

REDEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE BOROUGH OF BERNARDSVILLE  
AS REDEVELOPMENT ENTITY  
AND  
AR AT BERNARDSVILLE LLC  
AS THE REDEVELOPER

Dated: August \_\_, 2023

## REDEVELOPMENT AGREEMENT

**THIS REDEVELOPMENT AGREEMENT** (this “**Agreement**”) is made as of the date first written above (the “**Effective Date**”), by and between the **BOROUGH OF BERNARDSVILLE**, a public body corporate and politic of New Jersey, acting as redevelopment entity pursuant to *N.J.S.A. 40A:12 A-1 et seq.* (the “**Redevelopment Law**” or “**LHRL**”), having its principal office at Borough Hall located at 166 Mine Brook Road, Bernardsville, New Jersey 07924 (the “**Borough**”), and **AR AT BERNARDSVILLE LLC**, a New Jersey limited liability company organized under the laws of the State of New Jersey, having its offices at 1430 U.S. 206, Suite 100, Bedminster, New Jersey 07921 (the “**Redeveloper**”). The Borough and the Redeveloper are hereinafter individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

### WITNESETH:

**WHEREAS**, pursuant to the provisions of the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A*, the Borough designated properties located within the downtown core area of the Borough located at 35-39 Olcott Square and 5 Morristown Road and further identified as Block 125, Lots 1, 2 and 3 (a/k/a Lots 1 and 3) by Borough tax assessment records (the “**Property**”) as “an area in need of redevelopment” without condemnation by Council Resolution #22-185 adopted on September 12, 2022; and

**WHEREAS**, subsequently Resolution #22-209 adopted by the Borough Council on October 24, 2022 authorized Burgis Associates to prepare a redevelopment plan on its behalf; and

**WHEREAS**, pursuant to the provisions of *N.J.S.A. 40A:12A-7(e)* and (f) and *N.J.S.A. 40A:12A-15* of the Redevelopment Law, the Borough’s staff and/or Planning Board professionals were permitted to prepare a redevelopment plan; and

**WHEREAS**, the Redevelopment Plan for the Property titled “Palmer Square Redevelopment Plan” was prepared by Burgis Associates and submitted to the Borough Council for review (the “**Redevelopment Plan**”); and

**WHEREAS**, the Borough Council by Ordinance #2023-1960 adopted the Redevelopment Plan in order to effectuate a plan that is consistent with the goals and objectives of the Borough for the redevelopment of the Property; and

**WHEREAS**, Redeveloper has an interest in the Property pursuant to a Ground Lease between Palmer Enterprises, L.L.C., Lessor, and AR at Bernardsville LLC, Lessee, dated as of

November 10, 2021, memorandum of which is recorded with the Somerset County Office of the Clerk at Book 7400, Page 2403 (the “**Ground Lease**”); and

**WHEREAS**, the Redeveloper acknowledges and agrees that the designation of the Redeveloper by the Borough is conditioned upon the satisfaction of all the conditions and requirements of this Agreement and the Redevelopment Plan; and

**NOW, THEREFORE**, in consideration of the promises and mutual covenants herein contained, and for other good and valuable consideration, the parties hereto do hereby covenant and agree each with the other as follows:

## **ARTICLE 1**

### **DEFINITIONS AND INTERPRETATIONS**

1.01 **Definitions**. Except as expressly provided herein to the contrary, all capitalized terms used in this Agreement and its exhibits shall have the following meanings:

- a. “**Affiliate**” means with respect to any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, the term “**control**” (including the correlative meanings of the terms “**controlled by**” and “**under common control with**”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.
- b. “**Agreement**” means this Redevelopment Agreement between Borough and Redeveloper, and any written amendments and supplements hereto.
- c. “**Borough**” means the Borough of Bernardsville, New Jersey, a municipal corporation of the State of New Jersey. For the purposes of this Agreement, the Borough Council of the Borough of Bernardsville is the designated Redevelopment Entity for the Property pursuant to *N.J.S.A. 40A:12A-3*.
- d. “**Borough Code**” means the Ordinances and Regulations of the Borough as amended from time to time.
- e. “**Borough Indemnified Parties**” means the Borough and its officers, agents and employees.
- f. “**Certificate of Completion and Compliance**” is defined in **Section 2.12** hereof.

- g. “**Certificate of Occupancy**” means a document, whether temporary or permanent, issued by the Borough authorizing occupancy of a building, in whole or in part, pursuant to N.J.S.A. 52:27D-133.
- h. “**Effective Date**” means the date of this Agreement, which shall be entered on the first page hereof.
- i. “**Governmental Approvals**” means all necessary reviews, consents, permits, licenses, leases, easements or grants or other approvals of any kind, including, but not limited to, agreements for utility relocation and service legally required by or from any Governmental Body, each of which must be final and non-appealable, in order to carry out the Project, including but not limited to those set forth in **Exhibit A** attached hereto.
- j. “**Governmental Body**” means any federal, state, county or local agency, department, commission, authority, court, or tribunal and any successor thereto, exercising executive, legislative, judicial, or administrative functions of or pertaining to government, and any public utility, including, without limitation, the Borough and the State of New Jersey or any other quasi-governmental agency having jurisdiction of the subject matter.
- k. “**Ground Lease**” shall have the meaning given to it in the recitals.
- l. “**Legal Requirements**” means all laws, statutes, codes, ordinances, orders, regulations and requirements of any Governmental Body, now or hereafter in effect, and, in each case, as amended from time to time, including but not limited to the Borough Code.
- m. “**NJDEP**” means the New Jersey Department of Environmental Protection.
- n. “**NJDOT**” means the New Jersey Department of Transportation.
- o. “**NJEDA**” means the New Jersey Economic Development Authority.
- p. “**NJRA**” means the New Jersey Redevelopment Authority.
- q. “**Party**” or “**Parties**” shall have the meaning given to it in the recitals.
- r. “**Person**” means any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company or corporation, trust, unincorporated association, institution, public or Governmental Body, or any other entity.
- s. “**Planning Board**” means the Borough of Bernardsville Planning Board.

