

# Rahway Redevelopment Agency

## - MINUTES -

Regular Meeting

May 18, 2006

6:30p.m.

### CALL MEETING TO ORDER

*The meeting was called to order at 6:35 p.m. in the Rahway Public Library.*

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### SALUTE THE FLAG

*Commissioners, officials and public attendees saluted the flag.*

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### OPEN PUBLIC MEETINGS ACT

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

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### ROLL CALL

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

Anthony Deige, Commissioner  
Carlos Garay, Commissioner  
Timothy Nash, Commissioner  
Nancy Saliga, Commissioner  
Courtney Clarke, Vice Chairman  
William Rack, Chairman

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### APPROVAL OF MINUTES

April 20, 2006 Regular Meeting

*Motion to approve: Commissioner Clarke                      Second: Commissioner Deige*

*Ayes: Deige, Garay, Saliga, Clarke and Rack*

*Nays: None*

*Abstain: Nash*

*Absent: None*

April 27, 2006 Special Meeting

*Motion to approve: Commissioner Nash                      Second: Commissioner Deige*

*Ayes: Deige, Garay, Nash, Clarke, and Rack*

*Nays: None*

*Abstain: Saliga*

*Absent: None*

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### CORRESPONDENCE-*Those letters marked with an asterisk were discussed at this time.*

*The following correspondence was received:*

- 1. Letter dated April 20, 2006 from Carlos J. Silva to Peter H. Pelissier, Executive Director regarding the Trinity Methodist Episcopal Church Property - Final Offer*
- 2. Letter dated April 21, 2006 from Francis X. Regan, Esq., to Craig H. Feldman, Esq., regarding a mortgage for unit #103, 421 Johnson Avenue, Rahway, New Jersey, dated April 5, 2005 from Riverwalk Developers, LLC, to the Rahway Redevelopment Agency*
- 3. Letter dated April 25, 2006 from Peter H. Pelissier, Executive Director, to Mr. Joseph Goodman regarding payment of Whitestone Associates invoices relating to work completed at the Warwick Labs property.*
- 4. Letter dated April 25, 2006 from Peter H. Pelissier, Executive Director to Mr. Frank*

- Ruggiero, City of Rahway CFO, regarding Riverwalk Developers LLC to Rahway Redevelopment Agency payments and partial releases of mortgages.*
5. *Requested analysis returned to Peter Pelissier, Executive Director from Frank Ruggiero, CFO, on April 26, 2006 and submitted to Agency as an attachment to Letter #4 (above).*
  - \* 6. *Letter received April 28, 2006, from Sam Shafran to Peter Pelissier, regarding a request for tax relief based on the Agency's statement.*
  7. *Letter dated April 28, 2006 from Peter H. Pelissier, Executive Director, to Chief Edward Hudak regarding 43 Elm Avenue, Block 157, Lot 7.*
  8. *Letter dated April 25, 2006 from Peter H. Pelissier, Executive Director, to Chief Harold Stahl regarding 43 Elm Avenue, Block 157, Lot 7*
  9. *Letter dated April 25, 2006, from Peter H. Pelissier, Executive Director to William Rack, Chairman of the Rahway Redevelopment Agency regarding the Master Deed for the Rahway Public Library.*
  10. *Letter dated April 26, 2006 from Peter H. Pelissier, Executive Director to Mr. George Devanney, Union County Manager, regarding the Union County Planning Board comments relative the the Carriage City and Tower application to the Rahway Planning Board.*
  11. *Letter dated April 27, 2006 from Carl W. Erler, Esq. to Peter Pelissier, Executive Director, regarding the Wheatena Redevelopment Project*
  12. *Letter dated April 25, 2006 from Philip J. Morin III to William Rack, Chairman regarding Rahway Industrial Sites L.P. - 970 New Brunswick Avenue, Rahway, New Jersey, Block 282, Lot 1.01.*
  13. *Letter dated April 25, 2006 from Peter H. Pelissier, Executive Director, to Mr. Joseph Goodman regarding Whitestone Associates invoices.*
  14. *Letter dated April 28, 2006 from John Morelli, Esq. to Rahway Development Agency regarding Frank Bialowas.*
  15. *Letter dated May 1, 2006 from Michael J. Ash, Esq. to John J. Reilly, Esq., regarding 43 Elm Avenue, Block 157, Lot 7, Rahway, NJ.*
  16. *Letter dated May 2, 2006 from Fred Fialkowski, Manager of Land Acquisition, The Matzel and Mumford Organization to Peter Pelissier, Executive Director, Rahway Redevelopment Agency, regarding contract acquisition, Block 228, Lot 5, 50 West Scott Avenue.*
  17. *Letter dated May 2, 2006 from Ralph Rodrigues, Case Manager, NJDEP to Lenore A. Slothower, regarding a response report to NJDEP's 08/18/05, 09/08/05, and 10/27/05 correspondence and project status summary received March 8, 2006, former Warwick Laboratories, Inc. site.*
  18. *Three status reports dated May 5, 2006 from Dornoch-Rahway, LLC (Block 320), Dornoch-Rahway II, LLC(Block 318), and Dornoch -Rahway III, LLC (Block 167) to Rahway Redevelopment Agency.*
  19. *Letter dated May 9, 2006 from Francis X. Regan, General Counsel, to Craig H. Feldman, Esq. regarding Mortgage dated April 5, 2005 for Unit #108 in Riverwalk at Rahway.*
  20. *Letter dated May 9, 2006 from Francis X. Regan, General Counsel, to Craig H. Feldman, Esq. regarding Mortgage dated April 5, 2005 for Unit #303 in Riverwalk at Rahway.*
  21. *Letter dated May 10, 2006 from Michael J. Ash, Esq. to John J Reilly, Esq. regarding 43 Elm Avenue, Block 157, Lot 7, Rahway.*

