

BOROUGH OF BOUND BROOK
County of Somerset
ORDINANCE NO. 2016: 15

AN ORDINANCE OF THE BOROUGH OF BOUND BROOK, COUNTY OF SOMERSET, NEW JERSEY APPROVING THE PILOT APPLICATION AND AUTHORIZING THE MAYOR AND BOROUGH CLERK PURSUANT TO N.J.S.A. 40A:20-1 ET SEQ. TO EXECUTE A FINANCIAL AGREEMENT BY AND BETWEEN THE BOROUGH OF BOUND BROOK AND MERIDIA, DOWNTOWN URBAN RENEWAL, BOUND BROOK, LLC FOR PROPERTY LOCATED ON LOTS 42 AND 43 IN BLOCK 1 AS SHOWN ON THE OFFICIAL TAX MAP OF THE BOROUGH OF BOUND BROOK AND LOCATED IN THE DOWNTOWN REDEVELOPMENT AREA

WHEREAS, in January 2000, the Borough Council of the Borough of Bound Brook (the "Borough") designated various properties in its downtown along the Main Street corridor as an area need of redevelopment ("Redevelopment Areas 1 & 2") and adopted a redevelopment plan for Redevelopment Areas 1 & 2 in February 2000; and

WHEREAS, Block 1, Lots 42 and 43 (the "Property") is located in Redevelopment Areas 1 & 2; and

WHEREAS, on February 26, 2015, the Borough and Meridia, Downtown, Bound Brook, LLC (the "Redeveloper") executed a redevelopment agreement (the "Redevelopment Agreement") for the redevelopment of the Property; and

WHEREAS, the Redeveloper created and obtained approval for an urban renewal entity, known as Meridia, Downtown Urban Renewal, Bound Brook, LLC (the "Entity"); and

WHEREAS, the Entity is the contract purchaser of the Property and is expected to close on the acquisition of the Property in May 2016; and

WHEREAS, the Entity has obtained approval from the Borough Planning Board to construct 172-unit multi-family residential units over ground floor commercial space with on-site parking and related site improvements and amenities (the "Project"); and

WHEREAS, the Entity was created for the purposes of acquiring, owning, holding, developing, maintaining, financing, mortgaging, improving, operating, leasing, managing, using, refinancing, selling, subdividing, or otherwise dealing with the Property and the Project; and

WHEREAS, pursuant to and in accordance with the provisions of the Long Term Tax Exemption Law, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State, and the acts amendatory thereof and supplement thereto (the "Long Term Tax Exemption

Law”, as codified in N.J.S.A. 40A:20-1 et seq.), the Borough is authorized to provide for payment in lieu of taxes within a redevelopment area; and

WHEREAS, the Entity submitted an application, dated April 4, 2016 for the approval of a Project, as such term is used in the Long Term Tax Exemption Law, all in accordance with N.J.S.A. 40A:20-8 (the “Exemption Application”, a copy of which is attached hereto as Exhibit A); and

WHEREAS, the Entity also submitted a Fiscal Impact Analysis for the Project, prepared by Richard B. Reading Associates, dated January 29, 2016 with the application; and

WHEREAS, the Exemption Application requested a 30-year term for a financial agreement and an annual service charge based on 10% of annual gross revenues; and

WHEREAS, pursuant to the Long Term Tax Exemption Law, the Borough is authorized to enter into a financial agreement with a redeveloper for payment of an annual service charge for municipal services in lieu of taxes for market rate housing and commercial projects; and

WHEREAS, the Entity has requested that the Borough enter into a financial agreement for payment of an annual service charge for municipal services in lieu of taxes (the “Financial Agreement”)for the Project; and

WHEREAS, the Borough and the Entity have reached agreement with respect to, among other things, the terms and conditions relating to the Annual Service Charges and desire to execute the Financial Agreement, which terms and conditions are stated below.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Borough Council of the Borough of Bound Brook, County of Somerset, New Jersey, as follows:

Section 1. The Borough acknowledges that Meridia Downtown Urban Renewal, Bound Brook, LLC, by effectuating the redevelopment of the Project, will significantly limit its profits due to the extraordinary costs to be borne by the Entity, which will provide significant and long-term benefits to the Borough of Rahway.

Section 2. The Borough makes the following findings:

A. Relative benefits of the Project when compared to the costs:

1. The Property currently generates \$32,864.24 in real estate tax revenue to the Borough as the Property is partially vacant with the first residential building under construction. The projected Annual Service Charge will generate revenue at full build out to the Borough of approximately \$321,000.

2. It is estimated that the Project will create jobs during construction and twelve (12) new permanent jobs;

3. The Project should stabilize and contribute to the economic growth of existing local business and to the creation of new business, which will serve the new residents and attract additional people to the Borough;

4. The Project will further the redevelopment objectives of the Redevelopment Plans for Redevelopment Areas 1 & 2; and

5. The redevelopment of the Property will greatly improve the downtown neighborhood.

6. The Borough has determined that the benefits of the Project significantly outweigh the costs to the Borough.

B. Assessment of the importance of the Tax Exemption defined in obtaining development of the Project and influencing the locational decisions of probable occupants:

1. The relative stability and predictability of the Annual Service Charge will make the Project more attractive to investors and lenders needed to finance the Project; and

2. The relative stability and predictability of the Annual Service Charge will allow stabilization of the Project operating budget, allowing a high level of urban design, aesthetics and amenities as well as the use of high quality materials which will maintain the appearance of the buildings over the life of the Project, which will insure the likelihood of the success of the Project and insure that it will have a positive impact on the surrounding area.

Section 3. The Exemption Application is hereby accepted and approved.

Section 4. The Financial Agreement shall be for a fifteen (15) year term with an annual service charge of 11.5% of annual gross revenues from the Project for the entire fifteen (15) year term in accordance with the Long Term Tax Exemption Law.

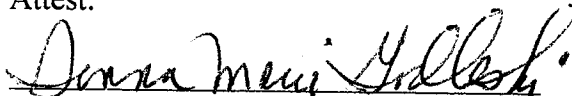
Section 5. The Financial Agreement is hereby authorized to be executed and delivered on behalf of the Borough by the Mayor in substantially the form attached hereto as Exhibit B. The Borough Clerk is hereby authorized and directed to attest to the execution of the Financial Agreement by the Mayor and to affix the corporate seal of the Borough to the Financial Agreement.

Section 6. The Borough shall not be obligated to execute the Financial Agreement until such time as the Entity has closed on the acquisition of the Property.

Section 7. This ordinance shall take effect upon final passage and publication as required by law.


Approved: Mayor Robert P. Fazen

Attest:


Donna Marie Godleski, Municipal Clerk

Date of Adoption: May 24, 2016