

Rahway Redevelopment Agency

MINUTES

April 2, 2014

6:30 P.M.

CALL TO ORDER

The meeting was called to order at 6:30 P.M. at the Hamilton Stage

OPEN PUBLIC MEETINGS ACT

This meeting was advertised and posted in accordance with the Open Public Meetings Act of the State of New Jersey

PLEDGE OF ALLEGIANCE

Commissioners, officials, and public attendees saluted the flag

ROLL CALL

On a call of the roll the following officials were present:

*Daniel Garay, Commissioner
Timothy Nash, Commissioner
Paul Sefranka, Vice-Chairman
Michael Staryak, Commissioner*

Absent: Commissioners Deige, Parson, Rack

APPROVAL OF MINUTES

A motion was made by Commissioner Deige and Seconded by Commissioner Sefranka to approve the Minutes of the March 5, 2014 Regular Meeting.

*Yes: Commissioners Garay, Sefranka, Staryak
Absent: Commissioners Parson, Nash
Abstain: Commissioner Nash*

CORRESPONDENCE

1. Article dated March 17, 2014 regarding Rahway's Redevelopment
2. Letter dated March 19, 2014 from Francis X. Regan, Esq. to Frank Gingerelli regarding the construction of the Hamilton Stage.

COMMENTS FROM THE PUBLIC

TREASURER'S REPORT

A motion was made by Commissioner Nash and Seconded by Commissioner Staryak to approve the Treasurer's Report

*Yes: Commissioners Garay, Nash, Sefranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

EXECUTIVE DIRECTOR'S REPORT

1. Water's Edge: Temporary CO's are being granted and tenants are moving into the building.
2. Lafayette Village: Construction should begin in 2-3 months
3. Brownstones: Mr. George Capodagli, Managing Member of Capadagli Property Co., L.L.C. advises that his Attorney has attempted to communicate with the Foundations Attorney without success. The contract has been agreed to with multi changes that the Foundation has requested. The changes have been made and Mr. Capadagli has requested of Mr. George Bean, the Trustee of the Foundation to inquire as to why there is a hold up in executing the Contract/Agreement.

4. Fulton Street Project: I have been in communication with Mr. Richard Radici, President/CEO of DMR Construction Services, the Developer of 1321 Fulton Street, L.L.C., to discuss changes in the Redevelopment Agreement.

Mr. Frank Regan, Esq., has forwarded to the Rahway Redevelopment Agency Commissioners a copy of the Agreement and further advised there will be a Resolution on the Agenda for April 2, 2014 to be considered and approved by the Commissioners. This Agreement involves various properties on Fulton and Pierce Streets. The Developer is still trying to secure the property at Lot 4.01 (Mangos site). Mr. Frank Regan, Esq., advises that this Agreement is very similar to the Meridia Wheatena Ageement for Elizabeth Avenue, except for specific terms as it relates to this project.

An appraisal of the property is necessary and a letter will be sent to the property owners.

5. Actors Fund Housing: Mr. Scott A. Weiner, Managing Director Point Prospect advises the project only needs to get confirmation from Union County regarding the use of the exiting award to the Rahway Redevelopment Agency.

6. Rahway Main Street: The City continues to work the Plan/Agreement with DEP towards upgrading the Water Treatment Plant. All the preliminary plans and loan applications have been submitted to DEP on schedule and the City is continuing with the construction plan preparation.

At this time there does not appear to be any anticipated increase in connection fees. Also the City is not aware of any change in the DEP's position, that as long as the City continues to move forward with the Water Treatment Plant upgrade, the DEP will entertain new applications for water main extensions.

7. Block 318 Main Street: The Rahway Redevelopment Agency Commissioners received the Redevelopment Agreement between the RRA and Dornoch II, Urban Renewal, LLC at last month's RRA meeting for review. Due to additional changes that needed to be discussed with the Developer, Mr. Nils Berten as well as his Partners and Attorney, action on this Agreement was put off until the April, 2014 meeting. There has been considerable discussion on the Main Street improvements, in particular section 3.05, and the cost related to that project regarding the street and streetscape improvements.

