



Legislation Details (With Text)

File #: 13-2064 **Version:** 4 **Name:** Rental Car Tax Monetization Ordinance
Type: Ordinance **Status:** Returned to Administration
File created: 10/23/2013 **In control:** Economic and Housing Development
On agenda: 12/10/2013 **Final action:** 4/16/2014

Title: AN ORDINANCE OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, AUTHORIZING THE ISSUANCE OF UP TO \$36,000,000.00 AGGREGATE PRINCIPAL AMOUNT OF MOTOR VEHICLE RENTAL TAX REVENUE BONDS OF THE CITY AND APPROPRIATING THE PROCEEDS OF SUCH BONDS TO CERTAIN ELIGIBLE PROJECTS AND AMENDING SECTION 10:22A-3 OF ORDINANCE 6PSF-I ADOPTED MAY 5, 2010, BY ADDING A PROVISION FOR THE ISSUANCE OF BONDS SECURED BY THE MOTOR VEHICLE RENTAL TAX.
Deferred 6PSF-e 010814/ Public Hearing Open
Deferred 6PSF-b 012214/ Public Hearing Open
Deferred 6PSF-a 020614/ Public Hearing Open
Deferred 6PSF-b 021914/ Public Hearing Open
Deferred 6PSF-a 030514/ Public Hearing Open
Deferred 6PSF-a 031914/ Public Hearing Open
Deferred 6PSF-a 040214/ Public Hearing Open

Sponsors:

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
4/16/2014	4	Municipal Council	Returned to administration	Pass
4/2/2014	4	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
3/19/2014	4	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
3/5/2014	4	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
2/19/2014	4	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
2/6/2014	3	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
1/22/2014	2	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
1/8/2014	1	Municipal Council	maintained on public hearing and deferred to Special meeting	Pass
12/18/2013	1	Municipal Council	Adopted on First Reading	Pass
12/10/2013	1	Municipal Council	advanced to first reading	Pass

AN ORDINANCE OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, AUTHORIZING THE ISSUANCE OF UP TO \$36,000,000.00 AGGREGATE PRINCIPAL AMOUNT OF MOTOR VEHICLE RENTAL TAX REVENUE BONDS OF THE CITY AND APPROPRIATING THE PROCEEDS OF SUCH BONDS TO CERTAIN ELIGIBLE PROJECTS AND AMENDING SECTION 10:22A-3 OF ORDINANCE 6PSF-I ADOPTED MAY 5, 2010, BY ADDING A PROVISION FOR THE ISSUANCE OF BONDS SECURED BY THE MOTOR VEHICLE RENTAL TAX.

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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") authorized 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, adopted by the Municipal Council on May 5, 2010, 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, such bonds are to be issued pursuant to and in accordance with the provisions of the Local Redevelopment and Housing Law, constituting Chapter 79 of the Pamphlet Laws of 1992 of the State, and the acts amendatory thereof and supplemental thereto (the "LRH Law"), as codified in N.J.S.A. 40A:12A-1 et seq.; and

WHEREAS, the City will in turn provide the proceeds from the Bonds to (i) various designated redevelopers, as may be approved by a resolution of the Municipal Council pursuant to a redevelopment, grant or other agreement by and between the City and such redeveloper to assist such redeveloper with respect to funding its redevelopment project; (ii) such other for profit or nonprofit entities as may be approved by the Municipal Council to assist the City with any Eligible Projects and (iii) the City with respect to its Eligible Projects, as may be approved by the Municipal Council; and

WHEREAS, pursuant to the provisions of the Municipal Motor Vehicle Rental Tax Law, specifically N.J.S.A. 40:48H-5, the City may assign, for the benefit of the trustee (the "Trustee") and as security for the Motor Vehicle Rental Tax Revenue Bonds, all of the City's right, title and interest in all or a portion of the Rental Tax proceeds, (the "City Assignment"); and

WHEREAS, the City intends to adopt one or more resolutions (collectively, the "Project Resolution") providing for, among other things, the identification of Eligible Projects; and

