



Legislation Text

File #: 16-1952, Version: 1

Dept/ Agency: Economic and Housing Development

Action: () Ratifying (X) Authorizing () Amending

Type of Service: Issuance and sale of redevelopment area bonds

Purpose: Authorizing and providing for the issuance and sale of redevelopment area bonds (PSE&G Project, Series 2017) in the aggregate principal amount not to exceed \$25,000,000.00, for the financing of redevelopment projects within the City of Newark pursuant to the Bond Ordinance, this resolution, a Trust Indenture by and between the City and to be determined trustee (the "Trust Indenture"), the Pledge and Assignment Agreement by and between the City and a to be named trustee (the "Pledge Agreement

Additional Information:

Ordinance 6PSF-d adopted on May 18, 2016

WHEREAS, the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 et seq.) as amended and supplemented (the "Redevelopment Law") promotes the social and economic improvement of the State and its several municipalities, in part, by providing a process for the redevelopment, rehabilitation and improvement of commercial and industrial facilities; and

WHEREAS, pursuant to and in accordance with the provisions of the Redevelopment Area Bond Financing Law, constituting Chapter 310 of the Pamphlet Laws of 2001 of the State, and the acts amendatory thereof and supplemental thereto (the "Redevelopment Bond Law", as codified in N.J.S.A. 40A:12A-64 et seq.), specifically N.J.S.A. 40A:12A-66(a), the City is authorized to provide for tax abatement within a redevelopment area and for payments in lieu of taxes ("PILOTS") in accordance with certain applicable provisions of the Long Term Tax Exemption Law, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State, and the acts amendatory thereof and supplement thereto (the "Long Term Tax Law", as codified in N.J.S.A. 40A:20-1 et seq. and together with the Redevelopment Law and the Redevelopment Bond Law, the "Acts"); and

WHEREAS, pursuant to and in accordance with the provisions of the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-67(a), the City may issue, or cause to be issued, bonds for the purpose of financing all or a portion of the cost of redevelopment projects, which bonds may be secured by PILOTS; and

WHEREAS, PSE&G Urban Renewal Entity, LLC (the "Entity") is undertaking a redevelopment project located within the City, on a subdivided portion of that certain real property commonly known as 29-53 Eleventh Avenue and 13-45 Littleton Avenue, Newark, New Jersey and identified on the official tax map of the City as Block 1830, Lots 1 and 10 (the "Property"), consisting of the construction of a new 230kV/69kV/26kV/13kV utility switching station, which is essential to upgrade existing load capacity and to provide redundancy for existing infrastructure in the City, together with related site work and improvements ancillary thereto (collectively, the "Project"); and

WHEREAS, the City has granted long term tax exemption to the Entity under N.J.S.A. 40A:20-

1 et seq., as amended, (the “Tax Exemption Law”) with respect to the Project; and

WHEREAS, in accordance with the Tax Exemption Law, the City and the Entity have entered into a Financial Agreement which provides for the payment of an Annual Service Charge (as defined in the Financial Agreement) to be made by the Entity to the City (the “Annual Service Charge”) and further provides for a pledge of a portion of such Annual Service Charge to the debt service on bonds issued to fund a portion of the cost of the Project (the “Pledged Annual Service Charge”); and

WHEREAS, pursuant to Ordinance 6PSF-d , adopted by the Municipal Council on May 18, 2016 (the “Bond Ordinance”), the City has authorized the issuance of not to exceed \$25,000,000.00 aggregate principal amount of Redevelopment Area Bonds (PSE&G Project, Series 2017) (the “Bonds”), the proceeds of which are to be used for (1) the payment or reimbursement of costs of any “redevelopment project” or other undertaking in furtherance of a “redevelopment plan” in any “area in need of redevelopment” or “area in need of rehabilitation” within the City, as such terms are defined in the Redevelopment Law, (2) the making of municipal subsidies, contributions, grants or loans as authorized by the Redevelopment Law, (3) planning, evaluation, negotiation, and other preliminary expenses relating to any of the foregoing purposes (4) the payment of bonds issued for any of the foregoing purposes, (5) costs of issuance of the Bonds and (6) costs of administration and enforcement, including costs and expenses of the City incurred in collecting the Annual Service Charge; and

WHEREAS, in accordance with Bond Ordinance and the Acts, the City now desires to authorize and approve the sale and issuance of the Bonds in the aggregate principal amount not to exceed \$25,000,000.00 pursuant to the Bond Ordinance, this resolution, a Trust Indenture by and between the City, and to a to be determined trustee (the “Trust Indenture”), the Pledge and Assignment Agreement by and between the City and a to be named trustee (the “Pledge Agreement”); and

WHEREAS, in connection with the sale and issuance of the Bonds, the City also desires to approve and authorize the forms of and the entering into of the Trust Indenture and the Pledge Agreement and such other instruments, opinions, affidavits, certificates, resolutions, documents, agreements or other papers as may be deemed necessary for the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, THAT:

