



Legislation Text

File #: 20-0580, 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: \$1,250,000.00

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 (155 WASHINGTON STREET URBAN RENEWAL, LLC PROJECT, SERIES 2020A) (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 AND SUCH OTHER DOCUMENTS AND INSTRUMENTS AS NECESSARY FOR THE ISSUANCE OF SAID BONDS.

Additional Information:

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 declared certain properties in the City's downtown area, known as Block 66, Lots 12, 13, 38, 42, 43, 44, 45, 45-B01, 47, and 47-B01, located in the Central Ward, as an area in need of redevelopment in accordance with and pursuant to the Redevelopment Law, as designated by the City by Resolution 7R2-f adopted by the Municipal Council on August 8, 2018 (the "*Property*"); and

WHEREAS, in connection with the redevelopment of the Properties, the City has adopted the Living Downtown Redevelopment Plan by Ordinance 6S&Fg adopted by the Municipal Council on September 3, 2008 (as amended and as may be further amended from time to time, the "*Redevelopment Plan*"); and

WHEREAS, 155 Washington Street Urban Renewal, LLC (the "*Entity*") proposes to redevelop the Property by adaptively reusing the existing 220,000 square foot building that will house up to 220 apartments, up to 4,000 square feet of non-residential, institutional space (for use by Rutgers, the State University ("*Rutgers*")), up to 6,000 square feet of retail, and a new construction element of up to 30,000 square feet, resulting in up to twenty-nine (29) market rate residential units (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 in the Office of the City Clerk; and

WHEREAS, pursuant to and in accordance with the provisions of the Tax Exemption Law and the New Jersey Redevelopment Area Bond Financing Law, constituting Chapter 310 of the Pamphlet Laws of 2001 of 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., and together with the Redevelopment Law and the Tax Exemption Law, the “*Acts*”), 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, on December 19, 2018, the Municipal Council of the City finally adopted Ordinance 6PSF-g, entitled “AN ORDINANCE GRANTING A TAX EXEMPTION TO 155 WASHINGTON STREET URBAN RENEWAL, LLC, FOR A PROJECT TO REHABILITATE AND RENOVATE AN EXISTING 220,000SF BUILDING INTO UP TO 220 RESIDENTIAL UNITS, UP TO 4,000SF OF NON-RESIDENTIAL, INSTITUTIONAL SPACE, UP TO 6,000SF of RETAIL, AND A NEW CONSTRUCTION ELEMENT OF UP TO 29 RESIDENTIAL UNITS LOCATED ON PROPERTY KNOWN AS 141-149, 151-153, 155, 157-159 WASHINGTON STREET AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 66, LOTS 12, 13, 38, 42, 43, 44, 45, 45-B01, 47, AND 47-B01 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 \$1,250,000.00 AND DETERMINING VARIOUS OTHER MATTERS IN CONNECTION THEREWITH” (the “Ordinance”), which Ordinance accepted and approved the Exemption Application, the financial agreement (the “Original Financial Agreement”) and the Project; and

WHEREAS, the Entity previously entered into a ground lease agreement (“Ground Lease Agreement”) with the then owner of the Property, Rutgers, creating a ground leasehold interest in the Property (“Ground Leasehold Interest”), for a term no less than the term of the exemption granted by the Original Financial Agreement and by the Ordinance, however, subsequent to the City’s adoption of the Ordinance and the execution the Original Financial Agreement, the Entity and Rutgers agreed to the Entity’s acquisition of fee simple title to the Property; and

WHEREAS, the Entity has requested revisions to the Original Financial Agreement to reflect the conversion of the Entity’s leasehold interest in the Property to one in fee simple; and

WHEREAS, on March 4, 2020, the Municipal Council adopted Ordinance 6PSF-a entitled “ORDINANCE AUTHORIZING AND APPROVING AN AMENDED AND RESTATED FINANCIAL AGREEMENT, ORIGINALLY APPROVED BY ORDINANCE 6PSF-g ADOPTED ON DECEMBER 19, 2018, WHICH APPROVED AND GRANTED A TAX ABATEMENT TO 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) FOR THE EARLIER OF THIRTY (30) YEARS FROM THE DATE OF EXECUTION OF THE FINANCIAL AGREEMENT, OR TWENTY-FIVE (25) YEARS FROM THE DATE OF SUBSTANTIAL COMPLETION OF THE PROJECT, OR THE DATE WHEN NO BONDS REMAIN OUTSTANDING, FOR A PROJECT TO CONSTRUCT APPROXIMATELY 249 MARKET RATE RENTAL UNITS, 4,000 SQUARE FEET OF OFFICE SPACE, AND 6,000 SQUARE FEET OF RETAIL SPACE LOCATED ON PROPERTY KNOWN AS 141-149, 151-153, 155, 157-159 WASHINGTON STREET AND IDENTIFIED ON THE OFFICIAL TAX MAP OF THE CITY AS BLOCK 66, LOTS 12, 13, 38, 42, 43, 44, 45, 45-B01, 47, AND

47-B01 (CENTRAL WARD) (the “Financial Agreement Ordinance”), which authorized the Amended and Restated Financial Agreement (the “Financial Agreement”); 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 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”), 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; and

WHEREAS, in accordance with the 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 \$1,250,000.00 to Prudential Insurance Company of America, designated purchaser of the Bonds (the “Purchaser”) pursuant to the Ordinance, this resolution, the Trust Indenture and the Pledge Agreement); and

WHEREAS, in connection with the sale and issuance of the Bonds, the City also desires 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:

1. The City hereby authorizes the issuance and sale of the Bonds of the City to the Purchaser in the original principal amount not to exceed \$1,250,000.00. The proceeds of the Bonds shall be applied to the payment of the costs of the Project.

2. The Bonds will be dated as of their date of delivery and will mature no later than thirty (30) 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.

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.

4. The Trust Indenture pertaining to the Bonds shall be substantially in the form attached to this Resolution as Exhibit A-1 and Exhibit A-2 and made a part hereof, and the Mayor, Deputy Mayor, 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.

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.

6. 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.

7. The Authorized Officers 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.

8. This Bond Resolution shall take effect immediately.

STATEMENT

Resolution providing for the issuance of Redevelopment Area Bonds (155 Washington Street Urban Renewal, LLC Project, Series 2020)(Federally Taxable, Non-Recourse) in an amount not to exceed \$1,250,000.00, for the purposes of financing the costs of the Project and providing the form, maturity and other details of said bonds.