

SHARED SERVICES AGREEMENT

THIS SHARED SERVICES AGREEMENT (“**Agreement**”) made this ____ day of May, 2025, by and between the Municipality of Princeton (“**Municipality**”), having offices located at 400 Witherspoon Street, Princeton, New Jersey 08540 and the Princeton Public Schools Board of Education (“**Board**”), having offices located at 25 Valley Road, Princeton, New Jersey 08540; and

WHEREAS, the Municipality has entered into a Financial Agreement with SC Residential Urban Renewal, LLC (“**Financial Agreement**”) for the Thanet Development-Avalon Bay Project (“**Development**”), located on what is currently shown and designated as Block 5502, Lot 4 on the Municipality’s Tax and Assessment Map; and

WHEREAS, the Financial Agreement requires that SC Residential Urban Renewal, LLC, including its successors and assigns, make quarterly annual service charge payments to the Municipality calculated as a percentage of its gross annual revenue, as more particularly described in the Financial Agreement (the “**PILOT Revenue**”); and

WHEREAS, the Municipality has pledged a portion of the PILOT Revenue to pay the debt service on bonds issued in connection with the development of the Princeton Senior Living Project (the “**Debt Service**”); and

WHEREAS, pursuant to the Long-Term Tax Exemption Law, *N.J.S.A. 40A:20-1, et seq.*, the Municipality is obligated to transfer five percent (5%) of the PILOT Revenue to the County of Mercer (the “**County Payment**”); and

WHEREAS, the Board is the school board for Princeton Public Schools, the comprehensive community public school district for the Municipality that serves students from pre-kindergarten through twelfth grade (the “**School District**”); and

WHEREAS, the Board operates and maintains many public facilities within the Municipality which are utilized for the Board’s educational needs as well as by the Municipality and its residents for civic and club activities, athletic and recreational activities, and other public needs (the “**Public Facilities**”); and

WHEREAS, this specific PILOT Revenue presents a unique opportunity for the Municipality to share a portion of the PILOT Revenue with the School District to share in the cost and expense for maintaining the Public Facilities; and

WHEREAS, the Municipality is willing and able to provide a portion of the PILOT Revenue to the School District to share with the Board a portion of its operational costs.

NOW, THEREFORE, the parties hereby agree as follows:

1. Municipality’s Obligations.

A. Calculation of Payment: Beginning with PILOT Revenue received in 2025, and continuing until such time that this Agreement terminates in accordance with Section 5 hereof, the

Municipality shall allocate and distribute to the School District one hundred percent (100%) of the PILOT Revenue that it receives in the previous calendar year, after deducting the necessary sums required to pay the Debt Service for the entire prior year and after making the required County Payment for the year by no later than March 31st of each year. By way of example, if the Debt Service for a particular year was \$700,000, and the total annual service charge payment after deduction of the County Payment was \$1,000,000, then the Municipality would retain \$700,000 of the PILOT Revenue to satisfy the Debt Service for the year, and then would distribute the remaining \$300,000 of PILOT Revenue to the School District by no later than March 31st of the following year in accordance with this paragraph.

B. Payment: The Municipality shall make all PILOT Revenue distributions to the Board within thirty (30) days of receipt of a payment from the Development that is eligible for sharing in accordance with Section 1(A) hereof.

C. Administration Fee: Any administration fee assessed and paid by the owner of the Development in accordance with the Long-Term Tax Exemption Law and the Financial Agreement shall not be considered part of the PILOT Revenue and shall be retained by the Municipality to offset the administrative costs in relation with the Financial Agreement.

2. The Board's Obligations.

The Board shall annually confirm that its annual maintenance and facilities expenses and budget exceed the amounts that the Municipality will annually remit to the Board in accordance with Section 1 above.

3. Indemnification and Insurance.

A. Municipality Indemnification: The Municipality assumes all liability for, and agrees to indemnify and hold the Board and its agents, servants, employees, students, guests, licensees and invitees, harmless against any and all claims, losses, damages, injuries and expenses, including reasonable attorney's fees, arising out of, resulting from, or incurred in connection with, any acts or omissions by the Municipality, its agents, servants or employees related to the performance of the Municipality's obligations under the terms of this Agreement.

