

**Loan Agreement**

**City of Union City**

**Transitional Aid to Localities**

**SFY 2019 City of Union City Loan Approval Certification**

I attest that sufficient funds have been appropriated by the State of New Jersey to cover the current State fiscal year portion of this \$6,000,000 loan.

By: *Mer. Smith* Date: *5/16/19*

Department Loan Approval Officer

**Section I**

**Loan Data Sheet**

**Recipient Information**

Agency Name: City of Union City  
Address: 3715 Palisade Avenue  
Union City, New Jersey 07087  
Chief Financial Officer: Tammy Zucca  
Telephone Number: 201-348-5846

**State Information**

Department: New Jersey Department of Community Affairs  
Division: Division of Local Government Services  
Contact Person: Melanie R. Walter, Director  
Telephone Number: 609-292-6613

**Funding Amount and Funding Source**

Loan Amount: \$6,000,000.00  
Source of Funds: Transitional Aid  
Account Number: 19-495-022-8030-664

**Loan Award Period**

Award Period: Upon execution of agreement by all parties, for ninety calendar days.

**Purpose of Loan**

This award will provide funding as a short-term interest free loan to supplement the City's Transitional Aid award, addressing a temporary structural budgetary deficit.

## **Section II**

### **Terms and Conditions**

#### **City of Union City**

The City of Union City is eligible to receive a \$6 million loan to address the City's persistent structural budgetary deficit. A Transitional Aid to Localities loan shall be awarded to the City upon the execution of this loan agreement and the acceptance of the following terms and conditions.

#### **1. Loan Amount**

The amount of this Transitional Aid to Localities loan is \$6,000,000.00.

#### **2. Term of Loan**

The full amount of this loan shall be due and payable within Ninety (90) calendar days following the execution of this loan agreement by all parties.

#### **3. Interest and Repayment Provisions**

The loan bears no interest. The full amount to be repaid by the municipality shall be the same as the full amount borrowed by the municipality under this agreement.

The loan shall be repaid by either cash payments or reductions in future aid payments.

To meet operational needs and assure loan repayment, Union City shall institute a non-essential spending freeze for the duration of the term of this loan which will enable Union City to cancel any unspent balances prior to the end of the fiscal year. In furtherance of this obligation, Union City shall submit monthly budget expenditure and revenue realization reports to the City's assigned Division Technical Advisor, keep current with monthly cash reconciliations, and maintain a balanced general ledger.

#### **Resolution**

Acceptance of this loan shall be by resolution of the municipal governing body acknowledging the need for assistance and accepting the terms and conditions set forth herein.

**Section III**

**Department and Recipient Agreement Signatures**


The Recipient named below agrees to accept the loan and uphold the Terms and Conditions set forth in Section II of this Loan Agreement.

**For Recipient Use Only**

Accepted and Agreed:

By:  Date: May 7, 2019

Hon. Brian Stack, Mayor  
City of Union City

 Date: April 15, 2019

Certification of Municipal Clerk

**For State Use Only**

Countersigned:

By:  Date: May 15, 2019

Melanie R. Walter, Director  
Division of Local Government Services

**Loan Approval Certification**

I attest that sufficient funds have been appropriated by the State of New Jersey to cover the current State fiscal year portion of this award.

By:  Date: 3/16/19

Department Loan Approval Officer

FIRST ADDENDUM TO THE  
MEMORANDUM OF UNDERSTANDING

Setting forth the minimum conditions on the receipt of Transitional Aid to Localities by the municipality of

CITY OF UNION CITY

WHEREAS, the Director of the Division of Local Government Services (the "Director") and the City of Union City (the "Municipality") previously entered into a Memorandum of Understanding ("Memorandum") as a condition of the Municipality receiving \$20,000,000 in Transitional Aid to Localities ("Transitional Aid") for use in its Fiscal Year 2019 Budget in accordance with the criteria set forth in P.L. 2018, c.53 (the "State Budget"); and

WHEREAS, the Director, finds that the City of Union City has ascertained the existence of a temporary fiscal crisis, arising from cash flow challenges precipitated by unanticipated over-expenditures in the 2018 budget, and revenue shortfalls in the current fiscal year.

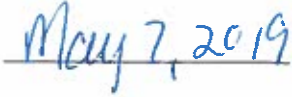
NOW THEREFORE, be it resolved that the following provisions be added to and considered to be part of the Memorandum:

1. Upon receipt of the signed documentation, the Division will award an additional \$6,000,000 in support of the City's FY2019 Budget, which amount must be repaid either through cash payments or future reductions in aid awards. The term of the loan expires ninety days from the date the City and State execute this agreement, and this loan bears no interest.
  
2. To meet operational needs and assure loan repayment, Union City shall institute a non-essential spending freeze for the duration of the term of this loan which will enable Union City to cancel any unspent balances prior to the end of the fiscal year. In furtherance of this obligation, Union City shall submit monthly budget expenditure and

revenue realization reports to the City's assigned Division Technical Advisor, keep current with monthly cash reconciliations, and maintain a balanced general ledger.



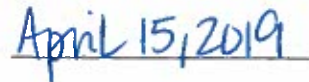
Signature of Mayor



Date




Certification of Municipal Clerk



Date



Signature of Director



Date