

TOWNSHIP OF MEDFORD

ORDINANCE 2020-11

**AN ORDINANCE APPROVING THE APPLICATION AND AUTHORIZING THE
EXECUTION OF THE FINANCIAL AGREEMENT FOR A LONG-TERM TAX
EXEMPTION WITH INGERMAN DEVELOPMENT COMPANY, LLC FOR THE
AFFORDABLE HOUSING DEVELOPMENT AS PART OF TIMBER RIDGE AT
MEDFORD AND TO BE LOCATED ON BLOCK 401.03, LOTS 1 AND 2, AS SHOWN ON
THE OFFICIAL TAX MAP OF THE TOWNSHIP OF MEDFORD**

WHEREAS, Ingerman Development Company, LLC (hereinafter referred to as the "Sponsor") proposes to construct a low and moderate income affordable housing project consisting of 48 family rental units, together with such other improvements as may be necessary in connection therewith, such as leasing offices, community meeting space, landscaping, curbing, and paving, as part of the Timber Ridge at Medford inclusionary housing development (hereinafter referred to as the "Project") pursuant to the provisions of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.), the rules promulgated thereunder at N.J.A.C. 5:80-1 et seq., and all applicable guidelines (the foregoing hereinafter referred to as the "HMFA Requirements") in Medford Township (hereinafter referred to as the "Township") on a site described as Block 401.03, Lots 1 and 2, as shown on the Official Assessment Map of the Medford Township, Burlington County; and

WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the New Jersey Housing and Mortgage Finance Agency (hereinafter referred to as the "Agency"); and

WHEREAS, pursuant to the HMFA Requirements, the governing body of the Township hereby determines that there is a need for this affordable housing project in the Township; and

WHEREAS, the Sponsor has presented to the Township Council a revenue projection for the Project which sets forth the anticipated revenue to be received by the Sponsor from the operation of the Project as estimated by the Sponsor and the Agency, a copy of which is attached as Exhibit A to the Agreement for Payments in Lieu of Taxes, as authorized by this Ordinance

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Medford, County of Burlington and State of New Jersey, as follows:

SECTION ONE: The Township Council finds and determines that the proposed Project will meet or meets an existing affordable housing need.

SECTION TWO: The Township Council does hereby adopt the within Ordinance and makes the determination and findings herein contained by virtue of, pursuant to, and in the conformity with the provisions of the HMFA Requirements with the intent and purpose

that the Agency shall rely thereon in making a mortgage loan to the Sponsor, which shall construct, own and operate the Project; and shall construct, own and operate the Project.

SECTION THREE: The Township Council does hereby adopt the within Ordinance with the further intent and purpose that from the date of execution of the Agency mortgage, the proposed Project, including both the land and improvements thereon, will be exempt from real property taxation as provided in the HMFA Requirements, provided that payments in lieu of taxes for municipal services supplied to the Project are made to the township in such amounts and manner set forth in the Agreement for Payments in Lieu of Taxes attached hereto as Exhibit "A".

SECTION FOUR: The Township Council hereby authorizes the Mayor and Clerk to execute and deliver, on behalf of the Township, the Agreement for Payments in Lieu of Taxes expressly incorporated herein and made a part of this Ordinance. This Ordinance and the Agreement have been revised after introduction to correctly identify the Block number of the Property at the time of adoption of this Ordinance and execution of the Agreement.

SECTION FIVE: The Township Council understands and agrees that the revenue projections for the Annual Service Charge set forth in Exhibit A to the Agreement for Payments in Lieu of Taxes as authorized by this Ordinance are based on 6.28% estimates of the gross shelter rents and that the actual payments in lieu of taxes to be paid by the Sponsor to the Township shall be determined pursuant to the Agreement for Payments in Lieu of Taxes executed between the Sponsor and the Township.

SECTION SIX: All Ordinances and provisions thereof inconsistent with the provisions of this Ordinance shall be and are hereby repealed to the extent of such inconsistency

SECTION SEVEN: If any section, paragraph, subdivision, clause or provision of this Ordinance shall be adjudged invalid, such adjudication shall apply only to the section, paragraph, subdivision, clause or provision and the remainder of this Ordinance shall be deemed valid and effective.

SECTION EIGHT: This Ordinance shall take effect immediately upon final passage and publication according to law.

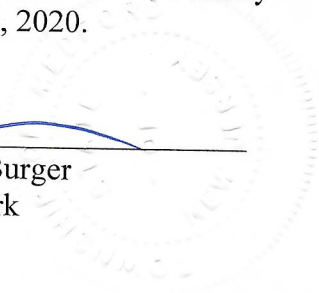
Township of Medford
Notice of Final Adoption

Ordinance 2020-11

“An Ordinance Approving the Application and Authorizing the Execution of the Financial Agreement for a Long-Term Tax Exemption with Ingerman Development Company, LLC for the Affordable Housing Development as Part of Timber Ridge at Medford and to be Located on Block 401.03, Lots 1 and 2, as Shown on the Official Tax Map of the Township of Medford”

Notice is hereby given that the Ordinance as entitled above was adopted following second reading and public hearing at a regular meeting of the Township Council of the Township of Medford, County of Burlington, State of New Jersey, held at the Public Safety Building, 91 Union Street, Medford, New Jersey on May 19, 2020.


