



Legislation Text

File #: 14-1040, Version: 3

Dept/ Agency: Economic & Housing Development

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

Type of Service: Waiving 20 day period for an ordinance to take effect

Purpose: Declaring an emergency and providing for the immediate effectiveness of an ordinance approving the execution of a First Amendment to Financial Agreement with Newark Teachers Village Urban Renewal, L.L.C. and RBH-TRB Broad Mezz Urban Renewal Entity, LLC, which amends a Financial Agreement dated February 3, 2012 between the City of Newark and Newark Teachers Village Urban Renewal, L.L.C.

Ordinance No(s): Ordinance 6PSFa (s)

Additional Information:

Two-Thirds vote of full membership required

Failed 7R3-a (s) 072114

Tabled 7R3-a 080614 Council of the Whole

WHEREAS, on July 21, 2014, following a public hearing as required by law, the Municipal Council finally adopted Ordinance 6PSFa (s) (the "Ordinance"), authorizing the execution of a First Amendment to Financial Agreement (the "First Amendment") with Newark Teachers Village Urban Renewal, L.L.C. (the "Initial URE") and its partial assignee and affiliate, RBH-TRB 905/909 Broad Mezz Urban Renewal Entity, LLC (the "Workforce B Successor URE"), amending certain provisions of the Financial Agreement dated February 2, 2013 (the "Financial Agreement") between the City and the Initial URE; and

WHEREAS, the Financial Agreement provides for a tax exemption and payment in lieu of taxes in respect of certain parcels of real property in the City, in furtherance of the development of a mixed-use residential, retail and charter school project known generally as the "Teachers Village" redevelopment project (the "Project"); and

WHEREAS, the purpose of the First Amendment is generally to divide the "Workforce B Component" of the Project into two separate condominium units, and also to add two parcels of land to the tax abatement; and

WHEREAS, the Initial URE and its affiliates have undertaken the Project in stages, with the "Charter School Component" having been substantially completed and the "Workforce A Component" having been financed and construction thereof having been commenced; and

WHEREAS, the Municipal Council is also expected to consider at this meeting, or shortly thereafter, resolutions (collectively, the "Resolutions") (i) authorizing certain amendments to a Redevelopment Agreement relating to the Workforce B Component and (ii) authorizing certain revised terms of a City loan for a portion of the costs of the Workforce B Component and approving the loan agreements, notes and mortgage relating thereto (collectively, the "Façade Loan

Documents”); and

WHEREAS, the Initial URE has represented that the Workforce B Successor URE has obtained commitments for financing the costs of undertaking the Workforce B Component, and that the lender(s) under such commitments (the “Lenders”) have been prepared to close on such financing(s) as soon as certain actions of the City, specifically adoption of the Ordinance and the above-referenced resolutions, have occurred; and

WHEREAS, the Initial URE has represented to the City that the Lenders have, on multiple occasions, indicated to the Workforce B Successor URE that the loans must close as soon as possible, and that failure to close on a timely basis could result in a cancellation of said loan commitments; and

WHEREAS, the Initial URE has represented to the City that it believes the delays in obtaining final City approval of the Ordinance and the Resolutions have placed at risk the continued development of the Workforce B Component, in that loss of said loan commitments would deprive the Workforce B Successor URE of a substantial portion of its permanent financing for the Workforce B Component; and

WHEREAS, the Initial URE has represented that the Lenders have advised the Workforce B Successor URE that closing of the loans must occur not later than July 31, 2014; and

WHEREAS, the Workforce B Successor URE may not close on said loans until the First Amendment, the above-referenced amendment to the Redevelopment Agreement and the above-referenced Façade Loan Documents have all been executed; and

WHEREAS, in their respective recommendations of the Financial Agreement and the First Amendment, former Mayors Booker and Quintana have stated that the Project, including the Workforce B Component, is a desirable improvement in the City, and the Municipal Council concurs; and

WHEREAS, the Municipal Council accordingly believes that it is in the best interests of the people of the City, and in accord with and necessary for the full and timely realization of the objectives of the Ordinance, to cause the immediate effectiveness of the Ordinance so as to permit the immediate execution and delivery of the First Amendment; and

WHEREAS, the Municipal Council further believes that a failure to cause such immediate effectiveness will frustrate, at least in part, the objectives of the Ordinance, by placing at risk the continued development of the Workforce B Component because of the potential refusal by the Lenders to extend their loan commitments beyond July 31, 2014 and

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

1. As a result of the reasons set forth herein and the important public policies enunciated, an emergency is hereby declared to exist and Ordinance 6PSFa (s), approving the execution of a First Amendment to Financial Agreement with Newark Teachers Village Urban Renewal, L.L.C. and

RBH-TRB Broad Mezz Urban Renewal Entity, LLC, which amends a Financial Agreement dated February 3, 2012 between the City of Newark and Newark Teachers Village Urban Renewal, L.L.C., once adopted by the Municipal Council after second reading and final passage and publication, shall take immediate effect in accordance with N.J.S.A.40:69A-181(b) upon approval by the Mayor (or passage over his veto) and publication in accordance with law.

STATEMENT

This Resolution declares an emergency to exist and further authorizes Ordinance 6PSFa (s), approving the execution of a First Amendment to Financial Agreement with Newark Teachers Village Urban Renewal, L.L.C. and RBH-TRB Broad Mezz Urban Renewal Entity, LLC, which amends a Financial Agreement dated February 3, 2012 between the City of Newark and Newark Teachers Village Urban Renewal, L.L.C., once adopted by the Municipal Council after second reading and final passage and publication, to become effective in accordance with N.J.S.A.40:69A-181(b) upon approval by the Mayor (or passage over his veto) and publication in accordance with law due to the exigent need.