



Legislation Text

File #: 18-1792, Version: 1

Dept/ Agency: Economic and Housing Development

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

Type of Service: Resolution Endorsing

Purpose: City of Newark application to the Local Finance Board

Additional Information:

141-149, 151-153, 155, 157-159 Washington Street/Block 66/Lots 12, 13, 38, 42, 43, 44, 45, 45-B01, 47, and 47-B01/Central Ward

WHEREAS, the City of Newark, in the County of Essex, New Jersey (the “City”) wishes to enter into a Financial Agreement (the “Financial Agreement”) with 155 Washington Street Urban Renewal, LLC., 155 Washington Street, Newark, New Jersey 07102 (c/o L&M, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538), (the “Entity”) under the provisions of the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., (the “Tax Exemption Law”), and the Redevelopment Area Bond Financing Law, N.J.S.A. 40A:12A-64 et seq., (the “Redevelopment Bond Law”), in support of a redevelopment project to be undertaken by the Entity consisting of the construction of approximately 249 market rate rental units; 4,0001 square feet of office space; and 6,000 square feet of retail space within a designated “are in need of redevelopment” located within the City (the “Project”); and

WHEREAS, the Entity has previously filed with the City its application for a Long-Term Tax Abatement as provided in the proposed Financial Agreement (the “Tax Abatement Application”); and

WHEREAS, the Entity has indicated that it intends to finance a portion of the costs of the Project through the issuance by the City of up to \$1,250,000.00, in bonds (the “RAB Bonds”) pursuant to the Redevelopment Bond Law, the debt service for the repayment of which RAB Bonds will be derived from an assignment by the City to the trustee of the RAB Bonds of amounts payable by the Entity in respect of the “Pledged Annual Service Charge”, as such term is defined in the Financial Agreement; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-67(a), a municipality may issue bonds itself in the manner provided for by the Redevelopment Bond Law; and

WHEREAS, pursuant to N.J.S.A. 40A:12A-67(g), a financial instrument, whether issued by a municipality or an authority (such as the RAB Bonds), that is secured in whole or in part by payments in lieu of taxes as provided in the Redevelopment Bond Law, shall be subject to the review and approval of the Local Finance Board; and

WHEREAS, to obtain such approval, the City is willing to make application to the Local Finance Board for approval of the application of the proposed Financial Agreement to the proposed RAB Bonds (the “LFB Application”), a copy of which is on file with the City Clerk; and

WHEREAS, as a condition to the City’s willingness to file the LFB Application, the City has

required that the Entity (i) represent to the City as to the accuracy of certain factual matters contained in the LFB Application and indemnify the City against any inaccuracies therein and (ii) pay any and all fees and expenses which may be charged by the Local Finance Board in connection with the review, analysis and determination with respect to the LFB Application; and

WHEREAS, the undertakings by the Entity with respect to the LFB Application are more fully set forth in an agreement between the City and the Entity (the "Application Agreement"), a copy of which is attached hereto; and

WHEREAS, the Financial Agreement will be approved by the City pursuant to an ordinance adopted under the Tax Exemption Law and the Redevelopment Bond Law (the "Ordinance"), which Ordinance was introduced by the Municipal Council of the City of Newark (the "Municipal Council") on December 5, 2018, but which has not yet been adopted; and

WHEREAS, on the basis of the representations made by the Entity in the Tax Abatement Application, the Municipal Council believes that:

(a) it is in the public interest to accomplish such purposes; and

(b) said purposes or improvements are for the health, welfare, convenience or betterment of the inhabitants of the City; and

(c) the amounts to be expended for said purpose or improvements are not unreasonable or exorbitant; and

(d) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants of the City and will not create an undue financial burden to be placed upon the City.

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

Section 1. The LFB Application for RAB Bonds of up to \$1,250,000.00, for the 155 Washington Street Urban Renewal, LLC, 155 Washington Street, Newark, New Jersey 07102, (c/o L&M, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538), redevelopment project at 141-149, 151-153, 155, and 157-159 Washington Street, Block 66, Lots 12, 13, 38, 42, 43, 44, 45, 45-B01, 47 and 47-B01, is hereby approved, and the Business Administrator of the City, Director of the Department of Economic and Housing Development, Director of Finance, Chief Financial Officer, Bond/Redevelopment Counsel, Financial Advisor and Auditor, along with other representatives of the City, are hereby authorized to prepare such LFB Application, to file such LFB Application with the Local Finance Board and to represent the City in matters pertaining thereto.

Section 2. The Application Agreement is hereby approved. The Mayor and/or his designee, the Director of Finance, are hereby authorized and directed to enter into and execute the Application Agreement in the form attached hereto, and the City Clerk is hereby authorized and directed to affix the official seal of the City and to attest hereto. A copy of the executed Application Agreement shall be placed on file in the Office of the City Clerk by the Director of Finance.

Section 3. The City Clerk is hereby authorized and directed to prepare and file a copy of this Resolution and the proposed Ordinance and Financial Agreement with the Local Finance Board as part of the LFB Application.

Section 4. The Local Finance Board are hereby respectfully requested to consider such LFB Application and to record its respective findings, recommendations, and/or approvals as provided by the applicable New Jersey statute.

STATEMENT

This Resolution hereby authorizes the Mayor and/or his designees, Business Administrator, Director of the Department of Economic and Housing Development, Director of Finance, Chief Financial Officer, Bond/Redevelopment Counsel, Financial Advisor and Auditor, along with other representatives of the City an Application to the Local Finance Board in connection with the proposed issuance by the City of up to \$1,250,000.00, in “Redevelopment Area Bonds”, which are to be secured by the “Pledged Annual Service Charge” payable to the City under a Financial Agreement to be entered into with 155 Washington Street Urban Renewal, LLC, 1455 Washington Street, Newark, New Jersey 07102 (c/o L&M, 1865 Palmer Avenue, Suite 203, Larchmont, New York 10538), in connection with a redevelopment project to be constructed within the City. This Resolution also approves an Agreement by with 155 Washington Street Urban Renewal LLC, agrees to be responsible for any and all fees and expenses, which may be charged by the Local Finance Board in connection therewith.