



Legislation Text

File #: 14-2142, Version: 1

Dept/ Agency: Economic & Housing Development

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

Type of Service: Resolution Endorsing

Purpose: RESOLUTION OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY APPROVING THE SUBMISSION OF AN APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 40:48H-6 AND N.J.S.A. 40A:12A-29 AND THE TERMS OF PREVIOUS APPROVALS BY SAID BOARD, RELATING TO THE PROPOSED ISSUANCE OF UP TO \$16,000,000 IN MOTOR VEHICLE RENTAL TAX REVENUE BONDS OF THE CITY

Additional Information:

Bond proceeds will be appropriated to fund capital grants in an aggregate amount not to exceed \$13,400,000. in support of certain eligible projects.

WHEREAS, the New Jersey Economic Stimulus Act of 2009, specifically N.J.S.A. 40A: 48H-1, et seq. (the “Municipal Motor Vehicle Rental Tax Law”) authorized certain municipalities to impose a tax on the rental of motor vehicles within designated industrial zones within such municipality (the “Rental Tax”) and to use the proceeds thereof for certain eligible purposes related to redevelopment purposes, as defined in the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-2.b (the “Eligible Projects”); and

WHEREAS, pursuant to Ordinance 6PSF-i, adopted by the Municipal Council on May 5, 2010 (the “Tax Ordinance”), the City of Newark (the “City”) has heretofore authorized the imposition of a tax on certain motor vehicle rental transactions that occur within certain designated industrial zones of the City (the “Rental Tax”); and

WHEREAS, pursuant to and in accordance with the provisions of the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-6, the City is authorized to issue, or cause to be issued, bonds for the purpose of financing Eligible Projects (as defined therein), which bonds may be payable from and secured by Rental Tax proceeds; and

WHEREAS, the City intends to issue its Motor Vehicle Rental Tax Revenue Bonds (collectively, the “Bonds”), in one or more series, under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the “Redevelopment Law”) and sell the Bonds to one or more purchasers to be designated by a resolution of the Municipal Council of the City; and

WHEREAS, the City has determined to issue an initial series of Bonds in a principal amount not to exceed \$16,000,000, and has identified certain Eligible Projects to be funded with the proceeds of City grants in an aggregate amount not to exceed \$13,400,000 derived from the proceeds such initial series of Bonds (the “Designated Projects”); and

WHEREAS, pursuant to the provisions of the Municipal Motor Vehicle Rental Tax Law,

specifically N.J.S.A. 40:48H-6, the issuance of the Bonds is subject to the approval of the Local Finance Board; and

WHEREAS, the Municipal Council of the City intends to adopt, *inter alia*, (i) an ordinance (the “Ordinance”) providing for the issuance of the Bonds, providing for the pledge and assignment of all or a portion of the Rental Tax proceeds to the trustee for the Bonds pursuant to a Pledge and Assignment Agreement, specifying the Designated Projects to be funded from the proceeds thereof and appropriating same for such purpose, and amending certain provisions of the Tax Ordinance, (ii) a bond resolution approving the terms of the Bonds and the forms of various documents, including, *inter alia*, a Trust Indenture, Bond Purchase Agreement and a Continuing Disclosure Agreement, and (iii) one or more resolutions approving the terms of the capital grants to be made by the City in support of the Designated Projects to be funded from the proceeds of the Bonds (to the extent not heretofore approved), and approving the form(s) of Grant Agreements relating thereto; and

WHEREAS, pursuant to prior approvals by the Local Finance Board under the terms of the Municipal Qualified Bond Act, N.J.S.A. 40A:3-1 et seq. (the “MQBA”), and the School Qualified Bond Act, N.J.S.A. 18A:24-85 et seq. (the “SQBA”), the approval of the Local Finance Board must be obtained prior to the City undertaking any capital projects; and

WHEREAS, by the terms of a Memorandum of Understanding (the “MOU”) with the New Jersey Department of Community Affairs, Division of Local Government Services (the “Division”), the approval of the Director of the Division (the “Director”) is also required prior to the authorization of any bonds of the City; and

WHEREAS, by virtue of the State’s fiscal supervision over the City under N.J.S.A. 52:27BB-54 et seq. (the “Local Government Supervision Act”), specifically N.J.S.A. 52:27BB-57 and N.J.S.A. 52:27BB-58, the approval of the Director is also required prior to the authorization or issuance of any bonds of the City, or any expenditures and appropriations of the City; and

WHEREAS, the City desires to make application to the Local Finance Board for (i) its approval of the issuance of the Bonds pursuant to N.J.S.A. 40:48H-6, (ii) its approval of the private sale of the Bonds to such purchaser(s) as may be designated by Municipal Council pursuant to N.J.S.A. 40A:12A-29a, (iii) its approval of the adoption of the Ordinance, as required by the terms of previous Local Finance Board approvals under the MQBA and the SQBA, and (iv) such other approvals and/or findings as may be required in connection therewith; and

WHEREAS, the Bonds will not be secured by the full faith and credit of the City, nor by the provisions of the MQBA, but rather will be payable from and secured by the Rental Tax proceeds; and

WHEREAS, the City recognizes that the approval of the Director is also required pursuant to the MOU and the Supervision Act, which approval shall be obtained prior to the effectiveness of the Ordinance; and

WHEREAS, the Municipal Council of the City believes that:

- (a) it is in the public interest to accomplish such purposes;

- (b) said purpose or improvements are for the health, welfare, convenience or betterment of the inhabitants of the City;
- (c) the amounts to be expended for such 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, IN THE COUNTY OF ESSEX, NEW JERSEY AS FOLLOWS:

Section 1. The application to the Local Finance Board is hereby authorized and approved, and the City's Assistant Business Administrator, Acting Director of Finance, Director of Economic and Housing Development, bond counsel, financial advisor and auditor, along with other representatives of the City, are hereby authorized to prepare such application, to file such application with the Local Finance Board in connection with the above transaction and to represent the City in matters pertaining thereto.

Section 2. The City Clerk is hereby directed to prepare and file a copy of the proposed Ordinance with the Local Finance Board as part of such application.

Section 3. The Local Finance Board is hereby respectfully requested to consider such application and to record its findings, recommendations and/or approvals as provided by the applicable New Jersey Statute, including causing its consent to be endorsed upon certified copies of the Ordinance (as applicable).

Section 4. This Resolution shall take effect immediately.

STATEMENT

This resolution approves the submission of an application to the Local Finance Board relating to the proposed issuance of up to \$16,000,000 in Motor Vehicle Rental Tax Revenue Bonds of the City, the proceeds of which will be used to make capital grants in an aggregate amount not to exceed \$13,400,000 in support of designated redevelopment projects in the City. The Bonds will not be secured by the full faith and credit of the City, but rather will be payable from and secured by the proceeds of the City's tax on the rental of motor vehicles within designated industrial zones within the City.