



Legislation Text

File #: 17-2052, Version: 1

Dept/ Agency: Economic and Housing Development

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

Purpose: Approving Consent of New Members

Project Information:

RESOLUTION OF THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK CONSENTING TO CERTAIN TRANSFERS OF OWNERSHIP IN 540 BROAD STREET OWNERS, LLC.

Additional Information:

Ordinance 6PSF-a(S) May 23, 2017

WHEREAS, 540 Broad Street Owners, LLC (the “**Entity**”) previously applied for a tax exemption, pursuant to the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended and supplemented, *N.J.S.A. 55:14K-1 et seq.* (the “**HMFA Law**”) for a Project to renovate and rehabilitate an existing, underutilized office building into approximately: (i) 208 market rate residential apartment units (the “**Market Rate Housing Units**”) and 52 low income apartment units rented to persons earning less than fifty percent (50%) of the area median income (the “**Affordable Housing Units**”); and (ii) 60,000 gross square feet of office/non-residential space and 17,000 square feet of retail space (the “**Commercial Units**”), and all related improvements, located on real property commonly known as 540 Broad Street, Newark, New Jersey and identified on the City’s tax map as Block 24, Lot 29 (collectively, the “**Project**”); and

WHEREAS, on May 23, 2017, the Municipal Council adopted Ordinance 6PSF-a(S) approving a tax exemption for the Project and authorizing that certain “Financial Agreement” (the “**Agreement**”) memorializing the terms and conditions applicable to the tax exemption; and

WHEREAS, the Entity has recently closed on its construction financing and material progress towards the Project is underway, whereby the current plans anticipate approximately 265 residential units in the aggregate, with approximately 20% thereof comprising Affordable Housing Units; and

WHEREAS, the Entity is seeking to transfer a portion of its membership interest to those additional entities listed on Exhibit A attached hereto; and

WHEREAS, the Agreement requires that prior to the completion of the Project, the City must consent to the Entity’s transfer of its membership interests.

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

1. The City hereby consents to the Entity’s transfer of a portion of its membership interest to those additional entities listed on Exhibit A attached hereto.

2. The ownership of the Entity, as set forth in Exhibit A hereto, is hereby approved.
3. The City hereby further consents to any of the following future transfers:
 - (i) transfers of equity ownership interests between or among existing members of the Entity or those entities as set forth in Exhibit A hereof;
 - (ii) transfers of equity ownership interests that are not considered a material or substantial change (i.e., less than 10%); and/or
 - (iii) transfers of equity ownership interests to an affiliate of the Entity or L&M Development Partners Inc. ("L&M") or an entity primarily comprised of employees of L&M or an affiliate thereof, provided that (i) L&M, (ii) an affiliate thereof controlled by L&M, and/or (iii) Ronald Moelis remain the managing member of such transferee or is the manager of the transferee.
4. All conditions and requirements set forth in the Financial Agreement remain in effect to all current and future members.
5. This resolution shall take effect immediately.

STATEMENT

This resolution provides the City's consent for 540 Broad Street Owners, LLC to add new members, and also provides the City's consent to the Entity's transfer of its equity ownership interests.