

Rahway Redevelopment Agency

Minutes Special Meeting July 16, 2008 6:30 P.M.

CALL TO ORDER

The meeting was called to order at 6:40 P.M. in the Council Chambers

OPEN PUBLIC MEETINGS ACT

This meeting was advertised and posted in accordance with the Open Public Meetings Act of the State of New Jersey

PLEDGE OF ALLEGIANCE

Commissioners, officials, and public attendees saluted to the flag

ROLL CALL

On a call of the roll the following officials were present:

*Carlos Garay, Commissioner
Anthony Deige, Commissioner
Timothy Nash, Commissioner
Nancy Saliga, Commissioner
Courtney Clarke, Vice Chairman
William Rack, Chairman*

The following official was absent:

Commissioners: James Ferrell

COMMENTS FROM THE PUBLIC

None

NEW BUSINESS

Resolutions:

No. 19-08

RESOLUTION OF THE RAHWAY REDEVELOPMENT AGENCY, IN THE COUNTY OF UNION, STATE OF NEW JERSEY, AUTHORIZING THE MAKING OF AN APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 40A:5A-6, N.J.S.A. 40A:5A-24 AND N.J.S.A. 40A:12A-29(a)(3) IN CONNECTION WITH THE ISSUANCE OF NOT EXCEEDING \$7,500,000 CITY-SECURED ARTS DISTRICT EXTENSION PROJECT NOTES AND/OR CITY-SECURED ARTS DISTRICT EXTENSION REVENUE BONDS

WHEREAS, on September 30, 2003 the Union County Improvement Authority (the "Authority"), issued \$4,500,000 aggregate principal amount of Loan Revenue Bonds, Series 2003 (the "UCIA Bonds"), in order to finance (i) redevelopment projects being undertaken in the City of Rahway (the "City") by the Rahway Redevelopment Agency (the "Agency"), consisting of the acquisition, development or redevelopment of certain real property, which may include but is not limited to, all real properties in the areas of the City that have been designated "Redevelopment Areas" in accordance with the provisions of the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (the "Redevelopment Law"), real properties respectively and commonly known as 370 Hamilton Street, 298 through 304 Hamilton Street, 350 Hamilton Street, 1427 through 1431 Irving Street, 1423 Irving Street, 1654 Irving Street, 1646 through 1648 Irving Street, 1646 Seminary Avenue and 258 Monroe Street and being respectively designated as Block 167, Lot 38, Block 167, Lot 45, Block 167, Lot 39, Block 316, Lot 7, Block 316, Lot 6, Block 162, Lot 6, Block 162, Lot 5, Block 162, Lot 7 and Block 379, Lot 5 on the Official Tax Map of the City, such acquisition, development and redevelopment of real property also including, but not being limited to, all engineering and design work, surveying, construction planning, preparation of plans and specifications, permits, bid documents, construction inspection and contract administration, the ability of the Agency to enter into and participate in any and all agreements and legal entities, all work, materials, equipment, labor and appurtenances necessary therefor or incidental thereto and any and all

actions and omissions that the Agency is empowered to undertake or refrain from pursuant to the Redevelopment Law, (ii) working capital for the Agency to undertake redevelopment projects, and (iii) the cost of issuance for the UCIA Bonds (collectively, the "2003 Project"); and

WHEREAS, the payment of the principal and redemption premium, if any, of and interest on the UCIA Bonds is secured by the proceeds of a loan agreement by and between the Authority and the Agency (the "UCIA Loan Agreement"), and the payments under the UCIA Loan Agreement are further secured by the UCIA Deficiency Agreement by and among the Agency, the City and the Authority (the "UCIA Deficiency Agreement" and together with the UCIA Loan Agreement, the "UCIA Financing Documents"); and

