



## Legislation Text

---

File #: 15-1016, Version: 1

---

**Dept/ Agency:** Economic & Housing Development

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

**Type of Service:** Private Sale/Redevelopment

**Purpose:** Subordination agreement the City's reverter rights to permit financing necessary to significantly rehabilitate.

**Entity Name:** Bank of America, N.A.

**Entity Address:** 208 Harrison Road, Glen Rock, NJ 07106

**Amount:** \$9,657,576.00

**Contract Period:** January 1, 2015 through December 31, 2015

**List of Property:**

**(Address/Block/Lot/Ward)**

737-749 Broadway and 57 Grafton Avenue, Newark, NJ/ Block 772/ Lots 1, 6 and 56/ North Ward.

**Additional Information:**

Resolution authorizing the Mayor and/or Deputy Mayor/Director of the Department of Economic and Housing Development to subordinate the City's reverter rights to permit financing necessary to significantly rehabilitate the property located 737-749 Broadway and 57 Grafton Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 772, Lots 1, 6 and 56, located in the North Ward, for use as a non-profit federally qualified health care center.

**WHEREAS**, pursuant to Ordinance 6PSF-F adopted on June 2, 2010 the Mayor and the Deputy Mayor/Director of the Department of Economic and Housing Development were authorized to enter into and execute an agreement for the sale of the City owned property located at 737-749 Broadway and 57 Grafton Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 772, Lots 1, 6 and 56 (the "Property") to Newark Community Health Center ("NCHC") for use as a federally qualified health care center was authorized; and

**WHEREAS**, such sale was authorized pursuant to N.J.S.A. 40A:12-21(c) which requires that such conveyance be subject to the condition that the NCHC use the Property as a non-profit hospital and should the NCHC cease such use, that title to the Property revert back to the City (the "Reverter Right"); and

**WHEREAS**, an additional condition of such sale was that NCHC construct a 15,683 square foot addition to the facility located on the Property at a cost of approximately \$9,657,576.00 (the "Project"); and

**WHEREAS**, NCHC borrowed monies from The Reinvestment Fund, Inc. in the amount of \$5,227,000.00 to assist with funding the costs of completing the Project; and

**WHEREAS**, NCHC acquired the property from the City by deed dated September 24, 2012 and began construction of significant improvements to the Property; and

**WHEREAS**, Bank of America, N.A., 208 Harrison Road, Glen Rock, New Jersey 07106 (the “Lender”) is making a loan (the “Loan”) to NCHC in the principal amount of \$5,227,000.00 to assist NCHC in refinancing monies initially borrowed from The Reinvestment Fund, Inc. to develop the Project, which Loan will be evidenced by a Promissory Note in the principal amount of \$5,227,000.00 from NCHC to the Lender, and will be secured by a mortgage on the Property; and

**WHEREAS**, as a condition of the above Loan, Bank of America, N.A. has requested that the City subordinate the Reverter Right to the lien of a mortgage to be granted by NCHC to the Lender; and

**WHEREAS**, pursuant to N.J.S.A. 40:60-51.2, “Any municipality is authorized and empowered, by resolution of the governing body thereof, to waive, release, modify or subordinate any terms, covenants, conditions, limitations or reverters imposed in sales and conveyances of lands as to the erection, alteration or demolition of buildings or any other use to be made of land heretofore imposed by said municipality to accomplish the purposes for which such lands were sold and conveyed either at public or private sale made prior to January 1, 1990, but only after public hearing held before such governing body, of the holding of which notice describing the lands in question, and the terms, covenants, conditions, limitations or reverters to be waived, released, modified or subordinated, and, if to be modified or subordinated, describing the manner in which the same shall be modified or subordinated, shall first have been given by advertisement published once each week for two weeks in a newspaper published in said municipality or, if no newspaper be published therein, then in a newspaper circulating in such municipality, provided, however, that the power herein granted shall not be exercised to impair any vested or contractual rights of third parties”; and

**WHEREAS**, the Mayor and/or his designee the Deputy Mayor/Director of the Department of Economic and Housing Development believes the Project is in the best interests of the City and recommend a modification to the Right of Reverter contained in the agreement for the sale of the Property, so as to accomplish the Project.

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

1. The Mayor and/or his designee the Deputy Mayor/Director of the Department of Economic and Housing Development are hereby authorized to enter into a subordination agreement with the Bank of America, N.A., having its address at 208 Harrison Road, Glen Rock, New Jersey 07106, and Newark Community Health Centers, Inc. having an address at 741 Broadway, Newark, New Jersey 07104 in form attached hereto related to the property located 737-749 Broadway and 57 Grafton Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 772, Lots 1, 6 and 56 (the “Property”), which are located in the North Ward to permit the construction of significant improvements to the property and expanding the healthcare services provided as a non-profit hospital to the residents of the City of Newark.
2. Notice in accordance with N.J.S.A. 40:60-51.1 of the subordination of the City’s reverter rights to the Property has been duly given by the publication of this resolution as required by law and holding a public hearing on said resolution at the Regular scheduled Municipal Council Meeting on Wednesday, June 17, 2015, 6:30 PM, in the Council Chamber located at City Hall, 920 Broad Street, Newark, New Jersey.

3. The Deputy Mayor/Director of the Department of Economic and Housing Development shall place a filed copy of the fully executed subordination agreement with the Office of City Clerk.

STATEMENT

Adoption of this resolution shall, in accordance with N.J.S.A. 40:60-51.1, authorize the Mayor and/or Deputy Mayor/Director of the Department of Economic and Housing Development, to subordinate the City's reverter rights to permit financing necessary to significantly rehabilitate the property located 737-749 Broadway and 57 Grafton Avenue, Newark, New Jersey, as shown on the official tax map of the City as Block 772, Lots 1, 6 and 56, located in the North Ward, for use as a non-profit federally qualified health care center.