Mr. Jim Houston, City Engineer advises the existing curb setback will be 4 feet – 5 feet from its current position but only along the middle one third of the curb frontage. The approximate length (Tax Map) of the Main Street frontage from Poplar Street south towards to East Cherry (Tax Lots 2.10 & 23, Block 318) is 450 LF.

However, the effective length for the streetscape cost = 450 LF – 50 LF (for Monroe Street extension) or 400 LF, and the length for milling and paving costs (23 ft. width) is 450 LF.

Therefore, the estimated cost = Streetscape (400 LF X \$275 LF = \$110,000) + Roadway (450 LF X \$52 LF = \$23,400) + Street lights (6 lights at 80 ft. spacing X \$5,000/ea. = \$30,000) = Sub Total \$163,400 + contingency (15% X \$163,400 = \$24,510) = Total Rounded to \$188,000 Dollars.

Mr. Houston notes that Streetscape improvements include: curbs, 12 ft. wide sidewalks, street light foundations plus wiring conduit, trees and grates, decorative crosswalks, and traffic control. The Roadway includes milling and paving 2" asphalt.

I include the above calculations and notations from the City Engineer in my report as I believe it is very important that the RRA Commissioners be aware of the extensive costs associated with developing this project outside the footprint of the property.

I bring to your attention an article that was written by Joshua Burd and appeared in the Bergen Record on March 17, 2014 touting Rahway as one of the next "Hot Spots" in New Jersey for Redevelopment. "The City has been dedicated to Redevelopment for more than 15 years and it has nearly a dozen projects to show for it, from hotels and residential apartment buildings to an expanded Union County Performing Art's Center." This article is significant to demonstrate the teamwork between the Rahway Redevelopment Agency, City Council, City Mayor and Administration and all associated Boards and Staff to demonstrate and to substantiate the Redevelopment efforts.

I will be meeting with Mayor Steinman and Business Administrator, Cherron Rountree on various matters and they have been invited to attend to the Redevelopment meeting. Further, I will be reviewing the various projects and issues that will need Administration, Council approval that involve various projects.

I have also communicated with Mr. Frank Regan, Esq., as well as Cindy Solomon, Director of Community Development when necessary regarding all the various matters that the Redevelopment Agency considers through email, telephone calls and meetings with Redevelopers. Further, I have communicated with Mr. Frank Ruggiero, Treasurer for the Redevelopment Agency to discuss financial implications of the various projects as well as discussing Rahway Redevelopment Agency projects with Mr. Jim Houston, City Engineer.

A motion was made by Commissioner Nash and Seconded by Commissioner Garay to approve the Executive Director's Report

*Yes: Commissioners Garay, Nash, Sefranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

LEGAL REPORT

Frank Regan reported that a meeting will be held with Gingerelli Brothers regarding the Hamilton Stage completion. In addition, two redevelopment agreements will be discussed in closed session.

A motion was made by Commissioner Nash and Seconded by Commissioner Stryak to approve the Executive Director's Report

*Yes: Commissioners Garay, Nash, Seifranka, Stryak
Absent: Commissioners Deige, Parson, Rack*

ENGINEERING REPORT

1. Arts District Expansion Project-Hamilton Stage (Bell Bldg.)

- a. Regarding the completion of punch list work, Gingerelli Brothers, Inc. (GBI), has completed all punch list items except the lighting issues, and some continuing roof/ceiling leaks. A meeting has been scheduled for April 3rd with GBI and the bonding company to resolve project completion.
- b. Chiller Sound Wall- The construction has begun and completion is expected within the next few weeks.

2. Meridia-Water's Edge

The developer continues with the building construction towards issuance of a TCO and has repaired the lot lighting conduit and wiring.

3. Metro-Rahway (N/F Station Place at Rahway)

Station Place at Rahway continues with site and with off-site utility construction.

