



## Legislation Text

File #: 13-2039, Version: 1

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

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

**Type of Service:** Resolution Endorsing RAB Bond application for Two Center Street Urban Renewal, L.L.C. project at 34-40 Park Place, Newark, New Jersey 07102.

**Purpose:** Two Center Street Urban Renewal, L.L.C. application to the Local Finance Board and the New Jersey Economic Development Authority

**Additional Information:**

34-40 Park Place/ Block 125/ Lot 26/ Central Ward

**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 Two Center Street Urban Renewal, LLC (“Two Center Street 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 Two Center Street URE consisting generally of the acquisition of a ground lease interest in certain land and the construction of a twenty-two (22) story mixed-use rental residential and retail project, which will include approximately 10,000 square feet of common area, approximately 14,918 square feet of retail space, and approximately 244 residential units consisting of studio, 1-bedroom, 2-bedroom and 3-bedroom units (twenty-four (24) of these residential units to be reserved for use and occupancy by households earning 50% or less of the area median gross household income), together with approximately 543 parking spaces (which will be located in a structure above the retail space), and also including green building features, landscaping and other site amenities (the “Project”), within a designated “area in need of redevelopment” located within the City; and

**WHEREAS**, Two Center Street 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**, Two Center Street 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 up to \$1,500,000.00 in 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 Two Center Street 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 to the proposed RAB Bonds (the "LFB Application"), a copy of which is on file with the Municipal City Clerk; and

**WHEREAS**, the NJEDA has determined that pursuant to *N.J.A.C. 19:31-1.5*, the City must, jointly with Two Center Street 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 City 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 Two Center Street 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 Two Center Street URE with respect to the Applications are more fully set forth in an Agreement between the City and Two Center Street 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 December 19, 2012, but which has not yet been adopted; and

**WHEREAS**, on the basis of the representations made by Two Center Street 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, IN THE COUNTY OF ESSEX, NEW JERSEY, THAT:**

Section 1. The Applications to Local Finance Board and the NJEDA for RAB Bonds up to \$1,500,000.00 for the Two Center Street Urban Renewal, LLC redevelopment project at 34-40 Park Place, Block 125, Lot 26, are hereby approved, and the City's Business Administrator, Deputy Mayor/Director of the Department 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 Applications 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 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**

This resolution hereby authorizes the Mayor and/or his designees, Business Administrator, Deputy Mayor/Director of the Department 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 approves the 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 up to \$1,500,000.00 in "Redevelopment Area Bonds," which are to be secured by the "Pledged Annual Service Charge" payable to the City under a Financial Agreement to be entered into with Two Center Street Urban Renewal, L.L.C. ("Two Center Street URE") in connection with a redevelopment project to be constructed within the City. This resolution also approves an Agreement by which Two Center Street 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. (East Ward)