WHEREAS, the obligations of the Agency under the UCIA Loan Agreement and the UCIA Bonds are secured by, among other things, the UCIA Deficiency Agreement, under which the City agreed to make payment to the UCIA Trustee (as defined in the UCIA Bond Resolution (as defined herein)) on behalf of the Agency of any deficiency in sums due to the UCIA Trustee from the Agency under the UCIA Loan Agreement and the UCIA Bonds, all in accordance with section 36 of the hereinafter defined Act (N.J.S.A. 40:37A-79) and other applicable law, including the Redevelopment Law; and

WHEREAS, in order to induce the prospective purchasers of the UCIA Bonds of the Authority issued for the 2003 Project to purchase same, payment when due of the principal of (including sinking fund installments, if any) and interest on the UCIA Bonds is additionally secured by a full faith and credit, unconditional and irrevocable guaranty of the City in accordance with a guaranty ordinance finally adopted by the governing body of the City and a guaranty certificate executed and attached to each UCIA Bond by an authorized officer of the City (collectively, the "UCIA Guaranty"), all in accordance with Section 37 of the Act (N.J.S.A. 40:37A-80) and other applicable law; and

WHEREAS, the UCIA Bonds have such other terms as set forth in that certain resolution authorizing the issuance of the UCIA Bonds adopted by the Authority prior to the issuance of the UCIA Bonds (the "Initial UCIA Bond Resolution" and together with any amendments or supplements thereto in accordance with the terms thereof may be collectively referred to as the "UCIA Bond Resolution"); and

WHEREAS, the final maturity of the UCIA Bonds in the amount of \$4,000,000 matures on September 15, 2008; and

WHEREAS, the Agency has determined to issue the 2008 Bonds (as defined herein) (i) to pay-off the final maturing UCIA Bond in the amount of \$4,000,000 on September 15, 2008, (ii) to complete the 2003 Project, and (iii) to undertake a capital project entailing the construction of an amphitheater and other associated facilities, amenities and improvements (the "Facilities") to be located on certain land described and set forth in the 2003 Project, a portion of such Facilities to be used and occupied by the City in connection with the Capital Grant Agreement (as hereinafter defined) between the City and the Agency ((i), (ii) and (iii) of this recital shall be hereinafter collectively referred to as the "2008 Project"); and

WHEREAS, the Agency is respectively authorized to issue its project notes and permanent revenue bonds pursuant to the provisions of the Local Authorities Fiscal Control Law, N.J.S.A. 40A:5A-1 et seq., as amended and supplemented, and Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented (collectively, the "Act"), and other applicable provisions of law, and to finance redevelopment projects such as the 2008 Project; and

WHEREAS, due to the preliminary status of the final amounts of the project costs associated with the 2008 Project, the Agency intends to interim finance the 2008 Project costs through its issuance of Project Notes in an amount not to exceed \$7,500,000 for a period not exceeding two (2) years (the "2008 Project Notes"); and once the final amounts of the 2008 Project costs have been finalized, the Agency intends to retire the 2008 Project Notes through the issuance of revenue bonds in an amount not to exceed \$7,500,000 (plus capitalized interest and debt service reserve funding) by the Agency (the "2008 Bonds"); and

WHEREAS, to secure the payment of the principal of and interest on the 2008 Project Notes and/or the 2008 Bonds, the Agency and the City intend to enter into a Use, Occupancy and Capital Grant Agreement (the "Capital Grant Agreement"), whereby the City will agree to make periodic capital grant payments to the Agency for the use and occupancy of the City's portion of the Facilities and the 2008 Project, and the revenue stream securing the 2008 Project Notes and/or the 2008 Bonds will be the capital grant payments to be made by the City to the Agency, such capital grant payments to be structured to cover the principal of and interest payments on the 2008 Project Notes and/or the 2008 Bonds, *plus* an administrative fee for the Agency, and which capital grant payments will not be subject to the City's annual appropriation and will be a general obligation full faith and credit pledge of the City to pay the debt service on the 2008 Project Notes and/or the 2008 Bonds; and

WHEREAS, under the terms of the Capital Grant Agreement, the periodic capital grant payments due thereunder from the City to the Agency shall be sufficient to pay the debt service on the 2008 Project Notes and/or the 2008 Bonds and other related costs and expenses of the Agency as reflected therein; and

