with no obstruction to the existing view from the rear of the existing Mansion in a southwesterly direction as shown on the attached Exhibit "B". The Landlord hereby covenants that it will not allow the development of those lands during the Term of this Lease as it is in the parties mutual interest to preserve the natural view that exists. With regard to any proposal for development in the portion of the Natirar Estate that is located in Far Hills Borough of the viewshed, in the event that any development is allowed the Landlord will require large lots with a minimum size of 20 acres and shall require the joint architectural\design review of all proposed structures both as to location and style by both the Landlord and the Tenant, which consents shall not be unreasonably withheld.

53. REIMBURSEMENT OF CERTAIN EXPENSES

Tenant may undertake certain work or improvement to the Leased Premises prior to the Effective Date of this Lease upon: (1) securing permission from the Landlord in writing; and (2) securing any necessary permits, licenses or the like that may be required by law. In the event Tenant undertakes any work or improvements prior to the Effective Date of this Lease and then the Lease is terminated prior to the Effective Date of this Lease for failure of the Tenant to meet any condition precedent as described in Paragraphs 3, 45 and 46 of this Lease, then Landlord shall reimburse Tenant any actual costs of the work or improvement so long as: (1) the Tenant has secured the permission of the Landlord in writing to perform the work in question and for the Tenant to be reimbursed in accordance with this paragraph; and (2) Tenant shall provide to the Landlord a itemized estimate of the work to be performed or the improvement to be constructed or installed which shall be approved by the Landlord prior to the commencement of the work. Reimbursement shall be made by the Landlord to the Tenant within a period of sixty (60) days from the date the Lease has been terminated.

54. LAW GOVERNING LEASES

This Lease shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

55. COVENANT AGAINST CONTINGENT FEES OR BROKERAGE FEES.

Tenant and Landlord both represent to the other that no person or broker has been employed to solicit or secure this Lease and that there are no other commissions, brokerage fees or contingencies that are due and owing as a result of the execution of this Lease Agreement by either party.

56. ANTI-COLLUSION CLAUSE

Both parties hereby warrant and represent that this Lease has not been solicited or secured, directly or indirectly, in a manner contrary to the Laws of the State of New Jersey and that said Laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Lease by any conduct, including the paying or giving of consideration of any kind, directly or indirectly, to any County employee, officer or official.

57. TIME OF THE ESSENCE

Time is of the essence for the Agreement.

58. WASTE OR NUISANCE

Tenant shall not commit or permit any waste on or about the Facility during the Term nor shall it maintain, commit or permit the maintenance or commission of any nuisance on or about the Facility or use the Facility for any unlawful purposes.

59. EXHIBITS

All exhibits attached to the Agreement are incorporated into and are a part of the Agreement as fully set out herein.

60. GRATUITIES

If Landlord finds after a notice and hearing that Tenant or any of Tenant's agents or representatives offered or gave gratuities in the form of entertainment, gifts or otherwise to any official, employee or agent of Landlord in an attempt to secure this Lease or favorable treatment in awarding, amending or making any determinations related to the performance of this Lease, Landlord may also pursue such other rights and remedies that the law or this Lease provides.

61. NO DISCRIMINATION

A. Tenant, its contractors, subcontractors and sublessee shall not discriminate against any employees who are employed in the operations covered by this Lease or

against any application for such employment because of sex, race, religion, color, national origin, sexual preference or handicap. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Tenant shall insert a similar provision in all subleases and contracts for the services covered by this Lease. Tenant shall also comply with the appropriate and applicable sub-agreement provisions found in 40 CFR 33, Subpart F-333.10005 and N.J.S.A. 10:21 through 10:24 through 10:5-38 and all rules promulgated there under.

B. Tenant and its sub lessee shall not discriminate on the basis of sex, race, religion, color, national origin, sexual preference or handicap in providing access to, use and enjoyment of the Leased Premises by the public.

C. Tenant shall make all facilities and programs accessible to the disabled in compliance with the Architectural Barriers Act of 1968, 42 U.S.C.A. 4151 et seq., Title VI Civil Rights Act, Section 504, Americans With Disabilities Act, 42 U.S.C.A. 12010 et seq., and the New Jersey Barrier Free Sub code, N.J.A.C. 5:23-7 et seq., all as now in effect and subsequently amended.

62. MERGER

This Lease, including all exhibits attached hereto, constitutes the entire agreement between the parties, and all prior understandings, agreements and representations have been merged herein. Upon the execution hereof, this Lease supersedes and cancels all previous agreements between the parties covering the Leased Premises or operation of the uses permitted under this Lease Agreement.

63. SEVERABILITY

If any term or provision of this Lease or the application thereof 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 Lease, or the application of such term or provision to persons or circumstances, other than to those to which it is held invalid or unenforceable, shall not be affected and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

64. SUCCESSION AND BINDING EFFECT

Except as otherwise set forth herein, all of the terms and provisions of this Lease shall be binding upon and shall inure to the benefit of the successors and assigns of the respective parties hereto.

65. AMENDMENT

The parties hereto agree that this Lease shall not be amended, supplemented, changed, modified or altered except upon mutual agreement of the parties hereto in writing.

66. QUIET POSSESSION

Landlord agrees that Tenant, on satisfactorily performing the agreements contained herein, shall peaceably and quietly have, hold and enjoy the Leased Premises for the above-stated Term.

67. HOLD OVER TENANCY

If Landlord permits Tenant to remain in possession of the Leased Premises after expiration of this Lease without having executed a new written lease with Landlord, then Tenant shall occupy the Leased Premises subject to all of the terms, covenants and conditions contained in this Lease. Such holding over by Tenant shall not constitute a renewal or extension of this Lease. Landlord may, at its option, elect to treat Tenant as one who has not removed at the end of its term and thereupon be entitled to all remedies against Tenant provided by law.

68. NOTIFICATION

The parties hereto agree that all submissions, approvals, notices and correspondence which may be required under this Lease shall be forwarded by Certified Mail, Return Receipt Requested, and addressed as follows:

TO LANDLORD:

Somerset County Administrator
Somerset County Administration Building
Post Office Box 3000
Somerville, New Jersey 088876

Director
Somerset County Park Commission
Post Office Box 5327
North Branch, New Jersey 08876

Somerset County Improvement Authority
Somerset County Administration Building
Post Office Box 3000
Somerville, New Jersey 088876

Thomas C. Miller, Esq., Somerset County Counsel
21 North Bridge Street
Post Office Box 1034
Somerville, New Jersey 08876

TO TENANT:

THE VIRGIN SPA AT NATIRAR, L.L.C.
Att: Robert Wojtowicz
1 Cragwood Road
South Plainfield, NJ 07080

And

Jon Brown-Virgin Hotel Group, UK OFFICE
c/o VIRGIN MANAGEMENT LTD.
120 Campden Hill Road
London, W8 7AR

CO-COUNSEL

Richard M. Sasso, Esq.
31A Mountain Boulevard
Warren, New Jersey 07059

And

The Company Secretary
Virgin Management LTD.
120 Campden Hill Road
London, W8 7AR

Either Landlord or Tenant may at any time change such address by mailing to the address above a notice of the change at least ten (10) days prior to such change.

69. TENANT AS INDEPENDENT PRINCIPAL

A. Tenant acknowledges and accepts that it is an independent principal and is not undertaking the improvement, maintenance and operation of the Leased Premises on behalf of Landlord and that it has no relationship with Landlord in connection with this Lease as Landlord's agent, servant, employee, contractor or otherwise. Tenant agrees not to enter into any agreement or commitment on Landlord's behalf.

B. Tenant shall have direct supervision of all of its employees, agents, contractors and subcontractors and sub lessee performing any activity under this Lease. Tenant shall assure compliance by its employees, agents, contractors and subcontractors and sub lessee with the terms and conditions of this Lease.

70. CORPORATION - CERTIFICATE OF INCORPORATION

A. Prior to the Effective Date hereof, Tenant shall submit to Landlord a certified copy of Tenant's current Certificate of Formation.

B. Tenant shall, prior to the Effective Date of this Lease, and bi-annually only if requested of the Landlord, on the anniversary thereof, submit to Landlord a Certificate of Standing issued by the Secretary of State.

71. RESOLUTION

The Managers of Tenant shall adopt a resolution authorizing the execution of this Lease on behalf of the Association for the purposes and subject to the terms and conditions herein provided. Tenant shall submit a copy of said resolution to Landlord in form and substance satisfactory to Landlord prior to execution of this Lease by Landlord.

72. **NO THIRD PARTY BENEFICIARIES**

There shall be no third party beneficiaries of this Lease and no person, firm or entity not a party to this Lease shall be entitled to claim any right, benefit or presumption from or estoppel by this Lease.

73. **NEGOTIATED DOCUMENT**

Each and every provision of this Lease has been independently, separately and freely negotiated by the parties as if this Lease were drafted by all parties hereto. The parties therefore waive any statutory or common law presumption which would serve to have this document construed in favor of or against any party as the drafter hereof.

74. **HEADINGS**

The paragraph headings throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

75. **ANNOUNCEMENTS**

No announcement concerning the transactions contemplated by this Agreement will (save as required by law) be made by the Landlord or the Tenant (and each will ensure that their officers, agents, employees, successors and assigns do not make any such announcement) except with the prior written approval of the other party. To the extent any announcement is required by law, the party wishing to announce will where possible liaise with the other party to settle the terms of the announcement.

76. **CONFIDENTIALITY**

Save as required by law or any governmental or regulatory organization the Landlord will treat and keep all Confidential Information (being financial and other confidential information relating, directly or indirectly, to the business, customers and financial affairs of the Tenant) which is made available (whether before or after the Contract Date) in any form or medium to the Landlord or its officers, agents, employees, successors and assigns secret and confidential. To the extent the Landlord is obliged by law or any governmental or regulatory organization to disclose Confidential Information, the Landlord will, so far as possible, notify the Tenant in advance of such disclosure, and use all reasonable endeavors to limit the extent of such disclosure.

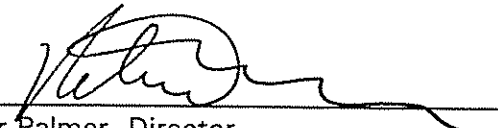
IN WITNESS WHEREOF, the said parties have duly executed this Agreement on the day and year first above written.

Attest:

SOMERSET COUNTY
BOARD OF CHOSEN FREEHOLDERS

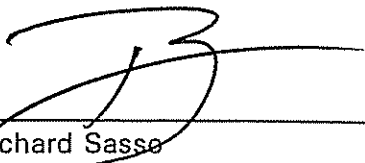


BY: _____


Peter Palmer, Director

ATTEST:

THE VIRGIN SPA AT NATIRAR, L.L.C.


Richard Sasso

BY: _____

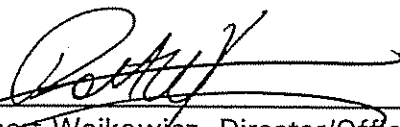

Robert Wojkowicz, Director/Officer of
Member, NATIRAR, L.L.C.

EXHIBIT A

Description and plan of property Tenant proposes for the improvement, maintenance and operation of a portion of The Natirar Estate consisting of approximately eighty (80) acres for a spa/restaurant/inn facility

In the event Landlord purchases property known as Lots 23.01 and 23.02 in Block 28 on the Tax Map of the Borough of Peapack-Gladstone, those lots shall also be included within the Leased Premises at no additional cost to the Tenant.

*The Map is subject to modifications agreed by both parties after a survey of the Leased Premises is completed.

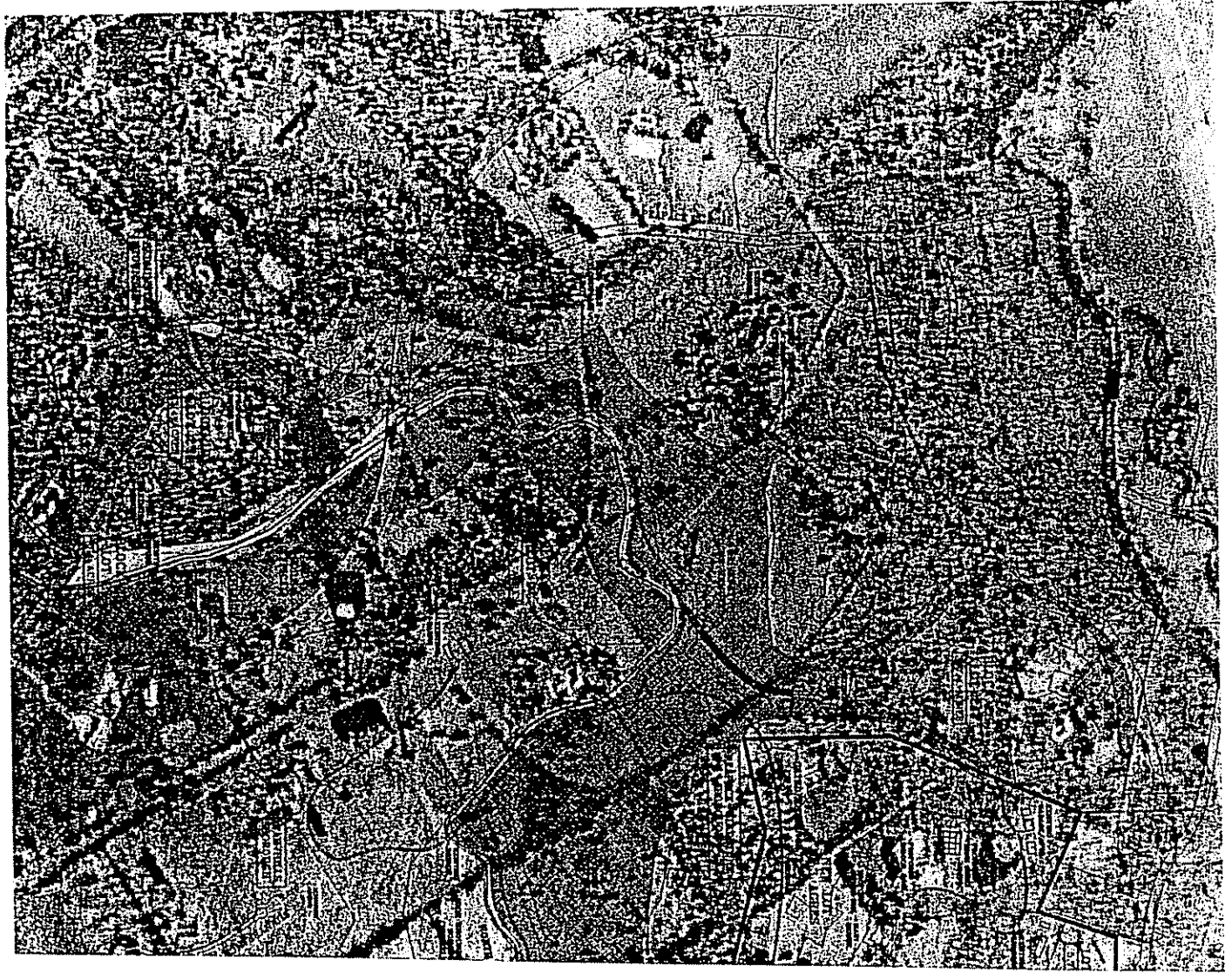


Exhibit C

Financial Terms and Conditions

Fiscal Year	(A)	(B)	(C)	(D)
	Minimum Annual Lease Payment	Maximum Variable Payment based on percentage of Gross Revenues	Total Annual Lease Payment Cap	Secondary Revenue Threshold
	US\$			
1	300,744	43,293	344,037	17,567,840
2	300,744	83,176	383,920	20,181,776
3	300,744	104,468	405,212	22,736,918
4	325,740	96,262	422,002	24,751,718
5	325,740	126,958	452,698	25,435,141
6	413,740	49,306	463,046	26,196,996
7	475,740	139,822	615,562	26,978,825
8	500,736	122,166	622,902	27,859,677
9	500,736	148,838	649,574	28,060,301
10	500,736	155,841	656,577	28,900,670
11	500,736	268,142	768,878	29,763,010
12	500,736	298,377	799,113	30,659,981
13	500,736	311,798	812,534	31,580,260
14	500,736	325,568	826,304	32,524,548
15	500,736	339,875	840,611	33,505,564
16	500,736	354,553	855,289	34,512,051
17	500,736	369,613	870,349	35,544,773
18	500,736	385,243	885,979	36,616,516
19	500,736	401,278	902,014	37,716,091
20	500,736	417,732	918,468	38,844,334
21	500,736	434,791	935,527	40,014,104
22	500,736	452,294	953,030	41,214,287
23	500,736	470,253	970,989	42,445,796
24	500,736	488,858	989,594	43,721,570
25	500,736	507,948	1,008,684	45,030,577
26	600,744	520,247	1,120,991	46,385,814
27	600,744	547,982	1,148,726	47,776,309
28	600,744	568,965	1,169,709	49,215,118
29	600,744	666,539	1,267,283	50,691,331
30	600,744	700,295	1,301,039	52,218,071
31	600,744	726,402	1,327,146	53,784,493

EXHIBIT "D"

Litigation disclosed to Tenant by Landlord:

None

EXHIBIT "E"
Natirar Spa & Resort Hotel
Schedule of Gross Revenues and Lease Payment Due

	<u>Monthly</u>	<u>Year to</u> <u>Date</u>
REVENUE ¹		
Rooms		
Room Revenue		
No Shows		
Food & Beverage		
Restaurant ²		
Lounge		
Room Service		
Banquets		
Meeting Room Rental		
Service Charges (retained)		
Mini Bars		
Telecommunications		
Long distance calls		
Commissions (net)		
Facsimile		
High-speed internet (net)		
Garage and Parking		
Valet (net if leased)		
Self (net if leased)		
Spa		
Treatments		
Hair Salon ²		
Retail ²		
Gift Shop ²		
Rentals and Other Income (Net)		
Space Rentals		
Commissions (In-room movies, vending, etc.)		
Cancellation Penalty		
TOTAL REVENUE		
Allowances		
Rebates		
Refunds		
Overcharges		
Franchise Fees		
Sales tax ³		

GROSS REVENUE

¹ GAAP Basis; consistent with Uniform System of Accounts for the Lodging Industry

² County retains approval rights on any subleased operations

³ In practice, the lodging facility is merely the conduit in the collection of taxes on behalf of the taxing authority, and the taxes assessed are credited to a payable account and no revenue realized

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is made as of this 24th day of April, 2013, between **SOMERSET COUNTY IMPROVEMENT AUTHORITY**, a public body corporate and politic constituting an instrumentality of the State of New Jersey, having an office at 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000 ("**Landlord**"), and **NATIRAR RESORT DEVELOPMENT, LLC**, a New Jersey limited liability company (formerly The Virgin Spa at Natirar, LLC), having an office at Cottage Office, 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**Tenant**").

WITNESSETH

WHEREAS, pursuant to that certain Ground Lease Agreement dated December 2003 between Landlord and Tenant (as the same may hereafter be amended from time to time, the "**Ground Lease**"), Landlord leased to the Tenant a portion of the property located in Somerset County, New Jersey and commonly known as the "Natirar Estate" as set forth on Exhibit A attached hereto (the "**Leased Premises**");

WHEREAS, Tenant intends to operate a hotel, restaurant, meeting space, spa and other amenities on the Leased Premises (hereinafter collectively referred to as the "**Resort**");

WHEREAS, the Landlord and Tenant executed a Loan Agreement dated as of November 1, 2010 ("**Loan Agreement**") and a Leasehold Mortgage, Security Agreement Fixture Filing and Financing Statement ("**Leasehold Mortgage**"), dated as of November 24, 2010, pursuant to which the Landlord as "**Lender**" agreed to and did make a certain loan in the amount of \$3,000,000.00 ("**Loan**") to Tenant as "**Mortgagor**" for property to be used in operating the Resort (the "**2010 Project**");

WHEREAS, Tenant intends to enter into a joint venture agreement with a Revolution Entity whereby Revolution entity shall become a minority owner in the operating entity for the Resort and Tenant, in accordance with the Ground Lease and this Amendment, plans to assign all of Tenant's right, title to and interest in the Lease to a new entity "**Natirar-Revolution Entity**";

WHEREAS, the Natirar-Revolution Entity intends to obtain development and construction financing ("**Future Financing**") at which time the Loan will be paid off in full and therefore certain amendments, clarifications and/or corrections to the Ground Lease are required;

WHEREAS, to further effect the intentions of the Ground Lease, Landlord and Tenant have agreed to modify the Ground Lease as more particularly set forth herein, including such additional property, as described in Exhibit A attached hereto and Landlord as lender has agreed to consent to such assignments and modifications as set forth below.

