

ECONOMIC RECOVERY BOARD FOR CAMDEN

May 26, 2009

Waterfront Technology Center, Camden, NJ

MINUTES OF THE MEETING

Members of the Board present: Elizabeth Lindsey representing Chairman Rousseau, State Treasurer; Rev. J. C. Jones, Vice Chairman; Judge Theodore Davis, COO; Mayor Gwendolyn Faison; Non-Voting Member Freeholder Director Louis Cappelli, Jr; and Public Members: Rodney Sadler, William Hosey, and Rosa Ramirez.

Present via phone: Marge DellaVecchia representing DCA Commissioner Joseph Doria, Jr.; City Council President Angel Fuentes; and Maureen Hassett representing EDA Chair Carl Van Horn.

Also Present: Laura Wallick, Assistant Secretary; Bette Renaud, DAG; and EDA staff.

Absent: Non-Voting Legislative Members: Assemblywoman Nilsa Cruz-Perez, and Senator Dana Redd; and Public Member Robert Milner.

Ms. Lindsey called the meeting to order at 10:07 a.m.

In accordance with the Open Public Meetings Act, Ms. Wallick announced that notice of this meeting had been sent to the *Star Ledger*, the *Times*, and the *Courier Post* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board at the State House.

A quorum of the ERB Board was present.

Ms. Lindsey asked for a motion to approve the April 28, 2009 minutes of the Board.

MOTION TO APPROVE: William Hosey SECOND: Rev. Jones AYES: 9

Judge Davis abstained due to the minutes reflecting the COO salary discussion.

Ms. Ramirez noted that while the minutes reflected that Rodney Sadler suggested that the action item regarding the COO's salary be tabled and referred to the Policy Committee, all the members supported that idea.

MINUTES OF BOARD MEETING

Ms. Lindsey asked Ms. Wallick to summarize the first item before the board, the Fair Share Northgate II Associates, L.P. or designee (Northgate II - P17296) project. Ms. Wallick stated that on June 14, 2006, the Members of the ERB approved a \$603,000 loan to partially finance renovations to 94 low-rise affordable housing units at Northgate II in Camden. In addition, the ERB approved a \$631,725 grant for infrastructure costs including common area improvements, sewer facilities, the purchase of a water filtration system and electrical service. The NJ Economic Development Authority Board approved the funding authorization of the loan and grant in June 2006. The remainder of the total \$2.44 million in project costs was to be funded by a \$1.10 million, Low Income Housing

Tax Credit loan and a \$103,275 deferred Developer's Fee. NJ Housing and Mortgage Finance Agency (HMFA) provided construction financing in the form of a \$2.14 million and administers the tax credits.

Ms. Wallick stated that the Northgate II construction financing closed with HMFA on December 7, 2006. The project was completed and the building is now utilized by residential tenants. Over the course of an approximate three year period from original approval, a total of five commitment extensions have been requested and approved. The need for the extensions resulted from a litigation matter in which the applicant is involved.

The City of Camden is seeking payment of an outstanding water bill in the amount of \$527,023. This figure includes accrued interest and penalties. The applicant has filed a counterclaim, stating that it is entitled to a set-off because the water provided by the City was not clean, thus requiring it to pay approximately \$250,000 to provide clean water to the residents of Northgate II and \$242,000 to install a water filtration system.

Ms. Wallick explained that the applicant recently approached the Authority for a sixth commitment extension. The extension request was declined as it was determined to be impractical to keep extending the commitment if there was no clear plan to resolve the unpaid water bill. Exacerbating the issue is the fact that HFMA's construction loan matures on 4/30/09. Initial communications from HFMA indicated that they were unwilling to extend the commitment and if the loans were not paid off at maturity, the applicant would be in default.

The applicant contacted the Authority and HMFA to discuss under what scenario we would be willing to reapprove our commitments and close the same. It was collectively agreed that the applicant must escrow for all outstanding water obligations and keep current with all future water bills, in order for the extension request to be presented to the ERB.

Fairshare/Northgate II has agreed to place into an escrow account at HMFA \$527,023 to cover the entire outstanding water bill. The applicant will derive \$277,023 of the cash from the Company's general operating account. An additional \$239,183 cash will be sourced from a Home Express Escrow (\$132,277: hold back funds typically released at project completion) and a Syndication Escrow (\$106,906: primarily comprised of interest earned from the tax credit proceeds) structured within the original project budget. The remaining \$10,817 will be funded from the tax credit equity proceeds from the investor. Future water bills payments will be made directly into the escrow. In the event the applicant is successful in its litigation with Camden City, the entire escrow will be released back to the applicant. Should the case be lost, the escrow will be used to satisfy all outstanding water obligations. Note that all sewer bills since the beginning of fiscal 2008 have been paid by the applicant via deposits into an escrow account established by the Superior Court system.

Ms. Wallick added that as a follow up to a request during the PRC meeting, the attorney for the applicant has remitted an escrow agreement which was received on Friday, May 22, 2009. The EDA Deputy Attorney General will review the agreement prior to closing on the transaction.

Ms. Renaud noted that the approval would allow for the option of the escrow being held at the Superior Court.

MOTION TO APPROVE: Mr. Sadler SECOND: Ms. Lindsey AYES: 7

Mayor Faison abstained due to the referenced pending litigation with the City as plaintiff.

Judge Davis abstained due to the referenced pending litigation with the City as plaintiff.

City Council President Fuentes abstained due to the referenced pending litigation with the City as plaintiff.

Bill Hosey asked about the project's compliance with prevailing wage. Marge DellaVecchia was not aware of any issues. EDA, as part of standard process prior to closing, will confirm with DOL that there are not prevailing wage compliance issues outstanding.

Ms. Lindsey requested comments from the members of the public.

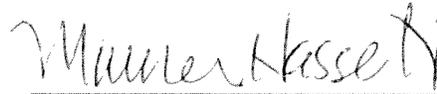
Mr. Colandus "Kelly" Francis, President NAACP of Camden provided the board members with a picture of the senior housing development built in the Centerville section of Camden. He noted the picture was taken on the opposite side of the development from the Rt. 676 freeway. He stated that for years he has opposed the building of any residential construction in that area due to its proximity to direct pollutants from traffic and nearby industries. He pointed out that the third floor of the building was higher than the retaining wall and was clearly visible from the highway. He added that the buildings are located two blocks from the cogeneration plant, and two blocks from St. Lawrence Cement Co. He wanted to point this out, as some attendees are not in the city everyday and might not be aware of all projects being built. He felt the location would be detrimental to the senior's health.

Ms Lindsey requested comments from the members of the board.

Ms. Ramirez discussed the COO's Salary approval which was tabled by the Board vote at the April meeting. She asked what the status of the State's review was. DAG Renaud stated that at the Policy committee meeting it was decided to continue to table the item pending further review of the process. Ms. Hassett stated that members would be contacted and apprised of the outcome of the review. Mayor Faison stated that she didn't feel the board should have a role as the ERB doesn't fund the COO's salary. She did not appreciate outreach from public officials on the matter. Ms. Ramirez agreed and noted it was unfair to the COO to have the discussion with him present.

There being no further business, on a motion by Mr. Sadler, and seconded by Mr. Hosey, the meeting was adjourned at 10:38 a.m.

Certification: The foregoing and attachments represent a true and complete summary of the actions taken by the State Economic Recovery Board for the City of Camden at its meeting.



Maureen Hassett, Senior Vice President,
EDA
Assistant Secretary, ERB