



Legislation Details (With Text)

File #: 22-1423 **Version:** 1 **Name:** Ordinance: LEASE AGREEMENT WITH PARAMOUNT ASSETS, LLC, AS LANDLORD, FOR MUNICIPAL OFFICE SPACE FOR THE NEWARK OFFICE OF WORKFORCE DEVELOPMENT

Type: Ordinance **Status:** Adopted

File created: 11/4/2020 **In control:** Administration

On agenda: 10/19/2022 **Final action:** 11/2/2022

Title: AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH PARAMOUNT ASSETS, LLC, AS LANDLORD, FOR MUNICIPAL OFFICE SPACE FOR THE NEWARK OFFICE OF WORKFORCE DEVELOPMENT LOCATED AT 375 McCARTER HIGHWAY, NEWARK, NEW JERSEY, 07114, PURSUANT TO N.J.S.A. 40A:12-5.

Sponsors: Council of the Whole

Indexes:

Code sections:

Date	Ver.	Action By	Action	Result
11/2/2022	1	Municipal Council	Close on Public Hearing and Adopt	Pass
10/19/2022	1	Municipal Council	Advance and Adopt on First Reading as 6F-	Pass

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH PARAMOUNT ASSETS, LLC, AS LANDLORD, FOR MUNICIPAL OFFICE SPACE FOR THE NEWARK OFFICE OF WORKFORCE DEVELOPMENT LOCATED AT 375 McCARTER HIGHWAY, NEWARK, NEW JERSEY, 07114, PURSUANT TO N.J.S.A. 40A:12-5.

WHEREAS, the City of Newark (the “City”) is in need of office space for use for its Office of Workforce Development operating in conjunction with the New Jersey Department of Labor and Workforce Development; and

WHEREAS, the City issued a Request for Proposal (“RFP”) for One Stop Relocation Lease for the City of Newark and State of New Jersey on February 3, 2022; and

WHEREAS, two (2) proposals were received by the RFP deadline on February 24, 2022, in response to this advertisement; and

WHEREAS, the Purchasing Agent and the evaluation committee believe that vendor, 375 MH 7024, LLC, 375 MH 7058, LLC and 375 MH 7059, LLC (as Tenants in Common of the Building hereinafter defined), jointly doing business as Paramount Assets, LLC is a qualified respondent, and have met all RFP criteria and methodology and all factors considered; and

WHEREAS, the Purchasing Agent and RFP evaluators believe it is in the best interest of the City of Newark to award the contract to Paramount Assets; and

WHEREAS, the proposed location consists of approximately 33,389 square feet of gross rentable square feet of office space (plus 500± square feet of storage space) on a portion of the third (3rd) floor (the “Premises”) of a building located at 375 McCarter Highway, Newark, New Jersey 07114, also known on the Official Tax Map of the City of Newark, as Block 906, Lots 1 and 20 and Block 907, Lot 1 (the “Building”); and

WHEREAS, 375 MH 7024, LLC, 375 MH 7058, LLC and 375 MH 7059, LLC (the “Landlord”), New Jersey limited liability companies, whose address is 45 Academy Street, 5th Floor, Newark, New Jersey 07102 is the owner of the Premises and Building; and

WHEREAS, the City is authorized to acquire property by lease, pursuant to the Local Lands and Buildings Law, N.J.S.A. 40A:12-5, upon passage of an ordinance; and

WHEREAS, the City wishes to enter into a lease agreement (the “Lease”) with the Landlord to lease the above described premises substantially in the form attached hereto and made a part of this Ordinance; and

WHEREAS, the City is also in the process of obtaining approval from the New Jersey Department of Labor and Workforce Development (the “DLWD”), to enter into a sublease with the City upon mutually agreeable terms pursuant to the terms of a June 15, 2022 proposal of lease term, a copy of which is attached hereto.