WHEREAS, on or about April 3, 2013, Tenant filed a Certificate of Amendment of Limited Liability Company with the New Jersey Division of Revenue changing the name of its entity from The Virgin Spa at Natirar, LLC, a New Jersey limited liability company to Natirar Resort Development, LLC, a New Jersey limited liability company.

NOW, THEREFORE, in consideration of the agreements herein contained and

other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND RECITALS

A. All capitalized terms used in this Amendment but not defined here shall have the meanings given to such terms in the Ground Lease.

B. The Recitals above are hereby incorporated as if set forth fully herein.

ARTICLE 2

CONSENTS

A. Landlord hereby acknowledges and consents to the change in name of the Tenant from The Virgin Spa at Natirar, LLC to Natirar Resort Development, LLC.

B. Landlord as Landlord and as Lender hereby acknowledges and provides its consent (to the extent any such consent is required under the Ground Lease or otherwise) to Tenant to assign and transfer to the Natirar-Revolution Entity, all of Tenant's right, title, and interest in and to the Ground Lease and the Leased Premises, which consent is conditioned upon payoff of the Loan.

C. Landlord as Landlord and as Lender hereby acknowledges and provides its consent to (to the extent any such consent is required under the Ground Lease or otherwise) Tenant entering into that certain Revolving Convertible Secured Note of even date herewith made by Tenant for the benefit of Miraval Investments LLC ("**Miraval Lender**") (as it may be amended, restated, renewed, modified or supplemented from time to time, the "**Security Instrument**"), encumbering Tenant's interest in the Leased Premises, which secures Tenant's obligations under certain documents and instruments executed and delivered by Tenant to Miraval Lender in connection with that certain loan made by Miraval Lender to Tenant in the amount of approximately Five Million Dollars (\$5,000,000.00) (the "**Miraval Loan**"), pursuant to that certain Leasehold Mortgage with Assignment of Leases and Rents, Security Agreement and Fixture Filing (as amended or modified from time to time, the "**Miraval Loan Agreement**") by and between Tenant and Miraval Lender.

D. Landlord as Landlord and as Lender hereby acknowledges and provides its consent (to the extent any such consent is required under the Ground Lease or otherwise) to the mortgaging and/or assignment of the Ground Lease by Tenant as collateral security to a lender in the future in connection with any development or construction financing and the execution of any loan agreement or related loan documents in connection therewith provided such documents do not change any term of the Ground Lease or otherwise affect Landlord's interest under the Ground Lease, and which consent is conditioned upon payoff of the Loan.

ARTICLE 3

LEASED PREMISES

The definition of Leased Premises is hereby deleted in its entirety and the following definition of “Leased Premises” is substituted in place and stead therefore:

“Leased Premises. The Leased Premises shall consist of approximately 90 acres of land which is a part of the Natirar Estate and designated as portion of Block 28, Lots 23.03(Q), 23.04(Q), and 24 and 24Q as shown on the Peapack-Gladstone Borough Tax Map and which has been set forth and shown on the map attached to this Lease Agreement as Exhibit “A.”

ARTICLE 4

TERM AND MODIFICATIONS

A. Landlord and Tenant acknowledge and agree that the Ground Lease as amended by this Agreement is in full force and effect and free from default by Landlord and Tenant. Landlord acknowledges that Landlord has delivered possession of the Leased Premises to the Tenant, and Tenant confirms to Landlord that Tenant has accepted possession of the Leased Premises in accordance with the terms of the Ground Lease and Tenant has commenced performance of the obligations and duties requisite of the Tenant under the terms of the Ground Lease.

B. The Ground Lease is hereby modified to provide that the Ground Lease commenced as of December 2003 (“**Ground Lease Commencement Date**”). The Landlord and Tenant hereby acknowledge and agree that the Term of the Ground Lease for purposes of the duty of Tenant to commence the payment of rent will occur on the Effective Date; however, the Tenant is lawfully and fully in possession of the Leased Premises pursuant to the Ground Lease and each of Landlord and Tenant are bound by all of the terms and provisions of the Ground Lease.

C. Any further amendments to Ground Lease shall not be effective and binding unless and until fully executed and delivered by each of the parties hereto.

ARTICLE 5

RENT – NET LEASE

A. Landlord and Tenant agree that upon payoff of the Loan, the provisions of the penultimate sentence of Section 4.B, beginning with the words “Total Revenues shall not include ...” shall be deleted in its entirety and the following substituted in place and stead therefore:

“Total Revenues shall not include (a) any amounts required by the terms of any management, franchise or operations agreement with a third party in respect of the operation and use of the Leased Premises, mandating the funding or holding of amounts in a reserve or other account on a monthly or annual basis by the Tenant or any of its Affiliates for later application to the acquisition of furniture, fixtures, equipment, capital expenditures or extraordinary expenses at the Leased Premises, or for application in the event actual expenses exceed the reserve amount; or (b) membership deposits or any other amounts which are refundable and not permanently retained by the Tenant or any of its Affiliates (it being understood that non-refundable membership deposits are included in Total Revenues).”

ARTICLE 6

LEASEHOLD MORTGAGE

A. In addition to the consents provided herein, the provisions of Section 36 of the Ground Lease, regarding the Leasehold Mortgage, are hereby amended by deleting Subsection (ii) in its entirety and substituting in place and stead therefore the following:

(ii) prior to Landlord’s approval of any leasehold mortgage, Landlord and the holder of any such leasehold mortgage (the “Leasehold Mortgagee”) shall enter into a form of Landlord’s Consent and Estoppel Agreement (the “Consent and Estoppel”) substantially in the form of Exhibit B or such other form as may be required by any Leasehold Mortgagee (which form shall not materially and adversely affect the rights of Landlord), attached to and made a part of this Amendment. Landlord and Tenant recognize that a present or future Leasehold Mortgagee may also need to request additional provisions, to be negotiated at the time of the request for the Consent and Estoppel, in light of changing market requirements so as to make the Ground Lease capable of securing commercial financing for the benefit of the Tenant. All such further provisions shall be subject to the mutual agreement of the Landlord, Tenant, and Leasehold Mortgagee at the time of the request, provided Landlord shall not unreasonably withhold, condition or deny its consent. Nothing in the foregoing requirements with respect to the Consent and Estoppels Agreement or any requirement mandated by the commercial financing markets shall affect the provisions of subsection (i) of this Section, it being clearly understood that no mortgage, lien or other encumbrance shall, now or hereafter, extend to or affect the fee, the reversionary interest or the estate or interest of the Landlord in the Leased Premises. Landlord shall respond to any such request from Tenant for its consent within fifteen (15) Business Days following Landlord’s receipt of a written request therefore. In the event Landlord fails to respond within such fifteen (15) Business Day period, Landlord shall be deemed to have provided its approval.

B. Notwithstanding anything in the Ground Lease to the contrary, Section 36 of the Ground Lease shall be amended to add that upon the foreclosure of any Leasehold Mortgage (or acceptance of a deed in lieu thereof), the Mortgagor’s interest in the Ground Lease is assignable

to a trustee without the consent of the Landlord and, in the event that it is so assigned, is further assignable by the trustee and its successors; provided, however, any further assignment by the trustee shall be subject to Landlord's consent, such consent not to be unreasonably withheld, conditioned or delayed. It shall be unreasonable for the Landlord to withhold its consent unless the proposed assignee has a poor business reputation, or does not have financial standing equal to or better than the existing Tenant at the time of the transfer, or is a type of business of ill repute.

C. Notwithstanding anything in the Ground Lease to the contrary, Section 36 shall be amended to add that Landlord shall execute and deliver (and acknowledge, if necessary, for recording purposes) any agreement necessary to effect any reasonable subordination and non-disturbance agreement requested by any Leasehold Mortgagee; provided, however, that any such amendment and/or subordination and non-disturbance agreement shall not in any way affect the term of this Ground Lease or Rent under this Ground Lease, nor otherwise in any material respect adversely affect any rights of Landlord under this Ground Lease.

D. Section 36 of the Ground Lease shall be amended to state that in the event Landlord's consent or approval is required, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall respond to any requests for subordination and non-disturbance agreements or estoppels within five (5) Business Days following Landlord's receipt of a written request therefore.

E. Notwithstanding anything to the contrary contained in the Ground Lease, the Ground Lease shall not be amended or modified without the prior written consent of any Leasehold Mortgagee, and any such action without such written consent shall not be binding on such Leasehold Mortgagee, its successors or assigns.

ARTICLE 7

PRIOR LOAN AGREEMENT/INDENTURE

A. Landlord and Tenant acknowledge that notwithstanding any changes to the Ground Lease, including any amendments thereof, Landlord shall retain a continuing first lien security interest in the property defined in Section 4.04 of the Loan Agreement, which shall include any additional collateral defined in this Amendment, including such additional property described in Exhibit A hereto.

B. The Miraval Loan shall not be issued with an additional series of bonds, as set forth in Section 3.4 of the Indenture between Landlord and TD Bank, NA as trustee, dated as of November 1, 2010 (the "**Indenture**").

C. The lien created by the Miraval Loan shall be second in priority to the lien created by the 2010 Project Loan and Tenant's obligations pursuant to Section 2.07 of the Loan Agreement.

D. Any additional debt, including any lien created by any Future Financing, shall be deemed subordinate to the lien created by the 2010 Project Loan.

E. To the extent there are conflicts between this Amendment and the documents related to the 2010 Project Loan, the terms of this Amendment and the consents provided pursuant to Article 2 of this Amendment shall prevail.

ARTICLE 8

NOTICES OF DEFAULT

A. Section 24 of the Ground Lease is hereby amended to include the following:

“Landlord shall provide written notice of any default by Tenant to any Leasehold Mortgagee, and that no notice of termination delivered pursuant to the terms of the Ground Lease is effective against the Leasehold Mortgagee unless a copy has been simultaneously delivered to the Leasehold Mortgagee.”

ARTICLE 9

MISCELLANEOUS

A. Except as modified, amended and supplemented by this Amendment, the terms and provisions of the Ground Lease shall continue in full force and effect and are hereby ratified and confirmed.

B. This Amendment constitutes the entire agreement among the parties hereto with respect to the matters stated herein and may not be amended or modified unless such amendment or modification shall be in writing and signed by the party against whom enforcement is sought.

C. The terms, provisions and conditions contained in this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

D. This Amendment shall be governed in all respects by the laws of the State of New Jersey.

E. By execution of this Amendment, Tenant acknowledges that notification has been forwarded to all parties with a copy of this Amendment pursuant to Section 68 of the Ground Lease.

F. This Amendment may be executed in one or more counterparts which when taken together shall constitute but one original.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

LANDLORD:

SOMERSET COUNTY IMPROVEMENT
AUTHORITY, a

By: 

Name:

Title:


Michael J Amorosa
Chairman SCIA

TENANT

NATIRAR RESORT DEVELOPMENT, LLC,
a New Jersey limited liability company

By: Natirar Investment Partners LLC,
a New Jersey limited liability company,
its sole member

By: Natirar Development LLC,
a New Jersey limited liability company,
a Managing Member

By: 
Name: Bob Wojtowicz
Title: its sole member

By: Ilona Investments, LLC,
a Delaware limited liability company,
a Managing Member

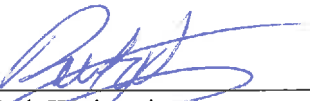
By: 
Name: Bob Wojtowicz
Title: its Manager

EXHIBIT A

LEASED PREMISES

Being known and designated as New Lot 24.02 Block 28 as shown on a certain map entitled "Plan of Survey & Minor Subdivision for the Somerset County Improvement Authority Located at Tax Map Lots 23.01, 23.02, 23.03, 23.04 & 24 Block 28, Sheet Nos. 8, 9, 11 & 12, Borough of Peapack and Gladstone, Somerset County, New Jersey", dated August 17, 2004, last revised June 15, 2007, prepared by Somerset Surveying Services and being more particularly bound and described as follows:

Beginning at a stone monument (found) marking the terminus of Course No. 9, Tract Number 1 as described in Deed Book 1475 Page 673, also being a common corner of New Lots 24.01 and 24.02 Block 28, said stone monument having New Jersey State plane coordinates of North 682,218.87 feet and east 453,653.49 feet and 83 (1996) system, and from said beginning point and in the said bearing system running thence;

1. Along the Westerly line of New Lot 24.01 Block 28, South 02 degrees 57 minutes 14 seconds West, a distance of 69.30 feet to a stone monument (found) marking an angle point in the same; thence
2. Still along the Westerly line of New Lot 24.01 Block 28, South 22 degrees 25 minutes 54 seconds West, a distance of 108.06 feet to a stone monument (found) marking an angle point in the same; thence
3. Still along the Westerly line of New Lot 24.01 Block 28, South 29 degrees 56 minutes 13 seconds West, a distance of 103.70 feet to an iron pin (set) corner to same; thence
4. Along the Southwesterly line of New Lot 24,01 Block 28, South 36 degrees 40 minutes 00 seconds East, a distance of 566.06 feet to an iron pin (set) marking a point of curvature in same; thence
5. Still along the Southwesterly line of New Lot 24.01 Block 28, Southeasterly on a curve to the right having a radius of 275.00 feet, an arc length of 146.04 feet, a delta angle of 30 degrees 25 minutes 41 seconds, a chord bearing South 21 degrees 27 minutes 10 seconds East and a chord distance of 144.33 feet to an iron pin (set) marking a point of tangency; thence
6. Along the Westerly line of New Lot 24.01 Block 28, South 06 degrees 14 minutes 19 seconds East, a distance of 125.10 feet to an iron pin (set) marking a point of curvature in same; thence
7. Still along the Westerly line of New Lot 24.01 Block 28, Southerly to Southwesterly on a curve to the right having a radius of 335.00 feet, an arc length of 236.46 feet, a delta angle of 40 degrees 26 minutes 32 seconds, a chord bearing of South 13 degrees 58 minutes 56 seconds West and a chord distance of 231.58 feet to an iron pin (set) marking a point of tangency in the Northwesterly line of New Lot 24.01 Block 28; thence
8. Along the Northwesterly line of New Lot 24.01 Block 28, South 34 degrees 12 minutes 12 seconds West, a distance of 130.07 feet to an iron pin (set) marking an angle point in the same; thence
9. Still along the Northwesterly line of New Lot 24.01 Block 28, South 33 degrees 06 minutes 09 seconds West, a distance of 191.84 feet to an iron pin (set) marking an angle point in the same; thence
10. Still along the Northwesterly line of New Lot 24.01 Block 28, South 69 degrees 58 minutes 44 seconds West, a distance of 314.62 feet to an iron pin (set) corner to same; thence

11. Along the Northerly line of New Lot 24.01 Block 28, North 81 degrees 43 minutes 41 seconds West, a distance of 954.88 feet to an iron pin (set) corner to same; thence
12. Along the Northwesterly line of New Lot 24.01 Block 28, South 74 degrees 15 minutes 58 seconds West, a distance of 522.92 feet to an iron pin (set) corner to same
13. Along the Easterly line of New Lot 24.01 Block 28, North 3 degrees. 49 minutes 01 seconds West, a distance of 818.68 feet to an iron pin (set) corner to same; thence
14. Along the Northeasterly line of New Lot 24.01 Block 28 North 47 degrees 45 minutes 56 seconds West, a distance of 345.32 feet to an iron pin (set) corner to same; thence
15. Along the Easterly line of New Lot 24.01 Block 28, North 09 degrees 26 minutes 30 seconds East, a distance of 660.76 feet to an iron pipe (found) corner to same; thence
16. Along the Easterly line of New Lot 24.01 Block 28, North 64 degrees 41 minutes 31 seconds East, a distance of 553.74 feet to an iron pipe (found) corner to same; thence
17. Along the Southeasterly line of New Lot 24.01 Block 28, North 04 degrees 34 minutes 02 seconds West, a distance of 553.36 feet to an iron pipe (found) corner to same in the Southwesterly right-of-way line of Highland Avenue (50 foot right-of-way), said point being 25.00 feet Southwesterly measured a right angle from the centerline of Highland Avenue; thence

Along the Southwesterly and Southerly right-of-way line of Highland Avenue, running parallel 25.00 feet Southerly from the centerline of Highland Avenue, the following four courses:

18. Southeasterly on a curve to the right having a radius of 500.00 feet, an arc length of 102.96 feet, a delta angle of 11 degrees 47 minutes 55 seconds, a chord bearing South 64 degrees 27 minutes 42 seconds East and a chord distance of 102.78 feet to a point of tangency in same; thence
19. Still along same, South 58 degrees 33 minutes 45 second East, a distance of 141.02 feet to a point of curvature in same; thence
20. Southeasterly on a curve to the left having a radius of 550.00 feet, an arch length of 233.58 feet, a delta angle of 24 degrees 20 minutes 00 seconds, a chord bearing South 70 degrees 43 minutes 45 seconds East and chord distance of 231.83 feet to a point of tangency in same; thence
21. Still along same, South 82 degrees 53 minutes 45 seconds East, a distance of 197.40 feet to an angle point in same; thence
22. Still along same, South 88 degrees 39 minutes 45 seconds East, a distance of 129.89 feet to an angle point in the Southwesterly right-of-way line of Highland Avenue (variable right-of-way) (unimproved); thence

Along the Southwesterly right-of-way line of Highland Avenue, the following five courses:

23. South 60 degrees 44 minutes 45 seconds East, a distance of 204.38 feet to a iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
24. South 52 degrees 43 minutes 45 seconds East, a distance of 293.71 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
25. South 38 degrees 04 minutes 45 seconds East, a distance of 180.92 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
26. South 25 degrees 37 minutes 45 seconds East, a distance of 208.41 feet to an iron pin (set) marking an angle point in same (80.00 foot right-of-way at this point); thence
27. South 46 degrees 17 minutes 45 seconds East, a distance of 87.48 feet to an iron pin (set) in same (80.00 foot right-of-way at this point) corner to New Lot 24.01 Block 28; thence
28. Along the Northwesterly line of New Lot 24.01 Block 28, South 43 degrees 42 minutes 15 seconds West, a distance of 28.96 feet to the point and place of beginning.

Together with the right of a 100 foot access Easement as set forth in 6271 page 1306.

Subject to a 20 foot wide Drainage Easement crossing thru property between courses 17 and 18 as described above.

Subject to a Sanitary Sewer Easement along Highland Avenue (along courses 20, 21, and 22 as described above.

Subject to a Conservation Easement to the Borough of Peapack and Gladstone.

Subject to a View Shed Easement.

EXHIBIT B

LANDLORD CONSENT AND ESTOPPEL

RECORD AND RETURN TO:

Attn: _____

THIS LANDLORD CONSENT AND ESTOPPEL AGREEMENT (this “Agreement”) is made as of _____, 20__ by and among SOMERSET COUNTY IMPROVEMENT AUTHORITY (the “Landlord”), and NATIRAR RESORT DEVELOPMENT, LLC, a New Jersey limited liability company (formerly The Virgin Spa at Natirar, LLC), (“Tenant”) to and for the benefit of _____ (“Lender”). Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned them in the Security Instrument, as defined below.

RECITALS

A. Landlord owns the property as set out in Exhibit A, which property is located in Somerset County in the State of New Jersey (the “Site”) and is the Landlord under that certain lease described in Exhibit B attached hereto and made a part hereof (as it may be amended, restated, renewed, modified or supplemented from time to time with Lender’s written consent while the Loan is outstanding, collectively, the “Lease”).

B. Tenant (also referred to herein as the “Trustor”) is the tenant under the Lease.

C. Trustor has entered into that certain [Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] of even date herewith made by Trustor for the benefit of Lender (as it may be amended, restated, renewed, modified or supplemented from time to time, the “Security Instrument”), encumbering Trustor’s interest in the Site.

D. The Security Instrument secures Trustor’s obligations under certain documents and instruments executed and delivered by Trustor to Lender in connection with that certain loan made by Lender to Trustor in the amount of approximately _____ (\$_____) (the “Loan”), pursuant to that certain [Loan and Security Agreement] of even date herewith (as amended or modified from time to time, the “Loan Agreement”) by and between Trustor and Lender.

E. Landlord and Tenant also executed a Loan Agreement (“Somerset Loan Agreement”) and a Leasehold Mortgage, Security Agreement Fixture Filing and Financing Statement (“Leasehold Mortgage”), both dated as of November 24, 2010, pursuant to which the

Landlord as “Mortgagee” agreed to and did make certain loans (“Somerset Loan”) to Tenant as “Mortgagor.”

