



Legislation Text

File #: 19-1938, Version: 1

Dept/ Agency: Law

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

Type of Service: Continuation of Services and Confirmation of intent

Purpose: Authorizing the Director of Finance to return all loan and interest payments from the UEZ/BCDC GAP Financing Loan Program to Invest Newark for continuation of the Revolving Loan Program. This Resolution further authorizes Invest Newark to continue to provide the services previously undertaken by Newark CEDC and Brick City Development Corporation in relation to the administration of the UEZ/BCDC GAP Financing Loan Program

Entity Name: Invest Newark

Additional Information:

Invitation: Corporation Counsel

WHEREAS, on August 15, 1983, pursuant to P.L. 1983, c. 303 (C. 52:27H-60, et seq.), the New Jersey Legislature enacted the New Jersey Urban Enterprise Zones Act (the "Act"), to be run by New Jersey Department of Community Affairs; and

WHEREAS, the UEZ Program was created to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private sector jobs through public and private investment; and

WHEREAS, N.J.S.A. 52:27H-88 created an Enterprise Zone Assistance Fund to be used for the purpose of assisting qualifying municipalities in which enterprise zones are designated in undertaking public improvements, economic development projects and upgrading eligible municipal services in designated enterprise zones including the establishment of revolving loan or grant programs for qualified businesses in the zone to encourage private investment and job creation, matching grant programs or the establishment or operation of pedestrian malls, special improvement districts and tax increment districts or other appropriate entity; and

WHEREAS, Invest Newark, formerly, Newark Community Economic Development Corporation ("Newark CEDC"), formerly Brick City Development Corporation ("BCDC"), 111 Mulberry Street, Market Street LL Suite, Newark, New Jersey 07102, was formed for the purpose of the receipt and administration of funds for charitable purposes and the performance of activities pertaining to economic development within the City, including development of residential, commercial, industrial, and other real estate in a manner beneficial to the City, all as more specifically set forth in Newark CEDC's Certificate of Incorporation; and

WHEREAS, Invest Newark is the City's Economic Development vehicle; and

WHEREAS, Resolution 7R3-a(S), adopted on May 13, 2008, authorized the Mayor, Business Administrator and the Director of Newark Office of Urban Enterprise Zone to file on behalf of the City of Newark a Zone Assistance Fund Application to the New Jersey Enterprise Zone Authority

requesting the use of up to Nine Million Dollars and Zero Cents (\$9,000,000.00) to finance the project entitled NOUEZ/BCDC Urban Enterprise Zone Fund; and

WHEREAS, the NOUEZ/BCDC Urban Enterprise Zone Fund sought to increase and further stimulate economic activity within the Newark Urban Enterprise Zone by creating a loan fund to provide gap financing for projects, in order to stimulate private investment in the redevelopment of vacant and underutilized land or buildings, consistent with the objectives of the Newark Zone Development Plan as outlined in the City of Newark Comprehensive Economic Development Strategy/2001 and 2006 respectively; and

WHEREAS, Resolution 7R3-d, adopted on February 04, 2009, authorized the Mayor and the Business Administrator to accept the UEZ project funds that was approved by the State UEZ Authority in the amount of Nine Million Dollars and Zero Cents (\$9,000,000.00) and enter into and execute the UEZ contract with the State UEZ Authority; and

WHEREAS, Resolution 7R1-b, adopted November 16, 2009, authorized the Mayor and/or his designee and the Business Administrator to enter into and execute a pass through agreement with Brick City Development Corporation ("BCDC") (now Invest Newark) for the facilitation and administration of the revolving loan program, to assist the funding of development projects in the Urban Enterprise Zone, for an amount not to exceed Nine Million Dollars and Zero Cents (\$9,000,000.00); and

WHEREAS, on March 29, 2011, the Department of Community Affairs ("DCA") notified Urban Enterprise Zone Municipalities that the State was transitioning the program to a Municipal-based activity and instructed that municipalities would no longer be required to seek the approval of the Urban Enterprise Zone Authority before committing resources to qualified activities. DCA further advised that Zone Municipalities may use their existing zone assistance fund balances to complete existing projects and fund new projects until the funds are exhausted; and

