Legislation Details (With Text)

File #:	15-0425	**Version:** 1	**Name:**	Motor Vehicle Tax Revenue Bonds	
Type:	Resolution		**Status:**	Filed	
File created:	2/20/2015		**In control:**	Finance	
On agenda:	3/4/2015		**Final action:**	3/4/2015	
Title:	Dept/ Agency: Finance Action: ( ) Ratifying (X) Authorizing ( ) Amending Purpose: Approving Form of Sale of City-Secured Bonds Amount to be Financed: $13,490,000.00 Source of Appropriation: Motor Vehicle Rental Tax Revenue Bonds Purchaser: Webster Bank, N.A. Project Information: (Description/ Project No./ Amount Appropriated/Ordinance No.) RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF MOTOR VEHICLE RENTAL TAX REVENUE BONDS, SERIES 2015, OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, PROVIDING FOR THE FORM, MATURITIES AND OTHER DETAILS OF SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY BY THE CITY OF A TRUST INDENTURE, A PLEDGE AND ASSIGNMENT AGREEMENT AND A BOND PURCHASE AGREEMENT Additional Information:				
Sponsors:	Council of the Whole				
Indexes:					
Code sections:					

Date	Ver.	Action By	Action	Result
3/4/2015	1	Municipal Council	Adopt	Pass

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Additional Information:

WHEREAS, the New Jersey Economic Stimulus Act of 2009, specifically N.J.S.A. 40A:48H-1 et seq. (the "Municipal Motor Vehicle Rental Tax Law") authorizes certain municipalities to impose a tax on the rental of motor vehicles within designated industrial zones within such municipality (the "Rental Tax") and to use the

proceeds thereof for certain eligible purposes related to redevelopment purposes, as defined in the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-2.b (the "Eligible Projects"); and

WHEREAS, pursuant to Ordinance 6PSF-i 050510, adopted by Municipal Council on May 5, 2010, as amended by the hereinafter-defined Bond Ordinance (collectively, the "Tax Ordinance"), the City of Newark (the "City") authorized the imposition of a Rental Tax on motor vehicle rental transactions that occur within certain designated industrial zones of the City; and

WHEREAS, pursuant to and in accordance with the provisions of the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-6, the City is authorized to issue, or cause to be issued, bonds for the purpose of financing Eligible Projects, which bonds may be payable from and secured by Rental Tax proceeds; and

WHEREAS, pursuant to Ordinance 6PSF-a 020415, adopted by the Municipal Council on February 4, 2015 (the "Bond Ordinance"), the City has authorized the issuance of not to exceed $16,000,000 aggregate principal amount of Motor Vehicle Tax Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), the proceeds of which are to be used to fund (i) the making of capital grants by the City in an aggregate amount not to exceed $13,400,000 in support of the several redevelopment projects listed on Exhibit A to the Bond Ordinance (the "Designated Projects"), in each case up to the maximum grant amount indicated therein for such Designated Project, (ii) the establishment of reserves to secure payment of debt service on the Series 2015 Bonds and (iii) the payment of costs of issuance of the Series 2015 Bonds; and

WHEREAS, in accordance with Bond Ordinance, the Municipal Motor Vehicle Rental Tax Law and the Local Redevelopment and Housing Law, P.L.1992, c.79, and the acts amendatory thereof and supplemental thereto, as codified in N.J.S.A. 40A:12A-1 et seq.(the "LRHL"), the City now desires to authorize and approve the sale and issuance of the Series 2015 Bonds in the aggregate principal amount of $13,490,000 pursuant to the Bond Ordinance, this resolution and a Trust Indenture by and between the City and the Trustee thereunder (the "Trust Indenture"); and

WHEREAS, in connection with the sale and issuance of the Series 2015 Bonds, the City also desires to approve and authorize the forms of and the entering into of the Trust Indenture and the hereinafter defined Pledge and Assignment Agreement and Bond Purchase Agreement; and

WHEREAS, the City has determined to authorize a Bond Purchase Agreement (the "Bond Purchase Agreement") with Webster Bank, N.A., as the purchaser of the Series 2015 Bonds (the "Purchaser"), pursuant to which the Purchaser will agree to purchase the Series 2015 Bonds upon satisfaction of the conditions precedent to issuance set forth therein.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, as follows:

Section 1. The City hereby authorizes the issuance and sale of the Series 2015 Bonds of the City in the original principal amount of $13,490,000. The proceeds of the Series 2015 Bonds shall be applied for the purpose of the making of capital grants in support of Designated Projects and paying the costs of issuing the Series 2015 Bonds as shall be provided in the Trust Indenture.