F. Pursuant to the Indenture dated as of November 1, 2010, between the Landlord and TD Bank, National Association (“Trustee”), the Landlord caused the Tenant to deliver the Somerset Loan Agreement, the Leasehold Mortgage and the bonds that were issued in order to make the Somerset Loan, and did sell, assign, transfer, set over and pledge unto the Trustee certain rights, titles and interest, as set forth more fully therein.

NOW, THEREFORE, Landlord and Tenant hereby agree and covenant as follows and, knowing that Lender will rely on this Agreement in accepting the Security Instrument and in making the Loan, hereby states, certifies, represents and warrants as of the date hereof and agrees as follows.

1. **Validity**. The Lease is valid and in full force and effect, in accordance with its respective terms. The Lease has not been surrendered, canceled, terminated or abandoned, whether in writing or pursuant to a purported oral surrender, cancellation, termination or abandonment.
2. **Modifications**. The Lease has not been supplemented, modified, rescinded, canceled or amended (orally or in writing), except as evidenced by one or more written amendments, if any, described in Exhibit B attached hereto. Attached hereto as Exhibit C is a true and complete copy of all abstracts or memoranda of the Lease, and any amendments, supplements or other modifications thereto, submitted for recording in the land records of Somerset County. The Lease will not be supplemented, modified or amended (orally or in writing) while the Loan is outstanding without Lender’s prior written consent and any such modification, amendment or supplement made without Lender’s consent shall be of no force and effect. There do not exist any other agreements (including Subordination, Non-Disturbance and Attornment agreements) concerning the Site, whether oral or written between Landlord and Tenant (or their respective predecessors or successors) under the Lease.
3. **Interests in Lease**. Landlord has not assigned, conveyed, transferred, sold, encumbered or mortgaged its interest encumbering Landlord’s fee interest in the Site and there are currently no mortgages, deeds of trust or security interests encumbering Landlord’s fee interest in the Site and no third party has an option or preferential right to purchase all or any part of the Site.
4. **Bankruptcy**. No voluntary actions or, to Landlord’s best knowledge, involuntary actions are pending against Landlord under the bankruptcy laws of the United States or any state thereof.
5. **No Termination**. Landlord has not commenced any pending action or sent any presently effective notice to Tenant (or received any presently effective notice from Tenant) for the purpose of terminating the Lease. Landlord does not have the right to terminate the Lease or otherwise disturb Tenant’s possession, interest or quiet enjoyment of the Site except as may be provided in the Lease or by applicable law.
6. **No Defaults**. Landlord has not given any notice of default to Tenant under the Lease, nor has Landlord, as Mortgagee, given any notice of default to Tenant under the Somerset Loan. There are no defaults under the Lease or the Somerset Loan and no event has occurred that, with

the passage of time or the giving of notice, or both, would constitute a default under the Lease or the Somerset Loan. Landlord, both as Landlord and as Mortgagee, hereby expressly waives any default under the Lease or the Somerset Loan caused by the filing, existence and continuance of that certain construction lien filed on August 2, 2012 against the Tenant's leasehold interest in the amount of \$5,236,288.52.

7. **Laws and Regulations.** Landlord has not received written notice that Landlord or Tenant is in violation of any governmental law or regulation applicable to their respective interests in the Site or the operation thereof, and, to the best of its knowledge, has no reason to believe that there are grounds for any claim of any such violation.

8. **Term and Rent.** The Lease commenced on _____, 2003. The term of the Lease is scheduled to expire on [99 years from Effective Date]. As of the date hereof, no rent or any other payments are presently due under the Lease.

9. **Casualty and Condemnation.** Notwithstanding any provision in the Lease to the contrary, Landlord and Tenant hereby agree that in connection with the Site: (i) Lender shall be named as the mortgagee on all fire and casualty insurance policies maintained by Tenant in connection with the Site; and (ii) in the event of any casualty or condemnation of the Site or any portion thereof, so long as the Lender shall retain a security interest in the Lease and Tenant's rights as tenant thereunder, (x) Lender shall be entitled to receive all insurance proceeds payable to Tenant under the Lease to be applied in accordance with the terms of the Security Instrument; (y) all condemnation proceeds payable to Tenant under the Lease shall be paid to Lender which proceeds Lender shall be entitled to apply in accordance with the Security Instrument; and (z) Tenant shall not have any right to terminate the Lease as a result of any such casualty or condemnation.

10. **No Other Leasehold Lender.** Landlord has not received notice of any other encumbrance of the Lease or Lender's interest therein (other than the encumbrances identified and approved of in the [Loan Agreement]).

11. **Consents.**

(a) Landlord hereby consents to (to the extent any such consent is required under the Lease or otherwise): (i) the making of the Loan by Lender to Tenant, the mortgaging and/or assignment of the Lease by Tenant as collateral security to Lender in connection therewith, the execution of the Loan Agreement, Security Instrument and related loan documents in connection therewith and any amendment, restatement, or consolidation of the Security Instrument, provided such amendment, restatement or consolidation of the Security Instrument does not change any term of the Lease or otherwise affect Landlord's interest under the Lease; (ii) any transfer of Tenant's interest under the Lease to Lender or its nominee, by any means, including a conveyance in lieu of foreclosure and the subsequent assignment by Lender to any assignee of Lender; (iii) any transfer of Tenant's interest under the Lease to a purchaser or mortgagee at a foreclosure sale by judicial or non-judicial foreclosure and sale; or (iv) any other exercise of Lender's rights or remedies under the Security Instrument as are permitted under applicable law. Notwithstanding the terms and conditions of items (iii) and (iv) above, the subsequent assignment by Lender (or an affiliate of Lender) to any assignee of Lender, or the

transfer of Lender's interest under the Lease to a purchaser or mortgagee at a foreclosure sale, shall be subject to the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord acknowledges that in the event Tenant transfers its interest under the Lease to Lender or its nominee, Lender or its nominee shall not be liable to Landlord for damages accruing from a default under the Lease to the extent such damages accrued prior to such transfer of interests.

(b) Pursuant to Section 5.04 of the Leasehold Mortgage, and subject to the terms and conditions of this Agreement, Landlord as Mortgagee hereby acknowledges and consents to all of the terms and provisions of the mortgaging and/or assignment of the Lease by Tenant as collateral security as set forth above in Section 11(a). Furthermore, Mortgagee acknowledges that (i) the execution, delivery and performance of the any loan documents in connection with any development or construction financing will not constitute a default or an event that, with the giving of notice or the lapse of time, or both, would constitute a default under the Somerset Loan Agreement or Leasehold Mortgage; and (ii) Mortgagee hereby acknowledges and agrees that any conditions precedent to Mortgagee's consent to such financing as set forth in the Somerset Loan Agreement or Leasehold Mortgage or any other agreements with Tenant, as they apply to the making of the Somerset Loan, have been either satisfied or waived.

12. **Notices of Defaults.** Landlord shall deliver to Lender any notice of default delivered to Tenant at the same time such notice is delivered to Tenant. In the case of any default of Tenant which cannot be cured within the cure period provided to Tenant under the Lease then, if Lender shall within such period proceed promptly to cure the same (including such time as may be necessary to acquire possession of the Site if possession is necessary to effect such cure) and thereafter shall prosecute the curing of such default with diligence, then the time within which such default may be cured by Lender shall be extended for such period as may be necessary to complete the curing of the same with diligence, but in no event shall such cure period be extended for a period of time greater than sixty (60) days. Lender's cure of Tenant's default shall not be considered an assumption by Lender of Tenant's other obligations under the Lease. Unless Lender otherwise agrees in writing or expressly assumes the Lease, Tenant shall remain solely liable to perform Tenant's obligations under the Lease, both before and after Lender's exercise of any right or remedy under this Agreement. If Lender or any successor or assign becomes obligated to perform as Tenant under the Lease, such person or entity will be released from those obligations when such person or entity assigns, sells or otherwise transfers its interest in the Lease and such obligations are assumed by the assignee or transferee (as applicable).

13. **Right to Purchase.** If the Somerset Loan has been accelerated or any enforcement action has been commenced and is continuing under the Somerset Loan Agreement or Leasehold Mortgage or if an event of default occurs under the Loan (each of the foregoing, a "Purchase Option Event"), upon ten (10) Business Days prior written notice to the Mortgagee (the "Purchase Notice"), Lender shall have the right to purchase, in whole but not in part, the Somerset Loan for a price equal to the outstanding principal balance thereof, together with all accrued interest and other amounts due thereon, including all costs and expenses (including legal fees and expenses) actually incurred by the Mortgagee in enforcing the terms of the Somerset Loan (the "Loan Purchase Price"). Lender's right to purchase the Somerset Loan shall terminate automatically (i) upon a transfer of the Premises by foreclosure sale, sale by power of sale or delivery of a deed in lieu of foreclosure or (ii) if a Purchase Option Event ceases to exist.

14. **Right to Terminate or Abandon Lease.** Notwithstanding anything to the contrary contained in the Lease, in the event of any potential termination or surrender of the Lease prior to the scheduled expiration of the Lease, Landlord shall notify Lender of its intention to terminate the Lease or accept Tenant's surrender. No termination or surrender of the Lease prior to the scheduled expiration of the Lease shall be effective against Lender unless the foregoing notice shall have been delivered to Lender. Upon any termination of the Lease prior to the scheduled expiration of the Lease (including, without limitation, by reason of the rejection thereof by Tenant in any bankruptcy proceedings), Landlord shall enter into a new ground lease with Lender. Landlord agrees that Lender or its nominee shall thereafter be permitted to further assign the leasehold interest granted under the existing Lease or any new lease, subject to the consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

15. **Environmental Indemnity.** Landlord has no knowledge of and has received no notices of any violations of any Environmental Laws. Landlord hereby reaffirms its obligations pursuant to Section 49 and 50 of the Lease.

16. **Inconsistency with Lease.** In the event of any conflict between the Lease and this Agreement concerning the rights and obligations of Lender and Landlord, such conflict shall be resolved in favor of this Agreement.

17. **Reliance on Agreement; Successors and Assigns.** This Agreement may be relied upon by Lender, its successors and assigns, any subsequent leasehold mortgagee, any rating agency, any assignee of the Lease, and any title insurance company, and shall bind the successors and assigns of the parties.

18. **Due Authorization, Execution and Delivery.** Landlord is duly authorized to execute this Agreement, and this Agreement has been duly executed and delivered by Landlord. No consent by any court, agency, bureau, or other third party, governmental or nongovernmental (other than any such consents that have been actually obtained), is required for Landlord to execute and deliver this Agreement.

19. **Due Authorization, Execution and Delivery.** Tenant is duly authorized to execute this Agreement, and this Agreement has been duly executed and delivered by Tenant. No consent by any court, agency, bureau, or other third party, governmental or nongovernmental (other than any such consents that have been actually obtained), is required for Tenant to execute and deliver this Agreement.

20. **Notices.** All notices required to be sent to any party pursuant to this Agreement or the Lease shall be effective only if in writing and given by hand delivery, by registered or certified United States mail, or by nationally recognized overnight courier addressed to the following address or to such different address as such party may specify by giving written notice to the parties to this Agreement and the Lease:

If to Lender:

with a copy at the same time and in same manner to:

and a copy to:

If to Landlord:

Somerset County Administrator
Somerset County Administration Building
Post Office Box 3000
Somerville, NJ 088876

Director
Somerset County Park Commission
Post Office Box 5327
North Branch, NJ 08876

Somerset County Improvement Authority
Somerset county Administration Building
Post Office Box 3000
Somerville, NJ 08876

William T. Cooper, Esq., Somerset County Counsel
21 North Bridge Street
Post Office Box 1034
Somerville, NJ 08876

If to Tenant:

Natirar Resort Development, LLC
Attn: Robert Wojtowicz
2 Main Street
Peapack-Gladstone, NJ 07977

With a copy to:
Natirar-Revolution Entity

21. **Premises.** Landlord and Tenant hereby confirm that the legal description set forth on Exhibit A attached hereto is a true, correct and complete description of the premises demised to Tenant under the Lease.

22. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one document.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the day and year first set forth above.

**LANDLORD AND MORTGAGEE:
SOMERSET COUNTY
BOARD OF CHOSE FREEHOLDERS**

By: _____
Name:
Title:

By: _____
Name:
Title:

TENANT:

NATIRAR RESORT DEVELOPMENT, LLC
(formerly The Virgin Spa at Natirar, LLC
a New Jersey limited liability company

By: _____

Name:

Title:

CONSENT OF TRUSTEE

Pursuant to the terms of the Indenture, the Trustee hereby consents to the Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith made by Trustor for the benefit of Lender (as it may be amended, restated, renewed, modified or supplemented from time to time, the "Security Instrument").

TRUSTEE:

TD BANK, NATIONAL ASSOCIATION,
as Trustee and as Bond Registrar

By: _____
Name: _____
Title: _____
Date: _____

ACKNOWLEDGEMENT

STATE OF _____, COUNTY OF _____ SS.:

I CERTIFY that on _____, 20____, _____, personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached instrument; and,
- (b) was authorized to and did execute that instrument as the _____ of _____, the entity named in this instrument.

(Notary Public)

ACKNOWLEDGEMENTS

STATE OF _____, COUNTY OF _____ SS.:

I CERTIFY that on _____, 20____, _____, personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached instrument; and,
- (b) was authorized to and did execute that instrument as the _____ of _____, the entity named in this instrument.

(Notary Public)

STATE OF _____, COUNTY OF _____ SS.:

I CERTIFY that on _____, 20____, _____, personally came before me and stated to my satisfaction that this person (or if more than one, each person):

- (a) was the maker of the attached instrument; and,
- (b) was authorized to and did execute that instrument as the _____ of _____, the entity named in this instrument.

(Notary Public)

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

Being known and designated as New Lot 24.02 Block 28 as shown on a certain map entitled "Plan of Survey & Minor Subdivision for the Somerset County Improvement Authority Located at Tax Map Lots 23.01, 23.02, 23.03, 23.04 & 24 Block 28, Sheet Nos. 8, 9, 11 & 12, Borough of Peapack and Gladstone, Somerset County, New Jersey", dated August 17, 2004, last revised June 15, 2007, prepared by Somerset Surveying Services and being more particularly bound and described as follows:

Beginning at a stone monument (found) marking the terminus of Course No. 9, Tract Number 1 as described in Deed Book 1475 Page 673, also being a common corner of New Lots 24.01 and 24.02 Block 28, said stone monument having New Jersey State plane coordinates of North 682,218.87 feet and east 453,653.49 feet and 83 (1996) system, and from said beginning point and in the said bearing system running thence;

1. Along the Westerly line of New Lot 24.01 Block 28, South 02 degrees 57 minutes 14 seconds West, a distance of 69.30 feet to a stone monument (found) marking an angle point in the same; thence
2. Still along the Westerly line of New Lot 24.01 Block 28, South 22 degrees 25 minutes 54 seconds West, a distance of 108.06 feet to a stone monument (found) marking an angle point in the same; thence
3. Still along the Westerly line of New Lot 24.01 Block 28, South 29 degrees 56 minutes 13 seconds West, a distance of 103.70 feet to an iron pin (set) corner to same; thence
4. Along the Southwesterly line of New Lot 24,01 Block 28, South 36 degrees 40 minutes 00 seconds East, a distance of 566.06 feet to an iron pin (set) marking a point of curvature in same; thence
5. Still along the Southwesterly line of New Lot 24.01 Block 28, Southeasterly on a curve to the right having a radius of 275.00 feet, an arc length of 146.04 feet, a delta angle of 30 degrees 25 minutes 41 seconds, a chord bearing South 21 degrees 27 minutes 10 seconds East and a chord distance of 144.33 feet to an iron pin (set) marking a point of tangency; thence
6. Along the Westerly line of New Lot 24.01 Block 28, South 06 degrees 14 minutes 19 seconds East, a distance of 125.10 feet to an iron pin (set) marking a point of curvature in same; thence
7. Still along the Westerly line of New Lot 24.01 Block 28, Southerly to Southwesterly on a curve to the right having a radius of 335.00 feet, an arc length of 236.46 feet, a delta angle of 40 degrees 26 minutes 32 seconds, a chord bearing of South 13 degrees 58 minutes 56 seconds West and a chord distance of 231.58 feet to an iron pin (set) marking a point of tangency in the Northwesterly line of New Lot 24.01 Block 28; thence
8. Along the Northwesterly line of New Lot 24.01 Block 28, South 34 degrees 12 minutes 12 seconds West, a distance of 130.07 feet to an iron pin (set) marking an angle point in the same; thence
9. Still along the Northwesterly line of New Lot 24.01 Block 28, South 33 degrees 06 minutes 09 seconds West, a distance of 191.84 feet to an iron pin (set) marking an angle point in the same; thence
10. Still along the Northwesterly line of New Lot 24.01 Block 28, South 69 degrees 58 minutes 44 seconds West, a distance of 314.62 feet to an iron pin (set) corner to same; thence
11. Along the Northerly line of New Lot 24.01 Block 28, North 81 degrees 43 minutes 41 seconds West, a distance of 954.88 feet to an iron pin (set) corner to same; thence

12. Along the Northwesterly line of New Lot 24.01 Block 28, South 74 degrees 15 minutes 58 seconds West, a distance of 522.92 feet to an iron pin (set) corner to same
13. Along the Easterly line of New Lot 24.01 Block 28, North 3 degrees. 49 minutes 01 seconds West, a distance of 818.68 feet to an iron pin (set) corner to same; thence
14. Along the Northeasterly line of New Lot 24.01 Block 28 North 47 degrees 45 minutes 56 seconds West, a distance of 345.32 feet to an iron pin (set) corner to same; thence
15. Along the Easterly line of New Lot 24.01 Block 28, North 09 degrees 26 minutes 30 seconds East, a distance of 660.76 feet to an iron pipe (found) corner to same; thence
16. Along the Easterly line of New Lot 24.01 Block 28, North 64 degrees 41 minutes 31 seconds East, a distance of 553.74 feet to an iron pipe (found) corner to same; thence
17. Along the Southeasterly line of New Lot 24.01 Block 28, North 04 degrees 34 minutes 02 seconds West, a distance of 553.36 feet to an iron pipe (found) corner to same in the Southwesterly right-of-way line of Highland Avenue (50 foot right-of-way), said point being 25.00 feet Southwesterly measured a right angle from the centerline of Highland Avenue; thence

Along the Southwesterly and Southerly right-of-way line of Highland Avenue, running parallel 25.00 feet Southerly from the centerline of Highland Avenue, the following four courses:

18. Southeasterly on a curve to the right having a radius of 500.00 feet, an arc length of 102.96 feet, a delta angle of 11 degrees 47 minutes 55 seconds, a chord bearing South 64 degrees 27 minutes 42 seconds East and a chord distance of 102.78 feet to a point of tangency in same; thence
19. Still along same, South 58 degrees 33 minutes 45 second East, a distance of 141.02 feet to a point of curvature in same; thence
20. Southeasterly on a curve to the left having a radius of 550.00 feet, an arch length of 233.58 feet, a delta angle of 24 degrees 20 minutes 00 seconds, a chord bearing South 70 degrees 43 minutes 45 seconds East and chord distance of 231.83 feet to a point of tangency in same; thence
21. Still along same, South 82 degrees 53 minutes 45 seconds East, a distance of 197.40 feet to an angle point in same; thence
22. Still along same, South 88 degrees 39 minutes 45 seconds East, a distance of 129.89 feet to an angle point in the Southwesterly right-of-way line of Highland Avenue (variable right-of-way) (unimproved); thence

Along the Southwesterly right-of-way line of Highland Avenue, the following five courses:

23. South 60 degrees 44 minutes 45 seconds East, a distance of 204.38 feet to a iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
24. South 52 degrees 43 minutes 45 seconds East, a distance of 293.71 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
25. South 38 degrees 04 minutes 45 seconds East, a distance of 180.92 feet to an iron pin (set) marking an angle point in same (70.00 foot right-of-way at this point); thence
26. South 25 degrees 37 minutes 45 seconds East, a distance of 208.41 feet to an iron pin (set) marking an angle point in same (80.00 foot right-of-way at this point); thence
27. South 46 degrees 17 minutes 45 seconds East, a distance of 87.48 feet to an iron pin (set) in same (80.00 foot right-of-way at this point) corner to New Lot 24.01 Block 28; thence
28. Along the Northwesterly line of New Lot 24.01 Block 28, South 43 degrees 42 minutes 15 seconds West, a distance of 28.96 feet to the point and place of beginning.

