

AUTHORIZE EXECUTION OF A LETTER OF INTENT BY AND BETWEEN THE CITY OF SUMMIT AND BROAD STREET WEST MANAGERS I LLC, AN ENTITY COMPRISED OF L&M DEVELOPMENT PARTNERS, INC. AND TOLL BROTHERS, INC., IN CONNECTION WITH THE REDEVELOPMENT OF THE BROAD STREET WEST REDEVELOPMENT AREA

February 15, 2022

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

WHEREAS, by Ordinance No. 19-3188 of the Common Council of the City of Summit (the "Common Council") on May 16, 2019, the City adopted a plan for the redevelopment of those parcels within the City that had previously been designated as areas in need of redevelopment comprising approximately 10.1 acres (collectively, the "Redevelopment Area"), which plan is known as the Broad Street West Redevelopment Plan (the "Redevelopment Plan"); and

WHEREAS, the Redevelopment Plan characterizes the sub-areas within the Redevelopment Area as Subdistrict 1, Subdistrict 2 and Subdistrict 3, respectively; and

WHEREAS, the City desires that certain property located within Subdistrict 3 of the Redevelopment Area be redeveloped in accordance with the Redevelopment Plan, as may be amended from time to time, a complete copy of which is on file at City Hall, as follows, including the following parcels:

- Block 2706, Lot 1, as designated on the Tax Map of the City of Summit, more commonly known as 406 Broad Street (Municipal Lot 7); and
- Block 2706, Lot 3, as designated on the Tax Map of the City of Summit, more commonly known as 384-392 Broad Street (Firehouse); and
- Block 2706, Lot 4, as designated on the Tax Map of the City of Summit, more commonly known as 7 Cedar Street (Medical Offices) (collectively, the "Property"); and

WHEREAS, the parcels comprising the Property are owned by the City and are located within Subdistrict 3 of the Redevelopment Area; and

WHEREAS, the City had advertised one or more Requests for Qualifications ("RFQ"), including amendments thereto, soliciting redevelopment proposals and concept plans for the Redevelopment Area or portions thereof; and

WHEREAS, approximately thirteen (13) developers responded to the City RFQ and the City's Request for Preliminary Concept ("RFC"); and

WHEREAS, the City, through its Steering Committee, held a series of personal interviews with the entities that responded to the RFQ (collectively, the "Respondents"), vetted all of the proposals that were submitted in response to the RFQ, and undertook a comprehensive analysis of the various components of the proposed project, as reflected in each of the Respondents' submissions; and

WHEREAS, in response to the City's analysis, certain supplemental information was submitted by some or all of the Respondents; and

WHEREAS, following the City's consideration of the responses to the RFQ, including the above-referenced supplemental submissions, it was determined by the Steering Committee that the proposal submitted jointly by L&M Development Group, Inc. and Toll Brothers, Inc., the entities which comprise Broad Street West Managers I LLC ("BSWM" or "Redeveloper"), dated July 2019 (the "Proposal"), reflected a project that would be accomplished in phases, is consistent with the City's Master Plan, and more importantly, most closely reflected the goals and objectives of the Redevelopment Plan overall; and

WHEREAS, the Steering Committee further determined that the entities comprising BSWM have demonstrated that they have the experience, expertise, financial capability and the vision to assist the City in the implementation of the Redevelopment Plan; and

WHEREAS, accordingly, by Resolution No. 39124 adopted by the Common Council on December 17, 2019, the City and BSWM negotiated and entered into a Conditional Designation and Escrow Agreement (the "Conditional Designation Agreement") which, *inter alia*, designated BSWM as the redeveloper of certain parcels within the Redevelopment Area, including each of the parcels comprising the Property referenced above, conditioned upon the successful negotiation of a Redevelopment and Land Acquisition Agreement (a "Redevelopment Agreement"), among other things; and

WHEREAS, a full and complete copy of the Conditional Designation Agreement, including the Proposal, is on file at City Hall; and

WHEREAS, following the execution of the Conditional Designation Agreement, the City, by Resolution of the Common Council, provided BSWM with limited access to certain City-owned parcels within the Redevelopment Area, in order that BSWM could commence its due diligence with respect to same and consider acquiring same for purposes of redevelopment; and

WHEREAS, additionally, the City, acting through the Steering Committee, also commenced focused negotiations with BSWM regarding the redevelopment of the parcels that have been collectively referred to in the Redevelopment Plan as Subdistrict 3 and more specifically, the transfer of the City-owned Property within Subdistrict 3 to BSWM for purposes of redevelopment and the implementation of the Redevelopment Plan; and

