



## Legislation Text

File #: 19-1957, Version: 1

**Dept/ Agency:** Finance

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

**Purpose:** Approving Form of Sale of Redevelopment Area Non-Recourse Bonds

**Amount to be Financed:** \$2,500,000.00

**Source of Appropriation:** Bonds

**Purchaser:** Prudential Insurance Company of America

**Project Information:**

**RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF REDEVELOPMENT AREA BONDS (NEWARK MAKERHOODS URBAN RENEWAL, LLC PROJECT, SERIES 2019) (FEDERALLY TAXABLE, NON-RECOURSE) 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 FIRST SUPPLEMENTAL INDENTURE, A PLEDGE AND ASSIGNMENT AGREEMENT, A ESCROW AGREEMENT AND SUCH OTHER DOCUMENTS AND INSTRUMENTS AS NECESSARY FOR THE ISSUANCE OF SAID BONDS**

**Additional Information:**

**WHEREAS**, pursuant to and in accordance with the provisions of the Redevelopment Area Bond Financing Law, constituting Chapter 310 of the Pamphlet Laws of 2001 of the State of New Jersey (the "State"), and the acts amendatory thereof and supplemental thereto (the "Redevelopment Bond Law", as codified in N.J.S.A. 40A:12A-64 et seq.), specifically N.J.S.A. 40A:12A-66(a), the City of Newark (the "City") is authorized to provide a tax abatement within a redevelopment area and for payments in lieu of taxes ("PILOTS") in accordance with certain applicable provisions of the Long Term Tax Exemption Law, constituting Chapter 431 of the Pamphlet Laws of 1991 of the State, and the acts amendatory thereof and supplemental thereto (the "Tax Exemption Law"); and

**WHEREAS**, in accordance with 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 "Redevelopment Law", as codified by N.J.S.A. 40A:12A-1 et seq.), the City has, by Resolution 7Rb, adopted June 15, 1960, approved the Urban Renewal Plan for Old Third Ward Urban Renewal Project N.J.R-6 (the "Redevelopment Plan"), which Redevelopment Plan complies with the requirements of all applicable State and Federal statutes and regulations promulgated thereunder; and

**WHEREAS**, by Resolution 7Rf, adopted by the City on November 6, 1963, the City declared all the area included in the Redevelopment Plan, including certain property in the City's Central Ward, known as 597-601 and 607-609 Dr. Martin Luther King, Jr. Boulevard, 129-135, 137, 139, 141, 143 and 145 Court Street and 20-22, 24-26 and 28 College Place and also referred to as Block 2508, Lots 18, 19, 20, 21, 22, 29, 34, 43, 46, 47, and 52 (the "Property"), as a blighted area under Chapter 187 of the Laws of the State, 1949, the predecessor statute to the Redevelopment Law; and

**WHEREAS**, the City, by Ordinance 6PSF-e, adopted on October 5, 2011, approved the 20th amendment to the Urban Renewal Plan Old Third Ward Renewal Project (NJR-6); and

**WHEREAS**, Newark Makerhoods Urban Renewal, LLC, an urban renewal entity (the "Entity") qualified to do business under and in accordance with the Tax Exemption Law (together with the Redevelopment Bond Law and the Redevelopment Law, the "Acts") is fee simple owner of the Property and proposes to redevelop same by constructing thereon a mixed-use complex consisting of approximately 82 units of housing, of which approximately 16 units will be affordable housing, and approximately 16 affordable workshops where tenants will operate small businesses; as well as the rehabilitation of the Krueger Scott Mansion into a business incubation space, with approximately 20,000 square feet of office space for local commercial entities (collectively, the "Project"); and

**WHEREAS**, in order to improve the feasibility of the Project, the Entity submitted to the City the Exemption Application (as defined in the Financial Agreement) in accordance with N.J.S.A. 40A:20-8 requesting a long term tax exemption and a financial agreement with respect to the Project pursuant to the Tax Exemption Law, which Exemption Application is on file with the City Clerk; and

**WHEREAS**, pursuant to and in accordance with the provisions of the Tax Exemption Law and the New Jersey Redevelopment Bond Financing Law, the City is authorized to provide for and accept, in lieu of real property taxes, an annual service charge paid by the Entity to the City; and