4. AST Development Corp.

AST has received favorable news from NJDEP. Essentially, the building garage floor elevation can remain at grade. AST also believes that they will be able to contain all of their parking needs on site.

5. Elizabethtown Gas Co. Property

AECOM's final phase of the environmental work along the river's edge is currently on hold until early July, due to environmental constraints within the river waters.

6. Stokker International

We have consulted with the architect and engineer regarding the necessary improvements along their Main Street frontage.

A motion was made by Commissioner Stryak and Seconded by Commissioner Garay to approve the Engineering Report

*Yes: Commissioners Garay, Nash, Seifranka, Stryak
Absent: Commissioners Deige, Parson, Rack*

UNFINISHED BUSINESS

NEW BUSINESS

20-14: RESOLUTION OF BOARD OF COMMISSIONERS OF THE RAHWAY REDEVELOPMENT AGENCY AUTHORIZING THE TERMINATION OF THE CONSTRUCTION CONTRACT WITH GINGERELLI BROS., INC. FOR THE CONSTRUCTION OF THE HAMILTON STAGE DATED FEBRUARY 7, 2011 AND AUTHORIZING A CLAIM TO BE FILED AGAINST THE PERFORMANCE BOND PROVIDED BY GINGERELLI BROS., INC.

WHEREAS, on January 5, 2011, the Board of Commissioners of the Rahway Redevelopment Agency awarded a bid and authorized the execution of a contract with Gingerelli Bros., Inc. (the "Contractor") for the renovation of the Rahway Arts District Studio Space on the former Hamilton Laundry Property (the "Project"); and,

WHEREAS, the construction contract, dated February 17, 2011 was in the original amount not to exceed \$5,825,746.00 and due to subsequent change orders the contract amount was increased to \$6,170,114.00 (the "Contract"); and,

WHEREAS, the date for completion in accordance with the Contract, as extended by the Agency, and a Certificate of Substantial Completion issued by the Agency's architect, was June 6, 2012; and

WHEREAS, the Certificate of Substantial Completion provided the Contractor with thirty (30) days or July 6, 2012 to complete or correct the work on the list of items attached to the Certificate; and

WHEREAS, neither the June 6, 2012 nor July 6, 2012 dates for completion were met by the Contractor and as of March 5, 2014, work specifically relating to on-going roof leaks and completion of the F2 up lighting remains uncompleted; and

WHEREAS, the Project architect issued a Construction Change Directive issued on October 15, 2013, which the Contractor has failed to comply with; and

WHEREAS, in accordance with the Contract, specifically paragraph 14, the Agency has and continues to exercise its rights to liquidated damages against the Contractor with the liquidated damages provision requiring the Contractor to pay the Agency \$1,000.00 per day "for each and every calendar day that the Contractor shall exceed the time stipulated in the Contract Documents for completing the work or supplying the goods;" and

WHEREAS, in accordance with the Contract and liquidated damages provision, the Agency can recover said liquidated damages "by deducting the same out of any monies due or that may become due the Contractor;" and

WHEREAS, on or about the date of this resolution the Agency owes the Contractor approximately \$150,000; and

WHEREAS, the Agency has provided numerous notices to the Contractor regarding its failure to complete the construction in accordance with the Contract, including but not limited to correspondence dated October 5, 2012, January 31, 2013, October 17, 2013 and February 11, 2014; and

WHEREAS, pursuant to the February 11, 2014 correspondence, the Agency advised the Contractor that since there has been a failure to comply with the Contract, the Construction Change Directive issued on October 15, 2013 and prior correspondence, the Contractor's failure to satisfactorily address the open issues by March 5, 2014 will result in the Agency retaining any and all funds due the Contractor as liquidated damages, and further the Agency shall contact the surety that issued a performance bond to the Contractor pursuant to the Contract to demand completion of the Contract.

NOW, THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby finds since the Contractor has failed to address the open issues in the Contract as set forth herein by March 5, 2014, the Agency and its professionals are hereby authorized to terminate the Contract, retain any and all funds due the Contractor as liquidated damages, and to contact the surety that issued the performance bond to the Contractor pursuant to the Contract to file a claim and demand completion of the Contract.

