

ECONOMIC RECOVERY BOARD FOR CAMDEN

June 14, 2006

NJEDA Headquarters –Trenton

SPECIAL MEETING MINUTES

Members of the Board present: Reverend J. C. Jones, Vice Chairman; Marge DellaVecchia representing Commissioner Susan Bass Levin; Chief Operating Officer, Randy Primas; Dennis Kille, designee for Mayor Gwendolyn Faison; Tina Vignali, designee for City Council President, Angel Fuentes; Michael Livharcik, designee for State Treasurer Bradley Abelow; Freeholder Director Louis Cappelli, Jr; and Public Members: William Hosey, and Rodney Sadler.

Also Present: Assistant Secretary, Maureen Hassett; Bette Renaud, Deputy Attorney General; EDA staff; and guests.

Absent: Legislative Members: Assemblyman Joseph Roberts and Senator Wayne Bryant and Public Members: Robert Milner, Bill Hosey, and Rosa Ramirez.

Assistant Secretary Hassett called the meeting to order at 10:05 am.

In accordance with the Open Public Meetings Act, Ms. Hassett announced that notice of this meeting has been sent to the *Star Ledger*, the *Times*, the *Courier Post* and the *Philadelphia Inquirer* 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.

MINUTES OF BOARD MEETING

Ms. Hassett stated that the Members are asked to approve a total of \$1,234,725 in project financing assistance for the \$2.4 million renovation of 94 low rise affordable housing units at Northgate. Ms. Hassett stated that the ERB's assistance would include a \$631,725 grant for infrastructure costs including common area improvements, sewer facilities, purchase of a water filtration system and electrical services. A \$603,000 fifteen-year loan will be used for renovation to the rental units. We recommend approval of the exception to policy regarding the maximum loan maturity of ten years in order to permit the Borrower to be in compliance with Low Income Housing Tax Credit requirements. Due to timing considerations, the EDA board approved the funding authorization on June 13, 2006, with funds from the Residential Neighborhood Improvement Fund established through the Municipal Rehabilitation and Economic Recovery Act.

Ms. Hassett went on to say that the Fair Share Northgate II Associates, L.P. is the current owner of the Northgate II affordable housing development on North 7th and Elm Streets, Camden, which includes a 308 unit high-rise apartment building and 94 garden style apartments in a total of fourteen two story buildings. All units in Northgate II receive U.S. Department of Housing

and Urban Development (“HUD”) Section 8 Project Based Assistance rent subsidies. New Jersey Housing and Mortgage Finance Authority (“HMFA”) has approved \$2,440,000 in tax exempt construction financing for the project subject to the Applicant’s obtaining permanent financing commitments. In addition, MMA Financial, LLC, has agreed to purchase 4% Low Income Housing Tax Credits for the renovation of the low rise units in the approximate amount of \$1,102,000, which require completion of the project by December 31, 2006.

The ERB’s assistance will permit the completion of renovations to this affordable housing project. Approximately \$10 million in renovations have already been completed for the 308-unit high-rise building.

Fair Share Northgate II Associates, L.P. is a for-profit limited partnership, which is led by Peter O’Connor, Esq., Executive Director and General Counsel, who is responsible for oversight and decisions for all Fair Share projects. Deluca Construction, a large regional developer has been chosen as the general contractor for the project.

The project entails the renovation of 94 garden style apartments that include two, three and four bedroom units in fourteen two-story brick buildings. Renovations include new entrances, windows, bathrooms, and kitchens and environmental remediation of 14 underground storage tanks. Infrastructure improvements include maintenance and repairs of sewers, a water filtration system, as well as electrical service upgrades and common area improvements such as sidewalks and landscaping. All residences will continue to be rental units with HUD Section 8 subsidies for tenants.

HUD’s subsidy is made under a Housing Assistance Program contract (“HAP”) with the Applicant that extends through May 2020. While the ERB loan will extend beyond the current expiration of the HAP contract, HMFA’s first mortgage loan will have been significantly reduced and reserves funded to meet scheduled debt service payments through the HMFA’s loan maturity in 2023. Further in 2020, the balance of the ERB loan will be significantly reduced. Given the relatively low debt level projected at that time, it is likely that the balance could be refinanced without reliance on the renewal of the HAP.

The ERB grant and loan funds will be disbursed to the Applicant upon completion of the project, staff’s review and acceptance of the final construction report submitted to the HMFA and satisfactory evidence that the remediation of underground storage tanks at the site is complete.

Ms. Hassett explained that the contingencies are that the debt service payments will be remitted directly from HMFA from HUD subsidies after payment of the first mortgage loan, and that Funding will occur upon certification that the project has been completed, per HMFA.

Ms Hassett requested comments from the Members.

Freeholder Director Cappelli inquired about the process for monitoring improvements.

Ms. DellaVecchia replied that HMFA’s Technical Service staff has a fulltime employee assigned to the project and they would review improvements to ensure they are necessary.

Randy Primas inquired whether or not a service agreement should be executed in addition to the existing pilot agreement for the project. The intent of the annual service charge provision in the Municipal Recovery Act is for non-profits that normally don't pay taxes and which receive ERB assistance to pay a service charge.

DAG Bette Renaud stated that she would review the Act and the existing agreement between the city and Northgate II to ensure that all statutory requirements are met.

MOTION TO APPROVE: Ms. DellaVecchia SECOND: Mr. Sadler AYES: 9

There being no further business, on a motion by Mr. Primas, and seconded by Mr. Sadler, the meeting was adjourned at 10:25.

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, Vice President
Strategic Partnerships, EDA
Assistant Secretary, ERB