**WHEREAS**, the City finally adopted an ordinance entitled "AN ORDINANCE GRANTING A TAX EXEMPTION TO NEWARK MAKERHOODS URBAN RENEWAL, LLC, FOR A PROJECT TO CONSTRUCT A MIXED-USE COMPLEX CONSISTING OF 82 UNITS OF HOUSING, INCLUDING 16 AFFORDABLE HOUSING UNITS, AND 16 AFFORDABLE WORKSHOPS, AND THE REHABILITATION OF THE KRUEGER SCOTT MANSION INTO A BUSINESS INCUBATION SPACE, WITH APPROXIMATELY 20,000 SQUARE FEET OF OFFICE SPACE FOR LOCAL COMMERCIAL ENTITIES LOCATED ON PROPERTY KNOWN AS 597-601 AND 607-609 DR. MARTIN LUTHER KING, JR. BOULEVARD, 129-135, 137, 139, 141, 143, AND 145 COURT STREET, AND 20-22, 24-26 AND 28 COLLEGE PLACE, NEWARK, NEW JERSEY 07103, WITHIN THE CENTRAL WARD OF THE CITY, AND IDENTIFIED ON THE TAX MAP OF THE CITY OF NEWARK AS BLOCK 2508, LOTS 18, 19, 20, 21, 22, 29, 34, 43, 46, 47, AND 52, AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCIAL AGREEMENT AND OTHER APPLICABLE DOCUMENTS RELATED TO THE ISSUANCE OF REDEVELOPMENT AREA BONDS (NON-RECOURSE TO THE FULL FAITH AND CREDIT OF THE CITY), AUTHORIZING THE ISSUANCE OF THE REDEVELOPMENT AREA BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$2,500,000.00 AND DETERMINING VARIOUS OTHER MATTERS IN CONNECTION THEREWITH" (the "Ordinance"), which Ordinance accepts and approves the Exemption Application and the financial agreement by and between the Entity and the City (the "Financial Agreement") and the Project; and

**WHEREAS**, pursuant to the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-68, the Annual Service Charge (as such term is hereinafter defined) shall, upon the recordation of the Financial Agreement and the Ordinance, constitute a municipal lien on the Property and the Project within the meaning of Applicable Law; and

**WHEREAS**, in accordance with the Tax Exemption Law, the Financial Agreement provides for the payment of an Annual Service Charge (as defined in the Financial Agreement) to be made by the

Entity to the City (the “Annual Service Charge”) and further provides for a pledge of all or a portion of such Annual Service Charge to the debt service on the Bonds (defined below) issued to fund a portion of the cost of the Project (the “Pledged Annual Service Charge”); and

**WHEREAS**, pursuant to and in accordance with the provisions of the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-67(a), the City may issue bonds in order to finance a portion of the costs of a redevelopment project, which bonds may be secured by all or a portion of the Annual Service Charge; and

**WHEREAS**, in order to assist in financing a portion of the costs of the Project, the City has determined to issue bonds to finance a portion of the costs of the Project (the “Bonds”) in accordance with the terms and provisions of that certain “Indenture of Trust” (the “Master Trust Indenture”), to be dated the first day of the month in which the Bonds are issued, by and between the City and the trustee named therein (the “Trustee”), as supplemented by that certain “First Supplemental Indenture of Trust” (the “First Supplemental Indenture” and together with the Master Indenture of Trust, the “Trust Indenture ”), to be dated the first day of the month in which the Bonds are issued, by and between the City and the Trustee, the Ordinance, this bond resolution (the “Bond Resolution”), the Financial Agreement and the Pledge Agreement (defined below); and

**WHEREAS**, pursuant to the terms of the Financial Agreement, the Trust Indenture and that certain “Pledge and Assignment Agreement”, by and between the City and the Trustee (the “Pledge Agreement”), and in accordance with the Redevelopment Bond Law, specifically N.J.S.A. 40A:12A-67(c), the Pledged Annual Service Charge, as such term is defined in the Financial Agreement, shall be pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds;

**WHEREAS**, in accordance with Ordinance and the Acts, the City now desires to authorize and approve the sale and issuance of the Bonds in the aggregate principal amount not to exceed \$2,500,000.00, pursuant to the Ordinance, this Resolution, the Trust Indenture and the Pledge Agreement); and

