



Legislation Details (With Text)

File #: 14-0930 **Version:** 2 **Name:** Loan Agreement with NJPAC 1 Center St. Newark NJ

Type: Resolution **Status:** Filed

File created: 6/20/2014 **In control:** Economic and Housing Development

On agenda: 3/4/2015 **Final action:** 3/4/2015

Title: Dept/ Agency: Economic & Housing Development
Action: () Ratifying (X) Authorizing (X) Amending
Type of Service: Loan Agreement
Purpose: Amendment
Entity Name: New Jersey Performing Arts Center Corporation ("NJPAC")
Entity Address: 1 Center St., Newark, NJ 07102
Contract Amount: \$700,000.00
Funding Source: : New Jersey Urban Enterprise Zone Authority pursuant to Contract No. UEZA-06-25 dated August 10, 2005
Contract Period: Start and end dates
Contract Basis: () Bid () State Vendor () Prof. Ser. () EUS
() Fair & Open () No Reportable Contributions () RFP () RFQ
() Private Sale () Grant () Sub-recipient (X) n/a
Additional Information:
Resolution 7RS 060706 authorized Loan Agreement and acceptance of Promissory Note

Sponsors: Mildred C. Crump, Luis A. Quintana

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
3/4/2015	2	Municipal Council	Adopt	Pass

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WHEREAS, the Municipal Council adopted Resolution 7RS on June 7, 2006 which authorized the Mayor and/or his designee, the Business Administrator to enter into a Loan Agreement and accept a Promissory Note executed by the New Jersey Performing Arts Center Corporation

("NJPAC") for a predevelopment loan in the amount of \$700,000.00 (the "Loan") to fund predevelopment activities associated with NJPAC's proposed mixed use development project; and

WHEREAS, on June 19, 2006, the City and NJPAC entered into the Loan Agreement and NJPAC executed a Promissory Note ("Note") in favor of the City for the purpose of setting forth the terms and conditions of the Loan, including but not limited to the conditions under which the Loan shall be repaid by NJPAC; and

WHEREAS, the source of funding for the City's Loan to NJPAC was the New Jersey Urban Enterprise Zone Authority ("NJUEZA") pursuant to Contract No. UEZA-06-25 executed by the City and NJUEZA dated August 10, 2005; and

WHEREAS, NJPAC agreed to repay the Loan at the rate of one percent (1%) per annum and the Promissory Note provided that the Note should be due and payable in full (the "Maturity Date") on the first to occur of the following (a) June 30, 2015, subject to NJPAC's right to extend the Maturity Date; (b) the closing of construction financing on the entire project or (c) borrower's default under the Note and the expiration of all grace and cure periods; and

WHEREAS, pursuant to Contract No. UEZA-06-25, when NJPAC repays the Loan, it shall do so by paying principal and interest to the order of the City of Newark Office of the Urban Enterprise Zone Second Generation Fund that will be used solely for Urban Enterprise Zone Projects in the City of Newark; and

WHEREAS, NJPAC is not in default and has requested that the Maturity Date be extended such that the Loan is repaid as follows: NJPAC will pay the City \$350,000.00 at the financial closing which is estimated to occur no later than January 31, 2015 and NJPAC will pay the balance owed to the City (\$350,000.00) at the rate of \$87,500.00 per year for four years thereafter (paid at the quarterly rate of \$21,875.00) and NJPAC will continue to pay interest to the City on a quarterly basis; and

WHEREAS, the Department of Economic and Housing Development has indicated its support for this change in loan terms by letter dated March 13, 2014 attached hereto as Exhibit A, negotiated the First Amendment to Loan Agreement attached hereto as Exhibit B, and the First Amended Promissory Note attached hereto as Exhibit C.

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

1. The Mayor and/or his designees, the Director of the Department of Economic and Housing Development and/or the Assistant Business Administrator are hereby authorized to enter into the First Amendment to Loan Agreement with NJPAC in the form attached hereto as Exhibit B and accept the First Amended Promissory Note from NJPAC in the form attached hereto as Exhibit C.
2. The Director of the Department of Economic and Housing Development or the Assistant Business Administrator are hereby authorized to effectuate certain business terms and conditions related to the First Amendment to Loan Agreement annexed hereto including but not limited, the execution of an escrow or funding agreement as contemplated by Section 5.5 of the First Amendment to Loan Agreement with NJPAC, and obtaining any required contract

extension or approval from NJUEZA to approve the First Amendment to Loan Agreement or First Amended Promissory Note, or extend the term of Contract UEZA-06-25, subject to the review and approval of the City's Corporation Counsel.

STATEMENT

This resolution authorizes the Mayor and/or his designees, the Director of the Department of Economic and Housing Development and/or the Assistant Business Administrator to enter into the First Amendment to the Loan Agreement with NJPAC and the acceptance of a 1st Amended Promissory Note to extend the Maturity Date of the Loan, accelerate the repayment of half of the Loan (\$350,000.00) and establish a payment schedule for the remainder of the Loan (\$350,000.00) which is to be paid in quarterly installments of \$21,875.00 plus interest. This resolution also authorizes the Director of the Department of Economic and Housing Development and/or the Assistant Business Administrator to enter into an escrow or funding agreement as contemplated by Section 5.5 of the First Amendment to Loan Agreement with NJPAC and obtain approval from the NJUEZA to approve the First Amendment to Loan Agreement or First Amended Promissory Note, or extend the term of Contract UEZA-06-25, subject to the review and approval of the City's Corporation Counsel.