- t. “**Project**” is defined in **Section 2.03** hereof.
- u. “**Project Improvements**” is defined in **Section 2.03**.
- v. “**Property**” shall mean the lots comprising the real property for the Project, specifically Block 125, Lots 1, 2 and 3 (a/k/a Lots 1 and 3).
- w. “**Redeveloper**” means AR at Bernardsville LLC, a New Jersey limited liability company organized under the laws of the State of New Jersey.
- x. “**Redevelopment Law**” or “**LRHL**” means the Local Redevelopment and Housing Law, *N.J.S.A. 40A:12A-1 et seq.*, as amended and supplemented.
- y. “**Redevelopment Plan**” shall have the meaning given to it in the recitals.
- z. “**Reimbursable Borough Costs**” is defined in **Sections 4.01** and **4.02** hereof.

1.02 **Term**. The term of the Redevelopment Agreement (the “**Term**”) shall, unless otherwise extended in accordance with the terms of this Redevelopment Agreement or unless terminated sooner in accordance with the terms of this Redevelopment Agreement, commence on the Effective Date of this Agreement and shall run through the date of issuance of a Certificate of Completion and Compliance, as set forth in the Redevelopment Project Schedule, attached hereto as **Exhibit B**.

## **ARTICLE 2**

### **IMPLEMENTATION OF PROJECT**

2.01. **Exclusive Redeveloper**. The Redeveloper, subject to the provisions hereof, is the designated Redeveloper and shall have the exclusive right to carry out the Project in accordance with the Redevelopment Plan and any modifications thereto, the Redevelopment Law and this Agreement during the Term. For the term of this Agreement, except as provided hereinabove and subject to termination of this Agreement pursuant to its terms, the Borough shall not designate any person or entity other than the Redeveloper to carry out any part of the Project.

2.02. **Redeveloper’s Interest in the Property**. Redeveloper will have an interest in the Property pursuant to the Ground Lease, which may in the future be a fee interest.

2.03. **The Project**. The Project shall generally consist of a four-story mixed-use development composed of: (i) a multi-family residential component with a maximum of 68 dwelling units, including approximately 12 one-bedroom units, approximately 47 two-bedroom units, and approximately 9 three-bedroom units, or such other appropriate mix of one-bedroom, two-

bedroom, and three-bedroom units as approved by the Parties and in compliance with the Redevelopment Plan; (ii) a commercial component with a minimum of 8,000 square feet, located primarily on the ground level; (iii) a minimum of 8,000 square feet of Frontage (as defined in the Redevelopment Plan), including the public sidewalk and as substantially as depicted on **Exhibit C**; and (iv) related improvements and amenities, all as depicted on **Exhibit E** (collectively, the “**Project Improvements**”). The Project shall further consist of (a) any required demolition of existing structures on the Property, (b) any required clearance of the Property, (d) any required environmental remediation of the Property in accordance with Legal Requirements, as necessary, and (e) the construction and development of all Project Improvements and related on-site and off-site improvements, if any, and utilities and infrastructure improvements, if any, all in accordance with the Redevelopment Plan and as set forth in this Redevelopment Agreement.

2.04. **Financial Capabilities**. Redeveloper shall within ninety (90) days of the Effective Date of this Agreement present to the Borough evidence of the financial capability of the Redeveloper to finance and complete the Project. Such items may include evidence of bank statements, lines of credit, or letters confirming access to capital or equity needed for the completion of the Project. The Borough shall have the right to review and evaluate the submitted financial records and request additional documents as needed to ensure the viability of the Project.

2.05 **Governmental Approvals**.

- (a) Attached hereto as **Exhibit A** is a list of known Governmental Approvals that need to be obtained by the Redeveloper in order to satisfy its obligations under this Agreement with respect to completion of the Project. The Redeveloper shall be responsible, at its sole cost and expense, for obtaining all such Governmental Approvals. The Redeveloper shall use diligent and commercially reasonable efforts to secure, or cause to be secured, any and all Governmental Approvals, and to carry out the Project in conformance therewith. Redeveloper shall provide the Borough with copies of all Governmental Approvals for the Project upon request and shall keep the Borough apprised of the status of all Governmental Approvals.
- (b) The Borough agrees to fully cooperate, to the extent that such cooperation is consistent with the terms and intent of the Redevelopment Plan, with the Redeveloper in obtaining the Governmental Approvals. Upon the written request of the Redeveloper, the Borough shall consider for approval modifications of the dates set forth in the Redevelopment Project Schedule within a period of thirty (30) calendar days following receipt of a written request by the Redeveloper, such approval shall not be unreasonably withheld.
- (c) The Redeveloper shall proceed diligently to obtain all Governmental Approvals required for the Project from any Governmental Agency having jurisdiction over the Project. It is understood by the parties that the Redeveloper can seek final site plan

approval from the Planning Board, which may be contingent upon receipt of other Governmental Approvals.

2.06 **Governmental Approval Fees.** Prior to issuance of the Certificate of Occupancy, the Redeveloper shall pay all the Borough permit, application, escrow and approval fees (“**Borough Fees**”) and other non-Borough fees for Governmental Approvals, which include any application fees for Governmental Approvals payable by the Borough to all required Governmental Bodies other than the Borough in connection with the Project or application fees for which the Borough is required to reimburse other Governmental Bodies in connection with Government Approvals. The Redeveloper submitted a site plan application on March 21, 2023 (the “**Preliminary Site Plan Application**”) and paid the fee in the amount of Eleven Thousand Three Hundred Thirty-Three Dollars (\$11,333.00). Such amount shall be credited toward and applied against any fees due in connection with the site plan application to be filed pursuant to this Agreement.

2.07 **Amendment of Redevelopment Plan; Modification of Project Improvements.**

- (a) Upon request by the Redeveloper, the Borough agrees that it will consider for approval request(s) by the Redeveloper to amend the Redevelopment Plan in order to accommodate variations to the Project, provided such variations are generally consistent with the intent and purpose of the Redevelopment Plan.
  
- (b) The parties agree that if the Redevelopment Plan needs to be amended for any reason in the future, that the Party making the request shall do so in writing with supporting documentation reasonably satisfactory to the other Party, and the other Party shall provide a response within fifteen (15) calendar days. The reply will address only the conceptual response and any formal application to change the Redevelopment Plan must follow Legal Requirements.

2.08 **Water and Sewer Connection Fees.** The Borough shall reasonably utilize any authority which it may have under applicable law to assist the Redeveloper in the approval and construction of any infrastructure improvements required for the Project. The Borough shall also cooperate with the Redeveloper as an applicant or in any other manner to assist the Redeveloper in obtaining approvals for any infrastructure improvements required for the Project. In furtherance of the same, the Redeveloper shall pay any water and sewer connection and usage fees due to the Borough prior to the issuance of the Certificate of Occupancy.