Together with the right of a 100 foot access Easement as set forth in 6271 page 1306.

Subject to a 20 foot wide Drainage Easement crossing thru property between courses 17 and 18 as described above.

Subject to a Sanitary Sewer Easement along Highland Avenue (along courses 20, 21, and 22 as described above.

Subject to a Conservation Easement to the Borough of Peapack and Gladstone.
Subject to a View Shed Easement.

540460 v14/RE

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE (this "**Second Amendment**") is made as of this ___ day of _____ 2016, between **SOMERSET COUNTY IMPROVEMENT AUTHORITY**, a public body corporate and politic constituting an instrumentality of the State of New Jersey, having an office at 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000 ("**Landlord**"), and **NATIRAR RESORT DEVELOPMENT, LLC**, a New Jersey limited liability company (formerly The Virgin Spa at Natirar, LLC) having an office at 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**Tenant**").

WITNESSETH

WHEREAS, pursuant to that certain Ground Lease Agreement dated December 2003 between Landlord and Tenant (and that certain First Amendment to Lease Agreement, dated April 24, 2013, collectively the "**Ground Lease**"), Landlord leased to the Tenant a portion of property located in Somerset County, New Jersey, and commonly known as the "Natirar Estate" as set forth on Exhibit A attached hereto (the "**Leased Premises**");

WHEREAS, Tenant intends to operate a hotel, restaurant, banquet center/meeting space, spa and other amenities (hereinafter collectively referred to as the "**Resort**") on the a portion of the Leased Premises (hereinafter referred to as the "**Resort Leased Premises**"); and

WHEREAS, Tenant intends to construct twenty-four (24) luxury villas, together with associated road and utility improvements (the "**Villas**") on a portion of the Leased Premises described on the attached Exhibit A and depicted on the attached Exhibit B (hereinafter referred to as the "**Villas Leased Premises**"); and

WHEREAS, Tenant intends that the Villas Lease Premises shall be sub-let to a condominium sponsor (the "**Villas Condominium Sponsor**") and subsequently to a condominium association (the "**Villas Condominium Association**"), which shall own all common elements constructed on the Villas Leased Premises; and

WHEREAS, Tenant intends that Members of the Villas Condominium Association shall be permitted to rent their units on a short or long term basis to visitors, tourists, and others; and

WHEREAS, to further effect the intentions of the Ground Lease, Landlord and Tenant have agreed to modify the Ground Lease as more particularly set forth herein;

NOW, THEREFORE, in consideration of the agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS

A. All capitalized terms used in this Second Amendment but not defined here shall have the meanings given to such terms in the Ground Lease.

B. The definition of the term "Effective Date" is deleted in its entirety and amended to read as follows: "Effective Date" shall mean the date of an unconditional Certificate of Occupancy is received for a banquet center constructed on the Leased Premises.

C. The Term "Leased Premises" is amended to revise the first sentence to read, "The Leased Premises shall consist of approximately 89 acres of land which is a part of the Natirar Estate and designated as portions of Block 28, Lots 24.02 and 24.02Q as shown on the Peapack-Gladstone Borough Tax Map and which has been set forth and shown on the map attached to this Lease Agreement as Exhibit 'A'", and shall refer to the Resort Leased Premises and the Villas Leased Premises collectively.

D. "Project Milestone Dates" shall mean dates on which key components of the Resort and Villas Projects are to be accomplished by the Tenant as designated in Exhibit C to this Second Amendment to Lease. The Tenant shall make all good faith efforts to accomplish the designated Project Milestone Dates. In the event that Tenant requires an extension of a Project Milestone Date, Tenant shall meet with Landlord regarding the status of the Project and Landlord shall reasonably grant such extension. A failure by the Tenant to meet a Resort Project Milestone Date, unless extened, shall be a "**Developer Resort Milestone Default**" and should such Developer Resort Milestone Default remain uncured following sixty (60) days notice from Landlord, as Landlord's sole remedy, Tenant shall pay 110% of the Resort Rent until such time as the Resort Project Milestone is accomplished. A failure by the Tenant to meet a Villa Project Milestone Date, unless extended shall be a "**Developer Villa Milestone Default**" and should such Developer Villa Milestone Default remain uncured following sixty (60) days notice from Landlord, as Landlord's sole remedy, Landlord shall be entitled to require Tenant pay to the Landlord a one-time lump sum payment of sixty thousands dollars (\$60,000.00) for each Developer Villa Milestone Default. Notwithstanding the foregoing, in the event that any Developer Villa Milestone Default remains uncured for five (5) or more years, this Second Amendment to Lease will be terminated and of no further force and effect with respect to the Villas Leased Premies, and the land presently comprising the Villas Leased Premises shall become a portion of the Resort Leased Premises and subject to all lease terms applicable to the Resort Leased Premises. This Second Amendment to Lease shall remain in full force and effect with respect to terms applicable to the Resort Leased Premises.

E. The Recitals above are hereby incorporated as if set forth fully herein.

2. TERM

A. Section 1 of the Lease shall be deleted in its entirety and amended to read as follows: "The Lease of the Resort Leased Premises and the Villas Leased Premises shall be in

effect for a period of ninety-nine (99) Years (“**Term**”) unless sooner terminated as hereinafter provided, commencing on “Effective Date. The “Calendar Year” shall mean a period of twelve consecutive months beginning on January 1 and ending on December 31 except with respect to the “First Calendar Year” which shall commence on the Effective Date and shall expire on December 31 of the said calendar year and the “Last Calendar Year” which shall expire on the last day of the calendar year in which the term of this Lease expires.”

3. SCOPE OF USE

Section 2 of the Lease shall be amended to delete the term “Leased Premises” and replace it with “Resort Leased Premises” in subparagraphs A-F. Section 2 is further revised to add the following additional language:

G. The Villas Leased Premises may not be used or occupied for any other purpose other than the construction, improvement, sale and sublease, management, maintenance, and operation of the Villas and the Villas Condominium Association, which includes any related uses and accessory uses that are associated with or incident to the residential use and occupancy of the Villas, provided that they comply with the rules and regulations of the Villas Condominium Association, including but not limited to, leasing of the Villas on either a short term or long term basis to visitors, tourists, or others and accessory use home offices, provided that they are subordinate to the residential use and occupy no more than 10% of the total floor area of the Villas, located within the principal structure, conducted by the owner or tenant residing on the premises, and have no employees other than owner or tenant. Any documents for which Landlord’s Consent or Execution may be require, for submission to the Department of Community Affairs to facilitate the offering of the Villas for sale by Tenant or the Villas Condominium Sponsor, shall be subject to the review and approval of Landlord,

H. Tenant may provide the services, products and amenities customarily offered for luxury membership residences, including but not limited to maid, butler, concierge, bellboy, and valet services, room service for food and beverage, and furnishing linen, groceries and toiletries.

I. The Villas Condominium Association shall own twenty-four (24) memberships in the Resort, such that owners or tenants of the Villas shall be permitted to use the amenities at the Resort Leased Premises in accordance with the terms of membership (“**Villas Condominium Association Resort Memberships**”).

J. The conduct of Tenant’s operation with respect to the Villas shall be limited to the Villas Leased Premises and real property specifically designated as the Villas Leased Premises, with the exception of the use of the Resort Leased Premises by Villas owners and tenants in accordance with the terms of the Villas Condominium Association Resort Memberships, and the use of the Resort Leased Premises by Tenant or its affiliate for the management and administration of the Villas Condominium Association and/or leasing of the Villas. Tenant and Tenant’s guests shall be entitled to use the remaining County property to the same extent offered to the general public.

K. Tenant shall not use or allow or permit others to use the Villas Leased Premises for any purpose or in any manner other than as expressly provided herein. The Tenant, its agents, servants and representatives shall not use the Villas Leased Premises for any purpose or in any manner inconsistent with the terms of this Lease without first obtaining the express written approval of Landlord. Tenant shall not change or modify the scope of the permitted uses of the Villas Leased Premises without first submitting the Landlord a comprehensive written justification for and description of the proposed change and obtain Landlord's express written approval thereof. Landlord's approval shall be based upon Landlord's determination of whether the proposed change is in the best interest of the public and is consistent with the intent and purpose of this Lease Agreement.

4. RENT

Section 4 of the Lease shall be deleted in its entirety and replaced with the following language:

A. Prior to the Effective Date, Tenant shall continue to pay twelve thousand dollars (\$12,000.00) per month ("Base Payment") to Landlord until the Effective Date. After the Effective Date, the Base Payment shall increase by two percent (2%) each year. Tenant shall pay as Rent the greater of (i) the Base Payment or (ii) the compensation set forth under subparagraphs B, C, and D of this Paragraph 4.

B. In consideration for use of the Resort Leased Premises as well as granting other rights and privileges and franchises to the Tenant as set forth in this Lease Agreement, the Tenant shall make monthly payments to the Landlord in an amount equal to two (2%) percent of any and all Total Revenues up to the Annual Revenue Threshold and one (1%) percent of any and all Total Revenues in excess of the Annual Revenue Threshold which shall be paid in accordance with the terms and conditions of this Lease ("**Resort Rent**"). There shall be no cap on the amount of Resort Rent due in accordance with this Section 4. Payment will be made within 45 days from each month end in accordance with each month's Monthly Total Revenue Report.

C. For the purpose of this Lease, "Total Revenues" shall include any and all revenues realized from the Resort Leased Premises during a particular Fiscal Year as determined in accordance with generally accepted accounting principles, the Uniform System of Accounting for the Lodging Industry (9th edition, or subsequent editions of the Uniform System of Accounting for the lodging Industry with the approval of all parties) including allowances and the Lease Fee Report included in this lease as Exhibit E from the use of the Mansion, including but not limited to, any revenues to Tenant resulting from the renting of Villas through, in connection with, or by the resort, any revenues from food and beverage services, service or fee revenues realized from any businesses operated by the Tenant or and subtenant or licensee of Tenant on or as part of the Resort Lease Premises, sale of goods or services or novelties on the Resort Leased Premises by the Tenant or and subtenant or licensee of Tenant, advertising sales, sale by the Tenant or and subtenant or licensee of Tenant, sale of any royalty or logo rights by the Tenant or any subtenant or licensee of Tenant, sale of any television, cablevisions, movie, telecommunications, internet or other forms of electronic, cameras or video rights or audio rights

by the Tenant, room rentals or fees for room and board and/or facility rental by the Tenant or and subtenant or licensee of Tenant. Total Revenues shall not include refundable membership deposits or any other amounts not permanently retained by tenant, but shall include any monies classified as non-refundable membership deposits.

D. For the purpose of this lease, "Annual Revenue Threshold" shall mean following amount based upon the number of years the Lease has been in effect:

Fiscal Year	Annual Revenue Threshold
Fiscal Year 1- Fiscal Year5	\$10,000,000.00
Fiscal Year 6 – Fiscal Year10	\$15,000,000.00
Fiscal Year 11- Fiscal Year 15	\$20,000,000.00
Fiscal Year 16 – Fiscal Year 20	\$25,000,000.00
Fiscal Year 21 – Fiscal Year 25	\$30,000,000.00
Fiscal Year 26 – Fiscal Year 30	\$35,000,000.00
Fiscal Year 31 and thereafter	\$40,000,000.00

E. In consideration for use of the Villas Leased Premises as well as granting other rights and privileges and franchises to the Tenant or the Villas Assignee (as defined in Section 6B below), Tenant or the Villas Assignee shall remit payment of the following as rent for the occupancy of the Villas Leased Premises ("**Villas Rent**"):

- (i) two (2%) percent of the Gross Sales Price of each Villa at its initial sale, meaning the first sale of the Villa occurring at or after the issuance of a certificate of occupancy ("**Initial Sale**"), within thirty (30) days of collection of same by Tenant, Villas Condominium Sponsor, or the Villas Assignee, as defined in Section 6B below ("**Initial Villa Sales Revenue**"); and
- (ii) one (1%) percent of the Gross Sales Price of each Villa at every subsequent sale of the Villa following the Initial Sale, within thirty (30) days of collection of same by the Tenant or the Villas Assignee ("**Subsequent Villa Sales Revenue**"). The one (1%) percent of Gross Sales Price of each Villa for subsequent sales shall be incorporated as a covenant of the Master Deed for the Villas Condominium Association and the Villa unit deeds as a covenant running with the land. Notwithstanding the foregoing, the Tenant and/or Villas Assignee shall have no liability or responsibility to pay the Subsequent Villas Sale Lease Payment in the event that the seller fails to remit same to Tenant, Villas Condominium Association, or Villas Assignee, respectively. The Subsequent Villas Sale Revenue shall not become due in the event title is acquired by a mortgagee of record or other purchaser acquiring title as a result of a foreclosure of a mortgage.

E. All Rent payments, inclusive of the Resort Rent and the Villas Rent, shall be made to the Somerset County Improvement Authority at the County Administration Building, 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000. If any check is

dishonored or returned to Landlord, all future Villas Rent shall be paid by certified or cashiers check or electronic transfer only.

5. TRADE FIXTURES AND MOVEABLE TRADE FIXTURES

A. Sections 5A of the Lease is revised to delete the word “Leased Premises” and replace it with “Resort Leased Premises.”

B. Section 5B of the Lease is deleted in its entirety and revised to read as follows: “Trade Fixtures, for the purpose of this Lease, shall be defined as being fixtures, equipment and other property incorporated into the Lease Premises. Trade Fixtures at the Resort Leased Premises shall become the property of Landlord at the termination of this Lease. Trade Fixtures at the Villas Leased Property shall remain Tenant’s property at the termination of this Lease.

C. Section 5C shall be revised to insert the phrase “at the Resort Leased Premises” at the end of the second and third sentences.

D. Section 5E shall be revised to insert “at the Resort Leased Premises” following the phrase “Movable Trade Fixture”.

6. ADDITIONAL RENT – ADVANCES BY LANDLORD

A. Section 6A is revised to insert “for the Resort Leased Premises” at the end of the sentence.

B. Section 6B is amended to insert the following language at the end of the subsection: “In the event that the Tenant’s right and responsibilities with respect to the Villas Leased Premises are assigned by Tenant to an assignee, including to a Villas Condominium Sponsor or Villas Condominium Association (the “Villas Assignee”), the Villas Assignee shall have no obligation to make any Additional Rent payment to Landlord.”

C. The second sentence of Section 6C is amended to insert “with respect to the Resort Leased Premises” after the phrase “rights against Tenant”.

7. INTENTIONALLY LEFT BLANK

8. REPORTING, RECONCILIATION AND PAYMENT REQUIREMENTS

The first sentence of Section 8 shall be amended to read as follows: “Tenant shall submit the following reports with respect to the Resort Lease Premises:”.

9. MAINTENANCE OF BOOKS AND RECORDS

The first sentence of Section 9 shall be amended to delete “Leased Premises” and replace it with “Resort Leased Premises.”

10. RIGHT TO AUDIT

The first sentence of Section 10 shall be amended to insert “with respect to the Resort Leased Premises” after the phrase “records and ledgers of Tenant”. Following the second sentence, the following sentence shall be inserted: “Notwithstanding the forgoing, the Villas Assignee shall have no obligation to make any such reimbursement payment to Landlord.”

11. INTENTIONALLY LEFT BLANK

12. BANK LINE OF CREDIT – IRREVOCABLE LETTER OF CREDIT

Section 12 shall be amended to insert the following sentence at the end: “Notwithstanding the forgoing, the Villas Assignee shall have no obligation to maintain any such Bank Line of Credit or Bank Letter of Credit.”

13. END OF TERM

Section 13B is amended to insert the following sentence as the end of the section: This Section 13B shall not apply to any Villas Assignee or the Villas Leased Premises.

The following subsection shall be inserted at the end of Section 13:

D. Unless the Term of the lease for the Villas Leased Premises is extended, Landlord shall pay Tenant the fair market value of the Villas and Improvements on the Villas Leased Premises. **Fair Market Value** shall be determined as follows: Tenant and Villas Assignee shall permit the Landlord and its appraiser access to the Villas Leased Premises six (6) months prior to the end of the Villas Lease Term; no later than four (4) months prior to the end of the Villas Lease Term, the Landlord shall deliver to Tenant a written notice stating the fair market value of the Improvements and each Villa on an individual basis (“**Landlord’s Fair Market Value**”). In the event that the Tenant objects to the Landlord’s Fair Market Value, the issue of fair market value shall be open to negotiation between Landlord and Tenant. In the event the parties cannot agree within thirty (30) days after Landlord’s notice of the Landlord’s Fair Market Value, the parties shall agree on the appointment of an appraiser (the “Appraiser”), the cost of which shall be shared equally by Landlord and Tenant, which Appraiser shall be knowledgeable in the Somerset County, New Jersey area, who shall make a fair market determination. If the parties cannot agree within thirty (30) days subsequent to the appointment of the Appraiser, or in the event the parties cannot agree upon the appointment of the Appraiser, then the matter shall be submitted to binding arbitration pursuant to the rules for commercial arbitration of the American Arbitration Association, at the equal administrative cost of Landlord and Tenant.

14. PARKING AND DELIVERIES

Section 14A is revised to add the following at the end of the first sentence – “the maintenance of which shall be at Tenant’s sole expense.” Section 14B is revised to add at the end – “at no cost to the County.”

15. SECURITY

Section 15B is revised to insert “to the Resort Leased Premises” after the phrase “sets of keys”. Section 15B is further revised to delete the term “Leased Premises” and replace it with “Resort Leased Premises”.

16. MAINTENANCE AND REPAIRS

Section 16F is amended to insert the following sentence at the end of the section: “Notwithstanding the foregoing, the Villas Assignee shall have no obligation to make any Additional Rent payment for any maintenance, repairs or replacement performed by Landlord at the Resort Leased Premises.

17. PAYMENT FOR UTILITY SERVICE

Section 17 is revised to read – “Tenant shall, at its sole cost and expense, contract for and pay for all utility services provided to the Leased Premises during the term of this Lease.”

18. IMPROVEMENTS

The first sentence of the second paragraph of Section 18M is amended to insert “and any Villas Assignee” after the word “Tenant”.

19. OWNERSHIP OF IMPROVEMENTS – ACCEPTANCE

The phrase “Leased Premises” shall be deleted and replaced with the phrase “Resort Leased Premises in Section 19A-C. Section 19 shall be further amended to insert the following subsection D at the end of the Section:

E. Notwithstanding the foregoing, all Improvements constructed or installed on the Villas Leased Premises by Tenant, Villas Assignee or members of the Villas Condominium Association, including but not limited to carpeting, fabric, woodwork, hardware and fixtures shall not become the property of Landlord as a part of the Leased Premises, unless Landlord remits payment for the fair market value of such Improvements to the Tenant, Villas Assignee, or member of the Villas Condominium Association owning the Improvement.

20. INTENTIONALLY LEFT BLANK

21. REPRESENTATIONS AND WARRANTIES

Section B(vi) shall be revised to insert “and any leasehold mortgages on the Villas or liens levied by the Villas Condominium Association on a Villa” after the phrase “by the County in advance.”.

22. INTENTIONALLY LEFT BLANK

23. INTENTIONALLY LEFT BLANK

24. DEFAULT REMEDIES; UNFORSEEN EVENTS

A. Section 24A is revised to read as follows:

Resort Leased Premises Default Remedies.

In the event of a breach by Tenant of any term of this Agreement with respect to its use or occupancy of the Resort Leased Premises, and provided that the Tenant has not cured any such default as to its obligation required under this Agreement, the Landlord, at the Landlord’s sole option, shall have the right to take any of the following actions in addition to any right or remedy available at law or equity:

- (i) Terminate Tenant’s right to use, possess, and occupy the Resort Leased Premises and the terms of the Lease Agreement with respect to the Resort Leased Premises, provided that such termination shall not terminate Tenant or the Villas Assignee’s rights to use possess, and occupy the Villas Leased Premises or the terms and conditions of this Lease with respect to the Villas Leased Premises;
- (ii) Perform the obligation, covenant or agreement for which Tenant is in default, and recover any payment, cost or expense that the Landlord incurs, with interest at the per annum floating rate of three (3%) percent over the “Prime Rate,” provided that Landlord may not recover such amount from the Villas Assignee;
- (iii) To recover all of the amounts then due and payable immediately from Tenant, provided that Landlord may not recover such amounts from the Villas Assignee;
- (iv) To enter the Resort Leased Premises, and to remove or cause the Tenant to remove all persons and all or any property therefrom by any suitable action or proceeding at law, or by force or otherwise, and to repossess and enjoy all such areas of the Resort Leased Premises together with all additional, alterations and improvements. Upon recovering possession of the Resort Leased Premises, by reason of or based upon or arising out of a default on the part of Tenant, the Landlord may, at the Landlord’s option, either terminate the Tenant’s right to use, possess, and occupy the Resort Leased Premises pursuant to this Agreement and/or make such alterations and repairs as may be necessary in order to market the Resort Leased Premises to be relet to another tenant;

- (v) Landlord may sue Tenant for damages the Landlord may sustain, provided that Tenant may not sue the Villas Assignee;
- (vi) Landlord has all other rights and remedies as provided by law and equity.