WHEREAS, the City intends to adopt one or more bond resolutions (collectively, the "Bond Resolution") providing for, among other things, the authorization of bonds and the amount of Rental Taxes pledged toward payment of debt service on the Bonds; and

WHEREAS, the Motor Vehicle Rental Tax Revenue Bonds shall be special, limited obligations of the City, payable solely from and secured by the City's interest in the City Assignment; and

WHEREAS, as a condition precedent to the issuance of any and all of the Motor Vehicle Rental Tax Revenue Bonds and in accordance with all applicable law, the City submitted an application (the "Local Finance Board Application") to the Local Finance Board in the Division of Local Government Services of the State's Department of Community Affairs (the "Local Finance Board") for the Local Finance Board's approval of the issuance of the Motor Vehicle Rental Tax Revenue Bonds which approval will be received prior to the date of adoption of this Ordinance and/or should the Local Finance Board's fail to approve or otherwise reject the issuance of the Motor Vehicle Rental Tax Revenue Bonds, then this Ordinance shall be considered repealed.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring), THAT:

Section 1. There is hereby authorized the issuance by the City of not more than \$32,000,000.00 aggregate principal amount of its Motor Vehicle Rental Tax Revenue Bonds under the Municipal Motor Vehicle Rental Tax Law and the LRH Law and other applicable provisions of law, for the purpose of financing the cost of the Eligible Projects. The Motor Vehicle Rental Tax Revenue Bonds may be issued in one or more series and from time to time, and shall be designated "Motor Vehicle Rental Tax Revenue Bonds (Motor Vehicle Rental Tax Project), Series 2013" (the "Motor Vehicle Rental Tax Revenue Bonds") or such other designation as may be determined by subsequent resolution of the Governing Body or certificate of an Authorized Officer, and shall contain such other terms and conditions as shall be provided by subsequent resolution of the Municipal Council; provided, that all such Motor Vehicle Rental Tax Revenue Bonds shall mature within ten (10) years of their date of issue. The Motor Vehicle Rental Tax Revenue Bonds shall constitute non-recourse obligations as to the City, and shall be payable solely from all or a portion of proceeds of the Rental Tax, all as may be determined by subsequent resolution of the Municipal Council and as shall be set forth in one or more trust indentures to be entered into by the City setting forth the terms of the Motor Vehicle Rental Tax Revenue Bonds.

Section 2. The Municipal Council hereby determines that the projects reflected on Exhibit A are expected to be Eligible Projects to which the proceeds of the Motor Vehicle Rental Tax Revenue Bonds shall be applied. To the extent that any of such projects are determined to not be Eligible Projects, such projects shall not be funded with the proceeds of the Motor Vehicle Rental Tax Revenue Bonds. The proceeds of the Motor Vehicle Rental Tax Revenue Bonds may also be applied to pay the costs of issuing such Bonds, and to the extent necessary, a debt service reserve fund for such Bonds.

Section 3. Pursuant to N.J.S.A. 40:48H-6(b), the bonds authorized by this Ordinance shall not be considered gross debt of the City, and accordingly no supplemental debt statement need be filed in connection herewith.

Section 4. The proceeds of the Motor Vehicle Rental Tax Revenue Bonds shall be applied to the purposes described in Section 2 of this Ordinance, and such proceeds are hereby appropriated to such purposes. No down payment is required in connection with the authorization of bonds and notes pursuant to N.J.S.A. 40A:12A-37(c) (as this Ordinance involves one or more redevelopment

projects).

Section 5. The Motor Vehicle Rental Tax Revenue Bonds shall bear interest at such rate or rates, shall be sold at public sale, or if approved by the Local Finance Board, at private sale, to such purchaser or purchasers at such price or prices, shall contain such maturity and redemption terms, and shall contain such other terms and conditions as may be determined by subsequent resolution of the Municipal Council and as shall be set forth in any trust indenture.