2.09 **Cooperation.** Both Parties shall fully cooperate with each other as necessary to accomplish the Project, including entering into additional agreements that may be required to accomplish the purposes of this Agreement; provided however, that such actions shall not without amendment hereof result in a material increase in the Parties’ respective obligations hereunder or material decrease in the Parties’ respective rights hereunder. The Borough further agrees to:

(a) Support the Redeveloper in connection with requests to expedite the review and approval by the Planning Board, of specific site plans for the Project provided that such site plans conform to the guidelines of the Redevelopment Plan, this Agreement, and any amendments thereto, respectively.

(b) Jointly with the Redeveloper apply for, develop and negotiate any agreements with the NJDEP, the NJDOT, the NJEDA and the NJRA and/or any other agency of federal, state or regional government for grants, loans and/or necessary approvals of projects related to the Project or the Project itself.

2.10 **Project Construction.** All construction shall be performed strictly in accordance with all applicable Federal, State, County and local statutes, ordinances, codes, regulations and restrictions. The Project shall be constructed wholly in accordance with all permits and approvals, and Redeveloper shall diligently pursue completion of the Project Improvements in accordance with the Redevelopment Project Schedule, attached hereto as **Exhibit B**. Upon the written request of the Redeveloper, the Borough shall consider for approval modifications of the dates set forth in the Redevelopment Project Schedule, within a period of thirty (30) days following receipt of a written request by the Redeveloper, such approval not to be unreasonably withheld. The failure of the Borough to act upon any written request by Redeveloper for an extension or modification of any dates set forth in the Redevelopment Project Schedule within thirty (30) days shall be deemed an acceptance and approval of the said request.

2.11 **Infrastructure Improvements and Public Improvements.**

(a) The Redeveloper shall design any infrastructure improvements for the Project that may be required in accordance with typical and ordinary standards required by applicable Legal Requirements and shall construct any such infrastructure improvements in a good and workmanlike manner and in accordance with all applicable Legal Requirements and this Agreement. The Borough Engineer shall inspect all infrastructure improvements as same are completed for compliance with the preceding sentence and, if found compliant, shall so certify to the Borough. Upon receipt of such certification, the Borough shall accept dedication of any infrastructure improvements that are public, and Redeveloper shall provide a maintenance bond in a form generally acceptable to Governmental Bodies in the State of New Jersey guaranteeing that any public improvements when completed will remain in compliance with its accepted condition for a period of two (2) years following the date of certification.

(b) To the extent that any infrastructure or public improvements are required per N.J.S.A. 40:55D-42, the Redeveloper shall pay for its “fair share” of such improvements as set forth in the Redevelopment Plan. The Borough shall use its reasonable efforts to seek to require contributions from subsequent developers and redevelopers who receive a benefit as a result of such off-site infrastructure improvements.

2.12 **Certificate of Completion and Compliance.** Upon completion of the Project, as evidenced by the issuance of a Certificate of Occupancy for the Project, the Redeveloper shall provide a certification from an authorized representative of the Redeveloper and from the Redeveloper's Project engineer and/or Project architect stating that: (a) construction and redevelopment of the Project has been substantially completed in accordance with the final site plan; (b) all other facilities necessary in connection with the Project have been constructed or improved in accordance with the final site plan; (c) all improvements, and all equipment and components thereof, necessary for the full operation of the Project have been installed to the Redeveloper's satisfaction, and as so installed are suitable and sufficient for the efficient operation of the Project for its intended purposes; (d) a Certificate of Occupancy, if required, and any other permissions required, if any, of governmental authorities or agencies having jurisdiction over the Project, for the occupancy and use of the Project for the purposes contemplated by this Redevelopment Agreement and the Redevelopment Plan, have been obtained; (e) any and all fees and payments have been submitted to the Borough as required; (f) the Project is complete and ready for use as intended and approved; and (g) all of Redeveloper's obligations pursuant to this Agreement are satisfied, upon which time the Redeveloper shall be entitled to receive a Certificate of Completion and Compliance within thirty (30) days of Redeveloper's submission of such certification. The Borough shall review the Redeveloper's certification within thirty (30) days of its submission and either (y) issue a "**Certificate of Completion and Compliance**" in a form substantially as set forth in **Exhibit E** attached hereto and made a part hereof, or (z) provide the Redeveloper with a written statement setting forth in detail each and every respect in which the Redeveloper has failed to complete the Project in accordance with the provisions of this Agreement, the Redevelopment Plan and Government Approvals. The Certificate of Completion and Compliance shall constitute a recordable conclusive determination of the satisfaction and termination of the agreements and covenants in this Redevelopment Agreement and in the Redevelopment Plan with respect to the Redeveloper's obligation to construct the Project in accordance herewith. Upon issuance of the Certificate of Completion and Compliance, the conditions determined to exist at the time the Property was determined to be an area in need of redevelopment shall be deemed to no longer exist.

### **ARTICLE 3**

#### **PROJECT OVERSIGHT; NEIGHBORHOOD IMPROVEMENTS**

3.01 **Regular Status Updates.** The Redeveloper shall meet with the Borough representatives, at the Borough's request, as reasonably necessary, but not more than monthly. The Redeveloper should generally be prepared to provide updates on and present plans relevant to the Project, and timeframes.

3.02 **Concept Plan**. On August 10, 2023, Redeveloper appeared and presented a concept plan with architectural renderings and drawings of the project to the Borough Council at a public meeting.

3.03 **Neighborhood Improvements**. Redeveloper acknowledges that the Project is part of the revitalization of the surrounding area, and in connection with the Project, improvements are needed to enhance pedestrian accessibility to the area. Redeveloper shall be required as part of the development of the Project to contribute to the funding of statutorily compliant improvements to Olcott Square and the area immediately adjacent to the Project, consisting of landscaping, lighting, sidewalks and similar amenities, which improvements shall be subject to approval by the Borough Engineer, and Redeveloper's contribution toward such improvements shall not exceed the sum of thirty five thousand Dollars (\$35,000.00) (the "**Neighborhood Improvement Escrow**"). The Neighborhood Improvement Escrow shall be paid by Redeveloper into escrow upon the issuance of a building permit for the construction of the Project. Any Neighborhood Improvements proposed by the Borough to be funded from the Neighborhood Improvement Escrow shall be submitted with reasonable specificity to Redeveloper for its approval prior to the commitment of funds, the consent to which shall not be unreasonably withheld. Any funds remaining in the Neighborhood Improvement Escrow on the date that is the later of final issuance of a Certificate of Occupancy or two (2) years following Redeveloper's payment into escrow of the Neighborhood Improvement Escrow shall be released by the Borough and returned to Redeveloper with no further notice or action on the part of Redeveloper required.