**Discussion: Item 6** - Chairman Rack had a question about paragraph c (ii) in the attachment to Mr. Shafran's request. Mr. Pelissier answered the question with input from General Counsel Regan. It was determined that Mr. Shafran's attorney could advise him regarding this request.

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#### COMMENTS FROM THE PUBLIC

*Matt Dobrowolski thanked the Agency for the redevelopment banners that were posted at various redevelopment sites throughout the downtown during Saturday's "Hotrods and Harleys" event.*

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## **TREASURER'S REPORT**

*A summary of the Treasurer's monthly activity was reviewed at this time. Acceptance of the Treasurer's report was moved by Commissioner Nash and seconded by Commissioner Clarke.*

*Ayes: Deige, Garay, Nash, Saliga, Clarke, and Rack*

*Nays: None*

*Abstain: None*

*Absent: None*

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## **EXECUTIVE DIRECTOR'S REPORT**

*Executive Director, Peter Pelissier, first discussed Item #5 in this month's correspondence regarding the payment of funds from the redeveloper of Riverwalk project on Essex Street for each unit sold. The Rahway Redevelopment Agency has realized \$90,000 to date from sales at Riverwalk.*

*Chairman Rack has requested a breakdown of the amount of dollars coming to the Agency and Mr. Ruggiero, Treasurer, has agreed to provide that report to the Agency each month.*

*Mr. Pelissier reported that the property at 43 Elm Avenue (Block 157) has two tenants remaining. Next Thursday (May 25, 2006) one will be moving; the last is being evicted.*

*Rahway Dornoch III (Hamilton Laundry) is continuing in negotiations with the Agency for the purchase of the property. Mayor James Kennedy will be attending this evening's meeting to go into private session with the Agency to discuss these negotiations.*

*A meeting between Mr. Pelissier and Rahway Industrial Sites took place recently. Rahway Industrial Sites owners would like to make a presentation as potential redevelopers of this property at the Agency's June meeting.*

*Mr. Pelissier continued to say that the redevelopers of Block 157 would like to use the Agency's parking lot at Elizabeth Avenue and Main Street as a staging area during their construction phase. They will be presenting a plan to the Agency.*

*As to Block 316, the Deputy Director for the NJ Department of Environmental Protection has been in contact with Mr. Pelissier for the purpose of discussing the status of permits for the Carriage City Hotel and Tower project. A new access has been designed and a meeting has been arranged with County Officials on May 24, 2006 to discuss the new plans. Site development will be within the next few weeks.*

*The second phase of the Block 318 development will be discussed shortly with Lenny Bier, Attorney for the Rahway Parking Authority, for the purchase of the parking lot between Cherry Street and Poplar Street.*

*There has been an issue with the water main extension permits being held by the NJDEP due to their requirement that the City contract with a water company to have a second source of water available, other than the Rahway River. The City is currently entering into an agreement with Middlesex Water Company so that these permits can be released.*

*Clay Bonny of Heartstone Development, LLC, is moving forward with the redevelopment of Block 149, and will be entering into a Redeveloper Agreement shortly.*

*Mr. Pelissier continued by saying that T & S Developers are moving ahead with the construction of the restaurant and apartments at the corner of Main and Monroe.*