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

1. The Mayor of the City of Newark and/or his designee, are hereby authorized and directed to enter into, execute and deliver a Lease substantially in the form attached hereto, on behalf of the City of Newark as a Tenant, with Paramount Assets, LLC as the Landlord, for use of the Premises commonly known as a portion of the third floor of the building located at 375 McCarter Highway (Block 906, Lots 1 and 20 and Block 907, Lot 1), as the office of the City of Newark, Office of Workforce Development. The term of such lease shall be sixteen (16) years, commencing upon completion of construction, estimated to be nine (9) months from full execution of the Lease, (the “Commencement Date”), and terminating at 11:59 p.m. on the sixteenth (16th) anniversary of the Commencement Date, (the “Expiration Date”). The Mayor of the City of Newark and/or his designee are hereby authorized to negotiate the terms of a sublease for a portion of the Premises with the DLWD to run concurrently with the Lease term which shall be subject to Municipal Council approval.
2. The Mayor of the City of Newark and/or Deputy Mayor and the Director of the Department of Finance are each hereby authorized to execute and deliver any and all documents and certificates necessary or convenient in connection with the transactions authorized herein.
3. The obligations of the City as a Tenant and the Landlord are specifically contingent upon the execution of a sublease between the New Jersey Department of Labor and Workforce Development and the City upon mutually agreeable terms within the time limits set forth in the Lease.

4. The City shall, as consideration for the Lease, pay the Landlord the sum of \$20,483,192.40 as follows:

Lease Period:	Sq. Ft. Rate	Monthly Rental Payment	Annual Rent
Year 1	\$0.00	\$0.00	\$0.00
Years 2-6	\$38.50	\$109,073.71	\$1,308,884.52
Years 7-11	\$40.00	\$113,323.33	\$1,359,879.96
Years 12-16	\$42.00	\$118,989.50	\$ 1,427,874.00

The DLWD shall, upon execution of a sublease with the City, be responsible for \$14,206,950.00 of said amount and the City shall be responsible for \$6,276,287.40.

5. This Lease may be renewed at the option of the Tenant for two (2) terms of five (5) years each at an annual rental of:

Renewal Option Period:	Sq. Ft. Rate	Monthly Rental Payment	Annual Rent
Option 1 (Years 17-21)	\$44.10	\$124,942.65	\$1,499,311.80
Option 2 (Years 22-26)	\$46.31	\$131,200.09	\$1,574,401.08

6. The City is authorized to enter into the Lease pursuant to the Local Lands and Buildings Law, N.J.S.A. 40A:12-5 et seq.

7. Both the Landlord and City, as Tenant, shall be responsible for the enforcement and compliance with the covenants and conditions of the Lease.

8. Funding for the Lease is anticipated to be provided by annual State and Federal grants and as such the Lease is subject to appropriation in the Municipal Budgets for each year of the term. The City's Chief Financial Officer shall certify in writing the availability of funds annually for the term of the Lease or a partial Lease term for the remainder of 2022 based upon the annual receipt of the Notice of Obligation or Award from the State of New Jersey, in accordance with N.J.A.C. 5:30-5.4 et seq. The Certification shall be filed along with the original resolution and the executed Lease in the Office of the City Clerk. No rent payment is due in Year 1, as such, Certification of Funds is not required.

9. In accordance with Local Budget Law, N.J.S.A. 40A:4-57(b), the City is authorized to enter leases beyond the fiscal year of the Certification of Funds requirements.

10. A copy of both the fully executed Lease and this Ordinance shall be permanently filed in the Office of the City Clerk.

11. The Lease is in compliance with the prerequisite for leasing private space, set forth in the City Municipal Code 2:4-16, as suitable space under the control of the City is not available.

12. Any ordinances inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

13. If any provision of this Ordinance is deemed unlawful by a court and is found to be contrary to law by a court of competent jurisdiction, such provision shall be of no force or effect; but the remainder of this Ordinance shall continue in full force and effect.

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

STATEMENT

This Ordinance authorizes the Mayor of the City of Newark and/or his designee to enter into and execute a Lease with 375 MH 7024, LLC, 375 MH 7058, LLC and 375 MH 7059, LLC (as Tenants in Common), jointly doing business as Paramount Assets, LLC for municipal office space for the City's Office of Workforce Development, located at 375 McCarter Highway, Newark, New Jersey, pursuant to N.J.S.A. 40A:12-5, for a term of sixteen (16) years commencing upon completion on construction, for a total sum of \$20,483,192.40 as follows: State is responsible for \$14,206,950.00 and the City is responsible for \$6,276,287.40.