## **ARTICLE 4**

### **REDEVELOPER AND BOROUGH FINANCIAL OBLIGATIONS**

4.01. **Reimbursable Borough Costs**. The Redeveloper shall provide the Borough with the reimbursement of out-of-pocket costs incurred by the Borough in connection with the Project ("**Reimbursable Borough Costs**"). Reimbursable Borough Costs shall include reasonable fees and costs of any attorney, engineer, traffic consultant, architect, planner, financial advisor or other consultant(s) retained by the Borough in connection with the preparation and drafting of the Redevelopment Plan and all amendments thereto and this Agreement and professional fees associated with compliance and review of the implementation of this Redevelopment Agreement and any amendments thereto, but shall not include the costs of wages, salaries and benefits paid to employees of the Borough providing services in furtherance of the Project.

4.02. **Payment of Reimbursable Borough Costs**. Upon the Effective Date of this Agreement, the Redeveloper agrees to establish with the Borough's chief financial officer an escrow account (the "**Escrow Account**") having an initial balance of Twenty-Two Thousand Eight Hundred Fourteen Dollars (\$22,814.00), which shall be transferred from the escrow amounts paid by Redeveloper in connection with its Preliminary Site Plan Application and from which the

Reimbursable Borough Costs shall be paid. Prior to the Borough's withdrawal of funds from the Escrow Account for the payment of Reimbursable Borough Costs, the Borough shall provide the Redeveloper with a copy of each and every invoice reflecting the Borough Costs to be paid. Unless the Redeveloper provides a written objection within twenty (20) days of its receipt of any such copy of an invoice stating that any invoiced item is not a valid Reimbursable Borough Cost pursuant to the terms of this Agreement, the Borough shall be free to withdraw funds from the Escrow Account for the payment of such invoiced services; provided however, that the Redeveloper's failure to object within such twenty (20) calendar days shall not be a waiver of Redevelopers rights to dispute such payment. If, when and as often as it may occur that the escrow account is drawn down to or below Seven Thousand Five Hundred Dollars (\$7,500.00), the Borough shall so notify the Redeveloper in writing, and the Redeveloper shall immediately thereafter provide to the Borough an amount sufficient to replenish the Escrow Account to Twenty Thousand Dollars (\$20,000.00) for use in accordance with the terms of this Agreement. The Redeveloper shall also have the right to request a decrease in the balance required on the Escrow Account as the Project progresses, which request shall not be unreasonably denied by the Borough. The Redeveloper agrees that upon execution of this Agreement and deposit of the escrow the Borough shall be reimbursed its actual costs, not to exceed a maximum of Fifteen Thousand Dollars (\$25,000.00), for costs related to the Project incurred by the Borough prior to and including the Effective Date.

4.03 **Affordable Housing**. The Redeveloper has agreed to pay the sum of One Million Dollars (\$1,000,000.00) to the Borough's affordable housing trust fund in lieu of providing on-site affordable housing units, which sum shall include all of Redeveloper's deposits, payments and credits to the affordable housing trust fund. Redeveloper shall make the full payment prior to issuance of the first Certificate of Occupancy for the Project. The Redeveloper may, in its discretion, elect to deposit the funds more quickly than provided by this schedule, and the Redeveloper's obligation to make the deposits required under this Section 4.03 shall survive the issuance of the Certificate of Completion and Compliance.

4.04 **Financial Agreement**. The Redeveloper may create and transfer the Property to a duly qualified urban renewal entity pursuant to Legal Requirements with similar ownership interests to the Redeveloper (a "**URE**"), which URE may submit an application under the Long-Term Tax Exemption Law ("**LTTE**") for approval of an agreement for tax exemption and payments in lieu of taxes (a "**Financial Agreement**"), provided that the Project qualifies for same under the provisions of the LTTE. The Redeveloper and the Borough recognize that a Financial Agreement may benefit the URE and the Borough. If proposed by a URE, the Borough agrees to consider such request in good faith on terms acceptable to the Borough, and any Financial Agreement shall be subject to the receipt of all Governmental Approvals required by Legal Requirements. The terms and conditions governing the Financial Agreement, which are contingent upon the Borough Council's approval by ordinance, shall be negotiated in good faith by the Parties and shall be mutually acceptable to the Parties and the URE. It is the intention of the Parties that this

Agreement be contingent upon subsequent approval by the Borough of such application, adoption by the Borough Council of an ordinance approving the terms of the Financial Agreement, and the execution of the Financial Agreement by the URE and Borough. Either Party shall have the right to terminate this Agreement upon written notice to the other Party if the Borough and the URE have not duly executed and delivered the Financial Agreement within 90 Days after the Effective Date. If this Agreement is terminated pursuant to the terms of this Section 4.04 then, except as expressly set forth herein to the contrary and upon full payment of all Reimbursable Borough Costs accruing until the date of such termination, this Agreement (including, without limitation, all the covenants contained herein) shall be of no further force and effect and the Parties hereto shall have no further rights, liabilities and/or obligations hereunder.

4.05 **Project Costs and Financing**. The Redeveloper will, at its sole cost and expense, construct the Project in accordance with the Redevelopment Plan and Governmental Approvals. Redeveloper agrees that all costs associated with acquisition, development and financing of the Project are the sole responsibility of Redeveloper. Redeveloper represents that it either has obtained or will obtain financing for the Project. Upon request, the Redeveloper shall submit to the Borough evidence of financing commitments for construction financing.

4.06 **Off-Site Improvements**. To the extent permitted by N.J.S.A. 40:55D-42, the Redeveloper will at its sole cost and expense contribute to offsite improvements as set forth in this Agreement to be constructed by the Borough or by the Redeveloper. Off-site improvements do not mean any improvements required as part of the Redevelopment Plan or contained on the final site plan approved by the Borough. The Borough agrees to hold any funds in escrow dedicated to public infrastructure improvements.

