



Legislation Text

File #: 21-0038, Version: 1

Dept/ Agency: Finance

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

Purpose: Approving Form of Sale of City-Secured Bonds

Amount to be Financed: \$7,875,000.00

Source of Appropriation: Bonds

Purchaser: Open Market

Project Information:

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

RESOLUTION DETERMINING CERTAIN MATTERS IN CONNECTION WITH THE SALE AND ISSUANCE NOT TO EXCEED \$7,875,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2021 OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY.

Additional Information:

This resolution will allow the City of Newark to rollover the maturing \$5.5 Million notes sold to re-acquire properties from the Essex County Improvement Authority, as well as fund Capital Improvements.

WHEREAS, the Municipal Council adopted bond ordinance 6PSF-a(s) on November 27, 2018 and resolution 7R4-b adopted on February 6, 2019, which authorized the original issuance of bonds or notes of the City to finance the acquisition of sixteen (16) properties (land, buildings and improvements)(“ECIA Properties”) from the Essex County Improvement Authority (the “ECIA Ordinance”); and

WHEREAS, in February 2019, the City issued its General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition), Series 2019 in an aggregate principal amount not to exceed \$5,500,000.00 (the “2019 Notes”) under the ECIA Ordinance for the purpose of providing for a portion of the costs of acquiring the ECIA Properties as described in the ECIA Ordinance, and paying costs of issuance with respect thereto; and

WHEREAS, the City renewed such 2019 Notes on February 26, 2020 (the “2020 Notes”) and such 2020 Notes mature February 24, 2021; and

WHEREAS, the City adopted bond ordinance 6PSF-b on November 5, 2020, which bond ordinance authorized improvements to the Green Street/Liner Street Building and the issuance of not to exceed \$2,375,000.00 bond or notes to finance part of the costs of such improvements (the “Green Street Ordinance” and together with the ECIA Ordinance, the “Ordinances”); and

WHEREAS, the City has determined to renew the 2020 Notes for an additional one (1) year period and to authorize the offering, sale and issuance of new money bond anticipation notes in the amount of \$2,375,000.00 to fund the Green Street Ordinance through the issuance of \$7,875,000.00 aggregate principal amount of General Obligation Notes, Series 2021 (the “2021

Notes”) by negotiated sale pursuant to the terms and conditions of the attached Note Purchase Agreement (the “Purchase Contract”) described herein; and

WHEREAS, in connection with the offering and sale of the 2021 Notes, the City determines to authorize the distribution of a Preliminary Official Statement and final Official Statement with respect to the 2021 Notes, and to authorize the execution and delivery of a Continuing Disclosure Certificate.

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

1. Confirmation of Intention to Issue General Obligation Notes. Pursuant to the provisions of the Ordinances and the within resolution, the Director of Finance/Chief Financial Officer is hereby authorized and directed to sell, issue, execute and deliver the \$7,875,000 principal amount of General Obligation Notes, Series 2021 Notes (the “2021 Notes”) consisting of the following: \$5,500,000.00 principal amount of General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2021A (the “Series 2021A Notes”) and \$2,375,000.00 principal amount of General Capital Improvement Bond Anticipation Notes (Green Street Building Improvements), Series 2021B (the “Series 2021B Notes”) in accordance with this Resolution. The 2021 Notes will be dated and shall mature within one (1) year as shall be determined by the Director of Finance/Chief Financial Officer. The 2021 Notes may be additionally renewed from time to time by the Chief Financial Officer in accordance with the provisions of the Local Bond Law (N.J.S.A. 40A:2-8.1). The 2021 Notes shall not be subject to redemption prior to maturity.

2. Sale and Award Delegation. It is hereby delegated to and the Director of the Department of Finance/Chief Financial Officer is hereby authorized and directed to sell and award the purchase of the 2021 Notes to the Underwriter (as hereinafter defined) pursuant to the terms and conditions of the Note Purchase Contract, dated the date of sale, by and between the City and the Underwriter (the “Purchase Contract”). The Purchase Contract in substantially the form attached hereto as Exhibit A is hereby approved, and the execution of a Note Purchase Contract by the Director of the Department of Finance/Chief Financial Officer of the City is hereby authorized with such changes as may be approved by the Director of the Department of Finance/Chief Financial Officer, upon the advice of the City’s bond counsel (the “Bond Counsel”) and the City’s municipal advisor (the “Financial Advisor”). Oppenheimer & Co., Inc., is hereby appointed underwriter (the “Underwriter”) for the 2021 Notes on such terms and with such compensation as may be determined by the Chief Financial Officer of the City. The execution and delivery of the Purchase Contract by the Director of the Department of Finance/Chief Financial Officer shall be conclusive evidence of the approval thereof and no further action or approval by the Municipal Council shall be required.