**WHEREAS**, the City has determined to authorize a Escrow Agreement (the “Escrow Agreement” and together with the Trust Indenture, Pledge Agreement and such other documents, agreements, instruments or certificates as may be necessary for the issuance of the Bonds, collectively, the “Bond Documents”) with the Entity, Trustee, City Bond Counsel, as Escrow Agent, and Prudential Insurance Company of America, designated purchaser of the Bonds, (the “Purchaser”), pursuant to which the *Purchaser* will agree to purchase the Bonds upon satisfaction of the conditions precedent to issuance set forth therein; and

**WHEREAS**, in connection with the sale and issuance of the Bonds, the City also wishes to approve and authorize the forms of and the entering into of the Bond Documents and such other instruments, opinions, affidavits, certificates, resolutions, documents, agreements or other papers as may be deemed necessary for the issuance of the Bonds.

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

**Section 1.** The City of Newark hereby authorizes the issuance and sale of the Bonds of the City in the original principal amount not to exceed \$2,500,000.00. The proceeds of the Bonds shall be applied to the payment of the costs of the Project.

**Section 2.** The Bonds will be dated as of their date of delivery and will mature no later than thirty-five (35) years thereafter, subject to any prior mandatory sinking fund redemption and in the amounts set forth in the Trust Indenture. The Bonds shall bear interest at a rate not to exceed five percent (5%). Interest on the Bonds shall be paid semiannually pursuant to the Trust Indenture.

**Section 3.** The Bonds shall be secured by, *inter alia*, the pledge and assignment of Pledged Annual Service Charge as shall be provided in the Pledge 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 Bonds.

**Section 4.** The Trust Indenture pertaining to the Bonds shall be substantially in the form attached to this Resolution as Exhibit A and made a part hereof, and the Mayor, Acting Director of the Department of Economic and Housing Development, Chief Financial Officer, the Business Administrator and the City Clerk of the City (each an "Authorized Officer"), are each hereby authorized to execute the Trust Indenture with such changes, revisions, or alterations thereto or insertions therein 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 5.** The Pledge Agreement from the City to the Trustee assigning the Pledged Annual Service Charges as security for Bonds shall be substantially in the form attached to this Resolution as Exhibit B and made a part hereof, and the Authorized Officers are each hereby authorized to execute the Pledge 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 6.** The Escrow Agreement by and between the City, the Entity, the Trustee, City Bond Counsel and the Purchaser shall be substantially in the form attached to this Resolution as Exhibit C and made a part hereof, and the Authorized Officers are each hereby authorized to execute the Escrow 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 7.** The distribution and, if necessary, the re-distribution, by the City of a Preliminary Official Statement, a Preliminary Limited Offering Memorandum or a Preliminary Private Placement Memorandum pertaining to the Bonds, in the form approved by the Chief Financial Officer of the City, and the use of an Official Statement, a Limited Offering Memorandum or a Private Placement Memorandum in substantially the form of the Preliminary Official Statement, the Preliminary Limited Offering Memorandum Preliminary or the Private Placement Memorandum, is hereby authorized and approved. The Authorized Officers are each hereby authorized and directed to execute and deliver to the purchaser of the Bonds the final Official Statement, Limited Offering Memorandum or Private Placement Memorandum with such changes as the City's Bond Counsel may advise and the officer executing the same may approve, such approval to be evidenced by such officer's execution thereof. The Chief Financial Officer is hereby authorized to deem final the Preliminary Official Statement,

Preliminary Limited Offering Memorandum or Preliminary Private Placement Memorandum for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

**Section 8.** The Mayor and the Acting Director of the Department of Economic and Housing Development, the Chief Financial Officer, the Business Administrator and the City Clerk are hereby designated, authorized and directed to execute and deliver any and all Bond Documents and perform or determine any other matters or details relating to the 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 Bonds.

**Section 9.** This Bond Resolution shall take effect immediately.

### **STATEMENT**

Resolution hereby approves the form of the Bonds, Trust Indenture and Pledge and Assignment Agreement and provides for the issuance of Redevelopment Area Bonds (Newark Makerhoods Urban Renewal, LLC Project, Series 2019) (Federally Taxable, Non-Recourse) in an amount not to exceed \$2,500,000.00, for the purposes of financing the costs of the Project and providing the form, maturity and other details of said bonds.