WHEREAS, the City and BSWM have negotiated a Letter of Intent ("LOI") which forms the basis of an understanding between the parties regarding, *inter alia*, the demolition of the existing firehouse and construction by the City of a new and improved firehouse on Broad Street East in the City and the City's conveyance of the Property to Redeveloper for a purchase price of \$8,000,000.00; and

WHEREAS, the LOI further reflects a general framework for the negotiation of a Redevelopment Agreement with BSWM, which would include all detailed terms and conditions governing the redevelopment of Subdistrict 3, as well as establishes a timeframe for the submission to the City of a more detailed proposal for the redevelopment of Subdistricts 1 and 2; and

WHEREAS, the City and Redeveloper wish to enter into the LOI in substantially the form attached hereto as **Attachment A** with specific regard to the acquisition of the Property and implementation of the Redevelopment Plan within Subdistrict 3 by BSWM; and

WHEREAS, as set forth in the LOI, the City and BSWM have a mutual understanding that the redevelopment of Subdistrict 3 will include the following components, among other things: construction of a single building comprising 140 residential units, including affordable and workforce housing units; retail; parking; sustainability features; public realm improvements; and public open space; and

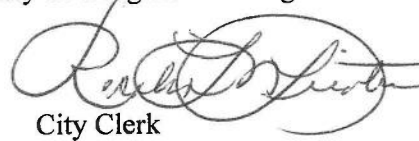
WHEREAS, notwithstanding, and as set forth in the form of LOI, the City and BSWM acknowledge that the LOI is non-binding unless and until a Redevelopment Agreement is successfully negotiated and executed and further, that such a Redevelopment Agreement will fully address the terms and conditions pertaining to, *inter alia*, the conveyance of the Property, project financials, and each component of the redevelopment project, as well as the parties' respective obligations in connection with the implementation of the Redevelopment Plan within Subdistrict 3.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF SUMMIT:

1. The Mayor is hereby authorized to execute a Letter of Intent by and between the City of Summit and Broad Street West Managers I LLC in substantially the form attached hereto as **Attachment A**, conditioned upon the full satisfaction of any "City Costs" by BSWM pursuant to the terms of the Conditional Designation Agreement.
2. City Staff and consultants are hereby authorized and directed to take all actions to implement this Resolution as are necessary or appropriate to accomplish its goals and intent.
3. This Resolution shall take effect immediately.

Dated: February 15, 2022

I, Rosalia M. Licatase, City Clerk of the City of Summit, do hereby certify that the foregoing resolution was duly adopted by the Common Council of said City at a regular meeting held on Tuesday evening, February 15, 2022.



City Clerk

Attachment A
Form of Letter of Intent

Broad Street West Managers I LLC, Summit, NJ
Letter of Intent for Redevelopment Agreement
Subdistrict 3

Purpose:	<p>This letter of intent (the "Letter of Intent" or "LOI") forms the basis of an understanding by and between Broad Street West Managers I LLC ("BSWM" or the "Redeveloper") and the City of Summit ("Summit" or "City", and together, with BSWM, collectively, the "Parties") to be incorporated into a Redevelopment Agreement ("RDA") for certain properties in the Broad Street West Redevelopment Area in downtown Summit ("Redevelopment Area"). The properties are governed by the Broad Street West Redevelopment Plan ("Redevelopment Plan"), an amendment of which as may be reasonable and necessary to accommodate the Project as it is described in the RDA shall be a condition precedent to Redeveloper's obligations.</p>																									
Redevelopment Properties:	<p>The four (4) properties to be redeveloped are located in what is defined as Subdistrict 3 of the Redevelopment Plan (collectively, the "Project Site"). Currently, three (3) of the properties are owned by the City and one is privately owned, as follows:</p> <table border="1" data-bbox="643 835 1344 1003"> <thead> <tr> <th>Property</th> <th>Block</th> <th>Lot</th> <th>Address</th> <th>Property Owner</th> </tr> </thead> <tbody> <tr> <td>Municipal Lot 7</td> <td>2706</td> <td>1</td> <td>406 Broad St</td> <td>City of Summit</td> </tr> <tr> <td>Funeral Home Driveway</td> <td>2706</td> <td>2</td> <td>402 Broad St</td> <td>299 Morris Avenue Associates LLC</td> </tr> <tr> <td>Fire House</td> <td>2706</td> <td>3</td> <td>384-92 Broad St</td> <td>City of Summit</td> </tr> <tr> <td>Medical Offices</td> <td>2706</td> <td>4</td> <td>7 Cedar St</td> <td>City of Summit</td> </tr> </tbody> </table> <p>See also language in Subsequent Transfers section below regarding the City-owned property known as "Cedar Plaza".</p>	Property	Block	Lot	Address	Property Owner	Municipal Lot 7	2706	1	406 Broad St	City of Summit	Funeral Home Driveway	2706	2	402 Broad St	299 Morris Avenue Associates LLC	Fire House	2706	3	384-92 Broad St	City of Summit	Medical Offices	2706	4	7 Cedar St	City of Summit
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Project Description/Development Standards:	<p>The acquisition and redevelopment of the above-referenced properties shall constitute the "Project." The Project is anticipated to be comprised of a single building including up to 140 rental units of mixed income housing (with breakdown of unit mix to be set forth in the RDA but which shall include at least 21 affordable housing units and 7 workforce housing units) together with sustainability, retail, and parking components, as well public improvements, as further described below and as generally depicted on Exhibit A attached hereto (i.e., "Project"), and as same may be further revised in the process of RDA negotiation.</p> <p><u>Sustainability:</u> The Project shall include sustainability features such as solar panels, green roof, street tree canopy, site landscaping to limit water run off entering the stormwater management system, and on site recycling facilities in accordance with established best practices.</p> <p><u>Retail:</u> The Project shall include not less than the minimum amount of retail uses set forth in the Redevelopment Plan and shall be for any uses permitted by the Redevelopment Plan.</p> <p><u>Parking:</u> The Parties shall cooperate with each other in the relocation of existing surface parking in Subdistrict 3 (approximately 59 spaces). Redeveloper's initial proposal includes on-site parking in the building being privately owned and operated, with basement parking anticipated to be approximately 1 parking space per market rate apartment included in the Project (exact number of spaces TBD), while approximately 30 1st floor parking spaces (as may be revised in the</p>																									

