

**SEWER AGREEMENT BETWEEN THE BOROUGH OF SADDLE RIVER
AND AVALON SADDLE RIVER, LLC**

THIS AGREEMENT (“Agreement”) made this 20th day of April, 2026 by and between:

THE BOROUGH OF SADDLE RIVER, a municipal corporation of the State of New Jersey, having an address of 100 E. Allendale Road, Saddle River, NJ 07458, referred to as the “Borough”, and

AVALON SADDLE RIVER, LLC (“Avalon”) a Delaware limited liability company authorized to transact business in the State of New Jersey, having a New Jersey address of 105 Elm Street, First Floor, Westfield, New Jersey 07090 (collectively, the Borough and Avalon are referred to herein as the “Parties” or, in the singular, as a “Party”);

WITNESSETH:

WHEREAS, the Parties acknowledge a certain Sewer Connection Agreement by and between the Borough of Allendale (“Allendale”) and the Borough of Saddle River (“Borough”) dated December 31, 2025, annexed hereto as **Exhibit 1** (referred to herein as the “Allendale Sewer Agreement”);

WHEREAS, the parties acknowledge a certain Term Sheet agreement by and between Allendale and Avalon, dated December 31, 2025, annexed hereto as **Exhibit 2** (referred to herein as the “Term Sheet”);

WHEREAS, said Sewer Connection Agreement was, in part, executed by the Borough for the benefit of Avalon, insofar as it further memorializes Avalon’s right to utilize the sanitary sewer system owned by Allendale to transmit the wastewater from its 275-unit inclusionary

housing community, including thirty-three (33) affordable housing units consisting of eighteen (18) family units and fifteen (15) supportive housing units, located on certain property designated as Block 1302, Lot 1.04 on the Borough's official Tax Map (the "Avalon Project"), to the Northwest Bergen County Utilities authority (NBCUA);

WHEREAS, Allendale required the Borough to be a signatory to the Allendale Sewer Agreement; and

WHEREAS, Allendale would not permit Avalon to be a party to such Allendale Sewer Agreement with the Borough and Allendale; and

WHEREAS, in lieu of billing Avalon directly for its pro-rata share of the sewer user fees attributable to the Avalon Project, Allendale will instead bill the Borough for the sewer user fees attributable to all properties located in the Borough which utilize the Allendale sewer transmission system, including the Avalon Project, and the Borough will then apportion these sewer user fees in accordance with the percentage of flows attributable to each site as set forth on Exhibit B to the Allendale Sewer Agreement; and

WHEREAS, as set forth on the Term Sheet, Avalon has agreed to make a series of direct payments to Allendale totaling FIVE HUNDRED THOUSAND DOLLARS and 0/100 (\$500,000.00) as consideration for the entirety of any and all connection fees, off-tract improvement fees, upgrade, improvement, development fees, sewer remediation, etc. (specifically including, but not limited to, the CIPP lining work identified in the Allendale Sewer Agreement), which Allendale might otherwise seek to impose upon the Borough in connection with the Avalon Project (the "Avalon Payment")

WHEREAS, the Parties desire to memorialize Avalon's agreement to, consistent with the Allendale Sewer Agreement and the Term Sheet, remit timely payment to the Borough for its

pro-rata share of the sewer user fees attributable to the Avalon Project which are assessed by Allendale to the Borough;

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, it is hereby agreed as follows:

1. Avalon agrees to and accepts all of the terms and conditions of the Allendale Sewer Agreement, applied pro rata to the Avalon Project.
2. Avalon agrees that it is financially responsible for its pro rata share of the sewer user fees from the Avalon Project, as set forth on Exhibit B of the Allendale Sewer Agreement.
3. The Parties acknowledge that Avalon has paid or will pay, pursuant to the terms and conditions of the December 31, 2025 Term Sheet between Allendale and Avalon Bay, Allendale directly for its share of the connection fees, off-tract improvement fees, upgrade, improvement, development fees, sewer remediation, etc. (specifically including, but not limited to, the CIPP lining work identified in the Allendale Sewer Agreement), that Allendale would otherwise seek to impose in connection with the Avalon Project.
4. The Parties shall fully cooperate to ensure that Allendale properly accounts for Avalon Payment and does not overcharge the Borough and/or Avalon for this sum. The Borough shall only charge Avalon for its pro rata share of the sewer user fees charged to it by Allendale.
5. The Borough shall not charge Avalon for any fees which are covered by the Term Sheet, unless Avalon has failed to pay Allendale any portion of the \$500,000 payment that is due under the Term Sheet and Allendale consequently charges the Borough for

such charge(s). In the event that Allendale seeks to charge the Borough for any fees which are covered by the Term Sheet and for which Avalon has paid Allendale, Avalon shall cooperate with the Borough in disputing such charge(s). In the event that Allendale seeks to charge the Borough for any item which Allendale maintains is due and was not covered by the Term Sheet, Avalon will reimburse the Borough for its pro rata share of such charge unless it opts to contest the charge with Allendale. If Avalon opts to contest the charge with Allendale, it will notify Saddle River within ten (10) days of its receipt of such charge and the Parties shall withhold payment of the contested charge (e.g., Avalon shall not pay the Borough and the Borough shall not pay Allendale) until the dispute is resolved. Avalon shall, at the conclusion of the dispute, reimburse the Borough for its pro rata share of the charge.