BE IT FURTHER RESOLVED, that this resolution memorializes action taken by the Board of Commissioners on March 5, 2014.

Certified to be a true copy of a Resolution adopted by the Board of Commissioners of the Rahway Redevelopment Agency, Rahway, New Jersey adopted at a regular meeting held on April 2, 2014.

A motion was made by Commissioner Stanyak and Seconded by Commissioner Nash to approve the Resolution

Yes: Commissioners Garay, Nash, Seifranka, Stanyak

Absent: Commissioners Deige, Parson, Rack

21-14: RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A REDEVELOPMENT AGREEMENT WITH DORNOCH RAHWAY II URBAN RENEWAL, LLC AS REDEVELOPER FOR PROPERTY KNOWN AS TAX BLOCK 318 LOTS 1 THROUGH 10 & 23 IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA FOR THE DEVELOPMENT OF A MIXED USE RESIDENTIAL AND COMMERCIAL PROJECT

WHEREAS, Tax Block 318 Lots 1 through 10 and 23 (the "Properties") are located in the Central Business District Redevelopment Area (the "Redevelopment Area"); and

WHEREAS, the Rahway Redevelopment Agency (the "Agency") has been promoting the redevelopment of the Properties consistent with the Central Business Redevelopment Plan since 1998; and

WHEREAS, the Agency entered into a redevelopment agreement with Dornoch Rahway II, LP on March 16, 2006 for the redevelopment of the Properties, which agreement was terminated on or about June 30, 2011; and

WHEREAS, Block 318, Lots 1 through 10 are owned by Dornoch Rahway II, LP and Slokker Real Estate Group has an interest in this partnership; and

WHEREAS, Block 318, Lot 18 is owned by the Rahway Parking Authority; and

WHEREAS, on or about September 24, 2006, the Rahway Parking Authority and Dornoch Rahway, LP entered into a purchase and sale agreement regarding Block 318, Lot 18, which agreement remains in full force and effect; and

WHEREAS, Slokker Real Estate Group ("Slokker") has successfully completed residential projects in the United States, Canada and the Netherlands; and

WHEREAS, Slokker made a presentation to the Board of Commissioners of the Agency on December 5, 2012 regarding its concept proposal to develop a mixed use residential and commercial project for the Properties including approximately 180 units in two buildings with approximately 4,000 square feet of ground floor retail space; and

WHEREAS, the proposal has been reviewed and found consistent with the City's and Agency's goals for redeveloping the area; and

WHEREAS, on January 9, 2013, the Agency adopted a resolution conditionally designating Slokker as redeveloper of the Properties for a period of 120 days subject to certain conditions; and

WHEREAS, on January 26, 2013, the Agency and Dornoch Rahway II, LP entered into an escrow agreement; and

WHEREAS, on May 1 and September 4, 2013, the Agency extended the conditional designation of Slokker as redeveloper of the Properties for a period of 120 days subject to certain conditions; and

WHEREAS, on January 8, 2014, the Agency adopted a resolution extending the conditional designation of Slokker as redeveloper of the Properties for a period of 120 days subject to certain conditions; and

WHEREAS, Dornoch Rahway II Urban Renewal, L.L.C. is the successor in interest to Dornoch Rahway II, LLC and Slokker and shall be the redeveloper of the Properties ("the Redeveloper"); and

WHEREAS, the Agency and Redeveloper have completed negotiations on a redevelopment agreement which will, among other things, sets forth the terms and conditions with respect to the redevelopment of the Property, the construction of the improvements and the payment of certain costs in connection therewith (hereinafter referred to as the "Redevelopment Agreement").

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby approves and authorizes the execution of a Redevelopment Agreement between the Agency and Dornoch Rahway II Urban Renewal, LLC, as the redeveloper for the redevelopment of Tax Block 318, Lots 1 through 10 and 23, located in the Central Business District Redevelopment Area, for a mixed use residential and commercial project consisting of approximately 198 units in two buildings with approximately 4,000 square feet of ground floor retail space.

