

ECONOMIC RECOVERY BOARD FOR CAMDEN
Rutgers University - Camden Campus
September 7, 2006

MINUTES OF THE MEETING

Members of the Board present: Marge DellaVecchia representing Commissioner Susan Bass Levin; Chief Operating Officer, Randy Primas; City Council President, Angel Fuentes; Michael Lihvarcik, designee for State Treasurer Bradley Abelow; Dennis Kille for Mayor Gwendolyn Faison; Freeholder Director Louis Cappelli, Jr.; Legislative Member Senator Wayne Bryant and Public Members: William Hosey, and Rodney Sadler and Robert Milner.

Also Present: Assistant Secretary, Maureen Hassett; EDA staff; and guests.

Absent: Reverend J. C. Jones, Vice Chairman; Legislative Member Assemblyman Joseph Roberts, and Public Member Rosa Ramirez.

Designee for State Treasurer Bradley Abelow, Michael Lihvarcik, called the meeting to order at 10:15 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.

Michael Lihvarcik asked for a motion to approve the July 6, 2006 minutes of the Board.

MOTION TO APPROVE: Mr. Primas SECOND: Mr. Sadler AYES: 7

MINUTES OF BOARD MEETING

Roger Dennis, Provost, Rutgers University Camden welcomed the board members and all present. He stated that Rutgers' vision is for a 24/7 downtown for Camden and continued partnering with downtown retailers was key to this success. Mr. Dennis mentioned that the University was working diligently to bring Johnson Park, which is located in front of the Walt Whitman Cultural Arts Center on Cooper Street, back to its 1925 splendor. The site has been designated as a State and Federal Historic Landmark based in part on its important architectural and cultural perspective.

He also mentioned the Law School addition and renovation project, which consist of a new lobby, law school lounge, law library, seminar rooms, and a moot courtroom funded in part by an \$11 million grant from the ERB in conjunction with matching funds of \$25 million by the university. He invited the board to the ribbon cutting to be held within the next few weeks.

Peter Gold, Esq., Associate Provost for Economic Initiatives & CEO, Rutgers Camden Technology Campus, Inc, welcomed the board and all present. Mr. Gold pointed out that the Rutgers Camden Technology Campus, is a mixed-use business incubator with a capital investment of \$50 million. He stated the Rutgers Technology campus is the lead tenant in the Waterfront Technology Center in Camden and is home to 35 businesses that employ approximately 155 people with a combined payroll of \$6 million. He went on to state they will soon launch a wet-lab incubator for life science companies.

Michel Lihvarcik called on Ms. Hassett to summarize the first agenda item, the Heart of Camden Broadway West – Phase I – (P17495). Ms. Hassett stated the Members are asked to approve the request for a \$788,971 soft loan structured with a declining proportionate repayment over ten years for the gut-rehabilitation of 14 market rate units which will be part of a 16-unit home ownership project in the Waterfront South section of Camden.

The project is a scattered site 16-unit home ownership project is located on West of Broadway to Ancona between Carl Miller and Viola in the South Camden Historic District. When Broadway West - Phase II is complete, there will be no vacant homes in the South Camden Historic District West of Broadway between Jackson and Winslow Streets.

The Broadway West - Phase I project is a home ownership project that consists of the gut rehabilitation of 16 units of which 14 will be market-rate units and 2 will be affordable units. The units will be sold to low/moderate income buyers with annual salaries ranging from 50-80% of the median income, who work in the local business districts, hospitals, schools, nearby industrial parks or retail stores.

Ms. Hassett pointed out that the project investment is \$2,874,885, with ERB funds of \$788,971 specifically earmarked for the rehabilitation of the 14 market-rate units. HOC is awaiting approval from NJHMFA for \$1,250,000 in CHOICE funds, which is expected in September 2006. The balance of the investment will be obtained from the proceeds from the home sales estimated at \$791,400 and private donations in the amount of \$44,514.

The ERB will file a third mortgage on the properties behind the homebuyer's first mortgage with a lender and the second mortgage with HMFA.