Section 1. The City hereby authorizes the issuance and sale of the Bonds of the City in the original principal amount not to exceed \$25,000,000.00. The proceeds of the Bonds shall be applied for (1) the payment or reimbursement of costs of any “redevelopment project” or other undertaking in furtherance of a “redevelopment plan” in any “area in need of redevelopment” or “area in need of rehabilitation” within the City, as such terms are defined in the Redevelopment Law, (2) the making of municipal subsidies, contributions, grants or loans as authorized by the Redevelopment Law, (3) planning, evaluation, negotiation, and other preliminary expenses relating to any of the foregoing purposes (4) the payment of bonds issued for any of the foregoing purposes, (5) costs of issuance of the Bonds and (6) costs of administration and enforcement, including costs and expenses of the City incurred in collecting the Annual Service Charge.

Section 2. (a) The Bonds will be dated as of their date of delivery and will mature no later

than thirty (30) years thereafter, subject to any prior mandatory sinking fund redemption and in the amounts set forth in the Trust Indenture. The Bonds shall bear interest at a rate not to exceed ten percent (10%). Interest on the Bonds shall be paid semiannually pursuant to the Trust Indenture.

Section 3. The Bonds shall be secured by, *inter alia*, the pledge and assignment of Pledged Annual Service Charge as shall be provided in the Pledge Agreement and the Trust Indenture, and the full faith and credit of the City **shall not be pledged** to the payment of the principal of and the interest on the Bonds.

Section 4. The Trust Indenture pertaining to the Bonds shall be substantially in the form attached to this Resolution as Exhibit A and made a part hereof, and the Mayor and the Clerk of the City are each hereby authorized to execute the Trust Indenture with such changes, revisions, or alterations thereto or insertions therein as may be approved by the officer executing the same after consultation with the City's Corporation Counsel and/or bond counsel, such approval to be conclusively evidenced by the execution thereof.

Section 5. The Pledge Agreement from the City to the trustee assigning the Pledged Annual Service Charges as security for Bonds shall be substantially in the form attached to this Resolution as Exhibit B and made a part hereof, and the Mayor and the Clerk of the City are each hereby authorized to execute the Pledge Agreement with such changes, revisions or alterations therefor as may be approved by the officer executing the same after consultation with the City's Corporation Counsel and/or Bond Counsel, such approval to be conclusively evidenced by the execution thereof.

Section 6. The Chief Financial Officer of the City is hereby authorized to accept, enter into, execute and deliver a Bond Purchase Agreement with a to be determined purchaser of the Bonds on such terms and conditions as provided for in this resolution and the Trust Indenture and as may be otherwise approved by the Chief Financial Officer of the City after consultation with the City's Corporation Counsel and/or Bond Counsel, such approval to be conclusively evidenced by the execution thereof.

Section 7. The distribution and, if necessary, the re-distribution, by the City of a Preliminary Official Statement, a Preliminary Limited Offering Memorandum or a Preliminary Private Placement Memorandum pertaining to the Bonds, in the form approved by the Chief Financial Officer of the City, and the use of an Official Statement, a Limited Offering Memorandum or a Private Placement Memorandum in substantially the form of the Preliminary Official Statement, the Preliminary Limited Offering Memorandum Preliminary or the Private Placement Memorandum, is hereby authorized and approved. The Chief Financial Officer of the City is hereby authorized and directed to execute and deliver to the purchaser of the Bonds the final Official Statement, Limited Offering Memorandum or Private Placement Memorandum with such changes as the City's Bond Counsel may advise and the officer executing the same may approve, such approval to be evidenced by such officer's execution thereof. The Chief Financial Officer is hereby authorized to deem final the Preliminary Official Statement, Preliminary Limited Offering Memorandum or Preliminary Private Placement Memorandum for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. The Mayor, the Deputy Mayor/Director of the Department of Economic and Housing Development, the Chief Financial Officer, the Business Administrator and the Clerk of the City are hereby designated, authorized and directed to perform or determine any other matters or

details relating to the Bonds, to do or perform or cause to be done or performed any and all acts as such officers or the City's Corporation Counsel and/or Bond Counsel may deem necessary or appropriate in order to effect the proper issuance, execution and delivery of the Bonds, and to execute, among other things, and any and all instruments, opinions, affidavits, certificates, resolutions, documents, agreements or other papers as may be deemed necessary.

Section 9. This resolution shall take effect immediately.

STATEMENT

This Resolution authorizes the issuance and sale by the City of the City's Redevelopment Area Bonds (PSE&G Project, Series 2017) in aggregate principal amount not to exceed \$25,000,000.00, approves the forms of the Trust Indenture and the Pledge and Assignment Agreement, and authorizes certain officers of the City to do or perform such acts as deemed necessary for the issuance of the Bonds.

EXHIBIT A

Form of Trust Indenture

EXHIBIT B

Form of Pledge and Assignment Agreement