BE IT FURTHER RESOLVED, that the Chairman and the Secretary are hereby authorized to execute any and all documents, including the Redevelopment Agreement attached hereto in substantially similar form, to effectuate the completion and implementation of this project, subject to final review by general counsel as to legal form and content.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

Certified to be a true copy of a Resolution of the Board of Commissioners of the Rahway Redevelopment Agency, Rahway, New Jersey adopted at a regular meeting held on April 2, 2014.

A motion was made by Commissioner Staryak and Seconded by Commissioner Nash to approve the Resolution

Yes: Commissioners Garay, Nash, Seifranka, Staryak

Absent: Commissioners Deige, Parson, Rack

22-14: RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A REDEVELOPMENT AGREEMENT WITH 1321 FULTON STREET, LLC AS REDEVELOPER FOR PROPERTY KNOWN AS TAX BLOCK 312, LOTS 4.04, 23 AND A PORTION OF LOT 5 IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA FOR THE REDEVELOPMENT OF THE PROPERTIES FOR A MIXED USE DEVELOPMENT

WHEREAS, the Municipal Council of the City of Rahway designated Block 312/ Lots 4.04, 23 and a portion of Lot 5 (the "Properties") located on Fulton Street, as part of the Central Business District Redevelopment Area (the "CBD Redevelopment Area) and recently adopted the Amended and Restated Central Business District Redevelopment Plan adopted on February 13, 2013 (the "Plan"); and

WHEREAS, the City of Rahway (the "City") and the Rahway Redevelopment Agency (the "Agency") have undertaken various projects (with and without private developers) within the CBD Redevelopment Area; and

WHEREAS, the Properties are privately owned and include two existing buildings and surface parking; and

WHEREAS, 1321 Fulton Street, LLC, an affiliate of DMR Construction Services, Inc. (the "Redeveloper") has contracted and is negotiating the acquisition of the Properties; and

WHEREAS, the Redeveloper made a presentation to the Board of Commissioners of the Agency in September and October 2013 regarding its proposal to develop a mixed use residential and commercial project comprised of approximately eighty-four (84) market rate rental units and 3,000 square feet of commercial space on the ground floor on the Properties; and

WHEREAS, the proposal has been reviewed and found consistent with the City's and Agency's goals for redeveloping the area; and

WHEREAS, on November 13, 2013, the Agency adopted a resolution conditionally designating 1321 Fulton Street, LLC as redeveloper of the Properties for a period of 120 days subject to certain conditions; and

WHEREAS, on March 5, 2014, the Agency adopted a resolution conditionally designating 1321 Fulton Street, LLC as redeveloper of the Properties for a period of 120 days subject to certain conditions; and

WHEREAS, the Agency and 1321 Fulton Street, LLC entered into an escrow agreement, which was a condition of the conditional designation as redeveloper (the "Escrow Agreement"); and

WHEREAS, the Agency and Redeveloper have completed negotiations on a redevelopment agreement which will, among other things, sets forth the terms and conditions with respect to the redevelopment of the Property, the construction of the improvements and the payment of certain costs in connection therewith (hereinafter referred to as the "Redevelopment Agreement").

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby approves and authorizes the execution of a Redevelopment Agreement between the Agency and 1321 Fulton Street, LLC, as the redeveloper for the redevelopment of Tax Block 312/1 Lots 4.04, .23 and a portion of Lot 5, located in the Central Business District Redevelopment Area, for a mixed use project comprised of approximately 84 market rate rental units and 3,000 square feet of commercial space is extended for the reasons set forth herein.

BE IT FURTHER RESOLVED, that the Chairman and the Secretary are hereby authorized to execute any and all documents, including the Redevelopment Agreement attached hereto in substantially similar form, to effectuate the completion and implementation of this project, subject to final review by general counsel as to legal form and content.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.