Ms. Hassett stated that the contingencies are 1) HOC must obtain commitments for the balance of the funding from the NJHMFA, a construction lender, or other sources should these funds not be available, and 2) the balance of funding being obtained within six months of approval, with the option to extend an additional three months and the approval of the CEO as well as those commitments being satisfactory to the NJEDA.

MOTION TO APPROVE: Council Pres. Fuentes

SECOND: Mr. Sadler AYES: 7

Michael Lihvarcik called on Ms. Hassett to summarize the next agenda item, The Salvation Army, Kroc Corp. Community Center (P17483). The Hassett stated that the Members are asked to approve a \$4,000,000 non-recoverable infrastructure grant and a \$1,000,000 public purpose grant to The Salvation Army to fund the construction of the Kroc Corp Community Center in the Cramer Hill section of Camden.

A total of \$1.5 billion was donated to the national Salvation Army by McDonald's heiress Joan Kroc to construct and operate Ray and Joan Kroc Corps Community Centers across the United States. A \$57 million grant has been awarded for this Kroc Center in Camden, in which \$27 million of the grant is to be used for construction and \$30 million to be used as an endowment to provide operating funds.

The site of the envisioned Kroc Center consists of 13.8 acres at the northeast corner of State Street and Harrison Avenue. This is part of the 85-acre Harrison Avenue Landfill site. It is owned by the Camden Redevelopment Agency ("CRA"), spacious, and requires no residential or business relocations. The plans for the Kroc Center consist of an Arts Center, a Town Plaza, an Athletic Center, and a Family Education Center.

The total project cost is estimated at \$33,590,463. The applicant is requesting a \$1,000,000 ERB public purpose grant as part of the take out financing for the Kroc Center and a \$4,000,000 ERB infrastructure grant towards the sports fields and courts, retaining walls, parking lot, curbing, fencing, utilities, grass pavers, trees, installation of a methane system, and piles. ERB funds will leverage \$27,000,000 from Ray and Jean Kroc Corps Community Center grant and \$1,590,463 from the Casino Reinvestment Development Authority.

The Camden County Improvement Authority has committed to issuing \$5,000,000 in bonds to bridge the ERB funds during construction.

ERB's \$1,000,000 public purpose grant will be secured by a performance mortgage of which 10% will be forgiven each year over a ten-year period, provided the Salvation Army operates the facility as stated. The ERB funds will be disbursed based on submission of invoices submitted by the Salvation Army and receipt of a Certificate of Occupancy.

Contingencies of the project are, 1) Satisfaction of the National Salvation Army's Phase II requirements for the Ray and Joan Kroc Corps Community Center grant, 2), Salvation Army must obtain commitments for the balance of the funding from the Ray and Jean Kroc Corps Foundation, the Casino Reinvestment Development Authority, and/or other sources should these funds not be available, and 3), the balance of funding being obtained within six months of approval, with the option to extend an additional three months and the approval of the CEO as well as those commitments being satisfactory to the NJEDA. In addition, Randy Primas asked that the execution of an Annual Service Agreement with the City be added as a condition.

MOTION TO APPROVE: Mr. Sadler SECOND: Council Pres. Fuentes AYES: 7

Michael Lihvarcik asked Ms. Hassett to summarize the next agenda item. Ms. Hassett stated that the Members were being asked to extend the ERB Business Incentive Grant Programs an additional 12 months through September 30, 2007, maintain the level of funding originally allocated, and modify the Business Lease Incentive program criteria by reducing the required leased space from 1,500 s.f. to 500 s.f.

Ms. Hassett stated that on August 23, 2005, the Members approved a \$16 million allocation from the Demolition and Redevelopment Financing Fund to support the pilot of the Business Improvement and Business Lease Incentive initiatives in an effort to stimulate commercial, industrial and retail business activities throughout the City of Camden. The incentives are designed to supplement other state and municipal resources that are available to attract businesses to Camden, to create a wide spectrum of job opportunities for the residents of the City, and to foster other economic development activities. As part of the approval, staff was asked to report on the program in one year to determine its viability to move forward.