6. In the event that Avalon fails to timely pay the Borough its pro rata share of the sewer user fees under this Agreement, the Borough may treat these unpaid fees as a delinquent assessment under N.J.S.A. 40A:31-12 and levy a lien on the Property pursuant to N.J.S.A. 40A:31-12.
7. Avalon agrees to reimburse the Borough its pro rata share of the sewer user fees due under the Allendale Sewer Agreement within fourteen (14) days of presentation to Avalon of written demand for such payment. However, Avalon expressly reserves the right to pay such sums under protest in the event that it believes the sums were incorrectly calculated. In such an event, the Borough and Avalon shall, pursuant to Paragraph 10 of the Allendale Sewer Agreement, notify Allendale that the charge is disputed and seek to resolve the dispute in good faith discussions with Allendale. If the dispute is not resolved by good faith negotiations, the Borough agrees that Avalon

may, without seeking consent from the Borough, institute litigation against Allendale challenging its pro rata share of the charges assessed by Allendale.

8. The Parties hereto agree to execute any other agreements or documents which are required to implement this Agreement.
9. In the event that any legal action is required to enforce the terms, conditions and obligations of any Party hereto, the prevailing party shall be entitled to recover all reasonable attorneys' fees, costs and expenses associated with the enforcement hereof.
10. This Agreement shall run with the land and be binding upon and inure to be the benefit hereto, their successors and/or assigns or owners of the Property herein. In the event the Avalon Project or the Property is sold or otherwise conveyed by Avalon, Avalon shall have the right to assign its rights, duties and obligations under this Agreement to the purchaser. Avalon shall notify the Borough in writing of the assignment of this Agreement within thirty (30) days of the conveyance of the Avalon Project or Property and, upon assignment, Avalon shall be discharged from all of its obligations under this Agreement.
11. The Parties hereto mutually agree to perform and undertake any necessary action and execute and deliver any and all documents which may now or in the future become necessary in order to effectuate the intent and purpose of this Agreement.
12. Recording. This Agreement shall be recorded and filed with the Bergen County Clerk at Avalon's expense.
13. Notices. All notices, demands, consents, approvals, statements, requests and invoices to be given under this Agreement shall be in writing, signed by the party or officer,

agent or attorney of the party giving the notice and shall be deemed effective upon receipt if hand delivered, or sent by telecopy or overnight courier service; and if sent by the United States mail, postage prepaid, certified mail, return receipt requested, upon delivery or the date of refusal, addressed as follows:

To the Borough: Borough of Saddle River
100 East Allendale Road
Saddle River, New Jersey 07458
Attention: Albert J. Kurpis, Mayor

cc to: Huntington Bailey, L.L.P.
373 Kinderkamack Road
Westwood, New Jersey 07675
Attention: David S. Lafferty, Esq.

To the Developer: Avalon Bay Communities, Inc.
105 Elm Street
First Floor
Westfield, New Jersey 07090
Attention: Scott H. Fishbone, Vice President

AvalonBay Communities, Inc.
4040 Wilson Boulevard, Suite 1000
Arlington, Virginia 22203
Attention: General Counsel

cc to: Derek Orth, Esq.
Inglesino Taylor
600 Parsippany Road, Suite 204
Parsippany, New Jersey 07054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers and caused their proper corporate seals to be hereunto affixed, the day and year above first mentioned.

ATTEST:

Cindy Kirkpatrick
Borough Clerk

BOROUGH OF SADDLE RIVER

By: [Signature]
Mayor

AVALON SADDLE RIVER, LLC,
a Delaware limited liability company

By: AvalonBay Communities, Inc.,
a Maryland corporation
its Sole Member

By: [Signature]
Name: Scott H. Fishbone
Title: Vice President

ATTEST:

Patricia Diane O'Donnell By: Notary Public

ACKNOWLEDGEMENTS

STATE OF NEW JERSEY

SS:

COUNTY OF UNION

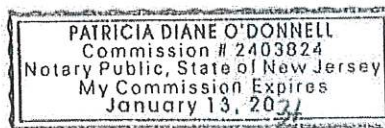
I CERTIFY that on April 13, 2026, Scott H. Fishbone personally came before me and acknowledged under oath, to my satisfaction, that:

- (a) This person is the Vice President of AvalonBay Communities, Inc., Sole Member of Avalon Saddle River, LLC.;
- (b) This person is duly authorized to sign and deliver this Agreement on behalf of Avalon Saddle River, LLC.; and
- (c) This Agreement was signed and delivered by Scott Fishbone on behalf of Avalon Saddle River, LLC., as its voluntary act and deed.