Certified to be a true copy of a Resolution of the Board of Commissioners of the Rahway Redevelopment Agency, Rahway, New Jersey adopted at a regular meeting held on April 2, 2014.

A motion was made by Commissioner Deige and Seconded by Commissioner Staryak to approve the Resolution

*Yes: Commissioners Garay, Nash, Sefranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

23-14: RESOLUTION AUTHORIZING THE BOARD OF COMMISSIONERS OF THE RAHWAY REDEVELOPMENT AGENCY TO HOLD A PORTION OF ITS REGULAR MEETING IN CLOSED SESSION FOR PURPOSES OF DISCUSSING PERSONNEL, POTENTIAL LITIGATION AND/OR CONTRACT NEGOTIATIONS

WHEREAS, pursuant to N.J.S.A. 10:4-12, the Open Public Meetings Act permits the exclusion of the public from portions of a meeting at which the Board of Commissioners of the Rahway Redevelopment Agency will discuss potential litigation and contract negotiations relative to properties located in the Central Business District Redevelopment Area; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that a portion of its meeting held on March 5, 2014, shall be held in closed session, thus excluding the public from portions of a meeting at which the Board of Commissioners of the Rahway Redevelopment Agency will discuss potential litigation and contract negotiations relative to properties located in the Central Business District Redevelopment Area; and

BE IT FURTHER RESOLVED, that the Rahway Redevelopment Agency may take action on any matters discussed in this closed session provided it discloses to the public the content of the discussions to be held in closed session at this or any future meeting at which it takes action.

Certified to be a true copy of a Resolution of the Board of Commissioners of the Rahway Redevelopment Agency, Rahway, New Jersey adopted at a regular meeting held on April 2, 2014.

A motion was made by Commissioner Nash and Seconded by Commissioner Staryak to approve the Resolution

*Yes: Commissioners Garay, Nash, Sefranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

TO RETURN TO PUBLIC SESSION AFTER CLOSED SESSION

A motion was made by Commissioner Nash and Seconded by Commissioner Garay to return to Public Session.

*Yes: Commissioners Garay, Nash, Sefranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

24-14: RAHWAY REDEVELOPMENT AGENCY CALENDAR YEAR 2014 ADOPTED BUDGET

WHEREAS, the Annual Budget and Capital Budget/Program for the Rahway Redevelopment Agency for the Calendar Year beginning January 1, 2014, and ending, December 31, 2014 has been presented for adoption before the governing body of the Rahway Redevelopment Agency at its open public meeting of April 2, 2014, and

WHEREAS, the Annual Budget and Capital Budget as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including all amendments thereto, if any, which have been approved by the Director of the Division of Local Government Services; and

WHEREAS, the Annual Budget as presented for adoption reflects Total Revenues of \$1,450,000.00, Total Appropriations, including any Accumulated Deficit, if any, of \$1,225,724.00 and Total Unrestricted Net Assets utilized of \$ 224,276.00; and

WHEREAS, the Capital Budget as presented for adoption reflects Total Capital Appropriations of \$ 0 and Total Unrestricted Net Assets planned to be utilized of \$ 0; and

NOW, THEREFORE BE IT RESOLVED, by the governing body of Rahway Redevelopment Agency, at an open public meeting held on April 2, 2014, that the Annual Budget and Capital Budget/Program of the Rahway Redevelopment Agency for the calendar year beginning, January 1, 2014, and ending, December 31, 2014 is hereby adopted and shall constitute appropriations for the purposes stated; and

BE IT FURTHER RESOLVED, that the Annual Budget and Capital Budget/Program as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including all amendments thereto, if any, which have been approved by the Director of the Division of Local Government Services.

A motion was made by Commissioner Nash and Seconded by Commissioner Staryak to approve the Resolution

*Yes: Commissioners Garay, Nash, Seifranka, Staryak
Absent: Commissioners Deige, Parson, Rack*

COMMISSIONER'S COMMENTS

ADJOURNMENT

There being no further business, the meeting adjourned at 7:05 PM