Under no circumstances may Tenant or Villas Assignee's rights to occupy the Villas Leased Premises be terminated as a result of a default by Tenant related to the Resort Leased Premises.

B. Section 24 shall be amended to insert the following subsection C:

Villas Leased Premises Default Remedies.

In the event of a breach by Tenant or Villas Assignee of any term of this Agreement with respect to its use or occupancy of the Villas Leased Premises, and provided that such default has not been cured, the Landlord, at the Landlord's sole option, shall have the right to take any of the following actions in addition to any right or remedy available at law or equity:

- (i) Perform the obligation, covenant or agreement for which Tenant or Villas Assignee is in default, and recover any payment, cost or expense that the Landlord incurs from the defaulting entity, with interest at the per annum floating rate of three (3%) percent over the "Prime Rate,";
- (ii) To recover all of the amounts then due and payable immediately from the defaulting party; or
- (iii) Landlord may sue the defaulting party for damages the Landlord may sustain.

25. INTENTIONALLY LEFT BLANK

26. INTENTIONALLY LEFT BLANK

27. INDEMNIFICATION

The following language shall be inserted at the end of Section 27A: In the event that a portion of this Lease is assigned to a Villas Assignee, a) the Villas Assignee shall only defend, protect, indemnify, and save harmless and the Landlord and the County and the Somerset County Park Commission and release Landlord and each of its officers, agents, employees successors and assigns from and against claims pursuant to this Section 27A related to and arising from the Villas Leased Premises and b) the Tenant shall only defend, protect, indemnify, and save harmless and the Landlord and the County and the Somerset County Park Commission and release Landlord and each of its officers, agents, employees successors and assigns from and against claims pursuant to this Section 27A related to and arising from the Resort Leased Premises.

28. INTENTIONALLY LEFT BLANK

29. INSURANCE

Section 29A shall be amended to delete the term "Leased Premises" and replace it with "Resort Leased Premises". A new subsection shall be inserted following Section 29A and shall read as follows:

Any Villas Assignee, at its sole cost and expense, shall obtain and maintain at all times following the execution of such assignment and thereafter during the Term of this Lease, insurance on the Villas Leased Premises of the types and in the amounts hereinafter provided. Such policies shall include provisions that they be without contribution, that improvements made to the Villas by members of the Villas Condominium Association shall not affect the valuation of the Villas Leased Premises for one purpose of insurance and that the insurer waives its rights of subrogation as to any claims against Members of the Villas Condominium Association, the Villas Condominium Association and their respective employees, servants, agents and guests. The coverages shall be against the hereinafter-enumerated perils and contingencies:

(i) A policy of property insurance equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundation, excavation, and other items normally excluded from coverage) of the Villas Leased Premises (including all building service equipment and the like, and including all structural or non-structural walls, fixtures, equipment within each and every Unit). Said insurance must protect against at least the following:

- a. Loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage;
- b. If necessary, a "master" or "blanket" policy of flood insurance on the buildings and any other property covered by the required form of policy in an amount deemed appropriate by the Villas Assignee but not less than the following: the lesser of: (1) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property within any portion of the Villas Leased Premises located within a designated flood hazard area; or (2) 100% of current replacement cost of all such buildings and other insurable property;
- c. Such other risks as are customarily covered in similar projects.

(ii) A comprehensive policy of public liability insurance covering all of the Common Elements in the Villas Leased Premises with a Severability of Interest Endorsement or equivalent coverage which would preclude the insurer from denying the claim of a member of the Villas Condominium Association because of negligent acts of the Villas Condominium Association or another member, with limits not less than \$500,000.00 per injury occurrence and \$3,000,000.00 excess liability covering all claims for personal injury and/or property damage

arising out of a single occurrence, including protection against water damage, liability for non-owned and hired automobiles, liability for property of others and such other risks as are customarily covered in similar projects. Any such policy shall be subject to Federal National Mortgage Association or Federal Home Loan Corporation approval, if applicable.

(iii) Adequate fidelity coverage against dishonest acts by its officers, trustees and employees, and all others who are responsible for handling funds of the Villas Condominium Association. Such fidelity bonds shall meet the following requirements:

- a. All shall name the Villas Condominium Association as an obligor;
- b. All shall be written in an amount based upon the business judgment of the Villas Assignee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Villas Condominium Association or management agent as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three months aggregate assessments on all units plus reserve funds.
- c. All shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.
- d. All shall provide that they may not be canceled or substantially modified without at least ten (10) days prior written notice.

(iv) Any insurance obtained shall be subject to the following:

- a. The name insured under any such policies shall be the Villas Condominium Association, if one exists, as trustee for the Members of the Villas Condominium Association, or its authorized representative, including any trustee with which such Association may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be referred to as the "Insurance Trustee" who shall have exclusive authority to negotiate losses under these policies (any Insurance Trust Agreement shall be subject to the prior approval of the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation); and
- b. Insurance coverage obtained and maintained may not be brought into contribution with insurance purchased by Members of the Villas Condominium Association or their mortgages;
- c. Coverage must not be prejudiced by (a) any act or neglect of the Members of the Villas Condominium Association when such act or neglect is within the control of the Association or (b) any failure of the Association to comply with

any warranty or condition regarding any portion of the Villas Leased Premises over which the Association has not control;

- d. Coverage may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all insureds and each first mortgage holder; and
- e. All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Villas Condominium Association, any Member of the Villas Condominium Association, and/or their respective agents, employees or subtenants, and of defenses based on co-insurance or on invalidity arising from the acts of the insured; and
- f. All policies of property insurance must provide that, despite any provisions giving the carrier (insurer) the right to elect to restore damage in lieu of a cash settlement, such operation shall not be exercisable without the prior written approval of the Villas Assignee (or any Insurance Trustee).

(v) Workmen's Compensation: Coverage to meet the requirements of law. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association and the Unit Owners, as a group, to an individual owner.

(vi) Such other insurance as the Villas Assignee may deem proper and necessary, or as required under the condominium documents. Every Member of the Villa Condominium Association shall have the right to obtain insurance at his own expense, affording coverage upon his personal property, including betterments and improvements, and for his personal liability and as may be required by law, but all such insurance shall contain the same waiver of subrogation as that referred to hereinabove (if same is available).

(vii) All insurance policies maintained by the Villas Condominium Association shall be for the benefit of the Association and the members of the Villas Condominium Association, and their mortgagees, as their respective interest may appear and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association, as Trustee. The Trustee shall hold such proceeds for the Association, its members, and shall be paid by the Association, as the benefit of their respective mortgages in accordance with the provision of the terms of the Master Deed.

(viii) The maximum deductible for any policies required by this Agreement shall be the lesser of \$10,000.00 or on percent (1%) of the face amount of the policy.

30. INTENTIONALLY LEFT BLANK

31. INTENTIONALLY LEFT BLANK

32. TAXES AND ASSESSMENTS

The second sentence of Section 32 is amended to insert “for the Resort Leased Premises” after the phrase “tax bill or assessment”. The fourth sentence of Section 32 is further amended to insert “for the Resort Leased Premises” at the end of the sentence.

33. ASSIGNMENT

Section 33 is amended to insert the following subsections after Sections A-E:

F. Except as provided under subparagraph G below, upon prior written approval of the Landlord, Tenant may assign its rights, responsibilities, and remedies to an assignee for only the Resort Leased Premises, only the Villas Leased Premises, or the Leased Premises in its entirety. In the event that Tenant assigns its rights, responsibilities and remedies for only a portion of the Leased Premises (i.e. the Resort Leased Premises or the Villas Leased Premises), only the rights, responsibilities, and remedies associated with that portion of the Leased Premises shall terminate as to Tenant, and, upon the effective date of such assignment and thereafter, all liabilities and obligations of Tenant with respect to only the assigned portion of the Leased Premises accruing after the effective date of such assignment shall be binding on the assignee. There shall be no joint and several liability between Tenant and any of its assignees.

G. Landlord approves Natirar Residential Development Group LLC, the Villas Condominium Sponsor, the Villas Condominium Association, and any Members of the Villas Condominium Association as assignees with respect to the Villas Leased Premises.

34. SUBLETTING

This Section 34 shall not apply to subleases of the Villas Leased Premises.

35. LIENS

Section 35 is amended to add the following subsection 35D to the end:

D. The Villas Condominium Association may record a lien against a Villa for purposes of enforcing the Association Rules and Regulations, including but not limited to payment of common monthly maintenance assessments.

36. LEASEHOLD MORTGAGE

Section 36 is hereby amended to add the following language to the end of the section: Landlord expressly consents to any Leasehold Mortgage for the purchase of a Villa, provided no such Leasehold Mortgage shall extend to or affect the fee, the reversionary interest or the estate or interest of Landlord in the Villas Leased Premises. No further consent of Landlord, in writing or otherwise is required.

37. INTENTIONALLY LEFT BLANK

38. INTENTIONALLY LEFT BLANK

39. INTENTIONALLY LEFT BLANK

40. TERMINATION

A. Section 40A is amended to delete the phrase “Leased Premises” and replace it with the phrase “Resort Leased Premises” and to insert “with respect to Tenant’s rights to use, possess, and occupy the Resort Leased Premises” and the term “Lease”.

B. Section 40B is amended to insert the following language at the end of the section: “or, in case of default related to the Villas Leased Premises, receive reimbursement from the Landlord for the Fair Market Value of the Villas and Improvements, which right shall be in addition to Tenant’s right to cure any such default by the Landlord and offset the reasonable costs of the cure against any payment of rent.

C. INTENTIONALLY LEFT BLANK

D. Section 40D is amended to delete the phrase “Leased Premises” and insert “Resort Leased Premises”.

41. INTENTIONALLY LEFT BLANK

42. BANKRUPTCY OR INSOLVENCY OF TENANT

The first sentence of Section 42 shall be amended to insert “but shall not apply in the event of bankruptcy or insolvency of a Villas Assignee or member of the Villas Condominium Association” after “insolvency of Tenant”. All references to the “Leased Premises” in Section 42 shall be deleted and replaced with “Resort Leased Premises” and the language “with respect to Tenant’s rights to use, possess, and occupy the Resort Leased Premises” shall be inserted after the word “Lease” in Section 42.

43. INTENTIONALLY LEFT BLANK

44. ANNUAL BALL OR EVENT

Section 44 is amended to delete all references to the “Leased Premises” and replace them with “Resort Leased Premises”.

45. INTENTIONALLY LEFT BLANK

46. CONDITIONS PRECEDENT

Section 46 shall be amended to insert the words “and Villas” after the phrases “Tenant’s Facility”, “Tenant’s Facilities”, and “Facility”. Section 46 is further amended to add the following language to the end of the Section 46M: Tenant may choose to terminate this Lease

only with respect to its rights to use, occupy and possess the Villas Leased Premises, the Resort Leased Premises, or the Leased Premises in its entirety.

47-76. INTENTIONALLY LEFT BLANK

77. MISCELLANEOUS

A. Except as modified, amended and supplemented by this Amendment, the terms and provisions of the Ground Lease shall continue in full force and effect and are hereby ratified and confirmed.

B. This Amendment constitutes the entire agreement among the parties hereto with respect to the matters stated herein and may not be amended or modified unless such amendment or modification shall be in writing and signed by the party against whom enforcement is sought.

C. The terms, provisions and conditions contained in this Amendment shall bind and inure to the benefit of the parties and their respective successors and assigns.

D. This Amendment shall be governed by the laws of the State of New Jersey.

E. By execution of this Amendment, Tenant acknowledges that notification has been forwarded to all parties with a copy of this Amendment pursuant to Section 68 of the Ground Lease.

F. This amendment may be executed in one or more counterparts which when taken together shall constitute but one original.

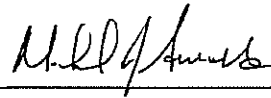
78. EXHIBITS

A. Exhibit C to the Lease is deleted in its entirety, and shall be of no further force and effect.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LANDLORD:
SOMERSET COUNTY IMPROVEMENT AUTHORITY

BY: 

Name: Michael J. Amorosa

Title: Chairman,
Somerset County Improvement Authority

TENANT

**NATIRAR RESORT DEVELOPMENT,
LLC, A New Jersey limited liability
company**

By: _____

Name: Bob Wojtowicz

Title: Sole Member

EXHIBIT A
LEGAL DESCRIPTION OF VILLAS LEASED PREMISES

EXHIBIT B
VILLAS LEASED PREMISES AND RESORT LEASED PREMISES AREAS

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EXHIBIT C-PROJECT MILESTONE DATES

Villas Project Milestone

Milestone	Date
Department of Community Affairs Approval of Villas	6 months from execution of Lease Amendment
Issuance of Building Permit for Villa	12 months from receipt of all governmental approvals, including but not limited to wastewater management approval
Sublease/Sale of First Villa Unit	12 months from receipt of building permit

Resort Project Milestone

Milestone	Date
Certificate of Occupancy for Banquet Center	12 months from execution of Lease Amendment
Issuance of Building Permit for Hotel Improvements	66 months from Certificate of Occupancy for Banquet Center
Issuance of Certificate of Occupancy for Hotel	18 months from Issuance of Building Permit for Hotel Improvements

THIRD AMENDMENT TO LEASE AGREEMENT

THIS THIRD AMENDMENT TO LEASE (this "**Third Amendment**") is made as of this 29th day of January 2019, between **SOMERSET COUNTY IMPROVEMENT AUTHORITY**, a public body corporate and politic constituting an instrumentality of the State of New Jersey, having an office at 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000 ("**Landlord**"), and **NATIRAR RESORT DEVELOPMENT, LLC**, a New Jersey limited liability company (formerly The Virgin Spa at Natirar, LLC) having an office at 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**NRD**") and **NATIRAR RESIDENTIAL DEVELOPMENT GROUP LLC**, a New Jersey limited liability company having an office at 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**NRDG**" and together with NRD, "**Tenant**").

WITNESSETH

WHEREAS, pursuant to that certain Ground Lease Agreement dated December 2003 between Landlord and Tenant, as amended by that certain (i) First Amendment to Lease Agreement, dated April 24, 2013 and (ii) Second Amendment to Lease Agreement, dated December 22, 2016 (collectively the "**Ground Lease**"), Landlord leased to the Tenant a portion of property located in Somerset County, New Jersey, and commonly known as the "Natirar Estate" as set forth on Exhibit A attached hereto (the "**Leased Premises**"); and

WHEREAS, the Leased Premises is split into the Resort Leased Premises and the Villas Leased Premises; and

WHEREAS, NRD leases the portion of the Leased Premises referred to as the Resort Leased Premises and intends to operate a Resort thereon; and

WHEREAS, NRDG leases the portion of the Leased Premises referred to as the Villas Leased Premises and intends to construct the Villas thereon; and

WHEREAS, NRD intends to construct approximately fifteen (15) for-sale mansion suites (the "**Mansion Suites**") on a portion of the Resort Leased Premises described on the attached Exhibit A and depicted on the attached Exhibit B (hereinafter referred to as the "**Mansion Suites Leased Premises**"); and

WHEREAS, Tenant intends that the Mansion Suites Leased Premises shall be sub-let to a condominium sponsor (the "**Mansion Suites Condominium Sponsor**") and subsequently to a condominium association (the "**Mansion Suites Condominium Association**"), which shall own all common elements constructed on the Mansion Suites Leased Premises; and

WHEREAS, Tenant intends that Members of the Mansion Suites Condominium Association shall be permitted to rent their units on a short or long term basis to visitors, tourists, and others; and

WHEREAS, to further effect the intentions of the Ground Lease, Landlord and Tenant have agreed to modify the Ground Lease as more particularly set forth herein;

NOW, THEREFORE, in consideration of the agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS

A. All capitalized terms used in this Third Amendment but not defined here shall have the meanings given to such terms in the Ground Lease.

B. The Term “Leased Premises” shall refer to the Resort Leased Premises, the Villas Leased Premises, and the Mansion Suites Leased Premises collectively.

C. The Recitals above are hereby incorporated as if set forth fully herein.

2. SCOPE OF USE

Section 2 of the Ground Lease shall be amended to add the following additional language:

L. The Mansion Suites Leased Premises may not be used or occupied for any other purpose other than the construction, improvement, sale and sublease, management, maintenance, and operation of the Mansion Suites and the Mansion Suites Condominium Association, which includes any related uses and accessory uses that are associated with or incident to the residential use and occupancy of the Mansion Suites, provided that they comply with the rules and regulations of the Mansion Suites Condominium Association, including but not limited to, leasing of the Mansion Suites on either a short term or long term basis to visitors, tourists, or others and accessory use home offices, provided that they are subordinate to the residential use and occupy no more than 10% of the total floor area of the Mansion Suites, located within the principal structure, conducted by the owner or tenant residing on the premises, and have no employees other than owner or tenant. Any documents for which Landlord’s Consent or Execution may be required, for submission to the Department of Community Affairs to facilitate the offering of the Mansion Suites for sale by Tenant or the Mansion Suites Condominium Sponsor, shall be subject to the review and approval of Landlord (which approval shall not be unreasonably withheld or delayed).

M. Tenant may provide the services, products and amenities customarily offered for luxury membership residences, including but not limited to maid, butler, concierge, bellboy, and valet services, room service for food and beverage, and furnishing linen, groceries and toiletries.

N. The Mansion Suites Condominium Association shall own fifteen (15) memberships in the Resort, such that owners or tenants of the Mansion Suites shall be permitted to use the amenities at the Resort Leased Premises in accordance with the terms of membership (“**Mansion Suites Condominium Association Resort Memberships**”).

O. The conduct of Tenant's operation with respect to the Mansion Suites shall be limited to the Mansion Suites Leased Premises and real property specifically designated as the Mansion Suites Leased Premises, with the exception of the use of the Resort Leased Premises by Mansion Suites owners and tenants in accordance with the terms of the Mansion Suites Condominium Association Resort Memberships, and the use of the Resort Leased Premises by Tenant or its affiliate for the management and administration of the Mansion Suites Condominium Association and/or leasing of the Mansion Suites. Tenant and Tenant's guests shall be entitled to use the remaining County property to the same extent offered to the general public.

P. Tenant shall not use or allow or permit others to use the Mansion Suites Leased Premises for any purpose or in any manner other than as expressly provided herein. The Tenant, its agents, servants and representatives shall not use the Mansion Suites Leased Premises for any purpose or in any manner inconsistent with the terms of this Lease without first obtaining the express written approval of Landlord. Tenant shall not change or modify the scope of the permitted uses of the Mansion Suites Leased Premises without first submitting to the Landlord a comprehensive written justification for and description of the proposed change and obtain Landlord's express written approval thereof. Landlord's approval shall be based upon Landlord's determination of whether the proposed change is in the best interest of the public and is consistent with the intent and purpose of this Lease Agreement.

3. RENT

The first sentence of Section 4(F) of the Ground Lease shall be amended to state the following: All Rent payments, inclusive of the Resort Rent, the Villas Rent, and the Mansion Suites Rent shall be made to the Somerset County Improvement Authority at the County Administration Building, 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000.