3. Authorization for Official Statement. The distribution by the City of a Preliminary Official Statement in connection with the sale of the 2021 Notes is hereby authorized. There is hereby delegated to the Chief Financial Officer the authority to approve the Preliminary Official Statement with such insertions, deletions and changes therein and any supplements thereto as Bond Counsel may advise. The Business Administrator or Director of the Department of Finance/Chief Financial Officer is hereby authorized and directed to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission and to execute and deliver a certificate to that effect. The Business Administrator and the Director of the Department of

Finance/Chief Financial Officer are each hereby authorized and directed to approve the contents and terms of the final Official Statement in respect of the sale of the aforementioned 2021 Notes in substantially the form of the Preliminary Official Statement. The Business Administrator and the Director of the Department of Finance/Chief Financial Officer are each hereby authorized and directed to execute such Official Statement on behalf of the City, in substantially such form, with such insertions, deletions and changes therein and any supplements thereto as Bond Counsel may advise, including revisions to reflect the terms of the sale of the 2021 Notes, including purchase price, interest rate and yield, and the City officer executing the same may approve, such approval to be conclusively evidenced by such City officer's execution thereof. The distribution of the Preliminary Official Statement and Official Statement by the Underwriter on behalf of the City in connection with the offering and sale of the 2021 Notes is hereby authorized and approved.

4. Continuing Disclosure. The form of the Continuing Disclosure Certificate in substantially the form attached hereto as Exhibit B is hereby approved, and the execution of such Continuing Disclosure Certificate by the Director of the Department of Finance/Chief Financial Officer of the City is hereby authorized. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the 2021 Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default on the 2021 Notes; however, any holder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section.

5. Forms of Note Certificates. The forms of the Note certificates substantially in the forms attached hereto as Exhibit C-1 and C-2 are each hereby approved. The Note certificates shall be executed in the name of the City by the Mayor, the Chief Financial Officer and attested to by the City Clerk and the seal of the City affixed thereto. The executed Notes are hereby authorized to be delivered to the Underwriter upon receipt of payment of the purchase price for the 2021 Notes.

6. Further Action. Any matter relating to the award, sale or execution of the 2021 Notes which has been delegated by the Ordinances to the Director of the Department of Finance/Chief Financial Officer may be performed, and any document authorized by this Resolution may be executed by the Mayor, the City Clerk, the Business Administrator or the Director of the Department of Finance/Chief Financial Officer in accordance with the Local Bond Law (collectively, the "Authorized Officers"). On behalf of the City, the Authorized Officers of the City are each authorized and directed to take all steps which are necessary or convenient to effectuate the terms of this Resolution with respect to the issuance, sale, execution and delivery of the 2021 Notes, including, but not limited to the execution of any and all other closing documentation. All such actions heretofore or hereafter taken are hereby ratified, approved and confirmed.

7. Tax Consequences. Interest on the \$5,500,000.00 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2021A shall be includable in gross income for federal income tax purposes. Interest on the General Capital Improvement Bond Anticipation Notes (Green Street Building Improvements), Series 2021B is not includable in gross income for federal income tax purposes. Interest on the 2021 Notes and any gain in the sale thereof are not includable as gross income under the New Jersey Income Tax Act.

8. Effective Date. This resolution shall take effect immediately.

STATEMENT

This resolution authorizes the issuance and sale of the Series 2021 Notes, the distribution of a Preliminary Official Statement and Final Official Statement, and approval of the form of a Purchase Contract and the distribution thereof containing the terms for the offering and sale of the Series 2021 Notes and Continuing Disclosure Certificate regarding the sale of the City's Series 2021 Notes, in an aggregate amount not exceeding \$7,875,000.00.