

**BOROUGH OF TINTON FALLS
COUNTY OF MONMOUTH**

ORDINANCE NO. 2023-1505

ORDINANCE AUTHORIZING FINANCIAL AGREEMENT FOR MEDICAL OFFICE BUILDING UPON BLOCK 101.03, LOT 1 WITHIN THE FORT MONMOUTH REUSE AND REDEVELOPMENT PLAN AREA BY MMC FORT MONMOUTH HOLDINGS URBAN RENEWAL LLC, AN URBAN RENEWAL ENTITY, AUTHORIZED PURSUANT TO THE LONG TERM TAX EXEMPTION LAW, N.J.S.A. 40A:20-1 ET SEQ.

WHEREAS, MMC Fort Monmouth Holdings Urban Renewal 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.) (the “**LTTEL**”) and

WHEREAS, the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1, et seq., as amended and supplemented (the “**Redevelopment Law**”), provides a process for municipalities to participate in the redevelopment and improvement of areas in need of redevelopment; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-4, the governing body of the Borough serves as an instrumentality and agency pursuant to the Redevelopment Law for the purpose of implementing redevelopment plans and carrying out redevelopment projects within the Borough (the “**Redevelopment Entity**”); and

WHEREAS, N.J.S.A. 40A:12A-8 authorizes the Borough, acting as the Redevelopment Entity, to enter into contracts or agreements for the planning, construction or undertaking of any development project or redevelopment work in an area in need of redevelopment; and

WHEREAS, on March 6, 2012, the Borough adopted Resolution No. R-12-089 determining and designating that the entirety of the former Fort Monmouth property in the Borough is an area in need of redevelopment under the Redevelopment Law; and

WHEREAS, on May 15, 2012, the Borough adopted Ordinance No. 12-1344 accepting the Fort Monmouth Reuse and Redevelopment Plan (the “**Reuse Plan**”), as amended, under the Redevelopment Law, which established the land use regulations governing the former Fort Monmouth property in the Borough identified herein in conjunction with the land use regulations set forth at N.J.A.C. 19:31C-3.1 et seq.; and

WHEREAS, on October 30, 2017, the Fort Monmouth Economic Revitalization Authority (“**FMEERA**”) and the Redeveloper entered into a Purchase and Sale

Agreement for Block 101.03, Lot 1 (the former Myer Center property) consisting of approximately 36.3 acres within the Borough (the “**Property**” or “**Project Site**”); and

WHEREAS, on August 10, 2018, FMERA, the New Jersey Economic Development Authority (“**NJEDA**”) and Redeveloper entered into an Agreement to Assign, as amended from time to time (the “**Agreement to Assign**”), pursuant to which Redeveloper agreed to assume, and NJEDA agreed to assign, NJEDA’s rights and obligations under a Purchase Agreement, dated October 30, 2017, between FMERA and NJEDA for the acquisition of the Property; and

WHEREAS, FMERA’s Agreement to Assign with the Entity was amended a fourth time in 2021 establishing an outside closing date of December 30, 2022; and

WHEREAS, on February 19, 2019, the Borough and the Entity entered an Escrow Agreement to address pre-development activities, including negotiation of a Financial Agreement for the Project and other related actions; and

WHEREAS, on May 12, 2022, the Entity formally applied to the Borough to be designated redeveloper of the Property within the Fort Monmouth Reuse and Redevelopment Plan Area, whereby the Redeveloper proposes to construct a phased development as follows: (a) the first phase consisting of the construction of an approximately 150,000 square foot cancer center/ambulatory care pavilion, comprised of the following uses: oncology services, imaging, radiation, ambulatory surgery center, parking and interphase grading and landscaping (“**Phase 1**”); and (b) a second phase consisting of two options, which may be undertaken by the Redeveloper at its discretion in accordance with the Redevelopment Agreement, Phase 2A consisting of the construction of an approximately 568,901 square foot acute care hospital including 250 licensed beds, an approximately 206,768 square foot clinical and support building, a 112,864 square foot medical office building, a 34,000 square foot central utility plan, an approximately 404,000 square foot structured parking facility, and associated site improvements and amenities, and Phase 2B consisting of 20 acres of publicly available accessible open space, stone dust walking trails connecting different site components, seatwall and sculpture space, at least two gazebos and landscaped open areas and plantings (Phase 1 and either Phase 2A or Phase 2B, as elected by Redeveloper in accordance with the Redevelopment Agreement (collectively, the “**Project**”); and