Ms. Hassett pointed out that under the **Business Improvement Incentive** program, \$1 million of the \$16 million was allocated to be used to reimburse financially viable business applicants for 50% of the cost of improvements made to facilities located on one of the city's major commercial corridors with a maximum incentive of \$20,000. The program is structured to allow for half of the incentive award to be disbursed to the applicant upon completion and inspection of the improvements with the balance being disbursed to the applicant on the one year anniversary of the initial disbursement contingent upon a satisfactory inspection of the facility and review of the applicant's financial statements.

Activity for the BII has been slow primarily due to the rising costs of construction. Staff has met with numerous businesses to discuss the incentive criteria and anticipates that several will be submitting formal applications. To date, one application has been received and is pending approval.

Ms. Hassett stated that through the **Business Lease Incentive** program, \$15 million of the \$16 million was allocated to attract businesses seeking to relocate to the City of Camden and plan to lease more than 1,500 s.f. of market rate building space and support existing City businesses seeking to expand and lease a minimum of 1,500 s.f. of additional space. The program is structured to reimburse financially viable businesses a portion of their annual lease payment according to the type of space leased by the business. The annual incentive payment cannot exceed 50% of the annual lease payment or when combined with any other governmental grants, cannot exceed 80% of the annual lease payment. The incentive payments are paid annually to the applicant upon receipt of a landlord's confirmation of no monetary or other material lease agreement defaults and the applicant's certification of any other governmental grants received during the lease period.

Six applications have been received under the BLI program, of which four have been approved for approximately \$1.6 million. The four approved projects will result in 86,549 s.f. of additional leased space and the creation of approximately 210 new jobs spurring approximately \$15.7 million in new rents over the next 10 years. A condition of the BLI incentive requires the applicants to facilitate their job recruitment through the Camden One Stop.

The experience has been that many prospective tenants looking for stores or offices in the Downtown are start up businesses or branches of other businesses that employ 2 to 3 people. Based on the size of these businesses, rental space requirements are much less than 1,500 s.f. . As a result, the attendees requested the GCP and the CRA to petition the ERB to reduce the Business Lease Incentive requirement from 1,500 s.f. to 500 s.f. The modification to this incentive would further encourage new prospective tenants to locate a business in Camden and create jobs for Camden residents.

MOTION TO APPROVE: Mr. Primas SECOND: Council Pres. Fuentes AYES: 7

Michael Lihvarcik called on Ms. Hassett to summarize the last agenda item. Ms. Hassett stated that the members were being asked to approve the submission of the Qualified Municipality Capital and Economic Recovery Financial Plan to the New Jersey Legislature as required by Section 45 (d) of the Municipal Rehabilitation and Economic Recovery Act (the "Act"). Ms. Hassett pointed out that Section 45 of the Act requires several reports to be submitted to the legislature in the interest of monitoring the implementation of the Strategic Revitalization Plan.

Ms. Hassett remarked that the Authority closed on the sale of \$175 million in taxable and tax-exempt bonds in May, 2003 to fund revitalization projects. The adoption of the Program Guide and Application opened the door for approximately 80 applications of which 49 active projects have been approved for funding for a total of approximately \$113.5 million. Of the 49 approved projects, 31 have closed of which one has been fully repaid. The 49 active projects will leverage approximately \$505 million of other public and private investment and will create approximately 510 new full time jobs.

MOTION TO APPROVE: Mr. Primas SECOND: Mr. Sadler AYES: 7

Michael Lihvarcik requested comments from the Members.

Marge DellaVecchia stated that the HMFA has selected Cooper's Ferry Development Authority as the Administrative Agent for the Camden Home Improvement Program. Ms. DellaVecchia stated that the program is challenging and that HMFA will work closely with their partners at DCA and CCOP on the details. She stated that the CFDA is extremely qualified, and the winning bid was priced responsibly. Ms. DellaVecchia also stated that the HMFA has a full time staff person to monitor the program and that they'll keep the City informed regarding building permits and contractor registration requirements and hope to use this a model program.