*Further discussions have been taking place with Peter Clarke, founder of the Children's Museum of Central New Jersey, for the creation of a facility at Block 276.*

*Mr. Pelissier concluded his report by saying that Ramesh Patel, redeveloper of property in Block 338, where the Sleep Inn and Suites hotel is proposed, was very helpful to him in his need to relocate a family during the acquisition of the property at 43 Elm Avenue. Mr. Patel allowed the family to stay at the Deluxe Inn as an emergency situation.*

*The Executive Director's report was moved for acceptance by Commissioner Clarke, and seconded by Commissioner Deige.*

*Ayes: Deige, Garay, Nash, Saliga, Clarke, and Rack*

*Nays: None*

*Abstain: None*

*Absent: None*

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## **LEGAL REPORT**

*The General Counsel reported that the legal matter that was completed, besides the handling of the Riverwalk closings, was that the property at Main Street and Monroe Street was conveyed to Dornoch Rahway I, the redevelopers of Block 320.*

*Motion to accept the General Counsel's legal report made by: Commissioner Clarke*

*Second: Commissioner Nash*

*Ayes: Deige, Garay, Nash, Saliga, Clarke, and Rack*

*Nays: None*

*Abstain: None*

*Absent: None*

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## **UNFINISHED BUSINESS**

*Executive Director Peter Pelissier discussed the draft application for redevelopers who wish to discuss their proposals with the Agency. The draft, as well as a proposed fee schedule has been presented to the Commissioners for adoption. Mr. Pelissier has telephoned several other municipalities with Redevelopment Agencies to discuss their fee schedule and procedures. He stated that it is necessary to firm up our process. It is quite an economic savings to a redeveloper to apply to our Agency. Mr. Pelissier reviewed the fee schedule and the justification for the fees. He stated that, if a redeveloper had to hire an individual planner, it would cost a redeveloper more than \$10,000. Land acquisition, parking and other considerations offset what the developers pay and they make quite a profit. The Rahway Redevelopment Agency should share in that profit. Mr. Pelissier requested that General Counsel Regan prepare a resolution for the June RRA meeting to adopt the application format and fee schedule.*

*Mr. Pelissier stated with regard to the proposed Agency budget, which was handed out to the members this evening, that he wished to have the budget introduced and discussed next month.*

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## **NEW BUSINESS**

### **Presentations:**

- 1. Presentation from Ramesh Patel, redeveloper of Block 338, Lot 3 to give an update on the status of the construction of the Sleep Inn and Suites Hotel and upscale restaurant.*

*Mr. Patel stated that within two to three months, there will be a groundbreaking and construction should take place within one year; completion should be next summer. Executive Director Pelissier asked if there is a developer in place and Mr. Patel said yes. A tenant for the restaurant has not been found yet. The advertising for the restaurant will take place once the construction of the hotel is underway.*

- 2. Presentation from Landmark Companies, LLC, redeveloper of Block 157, in the area surrounded by West Main Street, Elizabeth Avenue, Irving Street, and Elm Avenue in the CBD to give an update on the status of the construction of the residential/commercial project.*

*Jeff Weinflash, on behalf of Landmark Homes, Block 157, was present. Mr. Weinflash brought the renderings of the project. The status of the project revolves around the acquisition of 43 Elm Avenue and the securing of the water extension permit. Mr. Weinflash introduced Jim Wendell, his project manager. Mr. Wendell expects to get footing and foundation permits within the next several weeks and by September, expects to have a full permit to start framing of the full building on the Irving Street side. Mrs. Saliga asked whether additional signs could be added to advertise the fact that a redevelopment project is underway. Mr. Wendell said he would look into that. He will be looking to see what kind of banners can be added. Mr. Rack described several issues regarding the maintenance of the property. Mayor Kennedy, who entered the meeting prior to this presentation*



designation of Heartstone Development, LLC to finalize negotiations on the purchase of properties and on a redevelopment agreement; and

WHEREAS, Heartstone Development, LLC has entered into an agreement for the acquisition of properties (Block 149, Lots 1, 5, 6, 7 and 10) with A&M Industrial Supply and currently owns Block 149, Lot 23 and is under contract to acquire Block 149, Lot 24; and

WHEREAS, on February 16, 2006, the Rahway Redevelopment Agency reaffirmed the designation of Heartstone Development, LLC and granted an extension of the designation of for an additional period of sixty (60) days to finalize negotiations on a redevelopment agreement; and