Section 2. (a) The Series 2015 Bonds will be dated as of their date of delivery and will mature on December 15, 2024, subject to prior mandatory sinking fund redemption on December 15 in the years and in the amounts set forth below and in the Trust Indenture. The Series 2015 Bonds shall bear interest at the Federal

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Home Loan Bank rate plus 100 basis points as shall be provided in the Trust Indenture. Interest on the Series 2015 Bonds will be paid semiannually on June 15 and December 15, commencing on December 15, 2015.

(b) The Series 2015 Bonds maturing on December 15, 2024 shall be retired by mandatory sinking fund installments as shall be provided in the Trust Indenture, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The sinking fund installments shall be sufficient to redeem the principal amount of the Series 2015 Bonds on December 15 in each of the years and in the principal amounts as follows:

Year	Amount
2015	$980,000
2016	1,220,000
2017	1,260,000
2018 2019	1,300,000 1,345,000
2020	1,385,000
2021	1,430,000
2022	1,475,000
2023	1,525,000
2024*	1,570,000

* Final maturity.

(c) The Series 2015 Bonds shall be subject to redemption at the option of the City at the times and at the redemption price as shall be provided in the Trust Indenture.

Section 3. The Series 2015 Bonds shall be issued as registered bonds in the form and shall be executed as shall be provided in the Trust Indenture.

Section 4. The Series 2015 Bonds shall be secured by the pledge and assignment of 100% of the Rental Tax as shall be provided in the Pledge and Assignment Agreement and the Trust Indenture, and the full faith and credit of the City shall not be pledged to the payment of the principal of and the interest on the Series 2015 Bonds. A reserve for the payment of debt service on the Series 2015 Bonds shall not be initially funded from proceeds of the Series 2015 Bonds, but may subsequently be funded with Rental Tax proceeds as shall be provided in the Indenture.

Section 5. The Trust Indenture pertaining to the Series 2015 Bonds shall be substantially in the form attached to this Resolution as Exhibit A and made a part hereof, and the Mayor and the Clerk of the City are each hereby authorized to execute the Trust Indenture with such changes, revisions or alterations therefor as may be approved by the officer executing the same after consultation with the City's Corporation Counsel and/or bond counsel, such approval to be conclusively evidenced by the execution thereof. U.S. Bank National Association is hereby designated as the initial trustee under the Trust Indenture (the "Trustee").

Section 6. The Pledge and Assignment Agreement from the City to the Trustee assigning the Rental Tax as security for Series 2015 Bonds shall be substantially in the form attached to this Resolution as Exhibit B (the "Pledge and Assignment Agreement") and made a part hereof, and the Mayor and the Clerk of the City are each hereby authorized to execute the Pledge and Assignment Agreement with such changes, revisions or alterations therefor as may be approved by the officer executing the same after consultation with the City's Corporation Counsel and/or bond counsel, such approval to be conclusively evidenced by the execution thereof.

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Section 7. The Bond Purchase Agreement by and between the City and the Purchaser with respect to the Series 2015 Bonds shall be substantially in the form attached to this Resolution as Exhibit C and made a part hereof, and the Mayor or the Acting Chief Financial Officer of the Township are each hereby authorized to execute the Bond Purchase Agreement with such changes, revisions or alterations therefor as may be approved by the officer executing the same after consultation with the City's Corporation Counsel and/or bond counsel, such approval to be conclusively evidenced by the execution thereof.

Section 8. The Mayor, the Deputy Mayor/Director of the Department of Housing and Economic Development, the Acting Chief Financial Officer, the Acting Business Administrator and the Clerk of the City are hereby designated, authorized and directed to perform or determine any other matters or details relating to the Series 2015 Bonds, to do or perform or cause to be done or performed any and all acts as such officers or the City's Corporation Counsel and/or bond counsel may deem necessary or appropriate in order to effect the proper issuance, execution and delivery of the Series 2015 Bonds, and to execute, among other things, and any and all instruments, opinions, affidavits, certificates, resolutions, documents or other papers as may be deemed necessary.

Section 9. This resolution shall take effect immediately.

STATEMENT

This Resolution authorizes the issuance and sale by the City of $13,490,000 of the City's Motor Vehicle Rental Tax Revenue Bonds, Series 2015, and approves the forms of the Trust Indenture, Pledge and Assignment Agreement and Bond Purchase Agreement in connection therewith.

EXHIBIT A

Form of Trust Indenture

EXHIBIT B

Form of Pledge and Assignment Agreement

EXHIBIT C

Form of Bond Purchase Agreement

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