Katherine E. Burger
Township Clerk



THIS FINANCIAL AGREEMENT (the "Agreement"), made this 19th day of May, 2020 (the "Effective Date") by and between **INGERMAN DEVELOPMENT COMPANY, LLC**, a New Jersey limited liability company, with offices at 5 Powell Lane, Collingswood, New Jersey 08108 (the "Sponsor") and the **TOWNSHIP OF MEDFORD**, a municipal corporation in the County of Burlington, State of New Jersey, with offices at 17 North Main Street, Medford, New Jersey 08055 (the "Township").

WITNESSETH:

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et seq.) (hereinafter "HMFA Law") and an Ordinance adopted by the Medford Township Council dated August 20, 2019, (the "Ordinance") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 55:14K-37.
2. The Sponsor intends to construct and operate an affordable apartment community (the "Project") on that parcel of land designated as Block 401.03, Lots 1 and 2, as shown on the Official Assessment Map of Medford Township, and will be known as Timber Ridge at Medford.
3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Township as provided hereinafter. The exemption of the

Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall extend until the date on which the Agency Mortgage is paid in full, which, according to the HMFA Law, may not exceed fifty (50) years.

4. (a) For projects receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the Township of an annual service charge in lieu of taxes in such amount as follows:

(1) From the date of the execution of the Agency Mortgage until the date of Substantial Completion of the Project, the Sponsor shall make payment to the Township in an amount equal to 6.28% of the gross shelter rents (pursuant to the HMFA Law, the annual amount may not exceed the amount of taxes due on the property for the year preceding the recording of the Agency Mortgage). As used herein, "Substantial Completion" means the date upon which the Township issues the Certificate of Occupancy for all units in the Project.

(2) From the date of Substantial Completion of the Project and for the remaining term of the NJHMFA Mortgage, the Sponsor shall make payment to the Township in an amount equal to 6.28% of Project Revenues.

(b) For Projects receiving permanent financing only from the Agency, the Sponsor shall make payment to the Township in an amount equal to 6.28% of Project Revenues from the date of the Agency Mortgage and for the remaining term of the Agency Mortgage.

(c) As used herein, "Project Revenues" means the total annual gross rental or carrying charge and other income of the Sponsor from the Project less the costs of utilities furnished by the Project, which shall include the costs of gas, electricity, heating fuel, water supplied, and sewage charges, and less vacancies if any. Project Revenues shall not include

any rental subsidy contributions received from any federal or state program.

(d) The amount of payment in lieu of taxes to be paid pursuant to paragraphs (a) or (b) and (c) above is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the Township as set forth in Exhibit "A" and as part of the Sponsor's application for an agreement for payments in lieu of taxes are estimates only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5. (a) Payments by the Sponsor shall be made on a quarterly basis in accordance with bills issued by the Tax Collector of the Township in the same manner and on the same dates as real estate taxes are paid to the Township and shall be based upon Project Revenues of the previous quarter. No later than three (3) months following the end of the first fiscal year of operation after (i) the date of Substantial Completion (for projects receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for projects receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the Township a certified, audited financial statement of the operation of the Project (the "Audit"), setting forth the Project Revenues and the total payments in lieu of taxes due to the Township calculated at 6.28% of Project Revenues as set forth in the Audit (the "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any, between (i) the Audit Amount and (ii) payments made by the Sponsor to the Township for the preceding fiscal year. The Township may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the Township shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the Township shall have all the rights and remedies of tax enforcement granted to Municipalities by law just as if said payments constituted regular tax obligations on real property within the Township. If, however, the Township disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division for an accounting of the service charge due the Township, in accordance with this Agreement and HMFA Law. Any such action must be commenced within six months of the receipt of the Audit by the Township.

