



## Legislation Text

File #: 15-2010, Version: 1

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

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

**Type of Service:** Grant Agreement

**Purpose:** To grant financial assistance for the substantial renovation of an existing structure into a 100-room hotel together with a 64-seat restaurant/lounge and a 370-square foot multi-purpose "Library" space, located at as 22-34 East Park Street and Identified on the Official Tax Map of the City as Block 125, Lot 96 (Lots 84, 86, 87, 88, 91, 92, 93, 94, and 108 have been merged).

**Entity Name:** East Park Street Hospitality Urban Renewal, Inc.

**Entity Address:** 24 East Park Street, Newark, New Jersey 07102

**Grant Amount:** \$1,400,000.00

**Funding Source:** Motor Vehicle Tax Revenue Bonds, Series 2015

**Total Project Cost:** \$15,062,210.00

**City Contribution:** \$1,400,000.00

**Other Funding Source/Amount:** Not provided

**Contract Period:** Not provided

**Contract Basis:** ( ) Bid ( ) State Vendor ( ) Prof. Ser. ( ) EUS

( ) Fair & Open ( ) No Reportable Contributions ( ) RFP ( ) RFQ

( ) Private Sale (X) Grant ( ) Sub-recipient ( ) n/a

**List of Property:** (if applicable)

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

22-34 East Park Street/Block 125, Lot 96 (Lots 84, 86, 87, 88, 91, 92, 93, 94, and 108 merged into Lot 96)/Central Ward.

**Additional Information:**

The City is providing a grant for an amount not to exceed \$1,400,000.00 to East Park Street Hospitality Urban Renewal, Inc. to construct a mixed use project upon property located at 22-34 East Park Street. The project entails a substantial renovation of the existing structure into a 100-room hotel together with a 64-seat restaurant/lounge and a 370-square foot multi-purpose space.

**WHEREAS**, East Park Street Hospitality Urban Renewal, Inc. (the "Redeveloper"), requests financial assistance to construct a mixed used project upon property located at 22-34 East Park Street and Identified on the Official Tax Map of the City as Block 125, Lot 96 (Lots 84, 86, 87, 88, 91, 92, 93, 94 and 108 merged into Lot 96) (the "Property"), consisting of substantial renovation of an existing structure into a 100-room hotel together with a 64-seat restaurant/lounge and a 370-square foot multi-purpose "Library" space (collectively, the "Project"); and

**WHEREAS**, the Project is located within an area in need of redevelopment as defined under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LRHL"), and is governed by the Second Amendment to the Living Downtown Plan, as amended; and

**WHEREAS**, the Project currently has a significant funding gap that must be bridged in order to make the Project financially feasible; and

**WHEREAS**, N.J.S.A. 40A:12A-8(f) of the LRHL authorizes municipalities to provide grants to redevelopers to provide financial assistance for the performance of redevelopment activities in order to implement redevelopment projects in accordance with redevelopment plans; and

**WHEREAS**, the Project qualifies for financial assistance under the LRHL since it is located within a redevelopment area and is being performed in order to implement an approved redevelopment plan; and

**WHEREAS**, Sections 19 through 27 of Chapter 90, P.L. 2009, the New Jersey Economic Stimulus Act of 2009 (N.J.S.A. 40:48H-1 et seq.) (the "Municipal Motor Vehicle Rental Tax Law") authorizes qualifying municipalities to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones of the municipality and to utilize the tax revenues collected hereunder (hereinafter, the "Motor Vehicle Rental Tax Revenues") for specified eligible purposes; and

**WHEREAS**, the City of Newark is one of the municipalities which qualifies under the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-6, to impose, by ordinance, a tax upon motor vehicle rental transactions occurring within designated industrial zones; and

**WHEREAS**, as authorized by the Municipal Motor Vehicle Rental Tax Law, the Municipal Council of the City of Newark adopted Ordinance 6 PSF-I 050110 (the "Motor Vehicle Rental Tax Ordinance") imposing a tax upon motor vehicle rental transactions occurring within the Second and Third Industrial Districts of the City; and

**WHEREAS**, the validity of the Motor Vehicle Rental Tax Ordinance has been upheld by the Law Division and by the Appellate Division and no court has stayed the City's collection or use of the Motor Vehicle Rental Tax Revenues collected pursuant to the Motor Vehicle Rental Tax Ordinance; and

**WHEREAS**, both the Municipal Motor Vehicle Rental Tax Law and the Motor Vehicle Rental Tax Ordinance authorize the use of Motor Vehicle Rental Tax Revenues for specified eligible purposes, including but not limited to 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 municipality; and