Section 6. Any matter which is required or permitted hereunder to be determined by resolution of the Governing Body may be delegated by resolution of the Governing Body to the Mayor, the Chief Financial Officer and/or any other appropriate official of the City, as set forth in a subsequent resolution.

Section 7. The capital budget or temporary capital budget, as applicable, of the City is hereby amended to conform with the provisions of this Ordinance to the extent of any inconsistency herewith. In the event of any such inconsistency and amendment, the resolution in the form promulgated by the Local Finance Board showing full detail of the amended capital budget or temporary capital budget, as applicable, and capital program as approved by the Director of the Division of Local Government Services is on file with the City Clerk and is available there for public inspection.

Section 8. The following additional matters are hereby determined, declared, recited and stated:

(a) The City reasonably expects to commence the Projects described in Section 2 hereof, and to advance all or a portion of the costs in respect thereof, prior to the issuance of bonds or notes hereunder. To the extent such costs are advanced, the City further reasonably expects to reimburse such expenditures from the proceeds of the bonds or notes authorized by this Ordinance, in an aggregate amount not to exceed the amount of bonds or notes authorized in Section 2 hereof.

Section 9. Any grant moneys received for the purposes described in Section 2 hereof shall be applied either to direct payment of the cost of the improvements or to payment of the obligations issued pursuant to this Ordinance. The amount of obligations authorized hereunder shall be reduced to the extent that such funds are so used.

Section 10. Section 10:22A-3 of Ordinance 6PSF-i adopted May 5, 2010 (Section 10:22A-3 of the Code) is hereby amended to add the following at the end thereof:

“If the City issues any bonds secured by the Motor Vehicle Rental Tax, the City shall not rescind such tax or reduce the rate of such tax while any such bonds are outstanding.”

Section 11. To the extent that any previous ordinance or resolution is inconsistent herewith or contradictory hereto, said ordinance or resolution is hereby repealed or amended to the extent necessary to make it consistent herewith.

Section 12. The provisions of this Ordinance are severable. To the extent any clause, phrase, sentence, paragraph or provision of this Bond Ordinance shall be declared invalid, illegal or unconstitutional, the remaining provisions shall continue in full force and effect. Should the Local Finance Board's fail to approve or otherwise reject the issuance of the Motor Vehicle Rental Tax

Revenue Bonds, then this Ordinance shall be considered repealed

Section 13. This Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

Section 14. Upon the final adoption hereof, the City Clerk is authorized and directed to forward a certified copy of this Ordinance to James G. Fearon, Esq., GluckWalrath LLP, Bond Counsel to the City.

STATEMENT

Ordinance authorizing the issuance of Motor Vehicle Rental Tax Revenue Bonds Payable from Motor Vehicle Rental Tax Proceeds and amending the Municipal Motor Vehicle Rental Tax Law, by adding a provision for the issuance of Bonds.

Exhibit A

Historic Preservation/Adaptive Re-use of the former Hahnes Department Store building - This project will renovate the long vacant former Hahnes Department store building located at 609 Broad Street as well as in-fill new construction at Halsey and New Streets, to create approximately 84,000 square feet of new retail, 83,000 square feet of commercial space, 182 rental apartments, and 200 underground parking spaces. The project will be developed by 609 Broad Street, LLC, or an affiliate, and has a current estimated total development cost of approximately \$130,000,000.	\$6,000,000
Four Corners Millennium Project (Component I) - This project, the first \$6,000,000 phase of a multi-phase redevelopment program, includes the selective preservation and adaptive re-use of buildings located in the Four Corners historic district in the City's downtown core, with properties located between 193-201 Market Street, including adjacent properties located at 12 Beaver Street, as well as a separate assemblage of properties located at 93-103 Market Street, and adjacent properties located at 233-251 Washington Street. The project will include 337 new units of mixed-income housing, with 68 units reserved for low income residents. The project includes approximately 61,000 square feet of retail, as well as a 70,000 square foot hotel condominium. The project will be developed by Four Corners Millennium Project Urban Renewal Entity, LLC, or an affiliate, and has a current estimated total development cost of approximately \$188,000,000.	
Shop-Rite Health Facility - This project, located in the City's Central Ward, will provide tenant fit out improvements to the 65,000 square foot supermarket to be constructed at Springfield Marketplace (Block 236) to allow for the provision of health and medical services and education for Newark residents. Specifically, Shop Rite Newark will include a community room for public meetings, a health care clinic, dietician office for health services.	\$2,000,000