Section 4 of the Ground Lease shall be further amended to include the following additional language:

G. In consideration for use of the Mansion Suites Leased Premises as well as granting other rights and privileges and franchises to the Tenant or the Mansion Suites Assignee (as defined in Section 6B below), Tenant or the Mansion Suites Assignee shall remit payment of the following as rent for the occupancy of the Mansion Suites Leased Premises ("**Mansion Suites Rent**"):

- (i) two (2%) percent of the Gross Sales Price of each Mansion Suite at its initial sale, meaning the first sale of the Mansion Suite occurring at or after the issuance of a certificate of occupancy ("**Initial Sale**"), within thirty (30) days of collection of same by Tenant, Mansion Suites Condominium Sponsor, or the Mansion Suites Assignee, as defined in Section 6B below ("**Initial Mansion Suites Sales Revenue**"); and
- (ii) one (1%) percent of the Gross Sales Price of each Mansion Suite at every subsequent sale of the Mansion Suite following the Initial Sale, within thirty (30)

days of collection of same by the Tenant or the Mansion Suites Assignee (“**Subsequent Mansion Suites Sales Revenue**”). The one (1%) percent of Gross Sales Price of each Mansion Suite for subsequent sales shall be incorporated as a covenant of the Master Deed for the Mansion Suites Condominium Association and the Mansion Suites unit deeds as a covenant running with the land. Notwithstanding the foregoing, the Tenant and/or Mansion Suites Assignee shall have no liability or responsibility to pay that portion of the Mansion Suites Rent attributable to the Subsequent Mansion Suites Sales Revenue in the event that the seller fails to remit same to Tenant, Mansion Suites Condominium Association, or Mansion Suites Assignee, respectively. The Subsequent Mansion Suites Sales Revenue shall not become due in the event title is acquired by a mortgagee of record or other purchaser acquiring title as a result of a foreclosure of a mortgage.

4. TRADE FIXTURES AND MOVEABLE TRADE FIXTURES

Section 5B of the Ground Lease is deleted in its entirety and revised to read as follows: “Trade Fixtures, for the purpose of this Lease, shall be defined as being fixtures, equipment and other property incorporated into the Leased Premises. Trade Fixtures at the Resort Leased Premises shall become the property of Landlord at the termination of this Lease. Trade Fixtures at the Villas Leased Premises and the Mansion Suites Leased Premises shall remain Tenant’s property at the termination of this Lease.”

5. ADDITIONAL RENT – ADVANCES BY LANDLORD

Section 6B of the Ground Lease is amended to insert the following language at the end of the subsection: “In the event that the Tenant’s right and responsibilities with respect to the Mansion Suites Leased Premises are assigned by Tenant to an assignee, including to a Mansion Suites Condominium Sponsor or Mansion Suites Condominium Association (the “**Mansion Suites Assignee**”), the Mansion Suites Assignee shall have no obligation to make any Additional Rent payment to Landlord.”

6. RIGHT TO AUDIT

The third sentence of Section 10 of the Ground Lease is deleted in its entirety and revised to read as follows: “Notwithstanding the foregoing, neither the Villas Assignee nor Mansion Suites Assignee shall have an obligation to make any such reimbursement payment to Landlord.”

7. BANK LINE OF CREDIT – IRREVOCABLE LETTER OF CREDIT

The last sentence of Section 12 of the Ground Lease shall be deleted in its entirety and revised to read as follows: “Notwithstanding the foregoing, the Villas Assignee and/or Mansion Suites Assignee shall have no obligation to maintain any such Bank Line of Credit or Bank Letter of Credit.”

8. END OF TERM

The last sentence of Section 13B of the Ground Lease shall be deleted in its entirety and revised to read as follows: This Section 13B shall not apply to any Villas Assignee or Mansion Suites Assignee, or the Villas Leased Premises and the Mansion Suites Leased Premises.

The following subsections shall be inserted at the end of Section 13 of the Ground Lease:

E. Unless the Term of the lease for the Mansion Suites Leased Premises is extended, Landlord shall pay Tenant the fair market value of the Mansion Suites and Improvements on the Mansion Suites Leased Premises. For the purposes of this Section 13E, **Fair Market Value** shall be determined as follows: Tenant and Mansion Suites Assignee shall permit the Landlord and its appraiser access to the Mansion Suites Leased Premises six (6) months prior to the end of the Term; no later than four (4) months prior to the end of the Term, the Landlord shall deliver to Tenant a written notice stating the fair market value of the Improvements and each Mansion Suite on an individual basis ("**Landlord's Fair Market Value**"). In the event that the Tenant objects to the Landlord's Fair Market Value, the issue of fair market value shall be open to negotiation between Landlord and Tenant. In the event the parties cannot agree within thirty (30) days after Landlord's notice of the Landlord's Fair Market Value, the parties shall agree on the appointment of an appraiser (the "**Appraiser**"), the cost of which shall be shared equally by Landlord and Tenant, which Appraiser shall be knowledgeable in the Somerset County, New Jersey area, who shall make a fair market determination. If the parties cannot agree within thirty (30) days subsequent to the appointment of the Appraiser, or in the event the parties cannot agree upon the appointment of the Appraiser, then the matter shall be submitted to binding arbitration pursuant to the rules for commercial arbitration of the American Arbitration Association, at the equal administrative cost of Landlord and Tenant.

F. Should NRD desire to construct additional residential units within the Leased Premises, whether Villas, Mansion Suites, or otherwise ("**Additional Residential Units**"), Landlord shall pay Tenant the fair market value of the Additional Residential Units. For the purposes of this Section 13F, **Fair Market Value** shall be determined as follows: Tenant and any assignee thereof shall permit the Landlord and its appraiser access to the Leased Premises six (6) months prior to the end of the Term; no later than four (4) months prior to the end of the Term, the Landlord shall deliver to Tenant a written notice stating the fair market value of each Additional Residential Unit on an individual basis ("**Landlord's Fair Market Value of Residential Units**"). In the event that the Tenant objects to the Landlord's Fair Market Value of Residential Units, the issue of fair market value shall be open to negotiation between Landlord and Tenant. In the event the parties cannot agree within thirty (30) days after Landlord's notice of the Landlord's Fair Market Value of Residential Units, the parties shall appoint the Appraiser, the cost of which shall be shared equally by Landlord and Tenant, which Appraiser shall be knowledgeable in the Somerset County, New Jersey area, who shall make a fair market determination. If the parties cannot agree within thirty (30) days subsequent to the appointment of the Appraiser, or in the event the parties cannot agree upon the appointment of the Appraiser, then the matter shall be submitted to binding arbitration pursuant to the rules for commercial arbitration of the American Arbitration Association, at the equal administrative cost of Landlord and Tenant.

9. MAINTENANCE AND REPAIRS

The last sentence of Section 16F of the Ground Lease shall be deleted in its entirety and revised to read as follows: “Notwithstanding the foregoing, the Villas Assignee and Mansion Suites Assignee shall have no obligation to make any Additional Rent payment for any maintenance, repairs or replacement performed by Landlord at the Resort Leased Premises.

10. IMPROVEMENTS

The first sentence of the second paragraph of Section 18M of the Ground Lease is amended to insert “and any Mansion Suites Assignee” after the words “Villas Assignee”.

11. OWNERSHIP OF IMPROVEMENTS – ACCEPTANCE

Section 19 of the Ground Lease shall be amended to insert the following subsection E at the end of the Section:

E. Notwithstanding the foregoing, all Improvements constructed or installed on the Mansion Suites Leased Premises by Tenant, Mansion Suites Assignee or members of the Mansion Suites Condominium Association, including but not limited to carpeting, fabric, woodwork, hardware and fixtures shall not become the property of Landlord as a part of the Leased Premises, unless Landlord remits payment for the fair market value of such Improvements to the Tenant, Mansion Suites Assignee, or member of the Mansion Suites Condominium Association owning the Improvement.

12. DEFAULT REMEDIES; UNFORSEEN EVENTS

Section 24 of the Ground Lease shall be amended to insert the following subsection D:

D. Mansion Suites Leased Premises Default Remedies.

In the event of a breach by Tenant or Mansion Suites Assignee of any term of this Agreement with respect to its use or occupancy of the Mansion Suites Leased Premises, and provided that such default has not been cured, the Landlord, at the Landlord’s sole option, shall have the right to take any of the following actions in addition to any right or remedy available at law or equity:

- (i) Perform the obligation, covenant or agreement for which Tenant or Mansion Suites Assignee is in default, and recover any payment, cost or expense that the Landlord incurs from the defaulting entity, with interest at the per annum floating rate of three (3%) percent over the “Prime Rate,”;
- (ii) To recover all of the amounts then due and payable immediately from the defaulting party; or
- (iii) Landlord may sue the defaulting party for damages the Landlord may sustain.

13. INDEMNIFICATION

The following language shall be inserted at the end of Section 27A of the Ground Lease: In the event that a portion of this Lease is assigned to a Mansion Suites Assignee, a) the Mansion Suites Assignee shall only defend, protect, indemnify, and save harmless the Landlord and the County and the Somerset County Park Commission and release Landlord and each of its officers, agents, employees successors and assigns from and against claims pursuant to this Section 27A related to and arising from the Mansion Suites Leased Premises.

14. ASSIGNMENT

Sections 33F-G of the Ground Lease are hereby deleted in their entirety and replaced with the following:

F. Except as provided under subparagraph G below, upon prior written approval of the Landlord, Tenant may assign its rights, responsibilities, and remedies to an assignee for only the Resort Leased Premises, only the Villas Leased Premises, only the Mansion Suites Leased Premises, or the Leased Premises in its entirety. In the event that Tenant assigns its rights, responsibilities and remedies for only a portion of the Leased Premises (i.e. the Resort Leased Premises, the Villas Leased Premises, or the Mansion Suites Leased Premises), only the rights, responsibilities, and remedies associated with that portion of the Leased Premises shall terminate as to Tenant, and, upon the effective date of such assignment and thereafter, all liabilities and obligations of Tenant with respect to only the assigned portion of the Leased Premises accruing after the effective date of such assignment shall be binding on the assignee. There shall be no joint and several liability between Tenant and any of its assignees.

G. With respect to the Villas Leased Premises, Landlord approves Natirar Residential Development Group LLC, the Villas Condominium Sponsor, the Villas Condominium Association, and any Members of the Villas Condominium Association as assignees. With respect to the Mansion Suites Leased Premises, Landlord approves the Mansions Suites Condominium Sponsor, the Mansion Suites Condominium Association and any Members of the Mansion Suites Condominium Association as assignees.

15. SUBLETTING

Section 34 of the Ground Lease shall not apply to subleases of the Villas Leased Premises or of the Mansion Suites Leased Premises.

16. LIENS

Section 35 of the Ground Lease is amended to add the following subsection 35E to the end:

E. The Mansion Suites Condominium Association may record a lien against a Mansion Suite for purposes of enforcing the Association Rules and Regulations, including but not limited to payment of common monthly maintenance assessments.

17. LEASEHOLD MORTGAGE

The last sentence of Section 36 of the Ground Lease is hereby deleted in its entirety and revised to read as follows: Landlord expressly consents to any Leasehold Mortgage for the purchase of a Villa or Mansion Suite, provided no such Leasehold Mortgage shall extend to or affect the fee, the reversionary interest or the estate or interest of Landlord in the Villas Leased Premises or the Mansion Suites Leased Premises, respectively. No further consent of Landlord, in writing or otherwise is required.

18. TERMINATION

Section 40B of the Ground Lease shall be deleted in its entirety and revised to read as follows:

“In the event of the Landlord’s failure to perform any covenant, agreement or condition set forth in this Lease which results in a significant risk of health to the public or any material covenant of this Agreement, and said failure continues for a period of sixty (60) days after the date of receipt of written notice from the Tenant to the Landlord of such failure, or such failure of such character cannot reasonably be cured within such sixty (60) days, and Landlord fails to initiate its actions as reasonably can be taken towards curing the same and/or fails to prosecute in good faith such action as diligent, as soon as reasonably possible after such action is initiated, Tenant shall have the right to terminate this Lease, upon sixty (60) days written notice, or, in case of default related to the Villas Leased Premises or the Mansion Suites Leased Premises, receive reimbursement from the Landlord for the Fair Market Value of the Villas and Improvements, or Mansion Suites and Improvements, as applicable, all of which rights shall be in addition to Tenant’s right to cure any such default by the Landlord and offset the reasonable costs of the cure against any payment of rent.”

19. BANKRUPTCY OR INSOLVENCY OF TENANT

The first sentence of Section 42 of the Ground Lease shall be amended to read as follows: “The following shall apply in the event of the bankruptcy or insolvency of Tenant, but shall not apply in the event of bankruptcy or insolvency of a Villas Assignee, Mansion Suites Assignee or member of the Villas Condominium Association or Mansion Suites Condominium Association”.

20. MISCELLANEOUS

A. Except as modified, amended and supplemented by this Third Amendment, the terms and provisions of the Ground Lease shall continue in full force and effect and are hereby ratified and confirmed.

B. This Third Amendment constitutes the entire agreement among the parties hereto with respect to the matters stated herein and may not be amended or modified unless such amendment or modification shall be in writing and signed by the party against whom enforcement is sought.

C. The terms, provisions and conditions contained in this Third Amendment shall bind and inure to the benefit of the parties and their respective successors and assigns.

D. This Third Amendment shall be governed by the laws of the State of New Jersey.

E. This Third Amendment may be executed in one or more counterparts which when taken together shall constitute but one original.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LANDLORD:
SOMERSET COUNTY IMPROVEMENT
AUTHORITY

A handwritten signature in black ink, appearing to read "M. J. Amorosa", written in a cursive style.

BY:
Name: Michael J. Amorosa

Title: Chairman,
Somerset County
Improvement Authority

IN WITNESS WHEREOF the Sponsor and Landlord have caused this instrument to be executed the day and year first above written, by its Partners.

ATTEST:

RA Giffy

NATIRAR RESORT
DEVELOPMENT, LLC

By: [Signature]
Name: Robert Wojtowicz
Title: Managing Member

STATE OF NEW JERSEY :

SS:

COUNTY OF MORRIS :

I CERTIFY THAT on this 29th day of January, 2019, Robert Wojtowicz personally appeared before me and acknowledged under oath, to my satisfaction, that he is the Managing Member of Natirar Resort Development, LLC and he executed the foregoing Instrument and acknowledged that he signed, sealed and delivered the same as the voluntary act and deed of Natirar Resort Development, LLC, for the purposes therein expressed.

ATTEST:

SOMERSET COUNTY IMPROVEMENT
AUTHORITY

By _____
Michael Amorosa, Chairman

STATE OF NEW JERSEY :

SS:

COUNTY OF SOMERSET :

I CERTIFY THAT on this _____ day of _____, 2018, Michael Amorosa personally appeared before me and acknowledged under oath, to my satisfaction, that he is the Chairman of the Somerset County Improvement Authority and he executed the foregoing Instrument and acknowledged that he signed, sealed and delivered the same as the voluntary act and deed of Somerset County Improvement Authority, for the purposes therein expressed.

EXHIBIT A
LEGAL DESCRIPTION OF MANSION SUITES LEASED PREMISES

GLADSTONE DESIGN, INC.

Consulting Engineers
Land Surveyors
Landscape Architects

265 Main Street, P.O. Box 400
Gladstone, New Jersey 07934
Telephone: (908) 234-0309
Facsimile: (908) 719-3320

Ronald A. Kennedy, P.E.; P.P.; CME; LEED AP
Kurt T. Hanie, P.L.S.
Robert C. Morris
Robert C. Moschello, P.E.

August 28, 2018
453-03

**DEED DESCRIPTION
OF
RESIDENTIAL UNIT "B"
BEING A PORTION OF
LOT 24.02 BLOCK 28
BOROUGH OF PEAPACK AND GLADSTONE
SOMERSET COUNTY, NEW JERSEY**

BEGINNING at a point in Lot 24.02 Block 28, said point being distant 1163.67 feet, measured South 61°54'56" West from the beginning corner as described in a deed from Somerset County Improvement Authority to Somerset County Improvement Authority, dated February 19, 2009 and recorded in the Somerset County Clerk's Office on November 24, 2009, in Deed Book 6281 Page 671 and from said beginning point running; thence

Along a line crossing Lot 24.02 Block 28 the following eight courses being courses 1 through 8 inclusive:

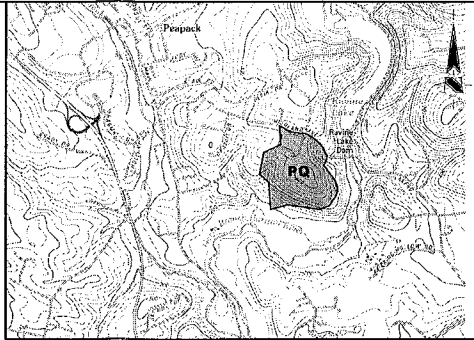
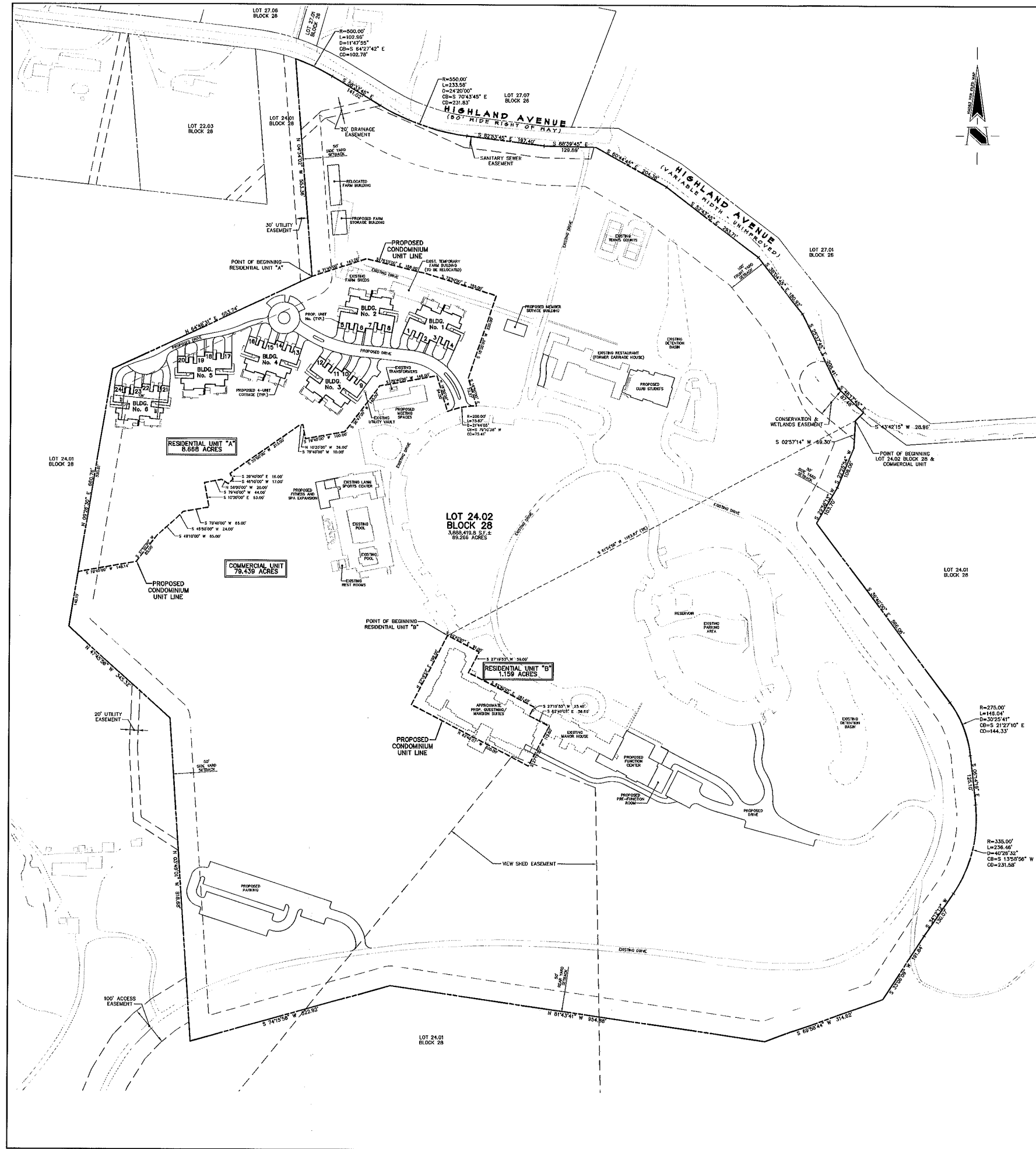
1. South 62°40'07" East, a distance of 91.00 feet to a point; thence
2. South 27°19'53" West, a distance of 59.00 feet to a point; thence
3. South 62°40'07" East, a distance of 187.40 feet to a point; thence
4. South 27°19'53" West, a distance of 25.40 feet to a point; thence
5. South 62°40'07" East, a distance of 56.60 feet to a point; thence
6. South 27°19'53" West, a distance of 113.60 feet to a point; thence
7. North 62°40'07" West, a distance of 335.00 feet to a point; thence
8. North 27°19'53" East, a distance of 198.00 feet to the point and place of beginning.

