



Legislation Text

File #: 16-1131, Version: 1

Dept/ Agency: Finance

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

Type of Service: Authorizing the Refunding of \$2,540,000.00 of Redevelopment Refunding Bonds

Purpose: Intent to reimburse the City for project costs from proceeds of debt obligations issue by the City to New Jersey Performing Arts Center (NJ PAC)

Amount to be Reimbursed: \$2,540,000.00

Source of Appropriation:

Project Information:

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

RESOLUTION OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, STATE OF NEW JERSEY AUTHORIZING THE REFUNDING OF \$2,540,000.00 AGGREGATE PRINCIPAL AMOUNT OF 2005 REDEVELOPMENT REFUNDING BONDS BY THE NEW JERSEY PERFORMING ARTS CENTER AND AUTHORIZING THE APPOINTMENT OF AN ESCROW AGENT AND VERIFICATION AGENT AND THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT.

Additional Information:

WHEREAS, the City of Newark, in the County of Essex, State of New Jersey (the "City") on February 24, 2005 issued \$4,450,000.00 aggregate principal amount of its Redevelopment Refunding Bonds dated February 24, 2005 (the "2005 Redevelopment Refunding Bonds"), of which \$2,540,000.00 aggregate principal amount is currently outstanding (the "Bonds to be Refunded"), such Bonds to be Refunded maturing on October 1, 2022 being subject to mandatory redemption prior to maturity on October 1 in the years 2016 to 2022, inclusive, at a redemption price equal to 100% of the principal amount thereof and interest accrued and to accrue thereon to the date fixed for redemption (the "Redemption Date"); and

WHEREAS, the City intended to issue refunding bonds (the "Refunding Bonds") pursuant to the provisions of N.J.S.A. 40A:2-51 and -52 *et seq.* (the "Local Bond Law") for the purpose of refunding the Bonds to be Refunded to realize three percent (3.00%) net present value debt service savings and adopted a refunding bond ordinance as a result thereof to commence the procedures to effectuate the issuance of the Refunding Bonds; and

WHEREAS, the New Jersey Performing Arts Center ("NJ PAC") has informed the City that its desires to defease the Bonds to be Refunded; and

WHEREAS, NJ PAC will pay sufficient moneys to the City (the "NJ PAC Payment") to effectuate the redemption and defeasance of the Bonds to be Refunded at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed, plus accrued interest and interest to accrue thereon to the date fixed for redemption (the "Refunding"); and

WHEREAS, the City desires to approve and authorize the Refunding by NJ PAC; and

WHEREAS, in connection with the Refunding, the City desires to authorize and approve the form of the Escrow Deposit Agreement (the “Escrow Deposit Agreement”) and the execution thereof by the City; and

WHEREAS, BNY Mellon was designated the City’s paying agent (the “Paying Agent”) for the 2005 Redevelopment Refunding Bonds and the City desires to appoint BNY Mellon as escrow agent (the “Escrow Agent”) in connection with the Refunding; and

WHEREAS, Samuel Klein and Company is the City’s Independent Auditor (the “Auditor”), and the City desires to appoint the Auditor as verification agent (the “Verification Agent”) to verify that the proceeds of the NJPAC payment together with interest thereon, if any, will be sufficient to pay the principal of and the redemption premium, if any, plus interest accrued or to accrue thereon to the Redemption Date on the Bonds to be Refunded; and

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 Refunding as described in the recitals hereof is hereby approved. The Mayor, the Chief Financial Officer, the City Business Administrator and the City Clerk of the City (the “City Officials”) are each hereby authorized and directed to effectuate the Refunding and to undertake all necessary actions and execute and deliver all certificates, documents and agreements and provide to all consents in connection therewith.

Section 2. City Officials are each hereby authorized and directed to execute an Escrow Deposit Agreement by and between the City and the Escrow Agent to redeem and defease the Bonds to be Refunded. The Escrow Deposit Agreement shall be substantially in the form attached to this Resolution as Exhibit A and made a part hereof and the Chief Financial Officer of the City is hereby authorized and directed to execute and deliver the same with such changes, revisions or alterations therefor as may be approved by the City Official executing the Escrow Deposit Agreement, such approval to be conclusively evidenced by the execution thereof.

Section 3. BNY Mellon is hereby appointed as Escrow Agent for the Bonds to be Refunded. The Escrow Agent shall signify its acceptance of the duties imposed upon it by this resolution (the “Resolution”) by a written certificate delivered to the City prior to the receipt of the NJPAC Payment to be applied and deposited to defease the Bonds to be Refunded. The Chief Financial Officer is hereby authorized and directed to accept the schedule of fees provided by the Escrow Agent.

Section 4. Samuel Klein and Company, Auditor for the City, is hereby appointed as Verification Agent for the Bonds to be Refunded. The Verification Agent shall signify its acceptance of the duties imposed upon it by this Resolution by a written certificate delivered to the City prior to the receipt of the NJPAC Payment to defease the Bonds to be Refunded.

Section 5. This resolution shall take effect immediately upon the adoption hereof.

STATEMENT

Resolution authorizing the refunding of \$2,540,000.00 aggregate principal amount of 2005

Redevelopment Refunding Bonds by the New Jersey Performing Arts Center (NJPAC) and authorizing the appointment of an escrow agent and verification agent and the execution and delivery of an escrow deposit agreement.