WHEREAS, the Entity’s May 12, 2022 application (the “**Application**”) was made in the same form required to be made under the LTTEL; and

WHEREAS, on June 21, 2022, the Entity conducted a public presentation on the Project during a special meeting of the Borough Council; and

WHEREAS, on August 9, 2022, pursuant to Resolution No. R-22-180, the governing body of the Borough conditionally designated the Entity as redeveloper of the Property; and

WHEREAS, on October 26, 2022, pursuant to Resolution No. PB2021-12, the planning board of the Borough granted Redeveloper Preliminary and Final Site Plan with Variances, Design Exceptions and Waivers for the Project; and

WHEREAS, on December 20, 2022, the Borough adopted Resolution No. R-22-241, fully designating the Entity as redeveloper of the Property and authorizing the entry of a Redevelopment Agreement dated January 23, 2023 (the “**Redevelopment Agreement**”); and

WHEREAS, on December 15, 2022, the Entity acquired title and took possession of the Property; and

WHEREAS, the for-profit component of the Project (i.e., the Medical Office Building included in Phase 2A (the “**For-Profit Component**”) would not have been undertaken in its intended scope without the provision of financial incentives from the Borough; and

WHEREAS, other than the Medical Office Building, all other improvements included in the Project (the “**Non-Profit Components**”) shall be exempt from conventional taxation pursuant to N.J.S.A. 54:4-3.6j whereby payments shall be made under the Community Service Contribution Agreement; and

WHEREAS, by the adoption of Ordinance No. _____ on _____, 2023 (the “**Ordinance**”), the Borough approved the above findings and the tax exemption Application and authorized the execution of this Agreement as it relates to the For-Profit Component of the Project; and

WHEREAS, in order to set forth the terms and conditions under which the parties shall carry out their respective obligations with respect to payment of the Annual Service Charge by the Entity, in lieu of real property taxes for the For-Profit Component, the parties have determined to execute this Financial Agreement.

WHEREAS, the Property subject to this Agreement is a portion of Block 101.03, Lot 1; and

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

1. the medical office building project will provide a new 120,000 square foot medical office building at a vacant site where the current real estate taxes generate revenue of \$0, whereas, the Annual Service Charge is estimated to generate revenue to the Borough of approximately \$470,000 in the first stabilized year; and

2. the medical office building project, costing approximately \$78 million will provide approximately 150 construction jobs and 300 permanent jobs, and generally add to the economic vitality of the Borough; and
3. the medical office building 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 medical office building project will further the redevelopment objectives of the Redevelopment Plan; and
5. the medical office building project's fiscal impact analysis indicates that the benefits of the Project outweigh the costs to the Borough; and

WHEREAS, the Borough hereby determines that the tax exemption is important in obtaining development of the medical office building 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 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 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 a Financial Agreement reflecting the same.

NOW, THEREFORE, BE IT ORDAINED by the governing body of the Borough of Tinton Falls in the County of Monmouth, State of New Jersey that:

1. The application of MMC Fort Monmouth Holdings Urban Renewal 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.), a copy of which shall be placed on file with the Borough Clerk, for the development of a 120,000 square foot medical office building is hereby accepted and approved.
2. The Mayor is hereby authorized and directed to execute a Financial Agreement 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.

Introduced:

Adopted:

JOHN MANGINELLI
COUNCIL PRESIDENT

VITO PERILLO
MAYOR

ATTEST:

MICHELLE HUTCHINSON
BOROUGH CLERK

APPROVED AS TO FORM:

KEVIN N. STARKEY, ESQ.
DIRECTOR OF LAW