WHEREAS, Heartstone Development, LLC and the Rahway Redevelopment Agency have agreed to the terms and conditions of a Redevelopment Agreement for the redevelopment of the Property.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby authorizes the execution of a redevelopment agreement with Heartstone Development, LLC, which provides for the redevelopment of the Property, which is consistent with the Central Business District Redevelopment Plan; and

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

*Motion to approve: Commissioner Clarke                      Second: Commissioner Nash*  
*Ayes: Deige, Gray, Nash, Saliga, Clarke, and Rack*  
*Nays: None*  
*Abstain: None*  
*Absent: None*

25-06 RESOLUTION AUTHORIZING THE ACCEPTANCE OF A MORTGAGE ON PROPERTY KNOWN AS BLOCK 162, LOTS 5,6, AND 7, ALSO KNOWN AS 1646-54 IRVING STREET LOCATED IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA TO E.T. BUILDING, LLC PURSUANT TO A REDEVELOPMENT AGREEMENT BETWEEN THE RAHWAY REDEVELOPMENT AGENCY AND E.T. BUILDING, LLC

WHEREAS, the Rahway Redevelopment Agency (the "Agency") acquired certain properties in the Central Business District Redevelopment Area (the "Redevelopment Area") known as Block 162, Lots 5, 6 and 7, also known as 1646-54 Irving Street (the "Property"); and

WHEREAS, the Property were acquired for the purposes of redevelopment of the Redevelopment Area; and

WHEREAS, the Agency entered into a Redevelopment Agreement (the "Agreement") with E.T. Building, LLC ("E.T. Building") for the rehabilitation and development of the Property by E. T. Building for a restaurant, lounge and jazz club; and

WHEREAS, pursuant to the Agreement, the Agency conveyed the Property to E.T. Building for development by deed dated March 31, 2006; and

WHEREAS, pursuant to the Agreement, the Agency is to hold a mortgage on the Property from E.T. Building in the principal amount of \$338,000.00 for the term of one (1) year at six (6%) percent interest.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby authorizes the acceptance of a Mortgage on the Property from E.T. Building, pursuant to the Agreement.

BE IT FURTHER RESOLVED, that the Chairman and the Secretary are hereby authorized to execute any and all documents to effectuate the conveyances contemplated herein.

*Motion to approve: Commissioner Clarke                      Seconded: Commissioner Deige*  
*Ayes: Deige, Garay, Nash, Saliga, Clarke and Rack*

*Nays: None*  
*Abstain: None*  
*Absent: None*

26-06 RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR THE RE-AFFIRMATION OF A BROWNFIELDS REDEVELOPMENT FINANCIAL ASSISTANCE AGREEMENT FROM THE NEW JERSEY REDEVELOPMENT AUTHORITY FOR THE PROPERTY KNOWN AS BLOCK 316, LOT 3.02 LOCATED IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA

WHEREAS, the Rahway Redevelopment Agency (the "Agency") acquired certain properties in the Central Business District Redevelopment Area (the "Redevelopment Area") known as Block 316, Lot 3.02 (the "Property"); and

WHEREAS, the Property were acquired for the purposes of redevelopment of the Redevelopment Area; and

WHEREAS, the Agency entered into a Redevelopment Agreement (the "Agreement") on September 30, 2005 with Carriage City Properties, LLC ("Carriage City") for the development of a hotel, residential and retail building on the Property by Carriage City; and

WHEREAS, the Agency conveyed the Property to Carriage City by Deed dated March 17, 2006; and

WHEREAS, the Agency and City of Rahway entered into a Brownfields Redevelopment Financial Assistance Agreement dated September 5, 2002 (the "Financial Assistance Agreement") with the New Jersey Redevelopment Authority to borrow \$750,000.00 for the remediation of the Property; and

WHEREAS, the Financial Assistance Agreement debt is collateralized by the Property and secured by a Mortgage dated September 5, 2002 and recorded October 1, 2002 in the Office of the Clerk of Union County in Mortgage Book 9637, Page 0058; and

WHEREAS, in order for Carriage City to receive construction financing, the New Jersey Redevelopment Authority made a Subordination Agreement to make Carriage City's lender the priority lienholder on the Property; and

WHEREAS, in consideration for making the Subordination Agreement, the Agency will enter into an agreement with the New Jersey Redevelopment Authority which re-affirms and further defines the obligations and responsibilities of the parties to the Financial Assistance Agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that it hereby authorizes the execution of an "Agreement of Re-Affirmation" with the New Jersey Redevelopment Authority.