Signed and sworn to before me on this 13 day of April, 2026

Patricia Diane O'Donnell

Notary Public



STATE OF NEW JERSEY

SS:

COUNTY OF BERGEN

I CERTIFY that on April 20, 2026, Albert J. Kurpis personally came before me and acknowledged under oath, to my satisfaction, that:

- (a) This person is the Mayor of the Borough of Saddle River.;
- (b) This person is duly authorized to sign and deliver this Agreement on behalf the Borough of Saddle River; and
- (c) This Agreement was signed and delivered by _____ on behalf of the Borough of Saddle River, as its voluntary act and deed.

Signed and sworn to before me on this 20th day of April, 2026

Cynthia J. Kirkpatrick
Notary Public

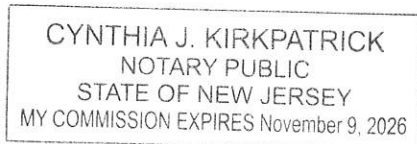


EXHIBIT 1

Allendale Sewer Agreement

SEWER CONNECTION AGREEMENT

THIS AGREEMENT ("Agreement") made this 31st day of December, 2025, by and between:

THE BOROUGH OF ALLENDALE, a Municipal Corporation in the County of Bergen and State of New Jersey (hereinafter referred to as "Allendale"), and

THE BOROUGH OF SADDLE RIVER, a Municipal Corporation in the County of Bergen and State of New Jersey (hereafter referred to as "Saddle River")

WITNESSETH:

WHEREAS, on July 7, 1997 an agreement was entered into between Allendale, Saddle River and Saddle River Properties, Inc. to provide sanitary sewers for the development project known as Saddle River Properties, Inc., which property was identified as Lots 1, 3 and 4, Block 1302 on the Tax Assessment Map for the Borough of Saddle River (hereinafter referred to as the "1997 Agreement"). The 1997 Agreement, the terms of which speak for themselves, established the rights, rules and regulations whereby Allendale authorized utilization of the existing sanitary sewer system owned and operated by Allendale to convey wastewater from the planned development project to the Northwest Bergen County Utilities Authority (NBCUA) Wastewater Treatment Plant; and

WHEREAS, on February 8, 2025, an agreement was entered into between Allendale and Saddle River to provide sanitary sewers for a planned Affordable Housing Development Project, which property is identified as Lots 9.01, Block 1601 (The Affordable Housing Development) and Lot 1, Block 1605 (The Special Needs Affordable Housing Development) on the Tax Assessment Maps for the Borough of Saddle River, and generally located at the intersection of Route 17 North, East Allendale Road and Choctaw Trail, in the Borough of Saddle River, New Jersey (hereinafter referred to as the "2024 Agreement"); and

WHEREAS, the Affordable Housing Development Project proposed up to one hundred twelve (112) residential units of affordable housing within six (6) apartment buildings on said property; and the Special Needs Affordable Housing Development Project proposes sixteen (16)

units of affordable housing restricted to persons with disabilities within one (1) building on the property;

WHEREAS, Saddle River is requesting further authorization from Allendale to utilize the existing sanitary sewer system owned and operated by Allendale to convey wastewater from two additional projects, which include:

A planned affordable housing development project, known as Choctaw Trail 2, which property is identified as Lots 1 & 2, Block 1605 on the Tax Assessment Maps for the Borough of Saddle River; the Affordable Housing Development Project proposes to replace the previously approved "2024 Agreement" Special Needs Affordable Housing Development with forty-two (42) units of age-restricted affordable housing consisting of thirty-nine (39) One-Bedroom units and three (3) Two-Bedroom units within one (1) building on the property;

A planned inclusionary affordable housing development project, known as AvalonBay Communities, Inc., which property is identified as Lot 1.04, Block 1302 on the Tax Assessment Maps for the Borough of Saddle River; the Inclusionary Affordable Housing Development Project proposes to replace the previously approved "1997 Agreement" office building with a multi-family residential building with up to 275 residential units, including thirty-three (33) affordable housing units, consisting of eighteen (18) family units and fifteen (15) supportive housing units; and

WHEREAS, the Mayor and Council of Allendale and the Mayor and Council of Saddle River have each agreed to adopt a Resolution approving the execution of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, it is hereby agreed as follows:

1. Allendale hereby agrees, subject to the terms and conditions in this Agreement, to permit Saddle River, to connect into the sanitary sewer system of Allendale for the benefit of the owners of the Property, which is more fully described in Exhibit "A".
2. Allendale and Saddle River hereby agree to modify the 81,750 GPD noted in the "2024 Agreement" so as to provide for acceptance by Allendale of up to 129,625 GPD from Saddle River as follows:

Up to 30,650 GPD which will originate from the above noted Affordable Housing Projects located on Lot 9.01, Block 1601 and Lots 1 & 2, Block 1605; and

Up to 98,975 GPD which will originate from the existing development and above noted Inclusionary Affordable Housing Project located on Lots 1, 3 and 4, Block 1302.

The total Sewage of the two development areas, may not exceed the respective individual GPD described in the immediately preceding sentence or total of 129,625 GPD. (See calculation, Exhibit "B" hereto).

In the event that the total flow from Saddle River to Allendale exceeds 129,625GPD, Saddle River agrees to pay to Allendale two times (2X) the sewer charge rate set forth in paragraph 9(c) of this Agreement.

a. Prior to the execution of the 2024 Agreement, the Allendale sewer system was evaluated and an Engineering report was prepared by Paulus, Sokolowski and Sartor, LLC (PS&S). Infiltration and inflow and Allendale sewer system repairs were identified. The parties agree to amend the 2024 Agreement so as to pay their reasonable proportionate share, as defined below, of the costs required to repair and maintain the Allendale system.

i. The initial upgrade/repair for the Affordable Housing Development Project is anticipated to include Cured-In-Place-Pipe (CIPP) lining and manhole repairs including, without limitation, re-cementing man holes and epoxying of the Allendale sewer system downstream of the proposed connection point. (hereinafter the "Work"). Saddle River's "reasonable proportionate share" for the Work is eighty and two tenths (80.2%) and Allendale's reasonable proportionate share for the Work is nineteen and eight tenths (19.8%). Saddle River agrees to pay its reasonable proportionate share of the costs of the Work immediately following the awarding of the contract for such Work.

ii. Saddle River agrees that it will certify to Allendale within thirty (30) days prior to the award of the bid for the Work, that it has available

funds for its reasonable proportionate share of the Work. Notwithstanding the foregoing, if for any reason Saddle River fails to fund (i.e. pay to Allendale) its reasonable proportionate share of the costs of the Work within thirty (30) days of Allendale's delivery to Saddle River of an invoice/bill from the contractor performing the Work, for all or a portion of the Work completed by such contractor (the "Default"), then and in such event (1) Allendale shall have no obligation, and Saddle River shall have no right to require Allendale, to either (a) conduct any of the Work or (b) to allow Saddle River to utilize Allendale's sanitary sewers; and (2) Saddle River agrees that it will, within sixty (60) days of the demand for same, nonetheless remit its reasonable proportionate share to Allendale, notwithstanding the fact that Allendale will not be receiving from, and Saddle River shall not have the right to utilize Allendale's sanitary sewer system; and (3) Saddle River will pay to Allendale the full amount of all costs incurred by Allendale relating to the Work through the date of the Default.

Notwithstanding the foregoing, from and after the Default, Saddle River will nonetheless be obligated to pay to Allendale an Annual Service Charge for all sewer flow emanating from Saddle River into the Allendale system, to be calculated in accordance with Article IX; as well as its reasonable proportionate share of the future costs required to repair, maintain and upgrade the Allendale system in accordance with Article IX(b).

- b. In addition to payment of its reasonable proportionate share to Allendale, Saddle River agrees to install and maintain, at its own cost and expense, all facilities necessary to connect and convey sewer into the Allendale sewer system in accordance with plans approved by the Allendale Sewer Engineer (hereinafter Engineer) and/or appropriate officials of the Borough of Allendale. Such connection shall be constructed under the supervision of the Borough of Allendale and its authorized representatives. Any roads and property in

Allendale that may be disturbed by the construction shall be restored to substantially the same condition as it existed prior to the commencement of such construction. To monitor flow, meters with an accessible remote display are required to be installed. Saddle River shall be responsible for the installation and maintenance of the meters. Allendale, however, shall have the right to access the meters upon reasonable notice to Saddle River. Saddle River will be responsible for having the meters calibrated once per year and such calibration reports shall be furnished to Allendale. Saddle River shall provide monthly meter readings to Allendale within the first 10 days of each month.