Prince St Senior Apartments - This project, located on a .57 acre site at \$2,000,000 16-24 Prince Street and 13-21 Broome Street in the Central Ward, will provide approximately 60 units of high quality affordable housing for low income senior citizens. The housing will be service-enriched to maximize residents' opportunities to age in place. The project is a partnership between the Metropolitan Baptist Church and Genesis Development Corp., or an affiliate, and will have total project costs are estimated at approximately \$20,000,000.

Oliver Street Park Acquisition and Construction - This project will include the acquisition of private property located at 225 - 239 Railroad Avenue, between Oliver and Chestnut Streets in the East Ward, and construction of an approximately 1.7 acre new public park. \$4,000,000

North Ward Neighborhood and Commercial Corridor Development - \$4,000,000 These projects will include the acquisition, rehabilitation and/or redevelopment of public space, City-owned buildings and private properties in the North Ward to enhance access to services and amenities, as approved by Municipal Council.

140 - 148 Roseville Avenue - This project will include the redevelopment of the existing vacant, blighted buildings formerly known as Genesis Towers in the West Ward. Previously containing over 270 units of up-scale market rate housing, with over 228,000 gross square feet, the building have been vacant for over a decade and deemed "Abandoned" under N.J.S.A. 55:19-78 et. seq. (the Abandoned Properties Rehabilitation Act.) The redeveloped project is expected to include approximately 134 units of senior, affordable apartments as well as 117 units of Senior Assisted Living for a total of 251 apartments and a projected total development cost of over \$92,000,000. \$3,000,000

West Ward Neighborhood and Commercial Corridor Development - \$1,000,000 These projects will include the acquisition, rehabilitation and/or redevelopment of public space, City-owned buildings and private properties in the West Ward to enhance access to services and amenities, as approved by Municipal Council.

Redevelopment of 505 Clinton Avenue - This project will include the complete rehabilitation of a long vacant former bank building owned by the City of Newark located at 505 Clinton Avenue in the South Ward. The project will be renovated to include 3,200 square feet for a new facility for the Newark Board of Education Employee's Credit Union, including space for the provision of financial literacy services for residents, as well as 3,000 square feet for other community services, with a target of high quality daycare services. \$1,100,000

Bergen Street Apartments - This project will include the new construction of two buildings located on property currently owned by the City, 1041 & 1051 Bergen Street, for the creation of 45 units of affordable housing for families. The project, to be developed by Bergen Street Redevelopment, LLC, or an affiliate, will be designed and developed pursuant to the requirements of the City's Bergen South Redevelopment Plan. \$1,600,000

981 - 999 Bergen Street - This project will include the redevelopment of \$1,300,000 largely vacant commercial building located at 91 - 999 Bergen Street, to upgrade building systems and enhance the appearance and functionality. The project, to be developed by the owner in conjunction with Full Spectrum NY, or an affiliate, is currently expected to provide space to Beth Israel Hospital to provide for community health, education and medical assistance to residents. The project will be designed and developed pursuant to the requirements of the City's Bergen South Redevelopment Plan.

