



## Legislation Text

File #: 16-1634, Version: 1

**Dept/ Agency:** Finance

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

**Purpose:** Application to Local Finance Board for approval of bond refunding

**Name of Project(s):** NHA Housing Authority - Marine Terminal

**Amount to be Financed:** \$60,315,000.00

**Funding Source:** Bonds

**Local Finance Board meeting date(s):** November 9, 2016

**Project Information:**

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

RESOLUTION of the Municipal COUNCIL of the City of Newark Authorizing the SUBMISSION of a Joint Application with the Newark Housing Authority to the Local Finance Board Pursuant to N.J.S.A. 40A:5A-6

**Additional Information:**

This transaction must be completed prior to January 1, 2017 in order for there to be a net savings with the sale of refunding bonds.

**WHEREAS**, in 2004, the Newark Housing Authority (the "Housing Authority") issued \$200,420,000.00, Port Authority-Port Newark Marine Terminal Additional Rent Backed Bonds, Series 2004 (City of Newark Redevelopment Projects) (the "2004 Bonds"). To secure repayment of the 2004 Bonds issued by the Housing Authority, the City of Newark (the "City") pledged and assigned Annual Payments received from the Port Authority of New York and New Jersey pursuant to a Supplemental Lease Agreement dated October 31, 2002, to the Housing Authority pursuant to a Service Agreement between the City and the Housing Authority, as amended. On February 14, 2007, the Housing Authority issued \$168,320,000.00, principal amount of Port Authority-Port Newark Marine Additional Rent Backed Refunding Bonds, Series 2007 to advance refund all or a portion of the Series 2004 maturing on and after January 1, 2014 (the "2007 Bonds") pursuant to a Supplemental Trust Indenture and Amended Service Agreement; and

**WHEREAS**, the Housing Authority now intends to issue 2016 Refunding Bonds (the "Refunding Bonds") to, inter alia, refund a portion of the 2007 Bonds consisting of (a) a serial bond in the amount of \$2,150,000.00, maturing on January 1, 2017 (the "2017 Serial Bond") and (b) a term bond in the amount of \$58,165,000.00 maturing on January 1, 2037 (collectively, (a) and (b) the "2007 Bonds to be Refunded"); and

**WHEREAS**, the City expects that not less than three (3%) percent net present value debt service savings will be realized by the issuance of the Housing Authority's Refunding Bonds; and

**WHEREAS**, the City and Housing Authority expect to enter into an Amended Services Agreement that will, inter alia, allocate the debt service savings between the City and the Housing Authority; and

**WHEREAS**, the City believes that:

- (a) it is in the public interest to refund the 2007 Bonds to be Refunded in the manner described herein to generate not less than three percent (3%) net present value debt service savings (the "Refunding"); and
- (b) the Refunding is for the health, welfare, convenience or betterment of the inhabitants of the City; and
- (c) the amounts to be expended for such purpose or improvements are not unreasonable or exorbitant; and
- (d) the Refunding 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; and

**WHEREAS**, the City desires to make application to the Local Finance Board for its approval of the undertaking of the Refunding by the Housing Authority; and

**WHEREAS**, the City believes that the issuance of the Housing Authority's Refunding Bonds, as described generally in the joint Application of the Housing Authority and the City to the Local Finance Board, is in the best interests of the City.

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

1. The submission of the joint Application of the Housing Authority and the City to the Local Finance Board is hereby approved, and the City's Bond Counsel, Financial Advisor, Business Administrator, Director of Finance/Chief Financial Officer, along with other representatives of the City, are each hereby authorized and directed to prepare such application, to file such application with the Local Finance Board and to represent the City in matters pertaining thereto.
2. The City Clerk is hereby authorized and directed to prepare and file a copy of this Resolution with the Local Finance Board as part of such application.
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 Statutes.
4. This Resolution shall take effect immediately.

**STATEMENT**

This Resolution authorizes the City of Newark to make a joint application with the Newark Housing Authority to the Local Finance Board for the issuance of the Authority 2016 Refunding Bonds to refinance Newark Housing Authority Bonds issued in 2007 to realize not less than three (3%) percent net present value debt service savings.