CONTAINS: 1.159 Acres - subject to easements, covenants, agreements and restrictions of record.

The foregoing description was prepared in accordance with a map entitled "Condominium Plan, Natirar, Lot 24.02 Block 28, Borough of Peapack & Gladstone, Somerset County, New Jersey," dated February 14, 2017, last revised August 28, 2018, prepared by Gladstone Design, Inc.

KURT T. HANIE, P.L.S.
PROFESSIONAL LAND SURVEYOR
NJ LICENSE No. 24GS04037600

EXHIBIT B
MANSION SUITES LEASED PREMISES



REVISIONS	
NO.	DESCRIPTION
1	05-01-17 REVISED PER DCA COMMENTS
2	08-28-18 ADD RESIDENTIAL UNIT "C"

GLADSTONE DESIGN, Inc.
 Consulting Engineers
 Land Surveyors
 Landscape Architects
 Land Planners
 265 Main Street P.O. Box 400
 Gladstone, New Jersey 07034
 Telephone (908) 234-4109
 Facsimile (908) 719-3320
 NJ Certificate of Authorization
 No. 24CA28034608

Ronald A. Kennedy, P.E., P.P., C.M.E., L.E.B.D. AP
 Kurt T. Hanie, P.L.S.
 Robert C. Morris
 Robert C. Moschetti, P.E.

KURT T. HANIE, P.L.S.
 NJ PROFESSIONAL LAND SURVEYOR
 LICENSE No. 249504037600

PROJECT
NATIRAR
 LOT 24.02 BLOCK 28
 BOROUGH OF PEAPACK & GLADSTONE
 SOMERSET COUNTY
 NEW JERSEY

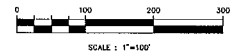
SHEET TITLE
CONDOMINIUM PLAN

DATE	FEBRUARY 14, 2017
SCALE	1" = 100'
DRAWN	JAG
CHKD.	KTH
JOB NO.	453-03
SHEET NO.	1 OF 1

- GENERAL NOTES**
- THIS PLAN HAS BEEN PREPARED IN ACCORDANCE WITH THE FOLLOWING:
 - MAP ENTITLED "PLAN OF SURVEY & MINOR SUBDIVISION FOR THE SOMERSET COUNTY IMPROVEMENT AUTHORITY LOCATED AT TAX MAP LOTS 23.01, 23.02, 23.03, 23.04 & 24 BLOCK 28, SHEET NOS. 8, 9, 11 & 12, BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY," DATED AUGUST 11, 2004, LAST REVISED JUNE 15, 2007, PREPARED BY SOMERSET SURVEYING SERVICES AND FILED IN THE SOMERSET COUNTY CLERK'S OFFICE ON SEPTEMBER 15, 2008 BY DD 6182 PG 1248, INSTRUMENT NO. 2008043471.
 - MAP ENTITLED "ALTA/ACSM LAND TITLE SURVEY, NATIRAR, 2 MAIN STREET, LOT 24.02 BLOCK 28, BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY" DATED JANUARY 17, 2013, LAST REVISED APRIL 11, 2013, PREPARED BY STRES ASSOCIATES, P.A.
 - PLANS ENTITLED "AMENDED PRELIMINARY & FINAL MAJOR SITE DEVELOPMENT PLANS (PHASE A - 45 PER MAY 7, 2014 RESOLUTION), NATIRAR, BLOCK 28 LOT 24.02, BOROUGH OF PEAPACK AND GLADSTONE, SOMERSET COUNTY, NEW JERSEY," DATED SEPTEMBER 03, 2004, LAST REVISED JANUARY 13, 2017, PREPARED BY GLADSTONE DESIGN, INC.
 - BOROUGH OF PEAPACK & GLADSTONE TAX MAP SHEETS 8, 9, 11 & 12.
 - LOT 24.02 BLOCK 28 AREA: 89,266 ACRES
 - UNDERGROUND IMPROVEMENTS AND/OR UNDERGROUND ENCROACHMENTS, IF ANY, NOT SHOWN HEREON.
 - PROMISES SUBJECT TO THE FINDINGS OR SUCH STATEMENTS OF FACT THAT A CURRENT TITLE SEARCH MAY REVEAL.
 - EASEMENTS OR RIGHT OF WAYS HAVE BEEN OR MAY BE GRANTED TO VARIOUS UTILITY COMPANIES OR AUTHORITIES.
 - NORMAL CONSTRUCTION PRACTICES MAY RESULT IN MINOR VARIANCES FROM THE DIMENSIONS SHOWN HEREON FOR BUILDINGS AND IMPROVEMENTS.
 - THE MASTER DEED SHALL CONTAIN A SEPARATE EXHIBIT PREPARED BY OTHERS THAT WILL SHOW AND IDENTIFY COMMON ELEMENTS, EACH UNIT AND THEIR APPROPRIATE DIMENSIONS.

I HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF THAT THIS CONDOMINIUM PLAN DATED FEBRUARY 14, 2017 HAS BEEN MADE UNDER MY SUPERVISION AND MEETS THE MINIMUM SURVEY DETAIL REQUIREMENTS PROMULGATED BY THE STATE BOARD OF PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

KURT T. HANIE, P.L.S.
 PROFESSIONAL LAND SURVEYOR
 N.J. LICENSE No. 249504037600



FOURTH AMENDMENT TO LEASE AGREEMENT

THIS FOURTH AMENDMENT TO LEASE (this "**Fourth Amendment**") is made as of this ___ day of _____, 2021, between **SOMERSET COUNTY IMPROVEMENT AUTHORITY**, a public body corporate and politic constituting an instrumentality of the State of New Jersey, having an office at 20 Grove Street, Post Office Box 3000, Somerville, New Jersey 08876-3000 ("**Landlord**"), and **NATIRAR RESORT DEVELOPMENT, LLC**, a New Jersey limited liability company (formerly The Virgin Spa at Natirar, LLC) having an office at 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**NRD**") and **NATIRAR RESIDENTIAL DEVELOPMENT GROUP LLC**, a New Jersey limited liability company having an office at 2 Main Street, Peapack-Gladstone, New Jersey 07977-0331 ("**NRDG**" and together with NRD, "**Tenant**").

WITNESSETH

WHEREAS, pursuant to that certain Ground Lease Agreement dated December 2003 between Landlord and Tenant, as amended by that certain (i) First Amendment to Lease Agreement, dated April 24, 2013, (ii) Second Amendment to Lease Agreement, dated December 22, 2016, and (iii) Third Amendment to Lease Agreement, dated January 29, 2019 (the "**Third Amendment**" and, collectively the "**Ground Lease**"), Landlord leased to the Tenant property located in Somerset County, New Jersey, commonly known as the "Natirar Estate" (as more particularly described in the Ground Lease, the "**Leased Premises**"); and

WHEREAS, the Leased Premises is currently split into the Resort Leased Premises, the Mansion Suites Leased Premises and the Villas Leased Premises; and

WHEREAS, NRD leases the portions of the Leased Premises referred to as the Resort Leased Premises and the Mansion Suites Leased Premises; and

WHEREAS, NRDG leases the portion of the Leased Premises referred to as the Villas Leased Premises; and

WHEREAS, the Tenant desires to (i) memorialize that NRD no longer intends to build the Mansion Suites, (ii) delete reference to the Mansion Suites, Mansion Suites Leased Premises, and related concepts from the Ground Lease, and (iii) modify the area of each of the Villas Leased Premises and the Resort Leased Premises; and

WHEREAS, Tenant has requested that Landlord agree and consent to Tenant, or its affiliate, applying for Property Assessed Clean Energy "C-PACE" financing, and Landlord is amenable to agreeing and consenting to same; and

NOW, THEREFORE, in consideration of the agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS

A. All capitalized terms used in this Fourth Amendment but not defined here shall have the meanings given to such terms in the Ground Lease.

B. The Recitals above are hereby incorporated as if set forth fully herein.

2. DELETION OF REFERENCE TO MANSION SUITES, MANSION SUITES LEASED PREMISES AND RELATED CONCEPTS

A. The parties hereby agree and acknowledge that NRD no longer intends to build the Mansion Suites. Notwithstanding anything contained in the Ground Lease to the contrary, all references in the Ground Lease to the "Mansion Suites", the "Mansion Suites Leased Premises", and related concepts are hereby deleted including, without limitation, the entirety of Sections 1(B), 2, 5, 10, 11, 12, and 13 of the Third Amendment. For the avoidance of doubt, hereinafter, (i) the Leased Premises shall be comprised only of (a) the Resort Leased Premises, and (b) the Villas Leased Premises.

3. RESORT LEASED PREMISES; VILLAS LEASED PREMISES

A. Notwithstanding anything contained in the Ground Lease to the contrary, the Resort Leased Premises shall hereinafter be, and mean, that portion of the Leased Premises depicted on Exhibit A, attached hereto and incorporated herein, as the "Commercial Unit" and described in Exhibit B, attached hereto and incorporated herein.

B. Notwithstanding anything contained in the Ground Lease to the contrary, the Villas Leased Premises shall hereinafter be, and mean, that portion of the Leased Premises depicted on Exhibit A, attached hereto and incorporated herein, as the "Residential Unit" and described in Exhibit C, attached hereto and incorporated herein.

4. LANDLORD CONSENT TO PROPERTY ASSESSED CLEAN ENERGY FINANCING

Landlord hereby agrees and consents to Tenant, or its affiliate, applying for Property Assessed Clean Energy (C-PACE) financing. Landlord shall cooperate in all respects with Tenant in its application for C-PACE financing, including promptly providing written consent and other support for the application, upon Tenant's request.

5. MISCELLANEOUS

A. Except as modified, amended and supplemented by this Fourth Amendment, the terms and provisions of the Ground Lease shall continue in full force and effect and are hereby ratified and confirmed.

B. This Fourth Amendment constitutes the entire agreement among the parties hereto with respect to the matters stated herein and may not be amended or modified unless such

amendment or modification shall be in writing and signed by the party against whom enforcement is sought.

C. The terms, provisions and conditions contained in this Fourth Amendment shall bind and inure to the benefit of the parties and their respective successors and assigns.

D. This Fourth Amendment shall be governed by the laws of the State of New Jersey.

E. This Fourth Amendment may be executed in one or more counterparts which when taken together shall constitute but one original. This Fourth Amendment may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. For these purposes, "electronic signature" shall mean electronically scanned and transmitted versions (e.g., via pdf file) of an original signature, signatures electronically inserted and verified by software such as Adobe Sign or DocuSign, or faxed versions of an original signature.

F. The headings or captions of the paragraphs in this Fourth Amendment are for convenience only and shall not act and shall not be implied to act to limit or expand the construction and intent of the contents of the respective paragraph.

[Signature Pages Follow]

TENANT:

NATIRAR RESORT DEVELOPMENT, LLC,
A New Jersey limited liability company

By: _____
Name: Bob Wojtowicz
Title: Manager

**NATIRAR RESIDENTIAL DEVELOPMENT
GROUP LLC,** A New Jersey limited liability
company

By: _____
Name: Bob Wojtowicz
Title: Manager

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LANDLORD:
SOMERSET COUNTY IMPROVEMENT
AUTHORITY

BY: Joel L. Shain

Name: Joel L. Shain

Title: Chairman

EXHIBIT A
DEPICTION OF RESORT LEASED PREMISES AND VILLAS LEASED PREMISES

[Exhibit A to Fourth Amendment]

EXHIBIT B
DESCRIPTION OF RESORT LEASED PREMISES

[Exhibit B to Fourth Amendment]

EXHIBIT C
DESCRIPTION OF VILLAS LEASED PREMISES

[Exhibit C to Fourth Amendment]

EXHIBIT F TO DLGS APPLICATION
CONSENT OF MORTGAGE LENDERS

PACE Overview and Request for Consent

Overview

This package has been prepared to request consent to a special form of financing, PACE (Property Assessed Clean Energy), to be utilized for purposes of installing property improvements that will impact the energy or water consumption on the Pendry Natirar Resort in Peapack Gladstone, New Jersey on 89 acres. It is an expansion of the Ninety Acres Restaurant and Culinary Center and an 11,426-foot banquet and conference space known as the Mansion (“Property”).

The Request

- **Signed Consent:** Prior to close of funding on the PACE Improvement Project, the Owner requests a signed consent from the mortgage lender for the subject Property (See [Exhibit B](#)).
- **Review Fee:** if the mortgage lender charges a review fee, this will be received upon close of the PACE funding for the improvement project.

What is PACE?

- A method of financing long-term energy & water improvements to properties.
- Financing that is secured by a special tax assessment on the parcel, and repaid via ordinary property taxes.
- See [Exhibit A](#) for more details.

Project Summary

Property	
Physical Address:	200 Natirar Dr., Peapack Gladstone, NJ 07931
Property Type:	Hospitality
Building Size:	72,360 sq. ft.

Project	
Project Objective:	Lowest possible energy and water costs of Property.
Scope of Improvements:	HVAC, windows, insulation, mechanical systems, plumbing, roofing, landscaping, and electrical systems.
Property Value Increase	As is: \$20,000,000 Stabilized: \$40,000,000
Estimated Financing Amount & Term:	Up to \$21,000,000 25 years

Benefits to Property

- **Enhanced Collateral Value:** Improvements are expected to impact “as-is” value on a dollar for dollar basis and result in minimized utility bills, and also enhance the marketing as a clean energy building with the most advanced systems available.
- **Minimized Operating Costs:** The property will see the most efficient long-term operating expenses possible as a result of the advanced energy efficiency systems that will result from the proposed improvements.

PACE Facts

- **Non-Acceleration:** PACE assessments will never accelerate, even upon an event of default. If the mortgage lender ever commences foreclosure on the property, only the amount of any past-due property tax payments (if any) will be senior to repayment of the mortgage balance.
- **Escrowed Payments:** a senior lender may impound property taxes on a monthly basis with the mortgage to control and minimize any late property tax payment while increasing bank deposits.
- **Insignificant Amount:** PACE annual assessment payments tend to be less than 2% of a property’s value, and represent a small annual obligation on an ongoing basis.
- **Financing Transfers Automatically:** in the event of a sale of the property, the PACE financing transfers to the new property owner, and does not require a balloon payment.
- **No Intercreditor Agreement:** PACE has no covenants and requires no intercreditor agreement. The senior lender gives up no control as may happen with any other type of financing. There is no “workout” requirement.
- **Environmental, Social and Governance:** senior lenders with borrowers using PACE can document that their loan is on a clean energy-efficient property that will qualify for “ESG” credits and publicity.
- **Early Cash Flow Flexibility:** PACE funding will include a portion of capitalized interest and an interest-only period to postpone any increase in property taxes until after receiving the expected certificate of occupancy.
- **Lender Acceptance:** C-Change and other PACE capital providers have received consents from many commercial banks across the country who understand the value that PACE can provide.

Exhibit A

Frequently Asked Questions

What is PACE Financing?

Property Assessed Clean Energy (PACE) is a financing method created by state law which uses a land-secured financing, via a special tax assessment, to enable the installation of energy efficiency, water efficiency, or renewable energy improvements to real property. The assessment is repaid along with ordinary property tax payments, typically over a 20-30 year time frame.

What is the legal framework that allows PACE financing to occur?

The legal framework is established at the State level. In New Jersey, there is approved legislation that created the NJ PACE, and which provides authorization for the levy of a special assessment to allow PACE financing to occur. This law is being amended to streamline the process. For Pendry Natirar we are using the existing law rather than waiting for the new legislation to be passed next year.

How does a PACE assessment compare to a mortgage?

PACE assessments are collected as part of the property owner's regular property tax bill and are secured by a lien on the property if they are not paid. In New Jersey, such an assessment has the same status as other local government tax or assessment liens. However, in the event of any foreclosure of a property, only the amount of any past due property tax payments (including past due PACE payments), would need to be repaid prior to fulfillment of any private lender obligations, such as a mortgage balance.

Does PACE interfere with Mortgage holders rights?

No. Mortgage lender's rights under their loan documents are not affected by PACE. The mortgage documents will specify if there is a fee to approve PACE and if the property taxes will be impounded as part of the monthly mortgage payments. The PACE financing will only be provided after receiving written approval from the senior lender.

Can C-Change pursue a foreclosure, and what is the process?

A PACE financing company must follow various notifications and procedures pursuant to state and local law when seeking to remedy any property tax payment delinquencies. Such remedies include the ability to commence foreclosure proceedings following a missed property tax payment, allowing any mortgage lender the advantage of time to assist a property owner in clearing any past due property tax and/or mortgage payments.

What happens in the event of a Default or Foreclosure Action?

In the event of non-payment of the PACE assessment, only the unpaid portion comes due and payable. That is, there is no acceleration of the PACE assessment by statute.

PACE assessments are associated with the property, not the property owner, and therefore automatically transfer to the new owner upon the sale of the property without further documentation. Since PACE assessments are collected through property taxes, delinquent payments have priority over other property-based debts in a foreclosure.

How should I view a PACE Lien?

The placement of a special tax or assessment is treated, and should be viewed as, the same as any other special property assessment, such as special assessments related to community improvements for schools and fire houses. A PACE lien is similar to a ground lease except that it doesn't have covenants or recourse to the property owner and it expires at the end of an agreed term with no ongoing rights.

As a Lender, how should I evaluate and underwrite PACE Financing?

There are two primary components to consider when incorporating PACE Financing into the existing underwritten cash flows of a property:

- The decrease in operating expenses that results from more efficient and newly engineered equipment. Typically this is seen in a reduction of (1) Utility Expense, (2) Repairs & Maintenance expenses, or a combination of both expenses.
- The increase in property value related to a number of factors including newly designed and permitted equipment, higher tenant retention rates, and lower operating costs.
- The increase in the property taxes as a result of the PACE Financing payment.

Who administers the PACE program?

A qualified private or government entity administers the PACE program to ensure the financed improvements meet PACE requirements under the state PACE legislation. The ordinance to enable the PACE program is passed by the participating municipality which is the borough of Peapack-Gladstone in the case of Natirar. Under the existing PACE enabling legislation in New Jersey, the Local Government Services must first review and adopt the ordinance passed by the local municipality before a project can be approved. C-Change Partners, LLC is an experienced PACE provider and will be responsible for verifying that the disbursement of all funds for PACE Improvements are in compliance with the state law, the municipal ordinance, and the application to Local Government Services.

Exhibit B: Lender Consent Form

(for existing mortgages)

Lender Consent to PACE Assessment

Property and PACE Financing Information:

- **Property Name & Address:** Natirar Estate, 200 Natirar Dr., Peapack Gladstone, NJ 07931
- **Property Owner:** Natirar Resort Development, LLC and Natirar Residential Development Group, LLC
- **PACE Principal Amount Financed (est.):** up to \$21,000,000
- **Capitalized Interest (est.):** \$2,200,000 prepaid into a reserve for the first 2 years
- **Proposed PACE Annual Assessment Installment (estimated):** \$1,200,000 for the interest only period and \$1,700,000 per year thereafter.
- **Proposed PACE Financing Term:** 30 years
- **Estimated Projected Closing Date for PACE:** June 30, 2022

The Lender representative signing below has the authority to do so, and acknowledges that:

- PACE Financing will result in the levy of a contractual assessment against the property;
- Repayment of the contractual assessment will be accomplished by the levy of contractual assessment installments on the county property tax bill, and will have the same penalties, remedies and lien priorities as real property taxes;
- Such financing and assessment will not constitute a default, breach or violation of any covenants or other provisions under the loan documents related to the mortgage encumbering the property, or trigger the exercise of any remedies under the loan documents.

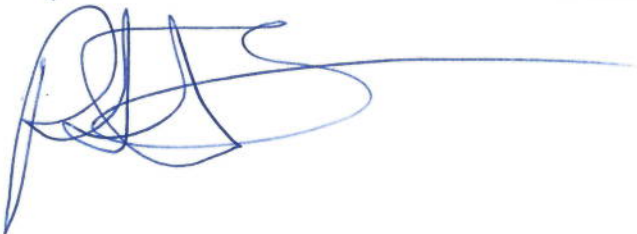
LENDER CONSENT	
By:	ConnectOne Bank
Mortgage Loan Number or ID:	439574-100
Authorized Representative Name:	Robert Murphy
Title:	Managing Director, Commercial Lending
Date:	4/4/22
Signature:	

EXHIBIT G TO DLGS APPLICATION

CAPITAL PROVIDER TERM SHEET & PROPOSED DEBT SERVICE SCHEDULE



February 28, 2022

Robert Wojtowicz
Natirar Development Company, LLC
200 Natirar Drive
Peapack-Gladstone NJ 07977

Dear Bob:

C-Change Partners, LLC (“C-Change”) is pleased to present Natirar Resort Development, LLC with this Commitment Letter to provide Commercial Property Assessed Clean Energy (“PACE”) financing for the redevelopment of the Natirar Mansion to include eco-friendly lodging and other upgrades eligible for PACE in the county of Somerset, New Jersey. C-Change, or its assignee, is a joint venture between C-Change Partners, LLC and Embrace PACE, LLC.