## **ARTICLE 5**

### **INDEMNIFICATION**

5.01 **Redeveloper Indemnification**. Redeveloper agrees to indemnify and hold harmless and defend the Borough and hold harmless and defend the Borough Indemnified Parties, and the Redeveloper shall pay any and all liability, loss, cost, damage, claims, judgments or expenses, of any and all kinds or nature and however arising, by third parties, which claims arise from the Project, which the Borough and/or the Borough Indemnified Parties may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death or damage to property, whether real, personal or mixed, in connection with the condition, use, possession, conduct, management, planning, design, construction installation, financing, marketing, leasing, or sale of the Project by Redeveloper or based upon or arising out of the actual breach of contract by the Redeveloper of contracts entered into by the Redeveloper, which directly relate to the Redeveloper's act or omission relating to the Project, except to the extent any claim, suit or action arises from the gross negligence or intentional and willful acts of the Borough and/or the Borough Indemnified Parties.

## ARTICLE 6

### **PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER; PERMITTED TRANSFERS**

6.01 **Prohibition Against Speculative Development.** The Redeveloper covenants that its undertakings pursuant to this Agreement shall be for the purpose of redevelopment of the Property and not for speculation in land holding.

6.02 **Prohibition Against Transfers.** Except for Permitted Transfers (defined below) prior to the issuance of a Certificate of Completion and Compliance, the Redeveloper agrees not to assign, delegate, transfer or otherwise convey its rights, duties and obligations under this Agreement, including a change of control by direct transfer, equity transfer or operation of law (each a “**Transfer**”), except by Permitted Transfer, without the prior written consent of the Borough which consent may not be unreasonably withheld.

6.03 **Permitted Transfers.** The following transfers are deemed to be “**Permitted Transfers**” and shall serve as exceptions to the general prohibition set forth in the previous paragraph and shall not require prior approval of the Borough: (a) a transfer of this Agreement to a URE pursuant to Section 4.04 hereof; (b) utility and other developmental easements; (c) conveyances, purchase and sale contracts or leases to the ultimate users or tenants of any portion of the Project or the improvements constructed thereupon as a component of the project; (d) a change in the membership of the Redeveloper or a transfer of interest in Redeveloper to an Affiliate of Redeveloper so long as the succeeding Redeveloper is controlled by the same parties that control Redeveloper; (e) transfers of the direct or indirect ownership or control of Redeveloper among the existing owners, family members of the owners, or trusts established for estate planning purposes, (f) a mortgage or related security (including conditional assignments to mortgagees or holders required as a condition to the closing of the financing so secured) granted by the Redeveloper or of a Project tenant to a leasehold mortgagee; (g) mortgages, leases, and other liens and encumbrances for the purpose of financing the costs associated with or incurred in connection with the acquisition, development and construction of the Project; (h) a transfer pursuant to a foreclosure and any transfer by any mortgagee of any mortgagee’s successor and/or assigns after foreclosure; and (i) any contract or agreement with respect to any of the foregoing exceptions.. Nothing herein shall permit any transfer to a foreign entity, or governmental or quasi-governmental entity, or any entity with criminal ties or which has been convicted of a felony, or to any publicly traded entity.

6.04 **Notice of Permitted Transfers.** With respect to any of the Permitted Transfers listed in Section 6.03 hereof, the Redeveloper shall provide the Borough with written notice within ten (10) days of such Permitted Transfer, including a description of the nature of such Permitted Transfer,

and the name(s) and the address(es) of the Transferee(s) involved, and the beneficial ownership and control thereof.

6.05 **Transfers in Violation of this Agreement.** Any Transfer not constituting a Permitted Transfer under Section 6.03 hereof in violation of this Agreement shall be deemed to be a Redeveloper Event of Default and shall be null and void *ab initio*, and the occurrence of such Redeveloper Event of Default shall entitle the Borough to seek all available remedies under the terms of this Agreement including the right to terminate this Agreement and all other remedies available under the applicable law.

## **ARTICLE 7** **EVENTS OF DEFAULT AND REMEDIES**

7.01 **Redeveloper's Default.** The Borough shall have the right to declare the Redeveloper in default of this Agreement in the event of occurrence of any of the following (each, an "**Event of Default**"):

- (a) The Redeveloper's failure to substantially perform any of its obligations under the terms of this Agreement;
- (b) a final and unappealable determination by a court of competent jurisdiction that the Redeveloper is insolvent;
- (c) (i) The Redeveloper shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets; (ii) a custodian shall have been legally appointed with or without consent of the Redeveloper; (iii) the Redeveloper has made a general assignment for the benefit of creditors, has filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or has taken advantage of an insolvency law; (iv) the redeveloper has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding; (v) the redeveloper shall take any action for the purpose of effecting any of the foregoing; (vi) a petition in bankruptcy shall have been filed against the Redeveloper and shall not have been dismissed for a period of sixty (60) consecutive days; (vii) an Order for Relief shall have been entered with respect to or for the benefit of the Redeveloper under the Bankruptcy Code; (viii) an order, judgment or decree shall have been entered, without the application, approval or consent of the Redeveloper by any court of competent jurisdiction appointing a receiver, trustee, custodian or liquidator of the Redeveloper or a substantial part of its assets and such order, judgment or decree shall have continued unstayed and in effect

for any period of sixty (60) consecutive days; or (ix) the Redeveloper shall have suspended the transaction of its usual business.

(d) Failure by the Redeveloper to make any payments owed to the Borough when due of Reimbursable Borough Costs or any other required payments to the Borough pursuant to this Agreement.

7.02. **Borough Default.** The Redeveloper shall have the right to declare the Borough in default of this Agreement in the event of the failure by the Borough to substantially perform any covenant or condition under this Agreement.

7.03 **Right to Cure Default.** Upon written notice of any Event of Default pursuant to **Section 7.01** or **Section 7.02**, either party shall have sixty (60) calendar days to cure such Default, provided that if such Event of Default cannot reasonably be cured within sixty (60) calendar days, then, providing that the Party is diligently proceeding to cure such default, the Party will have such time as is reasonably required to cure the Default.

7.04 **Force Majeure.** Failure of either Party to perform any of the provisions of this Agreement by reason of any of the following shall not constitute an Event of Default or breach of this Agreement: labor disputes, strikes, picket lines, unavailability of materials, freight and delivery delays, energy shortages, boycott efforts, fires, floods, freezes, extreme weather conditions, accidents, war (whether or not declared), terrorism, general unfavorable economic conditions, riots, pandemics, act of God, acts (including, but not limited to, a delay in acting or a failure to act of government (including without limitation any agency, subdivision or department of the United States of America or the State of New Jersey), denial of any Governmental Approval, third party litigation, or other causes which are beyond the reasonable control of the Party asserting an excusable delay (the “**Force Majeure**”).

