



**GENOVA
BURNS**
ATTORNEYS-AT-LAW

Genova Burns LLC
30 Montgomery Street, 11th Floor, Jersey City, NJ 07302
Tel: 201.469.0100 Fax: 201.332.1303
Web: www.genovaburns.com

Eugene T. Paolino, Esq.
Partner
Member NJ Bar
etpaolino@genovaburns.com
Direct: 201-469-0100 Ext. 1505/1506

February 20, 2018

VIA HAND DELIVERY, UPS OVERNIGHT and ELECTRONIC MAIL

Jersey City Department of Housing, Economic Development & Commerce
30 Montgomery Street, 14th Floor
Jersey City, NJ 07302
Attn: Marcos Vigil, Deputy Mayor and Director of Housing and
Economic Development & Commerce

**Re: One Journal Square Partners Urban Renewal Company LLC,
One Journal Square Tower North Urban Renewal Company LLC,
and One Journal Square Tower South Urban Renewal Company
LLC, (collectively "One Journal Square" or "Redeveloper")**

Dear Deputy Mayor and Director Vigil:

On or about April 21, 2015, One Journal Square and the Jersey City Redevelopment Agency (the "Agency") entered into a Redevelopment Agreement (the "2015 RDA") for the construction of a long awaited and iconic project at Journal Square in Jersey City. The project contemplated by the 2015 RDA was both massive and breathtaking in every respect. It included two (2) residential towers on a podium, containing retail, office and parking. The project envisioned a large, totally reconstructed plaza area that has long been in severe disrepair for many years. There is no question that Journal Square and the site of the project has been an area of clear blight. The Journal Square 2060 Redevelopment Plan (the "Plan") recognizes in its statement of Redevelopment Objectives that the revitalization of Journal Square as Jersey City's "central business district" is crucial to the City's goal of restoring Journal Square. Unfortunately, the history of the One Journal Square's site prior to the 2015 RDA has been a history of failure by several previous developers despite many efforts at rehabilitation.

After the execution of the 2015 RDA, One Journal Square worked furiously and quickly to obtain all the necessary governmental approvals to build the project. It worked with neighboring property owners such as the Port Authority Trans Hudson Corporation ("PATH") and other neighbors in Journal Square to coordinate efforts at revitalization and to ensure a safe construction site. In addition, multiple, heavily attended meetings with interested community groups and labor leaders took place. The Redeveloper moved quickly in obtaining full Site plan approval as early as November 10, 2015 from the Jersey City Planning Board. As a further indication of its *bona fides*, the Redeveloper without hesitation entered into a Pledge Agreement

Marcos Vigil, Deputy Mayor and Director of Housing and
Economic Development & Commerce
February 20, 2018
Page 2

with the Agency to contribute \$2,500,000 to a Loew's Theater Renovations. Later, that Pledge Agreement was revised by an Amended and Restated Pledge Agreement, dated February 14, 2017, which confirmed payment of the entire \$2,500,000 by the Redeveloper and directed its contribution, at the City's request, to a "Journal Square Arts Initiative.

Not unexpectedly, however, the massiveness and the complexity of the project required multiple amendments to the site plan approval. All such changes were well known to the City and the Agency and made the project better, more attractive and more iconic. In addition to these project changes, economic issues also challenged the project requiring further adjustments in the Redeveloper's strategy on a host of details as well as alterations to the project timelines for construction under the 2015 RDA. The Agency was fully advised about each and every activity of the Redeveloper and, indeed, the Agency participated in many actions taken by the Redeveloper. To be sure, the general scope and essential nature of the project, however, never changed, never altered and neither did the importance and criticality of the project for the City of Jersey City and its citizens.

In order to update and document all of One Journal Square's redevelopment activities and, further, to address the tax abatement and redevelopment area bond requests of the Redeveloper, all parties including the City, agreed that either an amendment to the 2015 RDA or an Amended and Restated RDA (the "Restated RDA") was in order. Counsel for the Agency proposed and Redeveloper agreed that a Restated RDA would be prepared. To that end, all parties including the City, together with their many professionals, met throughout calendar year 2017 to lay the foundation for the necessary documentation. The draft Restated RDA underwent multiple revisions, drafted by both the Agency and the Redeveloper during the course of these discussions and was nearly completed.

Unfortunately, in the late summer of 2017, the City and the Agency suddenly and unexpectedly ceased its discussions with Redeveloper. Despite many and repeated efforts, not to say the pleas, of One Journal Square, substantive discussions among the parties never resumed except for a single meeting on August 10, 2017. Interestingly, at that point in time, the Restated RDA was nearly complete and almost ready for signature. So, from August 10, 2017 to the date of this correspondence, a period in excess of six (6) months, the Restated RDA, again nearly complete, has remained unsigned and has never been presented to the Agency's Board of Commissioners for approval. Let me hasten to add that this is true despite the fact that the Agency and the City had no reluctance to amend the Pledge Agreement earlier in the year and receive the Redeveloper's full contribution to the Journal Square Arts Initiative.

At this point, as each day passes, the project becomes more challenged in a number of serious ways and a variety of issues become more critical. The Economic Development



Marcos Vigil, Deputy Mayor and Director of Housing and
Economic Development & Commerce
February 20, 2018
Page 3

Authority ("EDA") target dates for project completion loom nearer. Construction dates have slipped. Financing opportunities have diminished. During calendar year 2017, the real estate cycle in the NY/NJ Metro area was at a point where the market provided equity participants, lenders and an overall economic environment that were supportive of the project. A project of this size and scope naturally relies upon a public/private partnership and cooperation. However, as a direct result of the failure of the City and the Agency to meet its responsibilities in connection with the completion of the Restated RDA, One Journal Square has clearly been harmed and the project has undoubtedly been delayed, if not more. Yet, the importance of this project for the City and its citizens has in no way diminished. The need to fulfill the Redevelopment Objectives described by the Plan has not abated.

I have taken some care in reciting the history of the project and it is clear that both the Agency, the City, and the Redeveloper are at a stage, like it or not, where further delay will certainly inflict additional serious financial and other damage and will certainly compel the Redeveloper to take necessary action to protect its interests. No one should want this matter to proceed in that direction.

Accordingly, the point of this letter is to--once again and finally--urge the City and the Agency to join One Journal Square in good faith in finally concluding and executing the Restated RDA and let this project go forward and succeed before matters deteriorate any further to the detriment of all parties, including and especially, the citizens of Jersey City.

Very truly yours,

GENOVA BURNS LLC

A handwritten signature in black ink, appearing to read "Eugene T. Paolino", written over the typed name "EUGENE T. PAOLINO".

EUGENE T. PAOLINO

ETP/lq
Enclosures

cc/VIA ELECTRONIC MAIL ONLY

Honorable Steven Fulop, Mayor
Jeremy Farrell, Esq., Corporation Counsel
David Donnelly, Executive Director of the Jersey City Redevelopment Agency
Jennifer Credidio, Esq.
Charles Kushner
Kenneth Pasternak