OVERVIEW

Natirar Property: Natirar is in the Borough of Peapack & Gladstone, New Jersey (the “Borough”) on 89 acres. It is an expansion of the Ninety Acres Restaurant and Culinary Center and an 11,426-foot banquet and conference space known as the Mansion on the Natirar Estate (“Property”).

Resort Ownership Entity: Natirar Resort Development LLC (“Owner”).

C-PACE Program: based on a PACE Ordinance to be passed by the Borough and approved by the Director of the Division of Local Government Services, based on the current legislation in New Jersey pursuant to Pamphlet Law 2011, Chapter 187, codified at N.J.S.A. 40:56-1.4, et seq.

PACE Program Administrator: C-Change shall act as Program Administrator confirming the eligibility of PACE Improvements and verifying that Authority Bonds are only spent on eligible costs, both for the benefit of the Owner and C-Change.

Proposed PACE Improvements: eligible PACE Improvements are based on review of a detailed construction budget. Improvements will include HVAC, lighting, glazing, insulation, roofing, elevators, water efficient fixtures, and all associated soft costs such as design, development, legal, and financing costs.

Project Funds: up to \$21,000,000. The C-PACE assessment will be limited to 100% of the eligible PACE Improvements as approved by the C-PACE Program.

Capital Provider: a bond shall be issued by the Somerset County Improvement Authority (“Authority Bonds”) to provide financing for the PACE Improvements. C-Change shall arrange financing to purchase the Authority Bonds.

Financing & Amortization Term: Interest only for up to 10 years (including the Prepaid Interest Reserve) and then fully amortizing over the remaining years of a 30-Year Term.

Interest Rate: a maximum of 345 basis points above the [20-year US Treasury](#) on-the-run bond ("Base Rate"). The interest rate will be fixed five (5) business days prior to closing and remain fixed through the end of the PACE term. The expected interest rate will be 5.45%.

Annual Fees: an estimated \$10,000/year Servicing Fee will be paid to the PACE Administrator or directly to the Bond Trustee and/or the Somerset County Improvement Authority.

Annual PACE Assessment: if the total PACE Assessment is \$20,000,000 (no contingency), the total annual payment at a 5.45% interest rate would be \$1,100,000 per year during the years of interest-only payments including the Annual Fees. The PACE annual payment in the remaining fully amortizing 20 years at a 5.45% interest rate would be \$1,658,268. See Sample Amortization Schedule attached.

Prepaid Interest Reserve: a Prepaid Interest Reserve of approximately 11% of the expected PACE Assessment will cover approximately 24 months of payments during the construction period (subject to final interest rate and payments) and will be funded at the close of Authority Bonds based on the entire amount of committed capital. This amount will be funded through Authority Bond proceeds. The final amount may differ depending on the actual Authority Bond amount, the actual closing date, and other factors. The Sponsor may request as little as one year or as much as three years of Prepaid Interest Reserve.

PACE Issuance Expenses: PACE program and up-front administrative fees shall be funded at the close of the Authority Bond through Authority Bond proceeds. The PACE Financing Fee will cover all administrative expenses for C-Change. These fees are not out-of-pocket expenses for the property owner as they can be apportioned from the total financing as outlined.

Municipality and Other Fees: the Borough may charge for their professional fees to review the transaction.

Bond Counsel: The Bond Counsel for Somerset County Improvement Authority legal fees will be paid at closing.

Legal Fees: We expect total legal costs including municipal, county, state, and other legal costs to be a maximum of \$170,000 and we will strive to minimize expenses.

Other Expenses: The Tax Administrator and Bond Trustee may charge a closing fee. There may be Recording Fees. Other expenses of \$45,000 are budgeted but will not be charged if they are not incurred.

Financing Fees: C-Change charges a 1% fee. There is no broker on the financing.

Total PACE Financing if the bond is the \$21,000,000:

PACE Improvements:	\$18,385,000
Capitalized Interest:	\$2,200,000
Cost of Issuance estimate:	\$215,000
Financing Fees estimate:	\$200,000
Total Financed Amount:	\$21,000,000

Out of Pocket Expenses: All transaction related out-of-pocket expenses, including but not limited to legal fees and engineering fees will be paid by Owner subject to their prior written approval. Owner has already funded legal fees to date paid directly to Gibbons. Out of Pocket Expenses will be reimbursed at closing from PACE proceeds.

Terms of Disbursement: Upon closing of the PACE assessment financing, proceeds will be funded into a disbursement trust account to cover closing costs and all reimbursements as of the closing date. If allowed by bond counsel, the additional bond amounts will be funded according to an agreed upon construction draw schedule. If this is not allowed by bond counsel the entire bond will be funded at closing.

Insurance: During the completion of the PACE Improvements, the Owner shall add C-Change and/or affiliates and assigns as an additional named insured under the builder's risk policy. During the period of construction and throughout the Authority Bond term, the Owner shall maintain casualty and liability insurance on the Property of at least the fair market value of the Property as per their mortgage agreements and name C-Change and/or affiliates and assigns as an additional insured.

Governing Law: All questions arising under or in connection with this Term Sheet shall be governed by the laws of the State of New Jersey.

Recourse: Non-recourse to the fee simple owner or any other entity or individual. It is expressly agreed and understood that the Authority Bond payments shall be non-recourse to the Borough and the County of Somerset (the "**County**") and shall not be secured by the full faith and credit of either the Borough or the County.

Billing and Payment: payments will be billed along with ordinary property taxes on a quarterly basis by the local taxing authority, and payable by the same due dates.

Prepayment: The PACE assessment may be prepaid at any time prior to maturity with a premium of 5% in years 1-5, 4% in years 6, 3% in year 7, 2%, in year 8, and 1% thereafter. Any funding for a contingency of up to \$1,000,000 shall not be subject to the prepayment premium and may be directed by the Owner as a prepayment without any prepayment premium.

Projected Closing Date: June 30, 2022 or as soon as possible. It is understood that if the Closing Date occurs after qualified PACE Improvements have been funded then Authority Bond will be used to reimburse Owner for improvements that have already been funded.


Commitment Letter Conditions of Closing:

1. Underwriting and approval by C-Change.
2. Approval by Natirar Ownership Board, and subject to Owner's review and approval.
3. Written approval by ConnectOne Bank as the senior lender for Natirar.
4. Written approval of the application by the Director of the Division of Local Government Services.

Natirar and C-Change acknowledge that this Commitment Letter is conditional on the conditions above and is intended for setting forth general terms for further negotiation for the PACE financing. The funding will be memorialized through the Natirar Special Assessment Agreement which shall be pledged by the Borough in a separate assignment agreement between the Borough, the Somerset County Improvement Authority, and the Bond Trustee.

If you have any questions, please do not hesitate to contact me. We appreciate the opportunity to work with you.

Sincerely,



John D. Kinney
Managing Director
C-Change Partners, LLC

Agreed and Accepted:



Bob Wojtowicz
Natirar Development Company LLC
Founder and Manager



Sample Amortization Schedule

Amounts will Change Based on Final Interest Rate and Total Proceeds. Following is:
 5.45% interest, \$20,000,000 proceeds, 2 years of capitalized interest, and 10 years of interest only

Period	Date	Interest	Principal	Fees	Payment	End Balance
1	8/1/22	-	-	-	-	20,000,000
2	11/1/22	-	-	-	-	20,000,000
3	2/1/23	-	-	-	-	20,000,000
4	5/1/23	-	-	-	-	20,000,000
5	8/1/23	-	-	-	-	20,000,000
6	11/1/23	-	-	-	-	20,000,000
7	2/1/24	-	-	-	-	20,000,000
8	5/1/24	-	-	-	-	20,000,000
9	8/1/24	(272,500)	-	(2,500)	(275,000)	20,000,000
10	11/1/24	(272,500)	-	(2,500)	(275,000)	20,000,000
11	2/1/25	(272,500)	-	(2,500)	(275,000)	20,000,000
12	5/1/25	(272,500)	-	(2,500)	(275,000)	20,000,000
13	8/1/25	(272,500)	-	(2,500)	(275,000)	20,000,000
14	11/1/25	(272,500)	-	(2,500)	(275,000)	20,000,000
15	2/1/26	(272,500)	-	(2,500)	(275,000)	20,000,000
16	5/1/26	(272,500)	-	(2,500)	(275,000)	20,000,000
17	8/1/26	(272,500)	-	(2,500)	(275,000)	20,000,000
18	11/1/26	(272,500)	-	(2,500)	(275,000)	20,000,000
19	2/1/27	(272,500)	-	(2,500)	(275,000)	20,000,000
20	5/1/27	(272,500)	-	(2,500)	(275,000)	20,000,000
21	8/1/27	(272,500)	-	(2,500)	(275,000)	20,000,000
22	11/1/27	(272,500)	-	(2,500)	(275,000)	20,000,000
23	2/1/28	(272,500)	-	(2,500)	(275,000)	20,000,000
24	5/1/28	(272,500)	-	(2,500)	(275,000)	20,000,000
25	8/1/28	(272,500)	-	(2,500)	(275,000)	20,000,000
26	11/1/28	(272,500)	-	(2,500)	(275,000)	20,000,000
27	2/1/29	(272,500)	-	(2,500)	(275,000)	20,000,000
28	5/1/29	(272,500)	-	(2,500)	(275,000)	20,000,000
29	8/1/29	(272,500)	-	(2,500)	(275,000)	20,000,000
30	11/1/29	(272,500)	-	(2,500)	(275,000)	20,000,000
31	2/1/30	(272,500)	-	(2,500)	(275,000)	20,000,000
32	5/1/30	(272,500)	-	(2,500)	(275,000)	20,000,000
33	8/1/30	(272,500)	-	(2,500)	(275,000)	20,000,000
34	11/1/30	(272,500)	-	(2,500)	(275,000)	20,000,000
35	2/1/31	(272,500)	-	(2,500)	(275,000)	20,000,000
36	5/1/31	(272,500)	-	(2,500)	(275,000)	20,000,000

37	8/1/31	(272,500)	-	(2,500)	(275,000)	20,000,000
38	11/1/31	(272,500)	-	(2,500)	(275,000)	20,000,000
39	2/1/32	(272,500)	-	(2,500)	(275,000)	20,000,000
40	5/1/32	(272,500)	-	(2,500)	(275,000)	20,000,000
41	8/1/32	(272,500)	(139,567)	(2,500)	(414,567)	19,860,433
42	11/1/32	(270,598)	(141,469)	(2,500)	(414,567)	19,718,964
43	2/1/33	(268,671)	(143,396)	(2,500)	(414,567)	19,575,568
44	5/1/33	(266,717)	(145,350)	(2,500)	(414,567)	19,430,218
45	8/1/33	(264,737)	(147,330)	(2,500)	(414,567)	19,282,888
46	11/1/33	(262,729)	(149,338)	(2,500)	(414,567)	19,133,550
47	2/1/34	(260,695)	(151,372)	(2,500)	(414,567)	18,982,178
48	5/1/34	(258,632)	(153,435)	(2,500)	(414,567)	18,828,743
49	8/1/34	(256,542)	(155,525)	(2,500)	(414,567)	18,673,218
50	11/1/34	(254,423)	(157,644)	(2,500)	(414,567)	18,515,573
51	2/1/35	(252,275)	(159,792)	(2,500)	(414,567)	18,355,781
52	5/1/35	(250,098)	(161,969)	(2,500)	(414,567)	18,193,812
53	8/1/35	(247,891)	(164,176)	(2,500)	(414,567)	18,029,635
54	11/1/35	(245,654)	(166,413)	(2,500)	(414,567)	17,863,222
55	2/1/36	(243,386)	(168,681)	(2,500)	(414,567)	17,694,541
56	5/1/36	(241,088)	(170,979)	(2,500)	(414,567)	17,523,563
57	8/1/36	(238,759)	(173,308)	(2,500)	(414,567)	17,350,254
58	11/1/36	(236,397)	(175,670)	(2,500)	(414,567)	17,174,584
59	2/1/37	(234,004)	(178,063)	(2,500)	(414,567)	16,996,521
60	5/1/37	(231,578)	(180,489)	(2,500)	(414,567)	16,816,032
61	8/1/37	(229,118)	(182,949)	(2,500)	(414,567)	16,633,083
62	11/1/37	(226,626)	(185,441)	(2,500)	(414,567)	16,447,642
63	2/1/38	(224,099)	(187,968)	(2,500)	(414,567)	16,259,674
64	5/1/38	(221,538)	(190,529)	(2,500)	(414,567)	16,069,145
65	8/1/38	(218,942)	(193,125)	(2,500)	(414,567)	15,876,020
66	11/1/38	(216,311)	(195,756)	(2,500)	(414,567)	15,680,264
67	2/1/39	(213,644)	(198,423)	(2,500)	(414,567)	15,481,840
68	5/1/39	(210,940)	(201,127)	(2,500)	(414,567)	15,280,713
69	8/1/39	(208,200)	(203,867)	(2,500)	(414,567)	15,076,846
70	11/1/39	(205,422)	(206,645)	(2,500)	(414,567)	14,870,201
71	2/1/40	(202,606)	(209,461)	(2,500)	(414,567)	14,660,741
72	5/1/40	(199,753)	(212,314)	(2,500)	(414,567)	14,448,426
73	8/1/40	(196,860)	(215,207)	(2,500)	(414,567)	14,233,219
74	11/1/40	(193,928)	(218,139)	(2,500)	(414,567)	14,015,080
75	2/1/41	(190,955)	(221,112)	(2,500)	(414,567)	13,793,968
76	5/1/41	(187,943)	(224,124)	(2,500)	(414,567)	13,569,844
77	8/1/41	(184,889)	(227,178)	(2,500)	(414,567)	13,342,666
78	11/1/41	(181,794)	(230,273)	(2,500)	(414,567)	13,112,393
79	2/1/42	(178,656)	(233,411)	(2,500)	(414,567)	12,878,982
80	5/1/42	(175,476)	(236,591)	(2,500)	(414,567)	12,642,391

81	8/1/42	(172,253)	(239,814)	(2,500)	(414,567)	12,402,577
82	11/1/42	(168,985)	(243,082)	(2,500)	(414,567)	12,159,495
83	2/1/43	(165,673)	(246,394)	(2,500)	(414,567)	11,913,101
84	5/1/43	(162,316)	(249,751)	(2,500)	(414,567)	11,663,350
85	8/1/43	(158,913)	(253,154)	(2,500)	(414,567)	11,410,196
86	11/1/43	(155,464)	(256,603)	(2,500)	(414,567)	11,153,593
87	2/1/44	(151,968)	(260,099)	(2,500)	(414,567)	10,893,494
88	5/1/44	(148,424)	(263,643)	(2,500)	(414,567)	10,629,851
89	8/1/44	(144,832)	(267,235)	(2,500)	(414,567)	10,362,615
90	11/1/44	(141,191)	(270,876)	(2,500)	(414,567)	10,091,739
91	2/1/45	(137,500)	(274,567)	(2,500)	(414,567)	9,817,172
92	5/1/45	(133,759)	(278,308)	(2,500)	(414,567)	9,538,864
93	8/1/45	(129,967)	(282,100)	(2,500)	(414,567)	9,256,764
94	11/1/45	(126,123)	(285,944)	(2,500)	(414,567)	8,970,820
95	2/1/46	(122,227)	(289,840)	(2,500)	(414,567)	8,680,981
96	5/1/46	(118,278)	(293,789)	(2,500)	(414,567)	8,387,192
97	8/1/46	(114,275)	(297,792)	(2,500)	(414,567)	8,089,401
98	11/1/46	(110,218)	(301,849)	(2,500)	(414,567)	7,787,552
99	2/1/47	(106,105)	(305,962)	(2,500)	(414,567)	7,481,590
100	5/1/47	(101,937)	(310,130)	(2,500)	(414,567)	7,171,460
101	8/1/47	(97,711)	(314,356)	(2,500)	(414,567)	6,857,104
102	11/1/47	(93,428)	(318,639)	(2,500)	(414,567)	6,538,465
103	2/1/48	(89,087)	(322,980)	(2,500)	(414,567)	6,215,484
104	5/1/48	(84,686)	(327,381)	(2,500)	(414,567)	5,888,103
105	8/1/48	(80,225)	(331,842)	(2,500)	(414,567)	5,556,262
106	11/1/48	(75,704)	(336,363)	(2,500)	(414,567)	5,219,899
107	2/1/49	(71,121)	(340,946)	(2,500)	(414,567)	4,878,953
108	5/1/49	(66,476)	(345,591)	(2,500)	(414,567)	4,533,362
109	8/1/49	(61,767)	(350,300)	(2,500)	(414,567)	4,183,062
110	11/1/49	(56,994)	(355,073)	(2,500)	(414,567)	3,827,989
111	2/1/50	(52,156)	(359,911)	(2,500)	(414,567)	3,468,078
112	5/1/50	(47,253)	(364,814)	(2,500)	(414,567)	3,103,264
113	8/1/50	(42,282)	(369,785)	(2,500)	(414,567)	2,733,479
114	11/1/50	(37,244)	(374,823)	(2,500)	(414,567)	2,358,655
115	2/1/51	(32,137)	(379,930)	(2,500)	(414,567)	1,978,725
116	5/1/51	(26,960)	(385,107)	(2,500)	(414,567)	1,593,618
117	8/1/51	(21,713)	(390,354)	(2,500)	(414,567)	1,203,264
118	11/1/51	(16,394)	(395,673)	(2,500)	(414,567)	807,592
119	2/1/52	(11,003)	(401,064)	(2,500)	(414,567)	406,528
120	5/1/52	(5,539)	(406,528)	(2,500)	(414,567)	0

RESOLUTION

BOROUGH OF PEAPACK & GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 94-22

Payment of Claims (Posted)

WHEREAS, The Borough Council of the Borough of Peapack & Gladstone has received bills to be paid as listed; and

WHEREAS, The Chief Financial Officer and the Borough Administrator have reviewed these bills and have certified that these bills represent goods and/or services received by the Borough, that these are authorized and budgeted expenditures and that sufficient funds are available to pay these bills;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Peapack & Gladstone, in the County of Somerset and State of New Jersey hereby:

1. That these bills are hereby authorized for payment; and
2. That checks in the proper amounts are prepared and that necessary bookkeeping entries are made; and
3. That the proper Borough Officials are authorized to sign the checks.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

IT IS HEREBY CERTIFIED THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF A RESOLUTION ADOPTED BY THE BOROUGH COUNCIL OF THE BOROUGH OF PEAPACK & GLADSTONE AT A MEETING OF SAID COUNCIL HELD ON APRIL 12, 2022.

NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR

RESOLUTION

BOROUGH OF PEAPACK & GLADSTONE, SOMERSET COUNTY, NEW JERSEY

RESOLUTION NO. 95-22

TITLE: AUTHORIZATION FOR EXECUTIVE SESSION FOR CERTAIN SPECIFIED PURPOSES

BE IT RESOLVED, by the Mayor and Borough Council of the Borough of Peapack & Gladstone that in compliance with N.J.S.A. 10:4-12b et seq., this meeting will be closed to the public to discuss the following matters:

1. Personnel

The matters considered in this Executive Session can be released to the public when the reasons for discussing and acting on it in closed session no longer exist.

Introduced	Seconded	Borough Council	Aye	Nay	Abstain	Absent
		Gian-Paolo Caminiti				
		Mark Corigliano				
		Amy Dietrich				
		Donald Lemma				
		Jamie Murphy				
		John Sweeney				

IT IS HEREBY CERTIFIED THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF A RESOLUTION ADOPTED BY THE BOROUGH COUNCIL OF THE BOROUGH OF PEAPACK & GLADSTONE AT A MEETING OF SAID COUNCIL HELD ON APRIL 12, 2022.

NANCY A. BRETZGER
BOROUGH CLERK

GREGORY J. SKINNER
MAYOR