7.05. **Default Rights and Remedies.** Except as may otherwise be provided in this Agreement, upon the occurrence of an Event of Default not cured pursuant to **Section 7.03** hereof, the non-defaulting party may terminate this Agreement by Court Order and seek damages and institute such proceedings as may be necessary or desirable in its opinion to exercise self-help and cure and remedy such default or breach. In the event that this Agreement is terminated by court order, the Redeveloper’s designation as the redeveloper of the Property shall immediately terminate, together with the Redeveloper’s rights as the Redeveloper, and the Borough shall have all rights under applicable law including, without limitation, the right to appoint a new redeveloper, as set forth in the Redevelopment Law. In no event shall either party have any liability for consequential or punitive damages.

## **ARTICLE 8**

### **REPRESENTATIONS AND WARRANTIES**

8.01 **Borough Representations.** The Borough represents and warrants to Redeveloper as of the date of this Agreement and throughout the Term, as follows:

- (a) The Borough (i) is a public body corporate and political the State of New Jersey and is duly organized, validly existing and in good standing under the laws of the State of New Jersey; and (ii) has all requisite corporate power to execute, deliver and perform its obligations under this Agreement.
- (b) The execution, delivery and performance of this Agreement and the transactions contemplated hereby (i) have been duly authorized by all necessary corporate proceedings by the Borough; (ii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borough is subject or any judgment, order, writ, injunction, license or permit applicable to the Borough or its properties; and (iii) do not conflict with any provision of its charter documents, bylaws, or any material agreement or other material instrument binding upon the Borough. The Borough is not in violation of any provision of its charter documents, bylaws, or any agreement or instrument to which it is subject or by which it is or any of its properties are bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could reasonably be expected to materially adversely affect the ability of the Borough to perform its obligations under this Agreement.
- (c) The execution and delivery of this Agreement will result in valid and legally binding obligations of the Borough enforceable against it in accordance with the respective terms and provisions hereof, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief to is subject to the discretion of the court before which any proceeding therefore may be brought.
- (d) There are no pending, or to the knowledge of the Borough, threatened actions or proceedings by or before any court or administrative agency or arbitrator against or affecting the Borough that involve the Borough's execution or performance of this Agreement or transactions contemplated hereby that, if adversely determined, are reasonably likely, either individually or in aggregate to materially adversely affect the ability of the Borough to perform its obligations under this Agreement.
- (e) The Borough represents and agrees to the following: it has properly designated the Property as an area in need of redevelopment pursuant to the LHRL; has properly adopted the Redevelopment Plan pursuant to the LHRL; the Property shall remain

subject to the Redevelopment Plan; the Borough shall not amend or modify the Redevelopment Plan without the consent of the Redeveloper and the Borough has properly designated the Redeveloper as the Redeveloper of the Project in accordance with the LHRL.

- (f) If there is any actual or alleged defect, deficiency, error, mistake or improper exercise of authority with regard to the approval and or content of the matters that are the subject of the representations set forth in this Section, the Borough shall take all necessary actions to rectify the same and to ensure that this Agreement between the Borough and the Redeveloper is effective and shall remain in place, including adoption of any ordinance, resolution or any other rule, regulation or official action; execution of any documents necessary to ensure that same complies with the LHRL, as amended; and any other action necessary to cure any alleged defect so that the terms of the Agreement remain in place as agreed upon between the Borough and the Redeveloper.

8.02 **Redeveloper Representations**. Redeveloper represents and warrants to the Borough as of the date of this Agreement and throughout the Term, as follows:

- (a) Redeveloper (i) is a limited liability company, duly formed, validly existing and in good standing under the laws of the State of New Jersey; (ii) has all requisite power to execute, deliver and perform its obligations under this Agreement, and the equity ownership and control of the Redeveloper is held by an affiliate of Advance Realty Investors.
- (b) The execution, delivery and performance of this Agreement and the transactions contemplated hereby; (i) have been duly authorized by Redeveloper; (ii) do not conflict with or result in any breach of contravention of any provision of law, statute, rule or regulation to which Redeveloper is subject or any judgment, order, writ, injunction, license or permit applicable to Redeveloper or its properties; and (iii) do not conflict with any provision of its governing documents, or any material agreement or other material instrument binding upon Redeveloper. Redeveloper is not in violation of any provision of its charter documents, or any agreement or instrument to which it is subject or by which it or any of its properties are bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could reasonably be expected to materially adversely affect the ability of Redeveloper to perform its obligations under this Agreement.

- (c) The execution and delivery of this Agreement will result in valid and legally binding obligations of Redeveloper enforceable against it in accordance with the respective terms and provisions hereof, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefore may be brought.
- (d) There are no pending or, to the knowledge of Redeveloper, threatened actions or proceedings by or before any court or administrative agency or arbitrator against or affecting Redeveloper or any of its affiliates or that involve Redeveloper's execution or performance of this Agreement or the transactions contemplated hereby that, if adversely determined, are reasonably likely, either individually or in aggregate, to materially adversely affect the ability of Redeveloper to perform its obligations under this Agreement.
- (e) Redeveloper shall not use the Property or permit the Property to be used in any manner that materially violates any Legal Requirements.
- (f) Redeveloper acknowledges and agrees that (i) Redeveloper shall construct only the uses established in the Redevelopment Plan, including as it may be amended; (ii) Redeveloper shall develop the Project in accordance with the terms of this Agreement, including as it may be amended; (iii) Redeveloper shall comply with the Redevelopment Law and all associated Legal Requirements; and (iv) until such time that a Certificate of Completion and Compliance has been issued and the Project is otherwise completed, Redeveloper shall be without power to sell the Property or any portion thereof or interests therein except as may be sold to a Permitted Transferee pursuant to Section 6.03.

## ARTICLE 9

### MISCELLANEOUS

9.01 **Notices.** Formal notices, demands and communications between the Borough and the Redeveloper and from the Redeveloper to the Borough (as required herein) shall be deemed sufficiently given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed delivered upon receipt. Notices may also be sent by commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available. Notice may also be sent by facsimile or electronic mail as long as such notice is followed by sending a copy by regular mail. In this case such notice is deemed effective upon delivery. Such written notices, demands and communications may be sent

in the same manner to such other addresses or either party may from time to time designate by written notice.