B. Board Indemnification: The Board assumes all liability for, and agrees to indemnify and hold the Municipality and its agents, servants, employees, guests, licensees and invitees, harmless against any and all claims, losses, damages, injuries and expenses, including reasonable attorney's fees, arising out of, resulting from, or incurred in connection with, any acts or omissions by the Board, its agents, servants or employees related to the performance of the Board's obligations under the terms of this Agreement.

C. Insurance: Both parties shall maintain full and complete liability insurance throughout the term of this Agreement and cause the other party to be designated on its policy as an additional insured.

4. **Term.**

The term of this Agreement shall commence retroactively on January 1, 2025, and shall continue for a period of twenty (20) years. This Agreement shall terminate earlier, however, upon (i) the Debt Service being fully satisfied, (ii) the Financial Agreement being terminated or expiring, or (iii) either the Municipality or Board unilaterally terminating this Agreement in writing to the other party upon one (1) year's advance notice.

5. **No Precedent.**

The parties acknowledge and agree that this Agreement is the result of specific considerations unique to the circumstances surrounding the Development and the Debt Service. Nothing in this Agreement shall be construed or interpreted as establishing any precedent or practice for any other financial agreements now or in the future under which the Municipality receives annual service charges. This Agreement is without prejudice to any positions either party may take in the future and shall not be cited or relied upon as evidence of any standard, obligation, or admission beyond the terms expressly set forth herein.

6. **Miscellaneous Provisions.**

A. Merger: This Agreement merges and supersedes all prior negotiations, representations and/or agreements between the parties relating to the subject matter of this Agreement and constitutes the entire contract between the parties.

B. Modification: This Agreement may only be modified by an instrument in writing signed by both parties to the Agreement. In the event any additional services are intended to be provided or donated by either party, each party shall approve, by formal action of its respective governing body, an addendum to this Agreement to add said new services.

C. Waiver: No waiver by either party of any term or condition of this Agreement shall be deemed or construed to constitute a waiver of any other term or condition or of any subsequent breach, whether of the same or a different provision of this Agreement. Neither party may waive any of its rights or any obligations of the other party or any provision of this Agreement except by an instrument in writing signed by that party.

D. Reformation and Non-Severability. All terms of this Agreement are deemed material. Therefore, if any of the provisions contained in this Agreement are held illegal, invalid or unenforceable, the parties agree, in advance, to reform the Agreement in good faith to provide each party with the full benefit of the settlement memorialized by this Agreement, to the extent permitted by law. Should such reformation not prove possible, the remaining provisions shall not remain in full force and effect, rendering the Agreement void.

E. Notice. All notices pertaining to this Agreement shall be in writing, and delivered in person, or sent via certified mail, to the Board's Business Administrator/Board Secretary, with a copy to its Board President, and to the Municipality's Administrator, Clerk, Mayor, and Council President, at their respective addresses listed above.

F. Governing Law. This Agreement shall be governed, construed, and interpreted in accordance with the law of the State of New Jersey as it applies to contracts made and performed in New Jersey. The Superior Court of the State of New Jersey, in the County of Mercer, shall have jurisdiction to hear and determine any claim or disputes pertaining directly or indirectly to the Agreement or to any matter arising therefrom. Each of the parties hereby expressly submits and consents in advance to such jurisdiction in any action or proceeding commenced by the other in such court.

G. Assignment. No party may transfer or assign any of its rights or obligations under this Agreement without the prior written consent of the other, and any such transfer or assignment or attempt thereat shall be null and void.

H. Section Headings. Section headings are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this Agreement.

I. Counterparts. This Agreement may be executed in any number of counterparts, which, taken together, shall constitute but one instrument. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for the Agreement to be effective.

J. Public Inspection. A copy of this Agreement shall be available for public inspection at the offices of both parties immediately after passage of a resolution to become a party to the Agreement in accordance with *N.J.S.A. 40A:65-5(b)*.

IN WITNESS WHEREOF, the parties have hereunto caused these presents to be signed by their proper corporate officers and caused their proper corporate seals to be hereunto affixed, the day and year first above written.

For the Municipality:

Mark Freda, Mayor

For the Board:

Dafna Kendal, Board President