3. Saddle River must make application to Allendale and comply with all of the terms and provisions of Allendale's Ordinances, including, but not limited to, such ordinances regulating to sewer connections (subject to any applicable state statutes) and the rules, regulations and standards of all authorities having jurisdiction of this matter including the NBCUA, as though the Property were located within Allendale and connecting into its sanitary sewer. For the purposes of this Agreement, Saddle River shall be charged per connection and not per Unit. Upon the granting of the application by Allendale and the connection provided for in the 2024 Agreement as well as this Agreement, Saddle River, its successors and assigns, shall be deemed to have consented to the jurisdiction of the Superior Court of New Jersey, Law Division, Bergen County for any violations of the aforementioned ordinances, codes, standards and regulations and/or the regulations and rules of NBCUA to the extent that such jurisdiction is granted to a municipal court of the State of New Jersey.
4. Saddle River, agrees to deposit with Allendale and maintain an escrow amount of \$5,000.00 to cover the costs to Allendale of its engineering and legal review of the proposed sewer connection, to the Affordable Housing Development Project, provided however, that if such costs of engineering and legal review exceed \$5,000.00, Saddle River shall be responsible for, and shall deposit in escrow with Allendale such costs in excess of \$5,000.00. Said engineering and legal charges will be billed to this escrow deposit in a manner as provided in N.J.S. 40:55D-53.2,

et seq. Saddle River also agrees to pay any and all permit fees which may be required for the sewer connection.

5. Saddle River agrees that in addition to any and all other approvals that may be required to implement this Agreement, the connection of any project into the Allendale sanitary sewer system shall be subject to and governed by any and all ordinances, codes, standards and regulations of Allendale as may be subsequently amended and supplemented including, but not limited to, Chapter 220 of the Code of the Borough of Allendale entitled, "Sewer Use." The parties further agree that said connection shall be subject to the rules, regulations and standards of the NBCUA and as the same may subsequently be amended or supplemented, copies of which are in file in the office of the NBCUA and which are made a part hereof as though set forth herein at length.
6. Saddle River agrees to use its best efforts to obtain any and all additional approvals that may be necessary from NBCUA and any other governmental authorities having jurisdiction over the subject matter herein beyond those approvals which have already been obtained.
7. The parties hereto agree to execute any other agreements or documents which are reasonably required to implement this undertaking.
8. Saddle River agrees that no other building, facility, pipe or any drainage system shall be connected or directed into the sanitary sewer system that discharges into the Allendale sewer system other than the sanitary waste from the development projects described herein. In the event such unauthorized connections are made, Allendale shall give notice to Saddle River, who shall, at its sole cost and expense, take such steps as may be necessary to cause such violations of this Agreement to be immediately terminated. In the event such violations are not immediately terminated, Saddle River shall be subject to such penalties and fines as may be prescribed under the Allendale Code or any other applicable law or regulation.

9. As additional consideration for connection of the Affordable Housing Development Project and the Special Needs Affordable Housing Development into the Allendale sewer system, Saddle River, agrees to pay Allendale:
- a. Connection fees payable to NBCUA and connection fees as set forth in the current ordinance of the Borough of Allendale, subject to the fifty percent (50%) reduction provided for by N.J.S.A 40:14B-22.3
 - b. Its reasonable proportionate share of the future costs required to repair, maintain and upgrade the Allendale system, in addition to an administrative fee equal to fifteen percent (15%) of any and all future costs incurred by Allendale to repair, maintain and upgrade the Allendale sewer system from and after the date of this Agreement.
 - c. An annual sewer charge (the "Annual Service Charge") for the Saddle River Properties, Inc. development project and the Affordable Housing Development Project (such projects being referred to herein collectively as the "Projects") shall be paid by Saddle River to Allendale. Allendale will calculate the Annual Service Charge using the same methodology as NBCUA for the sanitary wastewater from the Projects. Saddle River will remit to Allendale the amount charged by NBCUA for the sanitary wastewater from the Projects plus an additional fifteen percent (15%) of such charged amount. Should this billing methodology change, Saddle River will remit to Allendale the new/revised amount charged by NBCUA for the sanitary wastewater from the Projects plus an additional fifteen percent (15%) of such new/revised charged amount.
10. Within thirty (30) days of presentation of an invoice or billing, Saddle River will pay the charge to Allendale. Saddle River shall not withhold payment of the annual service charge for any reason. The full annual payment must be made by December 1st of the billing year. Any dispute concerning said charge shall be promptly discussed in good faith and resolved by and between the Borough Administrators of Allendale and Saddle River. If any adjustment shall be required, said adjustment shall be made in the next annual service charge invoice or by another procedure which the municipalities may agree to. In the event that Saddle River willfully

withholds payment or fails to timely provide the required information and Allendale is required to institute suit, Saddle River will reimburse Allendale for its reasonable attorneys' fees and costs and shall be subject to any lawful interest that may be imposed by a court.