Copies of all notices, demands and communications shall be sent as follows:

To the Borough:

Borough of Bernardsville  
Attn: Mayor and Borough Clerk  
Borough Hall, 166 Mine Brook Road  
Bernardsville, New Jersey 07924

With a copy to:

Matthew D. Jessup, Esq.  
McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue, 2<sup>nd</sup> Floor  
Roseland, New Jersey 07068

To the Redeveloper:

AR at Bernardsville LLC  
c/o Advance Realty Investors  
Attn: General Counsel  
1430 U.S. Highway 206, Suite 100  
Bedminster, New Jersey 07921

With a copy to:

John P. Inglesino, Esq.  
Inglesino, Taylor, LLC  
600 Parsippany Rd. Suite 204  
Parsippany, New Jersey 07054

9.02 **Non-Liability of Officials and Employees of Borough.** No member, official, agent or employee of the Borough shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the Borough or for any amount which may become due to the Redeveloper or its successor, on any obligation under the terms of this Agreement.

9.03 **Non-Liability of Officials and Employees of Redeveloper.** No member, officer, shareholder, director, partner, agent or employee of Redeveloper shall be personally liable to the Borough, or any successor in interest, in the event of any default or breach by the Redeveloper or

for any amount which may become due to the Borough, or its successor, on any obligation under the terms of this Agreement.

9.04 **Estoppel Certificate.** Within thirty (30) calendar days following written request therefore by a party hereto, the other party shall issue a signed estoppel certificate either stating that this Agreement is in full force and effect and that there is no default or breach under this Agreement (nor any event which, with the passage of time and the giving of notice would result in a default or breach under this Agreement), or stating the nature of the default or breach or event, if any. In the event the estoppel certificate discloses such a default, breach or event, it shall also state the manner in which such default, breach and/or event may be cured. No more than a reasonable number of estoppel certificates may be requested per year.

9.05 **No Brokerage Commissions.** The Borough and the Redeveloper each represent one to the other that no real estate broker initiated, assisted, negotiated or consummated this Agreement as broker, agent or otherwise acting on behalf of either the Borough or the Redeveloper, and the Borough and the Redeveloper shall indemnify each other with respect to any claims made by any person, firm or organization claimed to have been so employed by the indemnifying party.

9.06 **No Consideration for this Agreement.** The Redeveloper warrants it has not paid or given, and will not pay or give, any third person any money or other consideration in connection with obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers, financial consultants and attorneys. The Redeveloper further warrants it has not paid or incurred any obligation to pay any officer or official of the Borough, any money or other consideration for or in connection with this Agreement.

9.07 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the permitted successors, assigns and affiliates of the parties hereto, and their heirs, executors, and administrators. This Agreement shall not be assigned except as otherwise provided herein.

9.08 **Exhibits and Schedules.** All exhibits and schedules attached hereto and/or referred to in this Agreement are incorporated herein as those set forth in full.

9.09 **Titles of Articles and Sections.** The titles of the several Articles and Sections of this Agreement are inserted for the convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

9.10 **Severability of Provisions.** If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each other term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

9.11 **Modification of this Agreement.** No modification, waiver, amendment, discharge, or any change of this Agreement shall be valid unless the same is in writing, duly authorized, and signed

by the party against which the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

9.12 **Execution of Counterpart.** This Agreement may be executed in one or more counterparts and when each party has executed and delivered at least one counterpart, this Agreement shall become binding on the parties and such counterparts shall constitute one and the same instrument.

9.13 **Drafting Ambiguities; Interpretation.** In interpreting any provision of this Agreement, no weight shall be given to, nor shall any construction or interpretation be influenced by, the fact that counsel for one of the parties drafted this Agreement, each party acknowledging that it and its counsel have had an opportunity to review this Agreement and have contributed to the final form of same.

9.14 **Waivers and Amendments in Writing.** All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Borough and the Redeveloper and all amendments hereto must be in writing and signed by the appropriate authorities of the Borough and the Redeveloper. The waiver by either party of a default or of a breach of any provision of this Agreement by the other party shall not operate or be construed to operate as a waiver of any subsequent default or breach.

9.15 **Conflict of Interest.** No member, official or employee of Borough shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to this Agreement which is prohibited by law.

9.16 **Governing Law.** This Agreement shall be governed by and construed in accordance with applicable laws of the State of New Jersey.

9.17 **Return of Escrows.** Upon any termination of this Agreement for any reason whatsoever, all escrows and other amounts deposited with the Borough under this Agreement shall be promptly returned to the Redeveloper, after payment of any costs and/or permitted damages for which Redeveloper is then liable under the terms of this Agreement.

*[The Remainder of this Page Intentionally Left Blank. Signatures Follow on Next Page]*

**IN WITNESS WHEREOF**, the Parties hereto have caused this Redevelopment Agreement to be executed, all as of the date first above written.

**Borough of Bernardsville, Municipality of the  
State of New Jersey**

By: \_\_\_\_\_.

Date: \_\_\_\_\_, 2023

\_\_\_\_\_.

**AR At Bernardsville, LLC, a New Jersey limited liability  
company**

By: \_\_\_\_\_.

Name:

Title: Authorized Representative

Date: \_\_\_\_\_, 2023

**Exhibit A**  
**Government Approvals**

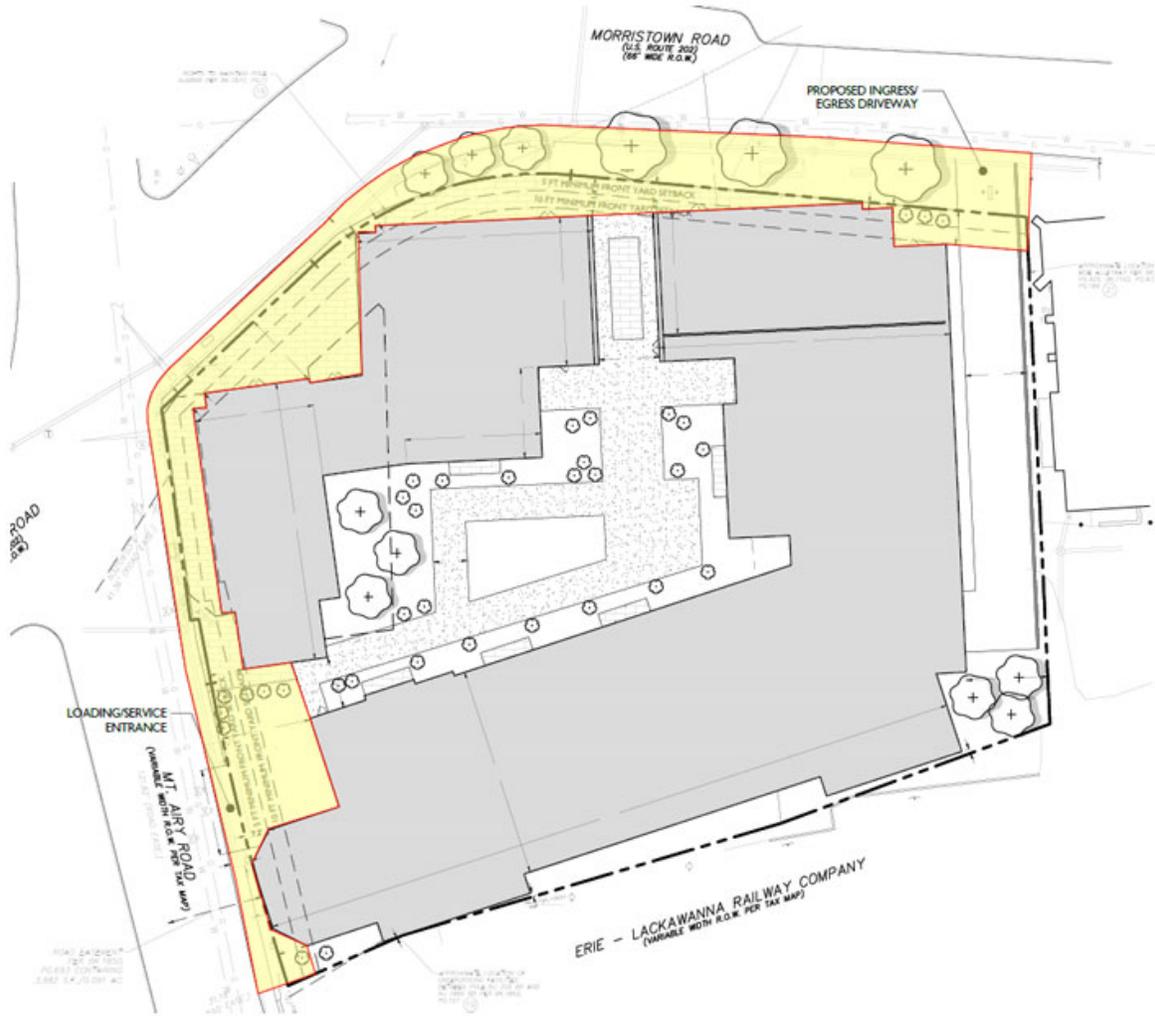
1. Preliminary and Final Site Plan Approval from the Borough of Bernardsville Planning Board
2. Site Plan Approval from the Somerset County Planning Board (as applicable)
3. Soil Erosion and Sediment Control Plan Certification from the Somerset-Union Soil Conservation District
4. Applicable approvals required from NJDEP (e.g., NJPDES General Permit, Treatment Works Approval, Water Main Permit, etc.)
5. Applicable approvals required from NJDOT (e.g., Access Permit)
6. Applicable approvals required from NJ Transit
7. Sewer Connection Permit from the Borough of Bernardsville
8. New Jersey American Water permits (e.g., connection permit)
9. Any other applicable Utility Connection Approvals
10. Demolition Permit from Borough of Bernardsville Construction Official
11. Building Permit from Borough of Bernardsville Construction Official
12. Any other reviews, consents, permits, licenses, easements, agreements or other approvals of any kind which may be required by any governmental or quasi-governmental agency or utility with jurisdiction over the property.

## **EXHIBIT B**

### **Redevelopment Project Schedule**

1. Redeveloper to submit an application for preliminary and final major site plan approval no later than four (4) months from the Effective Date.
  
2. Redeveloper to commence demolition of the Project Improvements no later than six (6) months from receipt of non-appealable Government Approvals.
  
3. Redeveloper to substantially complete the Project and Project Improvements by the later of: (i) June 30, 2027; or (ii) Thirty (30) months from commencement of vertical construction of the Project.
  
4. Borough to issue Certificate of Occupancy after completion of Project Improvements in accordance with statutory requirements.
  
5. Borough to issue Certificate of Completion and Compliance within 30 days of Redeveloper request pursuant to Section 2.08 hereof.
  
6. Redeveloper shall use commercially reasonable efforts to adhere to the above Project Schedule and shall, if necessary, request extensions to and modifications of this schedule, which requests extensions and modifications shall not be unreasonably denied.

**EXHIBIT C**  
**Frontage Map**



**CONCEPTUAL PLAN**  
**FOR ILLUSTRATIVE PURPOSES ONLY**

**EXHIBIT D**

**Form of Certification of Completion and Compliance**

Record and Return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CERTIFICATE OF COMPLETION AND COMPLIANCE**

Pursuant to [\_\_\_\_\_] of the Redevelopment Agreement by and between the Borough of Bernardsville (the "Borough") and, LLC (the "Redeveloper"), dated as of [\_\_\_\_\_] (the "Redevelopment Agreement"), the undersigned certifies, as of the date hereof, that (all undefined terms used herein shall have the same meaning ascribed to them in the Redevelopment Agreement):

(i) The Project located on that certain property known as \_\_\_\_\_ in the Borough of Bernardsville, State of New Jersey (the "Property") has been completed in its entirety as of \_\_\_\_\_ in accordance with the Redevelopment Agreement, the Redevelopment Plan and in compliance with all Governmental Approvals;

(ii) all Governmental Approvals that are required in order for the Redeveloper to complete the Project, to the extent so required, are in full force and effect;

(iii) such completion has been further evidenced by a written certificate of the Redeveloper and certificates of the Redeveloper's engineer and architect evidencing completion of the Project, which certificate is attached hereto as **Schedule A**; and

(iv) a copy of the Certificates of Occupancy for the Project Improvements issued with respect to the Project and Project Improvements are attached hereto as **Schedule B**.

The conditions determined to exist at the time the Property was determined to be an area in need of redevelopment no longer exist.

The Declaration recorded in the office of the Somerset County Clerk's Office on \_\_\_\_\_ in Deed Book \_\_\_\_\_, Page \_\_\_\_\_ is void and of no further force and effect is hereby discharged.

This certificate is given without prejudice to any rights against third parties which exist on the date hereof or which may subsequently come into being.

**IN WITNESS WHEREOF**, the undersigned has caused this Certificate of Completion and Compliance to be executed as of the \_\_ day of \_\_\_\_\_ .

**EXHIBIT E**  
**Concept Plan**