Mr. Primas asked for clarification on the bidding process. Ms. DellaVecchia stated that administrative costs and experience were reviewed as part of the selection process.

Michael Lihvarcik called on Howard Miller, Program Coordinator, Camden County One Stop. Mr. Miller stated that the Camden County One Stop ("CCOS") works in tandem with eight individual agencies to target Camden residents for job training and placement. He stated that out of 12,000 clients annually, 50% are from Camden and of that number 5,903 received jobs or training. The CCOS had a 75% employment rate for 2005. Mr. Miller stated that so far, for 2006, they've served 12,500 clients, which is a 20% increase, so the word is out that they have a quality product and they're not just another state agency.

Michael Lihvarcik called on Sheri Jenkins, Account Executive, Dept. of Labor to address the board. Ms. Jenkins stated that Camden is on the move. She stated that funding from the ERB was an integral part of the revitalization and named Cooper Health System, Our Lady of Lourdes, Jen Cyn and the Camden Aquarium as a few examples of ERB assisted projects actively employ Camden residents and work with the DOL to recruit employees. She stated that construction training creates several jobs and employers come in repeatedly to recruit from the Camden County Resource Center. She also mentioned that job retention continues to be an issue and that there is currently no Camden businesses taking advantage of the Customized Training Grants due to difficulty in qualifying the applicants. To this end, she suggested working with Steve Dragos, GCP and COO Primas's office to create outreach initiatives as a possible solution. Ms. Jenkins supplied a website <http://www.wnjpin.net>, and phone number (609-265-5745) for more information on employment and recruiting opportunities.

Michael Lihvarcik requested comments from the members of the public.

Helene Pierson, Executive Director, Heart of Camden thanked the board for all its help in the restoration of the Historic district of Waterfront South which is moving at an aggressive pace. Ms. Pierson also stated that when the Broadway West - Phase II project is complete, there will be no vacant homes in the South Camden Historic District West of Broadway between Jackson and Winslow Streets.

James Smallwood, Founder, CEO of the Choice is Yours, Inc. (TCIY) stated that his organization provides homeless and ex-offender intervention as well as vocational, construction and educational training. Mr. Smallwood stated the TCIY has operated in Philadelphia, Atlantic City, Camden, Delaware and New York City. He mentioned that one of his most successful graduating classes consisted of 40 individuals, all of whom were hired for fulltime jobs with benefits with employers such as Loews and Home Depot. He would like to work with other organizations in Camden to expand the program.

Major William Edmonds, Corps. Officer, Salvation Army thanked the board for its positive response and investing in the Camden Kroc Community Center. He stated that the Kroc Community Center would include a library, a fitness center, and childcare center amongst other things.

Mr. Colandus "Kelly" Francis, President NAACP of Camden County stated that he's been a resident of Camden for 47 years. He told the board that he has a special affinity for the Waterfront South section and remembers the glory days of the past. He pointed out that two years ago the City was designated as the most dangerous in the country and this year has the dubious distinction as being the poorest. He also mentioned that he took early retirement to monitor progress of the City of Camden, and 17 years after he's still here to see what he can do to help bring it back to it's former glory.

In response to the public comments, Council President Fuentes suggested the possible collaboration of his and COO Primas' office on the development of a special newsletter with updates from individuals such as those who spoke before the board today as evidence of the good work being done by the ERB.

Steve Dragos, Executive Director, Greater Camden Partnership addressed the board on the one year anniversary of the Camden Special Services District. Amongst the highlights were that nearly \$500,000 in contributions from 20 businesses and institutions was raised. The CSSD received a \$200,000 grant from the ERB for equipment purchases and they hired 13 Camden residents for fulltime employment. He also stated the ERB's BLI and BII programs have generated enormous interest amongst business owners seeking to lease space and/or wanting to make façade improvements.

There being no further business, on a motion by Council President Fuentes and seconded by Mr. Sadler, the meeting was adjourned at 11:45 am.

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