



Legislation Text

File #: 13-0134, Version: 1

Dept/ Agency: Finance

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

Purpose: Application to Local Finance Board for approval of proposed issuance of Redevelopment Area Bonds

Name of Project(s): Rector Street Redevelopment Project

Amount to be Financed: \$5,000,000.00

Funding Source: Redevelopment Area Bonds -New Jersey Economic Development Authority

Local Finance Board meeting date(s):

Project Information:

(Description/ Project No./ Amount Appropriated/Ordinance No.)

Project involves the substantial rehabilitation of an existing 12-story structure (the former Science High Building) located at 36-54 Rector Street, Newark, New Jersey, into a multi-story high rise residential tower containing approximately 169 rental units with ground floor retail space. (Block 17, Lot 26, Central Ward)

Additional Information:

Entity Name and Address: 36-54 Rector Urban Renewal, LLC, 120 Albany Street, New Brunswick, New Jersey 08901

WHEREAS, the City of Newark, in the County of Essex, New Jersey (the "City") desires to enter into a Financial Agreement (the "Financial Agreement") with 36-54 Rector Urban Renewal, LLC, 120 Albany Street, New Brunswick, New Jersey 08901 (the "Owner URE") under the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the "Tax Exemption Law"), and the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq. (the "Redevelopment Bond Law"), in support of a redevelopment project to be undertaken by the Owner URE on property identified as Block 17, Lot 26 on the Official Tax Map of the City of Newark, commonly known as 36-54 Rector Street (the "Property") consisting generally of the substantial renovation of an existing 12-story structure into a twenty-three (23) story high rise residential tower containing approximately 169 rental apartments with approximately 7,640 square feet of ground floor retail space, residential lobby and amenity space, and one hundred and seventeen (117) parking spaces for the tenants (the "Project"), within a designated "area in need of redevelopment" located within the City; and

WHEREAS, the Owner URE has previously filed with the City its application for a long-term tax abatement as provided in the proposed Financial Agreement (the "Tax Abatement Application"); and

WHEREAS, the Owner URE has indicated that it intends to finance a portion of the costs of the Project through the issuance by the New Jersey Economic Development Authority (the "NJEDA") of bonds (the "RAB Bonds") pursuant to the Redevelopment Bond Law, the debt service for the repayment of which RAB Bonds will be derived from an assignment by the City to the trustee of the RAB Bonds of amounts payable by the Owner URE in respect of the "Pledged Annual Service

Charge”, as such term is defined in the Financial Agreement; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-67(g), a financial instrument, whether issued by a municipality or an authority (such as the RAB Bonds), that is secured in whole or in part by payments in lieu of taxes as provided in the Redevelopment Bond Law, shall be subject to the review and approval of the Local Finance Board; and

WHEREAS, to obtain such approval, the City is willing to make application to the Local Finance Board for approval of the application of the proposed Financial Agreement for the proposed RAB Bonds (the “LFB Application”), a copy of which is on file with the Municipal Clerk; and

WHEREAS, the NJEDA has determined that pursuant to N.J.A.C. 19:31-1.5, the City must, jointly with the Owner URE, make application to the NJEDA for the issuance of the RAB Bonds in support of the Project, and the City is willing to make such application to the NJEDA (the “NJEDA Application”), a copy of which is on file with the Municipal Clerk; and

WHEREAS, as a condition to the City’s willingness to file the LFB Application and to join in filing the NJEDA Application, the City has required that the Owner URE (i) represent to the City as to the accuracy of certain factual matters contained in the LFB Application and the NJEDA Application (collectively, the “Applications”) and indemnify the City against any inaccuracies therein and (ii) pay any and all fees and expenses which may be charged by the Local Finance Board and/or the NJEDA in connection with the review, analysis and determination with respect to the Applications; and

WHEREAS, the undertakings by the Owner URE with respect to the Applications are more fully set forth in an agreement between the City and the Owner URE (the “Application Agreement”), a copy of which is attached hereto; and

WHEREAS, the Financial Agreement will be approved by the City pursuant to an ordinance adopted under the Tax Exemption Law and the Redevelopment Bond Law (the “Ordinance”), which Ordinance was introduced by the Municipal Council of the City on _____, _____, _____; and
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WHEREAS, on the basis of the representations made by the Owner URE in the Tax Abatement Application, the Municipal Council of the City believes that:

- (a) it is in the public interest to accomplish such purposes;
- (b) said purposes or improvements are for the health, welfare, convenience or betterment of the inhabitants of the City;
- (c) the amounts to be expended for said purpose or improvements are not unreasonable or exorbitant; and
- (d) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants of the City and will not create an undue financial burden to be placed upon the City.

NOW, THEREFORE, BE IT RESOLVED BY THE MUNICIPAL COUNCIL OF THE CITY OF

NEWARK, NEW JERSEY, THAT:

Section 1. The Application for 36-54 Rector Urban Renewal, LLC, 120 Albany Street, New Brunswick, New Jersey 08901 for \$ 5,000,000.00 RAB financing in connection with the Project are hereby approved, and the City's Business Administrator, Deputy Mayor/Director of Economic and Housing Development, Director of Finance, Chief Financial Officer, Bond/Redevelopment Counsel, Financial Advisor and Auditor, along with other representatives of the City, are hereby authorized to prepare such Applications, to file such Application with the Local Finance Board and the NJEDA, respectively, and to represent the City in matters pertaining thereto.

Section 2. The Application Agreement is hereby approved. The Mayor and/or his designee, the Director of Finance, are hereby authorized to execute the Application Agreement in the form attached hereto, and the City Clerk or Deputy City Clerk is hereby authorized to affix the official seal of the City and to attest thereto. A copy of the executed Application Agreement shall be placed on file in the Office of the City Clerk by the Director of Finance.

Section 3. The City Clerk is hereby directed to prepare and file a copy of this Resolution and the proposed Ordinance and Financial Agreement with the Local Finance Board and the NJEDA as part of such Applications.

Section 4. The Local Finance Board and the NJEDA are each hereby respectfully requested to consider such application and to record their respective findings, recommendations and/or approvals as provided by the applicable New Jersey Statute.

Section 5. This Resolution shall take effect immediately.

STATEMENT

Resolution authorizing the approval of applications to the Local Finance Board and the New Jersey Economic Development Authority (the "NJEDA") in connection with the proposed issuance by the NJEDA of certain "Redevelopment Area Bonds", in the amount of \$5,000,000.00 which are to be secured by the "Pledged Annual Service Charge" payable to the City under a Financial Agreement to be entered into with 36-54 Rector Urban Renewal, LLC, 120 Albany Street, New Brunswick, New Jersey 08901 in connection with a redevelopment Project to be constructed on the Property located at 36-54 Rector Street, Block 17, Lot 26 within the Central Ward of the City and also authorizes the entry of an agreement by which the Owner URE agrees to be responsible for any and all fees and expenses which may be charged by the Local Finance Board or the NJEDA, as applicable, in connection therewith.

The foregoing is a true copy of a resolution adopted by the Municipal Council of the City of Newark on _____, _____, _____.

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Robert P. Marasco, City Clerk