WHEREAS, the Agency's ability to issue the 2008 Project Notes and the 2008 Bonds requires the authorization of certain matters and certain actions to be undertaken by the Agency officials, officers and professionals, including but not limited to, the preparation and submission of an application to the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board"); and

WHEREAS, the Agency desires at this time to conduct the private sale of the 2008 Project Notes in an aggregate principal amount not to exceed \$7,500,000, and the 2008 Bonds in an aggregate principal amount not to exceed \$7,500,000 to provide funds to currently refund the 2008 Project Notes when such notes mature and to permanently finance the costs of the 2008 Project, and desires to make application to the Local Finance Board for (i) the applicable approvals required pursuant to the provisions of the Local Authorities Fiscal Control Law,

specifically N.J.S.A. 40A:5A-6 and N.J.S.A. 40A:5A-24, and (ii) the approval of the private sale of the 2008 Project Notes and the 2008 Bonds pursuant to the Redevelopment Law, specifically N.J.S.A. 40A:12A-29(a)(3); and

WHEREAS, the Agency believes:

- (a) it is in the public interest to accomplish the 2008 Project;
- (b) the 2008 Project is for the health, welfare, convenience or betterment of the inhabitants of the City;
- (c) the amount to be expended for the 2008 Project is not unreasonable or exorbitant;
- (d) the 2008 Project 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 BOARD OF COMMISSIONERS OF THE RAHWAY REDEVELOPMENT AGENCY, IN THE COUNTY OF UNION, STATE OF NEW JERSEY, as follows:

SECTION 1. The preparation and submission of an application to the Local Finance Board (the "Application") is hereby authorized and directed to be made by the Agency's Bond Counsel, Wilentz, Goldman & Spitzer, P.A. (the "Bond Counsel") and other officials, officers and professionals of the Agency, including but not limited to, the Executive Director, the Chief Financial Officer, the Secretary, the Assistant Secretary, the Agency's Auditor, Lerch, Vinci & Higgins, LLP (the "Agency Auditor") and the Agency's General Counsel, DeCotiis, Fitzpatrick, Cole & Wisler, LLP (the "General Counsel"). Bond Counsel, the Agency's Executive Director, Chief Financial Officer, Secretary, the Agency Auditor and the General Counsel are each hereby authorized and directed to represent the Agency in matters pertaining to such Application.

SECTION 2. The Local Finance Board is hereby respectfully requested to consider such Application and to record its findings, recommendations and/or approvals as provided by the applicable New Jersey Statutes.

SECTION 3. The Agency's Secretary or Assistant Secretary is hereby directed to file a certified copy of this resolution with the Local Finance Board and to forward a certified copy of this resolution to Bond Counsel to supplement the Application therewith.

SECTION 4. The Agency's Executive Director is hereby authorized and directed to determine all matters in connection with the 2008 Project not determined by this or a subsequent resolution, all in consultation with Bond Counsel, and the manual or facsimile signature of the Agency's Executive Director upon any documents shall be conclusive as to all such determinations. The Agency's Chairman, Executive Director, Chief Financial Officer, Secretary, Assistant Secretary and any other Agency Representative, including but not limited to, Bond Counsel, the Agency Auditor and General Counsel, are each hereby authorized and directed to take such actions or refrain from such actions as are necessary to consummate the transaction contemplated by the Agency's undertaking of the 2008 Project and any all such actions or inactions taken by the aforesaid Agency Representatives heretofore are hereby ratified and confirmed, *nunc pro tunc*.

SECTION 5. This resolution shall take effect immediately.

A motion was made by Commissioner Clarke, seconded by Commissioner Nash, to accept and approve Resolution 19-08.

*Yes: Commissioners Clarke, Nash, Saliga, Rack, Deige, Garay
Absent: Commissioner Ferrell*

COMMISSIONER'S COMMENTS

ADJOURNMENT

There being no further business, the meeting was adjourned at 6:45 PM.