(c) In the event of any delinquency in the aforesaid payments, the Township shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(a) below, and allow Sponsor and NJHMFA thirty (30) days to cure the delinquency prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as the successor entity qualifies under the HMFA Law or any other state law applicable at the time of the assignment of this Agreement and is obligated under the Agency Mortgage. Upon the payment in full of the Agency Mortgage, the Sponsor or its successor, as applicable, shall give notice to the Township within ten (10) business days of the date that the Agency Mortgage is paid.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any other applicable state law, the Project shall be taxed as omitted property in accordance with the law.
8. The Sponsor, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers by representatives duly authorized by the Township. Any such inspection, examination or audit shall be made during reasonable hours of the business day, in the presence of an officer or agent of the Sponsor or its successors and assigns.
9. Any notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Township to the Sponsor, it shall be addressed to M. Brad Ingerman, Ingerman Development Company, LLC, 5 Powell Lane, Collingswood, New Jersey 08108, or to such other address as the Sponsor may hereafter designate in writing and a copy of said notice or communication by the Township to the Sponsor shall be sent by the Township to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Township, it shall be addressed to Katherine E. Burger, Township Manager, 17 North Main Street, Medford, New Jersey 08055 or to such other address as the Township may designate in writing; and a copy of said notice or communication by the Sponsor to the Township shall be sent by the Sponsor to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

10. In the event of a breach of this Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the HMFA Law.
11. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each party hereto.
12. Subject to the terms of Agency financing, this Agreement may be assigned by the Sponsor to an affiliate of the Sponsor, provided that such affiliate develops the Project as approved, and fully complies with all of the terms, covenants and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

Witness or Attest:

Name: Geoffrey Long
Development Principal

INGERMAN DEVELOPMENT
COMPANY, LLC

By: M. Brad Ingerman
Sole and Managing Member

Witness or Attest:

Dawn L. Bielec
~~Kathy Burger, Township Clerk~~
Dawn L. Bielec, Deputy Clerk

TOWNSHIP OF MEDFORD

By: Charles Watson
Charles Watson, Mayor

EXHIBIT A

PILOT REVENUE PROJECTIONS

Projected PILOT Calculation
Annual Service Charge

		Year									
		1	2	3	4	5	6	7	8	9	10
Gross Potential Income	7.00%	512,155	522,398	532,846	543,503	554,373	565,460	576,769	588,305	600,071	612,072
Less: Vacancy		(35,851)	(36,568)	(37,299)	(38,045)	(38,806)	(39,582)	(40,374)	(41,181)	(42,005)	(42,845)
Effective Gross Income		476,304	485,830	495,546	505,457	515,567	525,878	536,395	547,123	558,066	569,227
Less: Common Utilities		(30,000)	(30,900)	(31,827)	(32,782)	(33,765)	(34,778)	(35,822)	(36,896)	(38,003)	(39,143)
Adjusted Income		446,304	454,930	463,719	472,676	481,801	491,100	500,574	510,227	520,063	530,084
Projected PILOT Payment @6.28%	\$	28,028	\$ 28,570	\$ 29,122	\$ 29,684	\$ 30,257	\$ 30,841	\$ 31,436	\$ 32,042	\$ 32,660	\$ 33,289

		Year									
		11	12	13	14	15	16	17	18	19	20
Gross Potential Income	7.00%	624,314	636,800	649,536	662,527	675,777	689,293	703,079	717,140	731,483	746,113
Less: Vacancy		(43,702)	(44,576)	(45,468)	(46,377)	(47,304)	(48,250)	(49,215)	(50,200)	(51,204)	(52,228)
Effective Gross Income		580,612	592,224	604,068	616,150	628,473	641,042	653,863	666,940	680,279	693,885
Less: Common Utilities		(40,317)	(41,527)	(42,773)	(44,056)	(45,378)	(46,739)	(48,141)	(49,585)	(51,073)	(52,605)
Adjusted Income		540,294	550,697	561,296	572,094	583,095	594,303	605,722	617,355	629,206	641,279
Projected PILOT Payment @6.28%	\$	33,930	\$ 34,584	\$ 35,249	\$ 35,927	\$ 36,618	\$ 37,322	\$ 38,039	\$ 38,770	\$ 39,514	\$ 40,272

		Year									
		21	22	23	24	25	26	27	28	29	30
Gross Potential Income	7.00%	761,035	776,255	791,781	807,616	823,769	840,244	857,049	874,190	891,674	909,507
Less: Vacancy		(53,272)	(54,338)	(55,425)	(56,533)	(57,664)	(58,817)	(59,993)	(61,193)	(62,417)	(63,665)
Effective Gross Income		707,762	721,918	736,356	751,083	766,105	781,427	797,055	812,996	829,256	845,842
Less: Common Utilities		(54,183)	(55,809)	(57,483)	(59,208)	(60,984)	(62,813)	(64,698)	(66,639)	(68,638)	(70,697)
Adjusted Income		653,579	666,109	678,873	691,875	705,121	718,613	732,358	746,358	760,619	775,145
Projected PILOT Payment @6.28%	\$	41,045	\$ 41,832	\$ 42,633	\$ 43,450	\$ 44,282	\$ 45,129	\$ 45,992	\$ 46,871	\$ 47,767	\$ 48,679

EXHIBIT B

**EXEMPTION ORDINANCE APPROVING AGREEMENT FOR PAYMENT IN LIEU
OF TAXES**