11. Saddle River will maintain and be solely responsible for the sewers within Saddle River, including but not limited to the pipes, meter pit and meter installed for the projects. Saddle River will maintain and be responsible for any pump station that may be installed.

12. Saddle River agrees that should any damage be sustained to the Allendale sewers or any portion thereof during the connection contemplated hereunder, that it shall be required to repair same promptly at its own cost and expense, all to the reasonable satisfaction of Allendale and its Engineer.

13. Saddle River, shall defend, indemnify and hold harmless Allendale, its officials, agents and employees from and against all claims for personal injury or property damage arising out of the performance of any work of any kind required to be done by it pursuant to the terms of this Agreement or any other work of any kind undertaken by it or on its own behalf in connection with the work contemplated hereunder. Said indemnification shall include but not be limited to any and all suits or claims for liability, damages, costs, expenses, penalties, assessments, interest and/or attorneys' fees.

14. Saddle River and Allendale agree to reasonably work together to determine an appropriate allocation of unanticipated costs. At a minimum, the parties will meet on each five (five) year anniversary of this agreement to review and determine whether Allendale has incurred any costs not reasonably anticipated as of the date of execution of this agreement.

15. Any additional Sewer connection for Saddle River must be approved by Allendale's governing body by resolution and formal agreement and all connections fees must be paid to Allendale and NBCUA as required by code.

16. In the event that any legal action is required to enforce the terms, conditions and obligations of any party hereto, the prevailing party shall be entitled to recover all reasonable attorneys' fees, costs and expenses associated with the enforcement hereof.

17. The parties hereto agree that this Agreement or a memorandum thereof may be recorded by any party with the office of the Bergen County Clerk.

18. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and/or assigns or owners of the property herein.

19. The parties hereto mutually agree to perform and undertake any necessary action and execute and deliver any and all documents which may now or in the future become necessary in order to effectuate the intent and purpose of this Agreement.

20. Allendale and Saddle River agree and acknowledge that, other than the rights and benefits afforded to Allendale and Saddle River under this Agreement, this Agreement is not intended to, and shall not, create any rights, including but not limited to any third party beneficiary rights, in any person, including but not limited to the owners or developers of the Affordable Housing Development Project, or the Avalon Project.

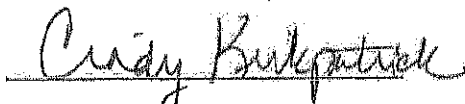
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their proper corporate officers and caused their proper corporate seals to be hereunto affixed, the day and year first above mentions.

ATTEST:



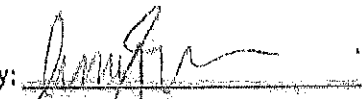
Borough Clerk

ATTEST:



Borough Clerk

BOROUGH OF ALLENDALE

By: 
Mayor

BOROUGH OF SADDLE RIVER

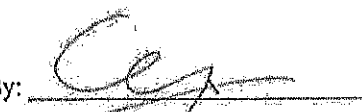
By: 
Mayor

EXHIBIT A

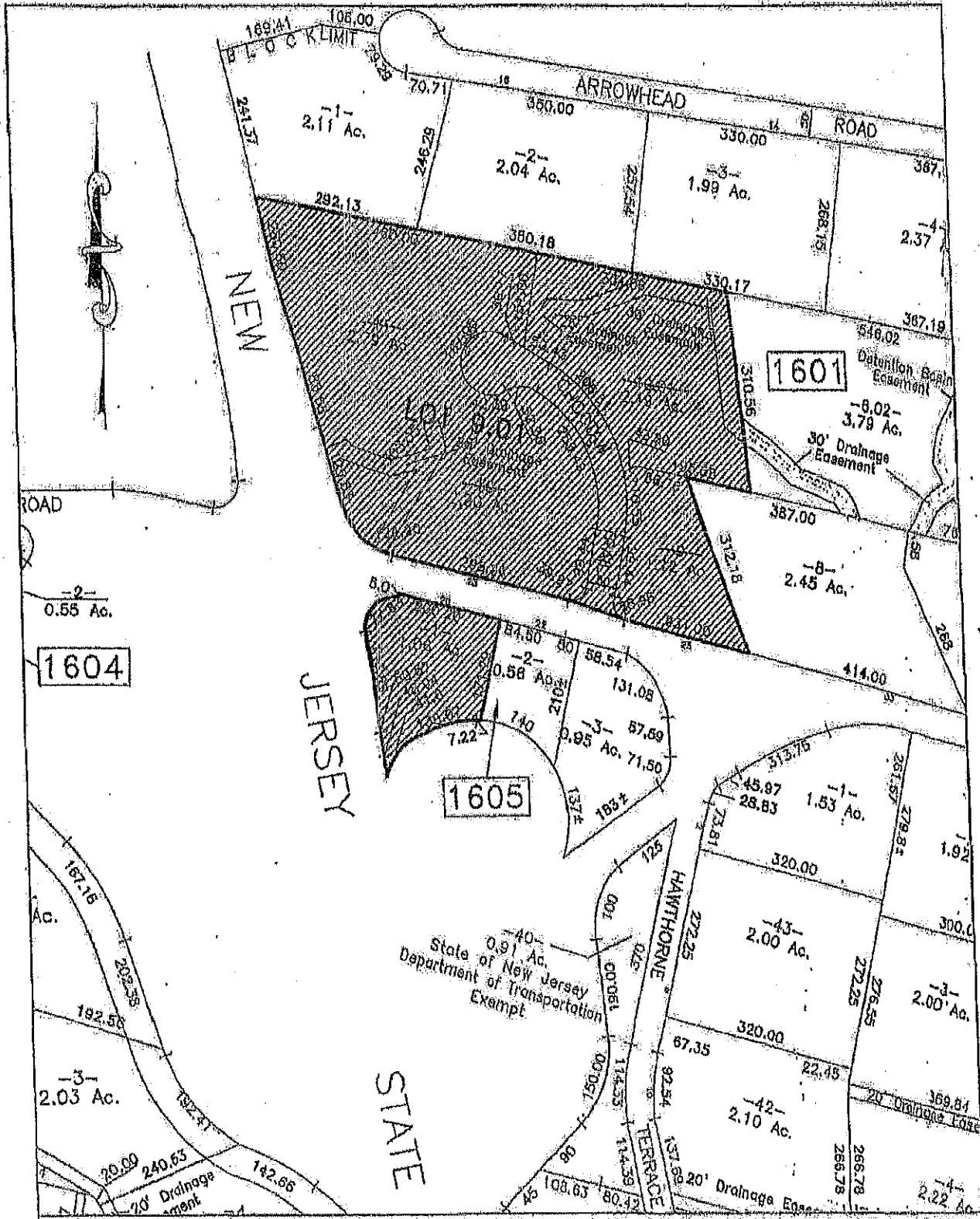


EXHIBIT "A"
BOROUGH OF SADDLE RIVER
SEWER CONNECTION AGREEMENT

REV: DEC/31, 2023
 DATE: NOVEMBER 2023

EXHIBIT B

EXHIBIT B

Saddle River and Allendale Sewer Calculations
 PLANNED UNIT DEVELOPMENT SITE (SR TRIANGLE PROPERTY)

Flow Criteria per NJAC 7:14A-29.8

Marriott Residence Inn			
Type of Establishment	No of Units	Measurement Unit	Gallons Per Day
48 Unit Building			
1 Bedroom Units	42	GPD Unit	3150
2 Bedroom Units	6	150	900
60 Unit Building			
1 Bedroom Units	48	75	3600
2 Bedroom Units	12	150	1800
66 Unit Building			
1 Bedroom Units	54	75	4050
2 Bedroom Units	12	150	1800
SF			
Gatehouse (offices/mtg rooms)	6650	0.1	665
Total Marriott Residence Inn =			15965 GPD
Affordable Housing (76 Units)			
Senior (Age Restricted)			
1 Bedroom Units	10	110	1100
2 Bedroom Units	8	170	1360
3 Bedroom Units	1	225	225
Non Age Restricted			
1 Bedroom Units	10	150	1500
2 Bedroom Units	35	225	7875
3 Bedroom Units	12	300	3600
SF		GPD Unit	
Total Affordable Housing (76 Units) =			15680
Brighton Gardens Assisted Living Facility			
No of Beds		GPD Unit	Total GPD
120		100	12000
Total Brighton Gardens Assisted Living Facility =			12000
Office Building			
SF		GPD Unit	Total GPD
98420		0.1	9842
Total Office Building =			9842
Planned Unit Development Site Total (only) =			53467
			Rounded 59300 Use
Proposed Developments			
TMO Choctaw	See separate PSS calculation		25850
TMO 20 EAR	16	150	2400
Total (both developments) =			28250 Use
PUD Total and TMO Projects =			81750 A
Allendale Flows (per Engineer)			Total Flows (A+C) = 113,850
32,100 GPD			
C			
Projected Percentages with TMO Project			
Total		Allendale	Saddle River
		28.2%	71.8%

EXHIBIT 2

Term Sheet



Derek W. Orth
Equity Partner
T 973 586 7721
dorth@itfirm.law

EQUITY PARTNERS
John P. Inglesino*
John P. Wyciskala*
Lisa D. Taylor*
Justin A. Marchetta
Derek W. Orth
*FOUNDING PARTNER