**WHEREAS**, the provision of financial assistance to the Redeveloper for the Project is an eligible purpose for Motor Vehicle Rental Tax Revenues since the Project involves the redevelopment of property located within a redevelopment area in order to implement the Second Amendment to the Living Downtown Plan, as amended; and

**WHEREAS**, pursuant to Ordinance 6PSF-A, adopted by the Municipal Council on February 4, 2015 (the "Bond Ordinance"), the City authorized the issuance of not to exceed \$16,000,000.00 aggregate principal amount of Motor Vehicle Tax Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), the proceeds of which are to be used to fund: (i) the making of capital grants by the City in an aggregate amount not to exceed \$13,400,000.00 in support of redevelopment projects listed on Exhibit A to the Bond Ordinance (the "Designated Projects"), in each case up to the maximum grant amount indicated therein for such Designated Project, (ii) the establishment of reserves to secure payment of debt service on the Series 2015 Bonds and (iii) the payment of costs of issuance of the Series 2015 Bonds; and

**WHEREAS**, the Project is a Designated Project and the City wishes to fund a capital grant to the Redeveloper in an amount not to exceed One Million Four Hundred Thousand Dollars and Zero Cents (\$1,400,000.00) (the "Grant") from the proceeds of the Series 2015 Bonds deposited in the Project Fund in accordance with that certain Trust Indenture, dated as of March 1, 2015, by and between the City, as Issuer, and U.S. Bank National Association, as Trustee (the "Indenture").

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

1. The Municipal Council of the City of Newark hereby authorizes the use and payment of up to One Million Four Hundred Thousand Dollars and Zero Cents (\$1,400,000.00) to the Redeveloper from monies on deposit in the Project Fund (as defined in the Indenture) for the purpose of funding a grant to the Redeveloper for use in connection with the development and construction of the Project.

2. The Mayor of the City of Newark and/or his designee, the Deputy Mayor/Director of the Department of Economic and Housing Development, are each hereby authorized to enter into and execute, on the City's behalf, a Grant Agreement in the form attached hereto, with the Redeveloper providing that the City will provide a grant in an amount not to exceed One Million Four Hundred Thousand Dollars and Zero Cents (\$1,400,000.00) to the Redeveloper for the Project, subject to the terms and conditions of the Grant Agreement.

3. The Mayor of the City of Newark and/or his designee, or the Deputy Mayor/Director of the Department of Economic and Housing Development, are each hereby authorized to execute and deliver a written requisition or instruction to the Trustee under the Indenture: (i) requesting payment of One Million Four Hundred Thousand Dollars from

moneys on deposit in the Project Fund to the Redeveloper for the Project which is a Designated Project as set forth in the Indenture, and (ii) certifying that all conditions precedent to the payment have been satisfied.

4. Upon delivery of written requisition or instruction signed by the Chief Financial Officer of the City for the purposes enumerated in paragraphs 1 and 2 above, the Deputy Mayor/Director of the Department of Economic and Housing Development shall file such written requisition or signed instruction with the Office of the City Clerk.

5. Upon full execution of the Grant Agreement referenced within paragraph 2 above, the Deputy Mayor/Director of the Department of Economic and Housing Development shall file the executed Grant Agreement with the Office of the City Clerk.

6. Attached hereto is a certification from the Municipal Comptroller of the City of Newark which states:

(a) there are sufficient funds in the amount of One Million Four Hundred Thousand Dollars (\$1,400,000.00) for the purpose set forth herein and above; and

(b) that the line appropriation of official budget which shall be charged as follows:

Department	Division/Proj.	Activity	Account	Budget Ref.
NW026			38740	B2015

#### **STATEMENT**

This Resolution authorizes the Mayor and/or his designee, or the Deputy Mayor/Director of Economic and Housing Development to enter into and execute a Grant Agreement with East Park Street Hospitality Urban Renewal, Inc., 24 East Park Street, Newark, New Jersey 07112, in an amount not to exceed One Million Four Hundred Thousand Dollars (\$1,400,000.00) funded by the proceeds of the Series 2015 Bonds on deposit in the Project Fund under the Indenture to provide a grant to financially assist in the substantial renovation of an existing structure into a 100-room hotel together with a 64-seat restaurant/lounge and a 370-square foot multi-purpose "Library" space located at 22-34 East Park Street and Identified on the Official Tax Map of the City as Block 125, Lot 96 (Lots 84, 86, 87, 88, 91, 92, 93, 94, and 108 merged into Lot 96). Central Ward