

ORDINANCE NO. 2023-

**TOWNSHIP OF MIDDLETOWN
COUNTY OF MONMOUTH**

Ordinance Authorizing Financial Agreement Upon Block 1086, Lot 30 (100 Schultz Drive) With Exit 109 Urban Renewal 5, LLC, An Urban Renewal Entity, Pursuant To The Long Term Tax Exemption Law, N.J.S.A. 40a:20-1 Et Seq.

WHEREAS, Exit 109 Urban Renewal 5, LLC (the "**Entity**"), is an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.); and

WHEREAS, on May 16, 2022, pursuant to Resolution No. 22-153, the governing body of the Township of Middletown (the "**Township**") designated Block 1086, Lots 29-30 and Block 1131, Lots 30-32 (the "**Exit 109 Redevelopment Plan Area**"), as an area in need of redevelopment for non-condemnation purposes; and

WHEREAS, on January 17, 2023, pursuant to Ordinance No. 2023-3364, the Township adopted the 100 Schultz Drive Redevelopment Plan (the "**Redevelopment Plan**") governing Block 1086, Lot 30 (the "**Property**" or "**Project Site**"); and

WHEREAS, consistent with the Redevelopment Plan, the Entity intends to redevelop the Project Site into a veterinary hospital comprising four floors and ±108,000 square feet, including 90,000 square feet of medical space and 18,000 square feet of office/conference space (the "**Project**"); and

WHEREAS, on December 19, 2022, the Entity filed a long-term tax exemption application with the Township, which application was thereafter supplemented with additional materials (collectively, the "**Application**"); and

WHEREAS, on April 17, 2023, the Governing Body adopted a resolution designating FM Red Owner, LLC as redeveloper of the Project Site and authorizing the entry of a Redevelopment Agreement by and between the Township and FM Red Owner, LLC (the "**Redevelopment Agreement**"); and

WHEREAS, FM Red Owner, LLC formed the Entity as a special purpose urban renewal entity to redevelop the Project Site; and

WHEREAS, the Property subject to this Agreement is Block 1086, Lot 30 (100 Schultz Drive); and

WHEREAS, the Township hereby determines that the relative benefits of the Project outweigh the costs of the tax exemption, for the following reasons:

1. the Project will provide a veterinary hospital comprising four floors and ±108,000 square feet, including 90,000 square feet of medical space and 18,000 square feet of office/conference space at a site where the current real estate taxes generate revenue of \$179,152.39, whereas, the Annual Service Charge is estimated to generate revenue to the Township of \$250,000 in the first stabilized year; and
2. the Project, costing approximately \$49,800,000 will provide 200 construction jobs and 350 permanent jobs, and generally add to the economic vitality of the Township; and
3. the Project should stabilize and contribute to the economic growth of existing local business and to the creation of new businesses, which cater to the new residents; and
4. the Project will further the redevelopment objectives of the Redevelopment Plan; and
5. the Project's fiscal impact analysis indicates that the benefits of the Project outweigh the costs to the Township; and

WHEREAS, the Township hereby determines that the tax exemption is important in obtaining development of the Project and influencing the locational decisions of the probable occupants for the following reasons:

1. the relative stability and predictability of the annual service charges will make the Project more attractive to investors and lenders needed to finance the Project; and
2. the relative stability and predictability of the service charges will allow the owner to stabilize its operating budget, allowing a high level of maintenance to the building over the life of the Project, which will ensure the likelihood of the success of the Project and ensure that it will have a positive impact on the surrounding area; and

WHEREAS, the Township 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 a Financial Agreement reflecting the same.

NOW, THEREFORE, BE IT ORDAINED by the Township Committee of the Township of Middletown in the County of Monmouth, State of New Jersey that:

1. The application of Exit 109 Urban Renewal 5, LLC, an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law (N.J.S.A. 40A:20-1 et seq.) for Block 1086, Lot 30 (100 Schultz Drive) is hereby accepted and approved.
2. The Mayor is hereby authorized and directed to execute a Financial Agreement substantially in the form attached hereto and made part hereof, for an exemption term of 30 years upon the Project's substantial completion pursuant to the Annual Service Charges, plus an administrative fee equaling 2% of the prior year's Annual Service Charge.
3. All ordinances, or parts of ordinances inconsistent herewith, are hereby repealed to the extent of such inconsistencies.
4. This Ordinance shall take effect immediately upon final passage and publication pursuant to law.