December 31, 2025

Via Electronic & Overnight Mail

Ray Wiss, Esq.
Wiss Law, P.C.
345 Kinderkamack Road
Westwood, New Jersey 07675

Re: Settlement Term Sheet
Docket Nos.: BER-C-232-24 / A-34-25
BER-L-594-25

Dear Mr. Wiss:

This firm represents AvalonBay Communities, Inc. ("Avalon"), in the above-captioned matters involving the Borough of Allendale ("Allendale"). This correspondence (the "Term Sheet") memorializes the key terms that will resolve: (i) Allendale's appeal of the Bergen County Chancery Court's Order dated July 25, 2025; and (ii) Avalon's objection to Allendale's Fourth Round affordable housing plan. The terms are as follows:

1. Saddle River and Allendale shall enter into a sewer service agreement ("Sewer Agreement") that memorializes Allendale's agreement to accept and transmit the effluent generated by Avalon's 275-unit inclusionary project (the "Avalon Project") located on Block 1302, Lot 1.04 on the official tax Map of the Borough of Saddle River ("Saddle River"), through Allendale's existing conveyance line which is adjacent to Avalon's property in Saddle River. Saddle River endorsed the TWA permit for the Avalon Project in October 2024, Allendale endorsed the TWA permit for the Avalon Project on or about August 20, 2025, the Northwest Bergen County Utilities Authority endorsed the TWA permit for the Avalon Project on or about September 17, 2025, and the NJDEP has now approved the TWA for the Avalon Project on or about December 11, 2025. The Sewer Agreement shall be approved and executed by Allendale and Saddle River no later than January 27, 2026.

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Ray Wiss, Esq.
December 31, 2025
Page | 2

2. The Sewer Agreement shall be substantially similar to the draft agreement which Allendale provided to Avalon on or about December 31, 2026. The Parties acknowledge that Allendale will assess a wheeling/administrative fee to Saddle River in the amount of 15% in excess of the sewer user rates charged by the Northwest Bergen County Utilities Authority.
3. In consideration of the foregoing, Avalon shall remit the sum of FIVE HUNDRED THOUSAND DOLLARS and 0/100 (\$500,000.00) to Allendale in accordance with the following schedule: (a) ONE HUNDRED SIXTY FIVE THOUSAND and 0/100 (\$165,000.00) within ten (10) days of the full execution of Sewer Agreement, and (b) THREE HUNDRED THIRTY FIVE THOUSAND DOLLARS and 0/100 (\$335,000.00) within thirty (30) days of Avalon obtaining a building permit for any portion of the Avalon Project. This sum represents the entirety of any and all connection fees, off-tract improvement fees, upgrade, improvement, development fees, sewer remediation, etc. (specifically including, but not limited to, the CIPP lining work identified in the proposed Sewer Agreement), that Allendale might or would seek to impose upon Avalon as a pre-condition to accepting the effluent from Avalon's Project, but excludes typical inspection fees and professional escrows, if any, that Allendale may require Avalon to establish for the technical inspection of the Avalon Project's connection to the sewer line. The parties hereto acknowledge that this sum is a negotiated settlement amount, and each party hereby waives any rights which they have or may have with regard to the calculation of this figure, or the propriety of the fees charged.
4. Allendale shall be entitled to keep any reimbursement of the connection fee that Avalon paid to the Northwest Bergen County Utilities Authority, without any reduction in the \$500,000.00 payment referenced above.
5. Within five (5) days of the full execution of this Term Sheet, Avalon shall formally withdraw its objection to Allendale's Fourth Round affordable housing plan and provide evidence of same to Allendale.
6. Within five (5) days of the full execution of this Term Sheet, Allendale shall dismiss, with prejudice, its appeal under Appellate Docket A-34-25, and provide evidence of same to Avalon.



Ray Wiss, Esq.
December 31, 2025
Page | 3

- 7. The parties agree to fully cooperate with regard to any and all necessary approvals, permits, endorsements, etc. that are required with respect to this Term Sheet or any of the governmental approvals that are contemplated herein or otherwise advisable, so as to effectuate the resolution of the litigations referenced herein and the effectuation of the Sewer Agreement.

This Term Sheet shall be presented to the Allendale governing body for ratification at its January 15, 2026 Council meeting.

On behalf of AvalonBay Communities, Inc.

Ronald S. Ladell

 RONALD S. LADELL
 SENIOR VICE PRESIDENT
 AVALONBAY COMMUNITIES, INC.

Dated: 12/31/2025

On behalf of the Borough of Allendale

Amy C. Wilczynski

 AMY WILCZYŃSKI, MAYOR
 BOROUGH OF ALLENDALE

Dated: 12/31/2025