NOTICE OF PENDING BOND ORDINANCE

PUBLIC NOTICE IS HEREBY GIVEN that the foregoing bond ordinance was duly introduced and passed upon first reading at a regular meeting of the Municipal Council of the City of Newark, in the County of Essex, New Jersey, held on ____, 2013. Further notice is hereby given that said bond ordinance will be considered for final passage and adoption, after public hearing thereon, at a regular meeting of said Municipal Council to be held in the City Hall, 920 Broad Street, Newark, New Jersey on _____, 2013 at ____ o'clock p.m., and during the week prior to and up to and including the date of such meeting, copies of said bond ordinance will be made available at the City Clerk's office in City Hall to the members of the general public who shall request the same. The bond ordinance authorizes the issuance of not more than \$36,000,000 principal amount of Motor Vehicle Rental Tax Revenue Bonds to fund various redevelopment projects authorized under the Municipal Motor Vehicle Rental Tax Law.

Robert P. Marasco, City Clerk

NOTICE OF ADOPTION OF BOND ORDINANCE

PUBLIC NOTICE IS HEREBY GIVEN that the bond ordinance published herewith has been finally adopted by the Municipal Council of the City of Newark, in the County of Essex, New Jersey on _____, 2013 and the 20-day period of limitation within which a suit, action or proceeding questioning the validity of

such bond ordinance can be commenced, as provided in the Local Bond Law, has begun to run from the date of the first publication of this notice.

Robert P. Marasco, City Clerk

CLERK'S CERTIFICATE

I, Robert P. Marasco, Clerk of the City of Newark, in the County of Essex, State of New Jersey, HEREBY CERTIFY as follows that:

1. The attached copy of Ordinance No. ____-__ of said City entitled as set forth below and finally adopted on _____, 2013, has been compared by me with the original thereof officially recorded in the Ordinance Book of the City and is a true and correct copy thereof and of the whole of said original Ordinance. The title of said Ordinance is as follows:

AN ORDINANCE OF THE CITY OF NEWARK, IN THE COUNTY OF ESSEX, NEW JERSEY, AUTHORIZING THE ISSUANCE OF UP TO \$36,000,000 AGGREGATE PRINCIPAL AMOUNT OF MOTOR VEHICLE RENTAL TAX REVENUE BONDS OF THE CITY AND APPROPRIATING THE PROCEEDS OF SUCH BONDS TO CERTAIN ELIGIBLE PROJECTS AND AMENDING SECTION 10:22A-3 OF ORDINANCE 6PSF-i050510

2. Said Ordinance was introduced in writing and read and passed on first reading at a regular meeting of the Municipal Council of said City duly called and held on _____, 2009 (a true and correct copy of an extract of the minutes of the meeting is attached hereto), and was passed on second reading and finally adopted at a regular meeting thereof duly called and held on _____, 2013 (a true and correct copy of an extract of the minutes of the meeting is attached hereto), following the holding of a public hearing thereon at which all interested persons were given an opportunity to be heard.

3. Said Ordinance was published after first reading, on _____, 2013, together with the Notice of Pending Ordinance, containing the date of introduction, time and place of further consideration of said Ordinance (a true and correct copy of the affidavit of publication of said Ordinance is attached hereto).

4. On _____, 2013, said Ordinance was posted on the bulletin board in the Municipal Building of the City together with notice of the availability of copies of said Ordinance at the Office of the Clerk, and such copies of said Ordinance were made available to all members of the general public requesting the same.

5. After final passage, said Ordinance was duly published, together with the Notice of Adoption of Ordinance, on _____, 2013 in the *Star Ledger*, a newspaper circulating in the City (a true and correct copy of the affidavit of publication of said Ordinance is attached hereto).

6. Said Ordinance when introduced was complete in the form in which it was finally adopted and remained on file in the Office of the Clerk for public inspection from the date of introduction to the date of final adoption.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said City this ____ day of _____, 2013.

(SEAL)

Robert P. Marasco, City Clerk

ATTACHMENTS

- A) Ordinance
- B) Extract of minutes of Municipal Council meeting at which Ordinance was introduced
- C) Extract of minutes of Municipal Council meeting at which Ordinance was finally adopted
- D) Affidavit of First Publication of Ordinance after introduction
- E) Affidavit of Second Publication of Ordinance after final adoption