

November 3, 2020

VIA E-MAIL

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Re: The Distribution of PILOT Payments to The Hoboken School District

Dear All:

This firm represents Hoboken Charter School, HoLa Hoboken Dual Language Charter School and Elysian Charter School (collectively, "Charter Schools"). We write in connection with the issues surrounding the distribution of the PILOT payments to the Hoboken School District pursuant to the Redevelopment Agreement between the City of Hoboken and Monroe Center Hoboken Urban Renewal, LLC ("Redevelopment Agreement").

By way of background, on July 16, 2016, the Hoboken City Council ("City Council") adopted a resolution ("Resolution") approving the Redevelopment Agreement. In accordance with the Redevelopment Agreement, the developer was required to make certain PILOT payments to the City of Hoboken. Pursuant to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-12 et. seq., PILOT payments are not paid towards the local tax levy, which is the main source of funding for public and charter schools. The City Council, fully cognizant of the adverse impact that the PILOT program would have on public school funding, earmarked certain monies for the Hoboken School District. The Resolution provides, in relevant part, that:

The Project pays its fair share of school taxes in order to enable the School District to continue to provide a thorough and efficient education to the children of the City of Hoboken, and to relieve non-abated property owners within the City of Hoboken from subsidizing any tax burden triggered by the Long Term Exemption Law, arising out of this Project.

Moreover, the PILOT's Fiscal Analysis included the public charter students and the charter public school budgets in projecting the impact of the PILOT on Hoboken schools and calculating the ultimate PILOT payment. Thus, it is indisputable that the spirit of the

Resolution was that the Charter School would receive a portion of the monies earmarked for the Hoboken School District. This fact is only further confirmed by the manner in which charter schools are funded in the State of New Jersey. Funding for charter schools is provided by the school district of residence, which directly pays the charter school 90% of its program budget per pupil for each of its resident students enrolled in the school. N.J.S.A. 18A:36A-12(b). Charter schools are primarily funded from the local tax levy. As such, any tax revenue that would have been generated by the redevelopment of the Monroe Center Area, the subject area of the Redevelopment Agreement, would have been shared with the charter schools if not for the PILOT program. Therefore, the City Council's decision to earmark monies for the Charter Schools was fair and equitable given the circumstances.

Although the spirit of the Resolution is undeniable, there have been discussions about excluding the Charter Schools from the approximate \$243,000 that was appropriated under the 2020 Hoboken Municipal Budget for the Hoboken School District. Indeed, we understand that the enclosed ordinance is slated to be presented at the November 4, 2020 Hoboken City Council meeting. We strongly urge the Council to refrain from hastily passing this ordinance, which would ultimately exclude the Charter Schools from the PILOT payments appropriated under the 2020 Municipal Budget. The ordinance would fly in the face of the Resolution and would ultimately reduce per pupil funding, thus hurting every child that attends a public charter school in Hoboken. At the City Council's October 21st meeting, it agreed to have the Education Subcommittee work with all impacted parties on an equitable solution. We have been hired to represent the Charter Schools for this effort and we ask that this process be honored and not be cut short. The Mayor's Office, City Council, Hoboken Board of Education and the New Jersey Department of Education should work together with the Charter Schools in formulating a fair and equitable solution to the current funding issue that will ultimately affect **all** of the children of Hoboken.

Lastly, we ask that McCarter & English, LLP, as counsel for the Charter Schools, be included in any discussions regarding this issue. As demonstrated above, the Charter Schools will be severely impacted by any resolution limiting their access to the funds appropriated for the Hoboken School District, and should, therefore, be given an opportunity to be heard on the issue.

Please feel free to reach out to me directly with any further questions that you may have. Thank you for your attention to this matter.

Very truly yours,

/s/ Guillermo Artilles

Guillermo C. Artilles

Enclosures