WHEREAS, the UEZ/BCDC GAP Financing Loan Program remained active to date and Invest Newark continued to administer and manage the loan program since inception; and

WHEREAS, the services to be provided by Newark CEDC to the City were originally outlined in a Funding Agreement, which was authorized by Municipal Council by Resolution 7R3-j(AS), adopted on July 1, 2009 (the "2009 Funding Agreement"); and

WHEREAS, by Resolution 7R3-d(S) adopted on December 23, 2014, the Municipal Council ratified an MOU (the "2014 MOU") between the City and Newark CEDC whereby, for the time period of September 1, 2014 through August 31, 2015, Newark CEDC would continue to perform the services outlined in the Funding Agreement; and

WHEREAS, pursuant to Resolution 7R3-a(S), adopted on May 26, 2016, the Municipal Council consented to the continuation of services previously undertaken by Newark CEDC and authorized a new Funding Agreement for a term of September 1, 2015 through December 31, 2017 (with an option to extend for one (1) year by the Administration) to implement the redevelopment activities on behalf of the City of Newark and consented to the appointment of Newark CEDC as the City's administrator and manager of the City's UEZ Program for consideration of no less than \$3,000,000.00 from the City's UEZ funds; and

WHEREAS, the Funding Agreement specifically provided that Newark CEDC would assume the administrative, management and financial responsibilities formally undertaken by the Newark Office of the Urban Enterprise Zone (“NOUEZ”) in accordance with the contractual terms between the Newark Urban Enterprise Zone and the New Jersey Urban Enterprise Zone Authority. The Funding Agreement required that Newark CEDC shall adhere to the Enterprise Zone Act, N.J.S. 52:27H-60 and all provisions of the contractual terms between the Newark Urban Enterprise Zone and the New Jersey Urban Enterprise Zone Authority including, but not limited to, those terms set forth in the November 1, 2011 letter from the New Jersey State Department of Community Affairs pertaining to the use of balance of administrative and project funds set aside to Newark Urban Enterprise Zone; and

WHEREAS, pursuant to P.L. 2018, c. 19, the City of Newark was reinstated effective May 30, 2018, as an Urban Enterprise Zone under the UEZ Program which expires on or about December 31, 2023; and

WHEREAS, Invest Newark continues to serve as the manager of the City’s Urban Enterprise Zone Program and administrator of the UEZ/BCDC Gap Financing Loan Program.

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

1. The Municipal Council authorizes the continuation of the services previously undertaken by Newark CEDC and Brick City Development Corporation under their new corporate name of Invest Newark.
2. The responsibilities of Invest Newark shall remain the same as described in resolution 7R3-a (S), adopted May 26, 2016.
3. The Director of Finance is authorized to return all loan and interest payments from the UEZ/BCDC GAP Financing Loan Program to Invest Newark for continuation of the revolving loan program.
4. All Invest Newark employees are subject to the “Local Government Ethics Law, pursuant to N.J.S.A. 52:27H-88, which states: any individual, including an individual who is not directly employed by a municipality, with the authority to administer, allocate or approve the use of zone assistance funds is subject to the “Local Government Ethics Law,” P.L. 1991, c.29 (C.40A:9-22.1 et seq.).
5. A certified copy of this resolution shall be filed in the Office of the City Clerk and forwarded to the Business Administrator and the CEO of Invest Newark.
6. This Resolution shall take effect immediately and be effective until December 31, 2023 to enable Invest Newark to appropriately use any of the aforementioned funds according to the law.

STATEMENT

This Resolution authorizes the Director of Finance to return all loan and interest payments from the UEZ/BCDC GAP Financing Loan Program to Invest Newark for continuation with the revolving loan program. This Resolution further authorizes Invest Newark to continue to provide the services previously undertaken by Newark CEDC and Brick City Development Corporation in relation to the administration of the UEZ/BCDC GAP Financing Loan Program.