BE IT FURTHER RESOLVED, that the Chairman and the Secretary are hereby authorized to execute any and all documents to effectuate the conveyances contemplated herein.

*Motion to approve: Commissioner Deige                      Seconded: Commissioner Nash*

*Ayes: Deige, Garay, Nash, Saliga, Clarke and Rack*

*Nays: None*

*Abstain: None*

*Absent: None*

27-06 RESOLUTION AUTHORIZING THE CONVEYANCE OF PROPERTY LOCATED AT 43 ELM AVENUE ALSO KNOWN AS BLOCK 157, LOT 7 TO LANDMARK AT RAHWAY, LLC FOR DEVELOPMENT OF A MIXED USE PROJECT IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA

WHEREAS, the Rahway Redevelopment Agency (the "Agency") acquired a certain property in the Central Business District Redevelopment Area (the "Redevelopment Area") located at 43 Elm Avenue, also known as Block 157, Lot 7 by Declaration of Taking filed on February 7, 2006 (the "Property"); and



*Absent: None*

29-06 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 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 on-going contract negotiations relative to the Lower Main Street Redevelopment Area and litigation with Rahway Industrial Sites; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Rahway Redevelopment Agency that a portion of its regular meeting held on May 18, 2006, 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 on-going contract negotiations relative to the Lower Main Street Redevelopment Area and litigation with Rahway Industrial Sites; 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.

*(See vote at **PRIVATE SESSION** portion of the minutes.)*

30-06 *Added to the agenda at the meeting:*

RESOLUTION EXTENDING THE CONDITIONAL DESIGNATION OF DORNOCH RAHWAY AS REDEVELOPER FOR THE PROPERTY KNOWN AS TAX BLOCK 167, LOTS 37 THROUGH 45 IN THE CENTRAL BUSINESS DISTRICT REDEVELOPMENT AREA FOR THE DEVELOPMENT OF A MIXED USE ARTS RELATED PROJECT

WHEREAS, the City of Rahway has been promoting the redevelopment of the Central Business District of Rahway since the preparation of the Central Business District Plan prepared by Planners Diversified/Harvey Moskowitz in 1990 and in the Central Business District Redevelopment Plan adopted in April 1998 and as amended; and

WHEREAS, the properties known as Block 167, Lots 37 through 45 (Hamilton Street) are located in the Central Business District Redevelopment Area; and

WHEREAS, Block 167, Lots 37 through 45 (Hamilton Street) are designated for acquisition in the Central Business District Redevelopment Plan; and

WHEREAS, upon the creation of the Rahway Redevelopment Agency by the City of Rahway, responsibility for managing the redevelopment for the City was granted to the Agency; and

WHEREAS, the Rahway Redevelopment Agency has been evaluating the feasibility of redeveloping portions of Block 167, part of which is owned by the Rahway Redevelopment Agency (Lots 38, 39 and 45) consistent with the Central Business District Redevelopment Plan and the City's Master Plan; and

WHEREAS, the Rahway Redevelopment Agency previously solicited proposals for the redevelopment of a mixed-use project on Block 167, Lots 37 through 45 (Hamilton Street) and designated a number of redevelopers, whose designations have since expired or have been terminated; and

WHEREAS, Dornoch Rahway, LLC made a presentation to the Board of Commissioners of the Rahway Redevelopment Agency on December 15, 2005 in regards to its proposal for the redevelopment of Block 167, Lots 37 through 45; and

WHEREAS, the proposal has been reviewed and found consistent with the requirements of the Central Business District Redevelopment Plan, the City's goals for redeveloping said properties and is consistent with the City's goals for arts district; and

WHEREAS, Dornoch Rahway, LLC has recently entered into redevelopment agreements with the



*he wanted to talk with Mr. Gorman, Business Administrator, about the portion of the budget to be contributed by the City.*

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**ADJOURNMENT**

*There being no further business, the meeting was adjourned at 8:38 P.M., on the following vote:*

*Motion made by Commissioner Nash and seconded by Commissioner Deige.*

*Ayes: Unanimous voice vote*

*Nays: None*

*Abstain: None*

*Absent: None*

**MINUTES ADOPTED ON JUNE 15, 2006 ON THE FOLLOWING VOTE:**

*Moved: Commissioner Clarke*

*Seconded: Commissioner Nash*

*Ayes: Garay, Nash, Saliga, Clarke and Rack*

*Nays: None*

*Abstain: Ferrell*

*Absent: Deige*

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*Peter H. Pelissier, Secretary*