	<p>negotiation process) shall be publicly accessible during certain hours (TBD). Parking in the building may be supplemented by public on-street spaces if added by Redeveloper on Broad Street (exact number of spaces TBD). Redeveloper anticipates, and the Parties intend to negotiate, obtaining City authorization in the RDA to (a) permit such Broad Street parking spaces to (i) be constructed, if feasible and (ii) count towards meeting minimum Subdistrict 3 parking requirements; (b) partially satisfy Subdistrict 3 parking requirements in a project(s) to be negotiated for Subdistricts 1 and/or 2, (c) use shared parking calculations to satisfy requirements for provision of required parking and replacement of public parking, and (d) reduce the number of required spaces when substantial evidence in support of such reduction is provided, as same is determined in the sole discretion of the City. The City (including through its parking consultant) shall cooperate with Redeveloper and (i) identify interim parking solutions that may be required as a result of construction sequencing, to be set forth on a schedule mutually acceptable to the Parties, which may include shared parking arrangements on City-owned lots to the extent that same may be necessary, but which shall be at the expense of the Redeveloper, subject to parking income received from use of such lots and (ii) establish long-term parking solutions for Subdistrict 3 that address various contingent outcomes for future parking availability in the three Subdistricts.</p> <p><u>Public Improvements:</u> The Project shall include the creation of three (3) new public spaces, as conceptually depicted on Exhibit B attached hereto (i.e., "Public Realm Improvements") and as further described in the "Financials and Purchase Price" section hereinbelow.</p>
<p>Affordable and Workforce Housing Units:</p>	<p>The Project will include an affordable housing component ("Affordable Units"), which shall, at a minimum, address the City's requirements from its 2018 Fair Share Plan. The Project will also include a workforce housing component.</p> <p><u>Key requirements to be met:</u></p> <ul style="list-style-type: none"> • At least 15% of the rental units shall be affordable according to COAH regulations ("Affordable Units"). • All Affordable Units shall comply with COAH's regulations, policies and the Uniform Housing Affordability Controls (UHAC) rules including, but not limited to, pricing, phasing, bedroom distribution, controls on affordability, range of affordability, affirmative marketing, and income qualification. Affordable Units and Workforce Units shall be deed restricted, the form and content of which deed restriction shall permit project financing and be subject to the approval of counsel for the City. No Certificate of Occupancy shall be issued by the City until said deed restrictions shall be recorded at the office of the Union County Clerk. <p>Unit mix for Affordable Units shall be set forth in the RDA.</p> <p>Workforce Units: At least 5% of the rental units shall be "workforce units" (to be provided in addition to the Affordable Units). The Project shall include 7 "workforce" units with rents not required to be less than an amount affordable to tenants with income at 120 percent of the AMI ("Workforce Units").</p> <p>Affordability restrictions on the Affordable Units and Workforce Units shall not extend beyond 30 years unless the economic terms of the</p>