



Atlantic County Improvement Authority
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John C. Lomey, Jr.
Executive Director

MINUTES OF THE BOARD MEETING

October 29, 2014

THE ATLANTIC COUNTY IMPROVEMENT AUTHORITY
1333 Atlantic Avenue, Suite 700
Atlantic City, NJ 08401

In accordance with the provisions of the Open Public Meetings Act (N.J.S.A. 10:4-10) the Regular Board Meeting of the Atlantic County Improvement Authority Board of Commissioners was called to order by Chairperson Foster at 4:05 p.m. in the 7th Floor Conference Room at the Atlantic County Improvement Authority, 1333 Atlantic Avenue, Suite 700, Atlantic City, New Jersey 08401.

COMMISSIONERS IN ATTENDANCE

Roy M. Foster, Chairperson; Robert Tarby, Sr., Vice Chairperson; Edwin G. Blake, Secretary; Rev. Milton Hendricks, Asst. Secretary; Neil McPeak, Treasurer; Joseph Ingemi, Commissioner; Robert Gross, Commissioner and John Armstrong, Commissioner, attended; Don Guardian, Commissioner, was absent.

STAFF IN ATTENDANCE

John C. Lomey, Jr., Executive Director; Lori Riggs, Program Manager, Mily Torres, Senior Accountant; and Lisa Duffner, Administrative Assistant.

OTHERS IN ATTENDANCE

Howard Kyle, Atlantic County Chief of Staff; Randy Lafferty, General ACIA Counsel; and Bonnie Lindaw, County Treasurer.

I. OPENING STATEMENT AND ROLL CALL

Chairperson Foster read the Notice of Public Meeting and the roll was called.

II. EXECUTIVE DIRECTOR

Executive Director Lomey introduced Lisa Duffner, who was hired on September 22, 2014, to fill the vacant Administrative Assistant position.

A. PUBLIC COMMENTS

Mr. Lamey then introduced Marie DeMari, who attended the meeting to address the Board regarding her property located at 55 Bucknell Road in Somers Point. Ms. DeMari stated that she previously had emergency rehabilitation work done on her home within the last year through ACIA's Atlantic County Rehabilitation Assistance Program. She is currently seeking additional assistance from ACIA to have her roof repaired. Ms. DeMari stated that Joseph Giraldo, Program Administrator, had promised her that the roof would be included with all of the work that she had done on her property previously. However, Mr. Giraldo recently told Ms. DeMari that the roof is not included and is a separate issue. Further, if she wanted it repaired, Mr. Giraldo told her that the ACIA would need a letter from her insurance company stating that the roof was damaged. Ms. DeMari then told the Board that Mr. Giraldo had lied to her. Ms. DeMari also said that the contractor who was hired by the ACIA to perform the emergency work done on her home previously was named A.J. Garreffi. She is claiming that Mr. Garreffi told her at that time that her roof was also in need of repair, that ACIA would fix the roof and that she and Mr. Garreffi had discussed the cost.

At the Board meeting, Mr. Lamey presented Ms. DeMari with a sworn affidavit from Mr. Garreffi stating that he never spoke with Ms. DeMari about her roof being damaged, nor did he tell her that the ACIA would fix it. After reading Mr. Garreffi's statement, Ms. DeMari said, "This is absolutely false. He is also lying."

Mr. Lamey reminded Ms. DeMari that she was originally second on the rehab list and then was bumped up to the first position because her work was done on an emergency basis. Ms. DeMari did acknowledge this fact. Mr. Lamey then explained to Ms. DeMari that for work to be done on her roof now, she would need to go on the waiting list. Ms. DeMari was not happy with that and stated, "I don't get bumped to the bottom of the list." Mr. Lamey then explained how the ACIA Rehab Program works. He also told Ms. DeMari that there are other individuals on the waiting list who are also in need of rehab work on their homes. Mr. Lamey further pointed out that Ms. DeMari has already received approximately \$19,000 worth of repairs to her home (the limit being \$20,000) from the ACIA.

Ms. DeMari called Mr. Lamey a "liar" as well as Mr. Giraldo. She said that she has taped all of the conversations that she has had with Mr. Giraldo over the telephone and that she would be "going to Channel 40" and tell them how "corrupt" the ACIA is.

At that point, Mr. Foster asked Ms. DeMari if she was asking to be put back on the rehabilitation list. She said, "No." However, she said that she wanted to be put at her "rightful place on the list," which is at the top and not the bottom.

Mr. Foster again asked Ms. DeMari what she wanted from the ACIA now. She replied that she wanted someone to come out and look at her roof. Mr. Lamey agreed to have someone do that at the meeting, and the rest of the Board Members were in agreement as well. Ms. DeMari then asked, "Do I resume my place on the list?" Mr. McPeak responded, "If it's an emergency."

Mr. Foster asked Mr. Lamey to explain the waiting list to the Board and Ms. DeMari. Mr. Lamey did so and said that Ms. DeMari was moved to the top of the list for the original

emergency work that was performed on her home previously. Further, he explained that if Ms. DeMari needs more work done on her home now, she needs to go back on the waiting list because there are other people who have been waiting to get work done as well.

Mr. McPeak then spoke and addressed Ms. DeMari. He explained to her that Mr. Lamey has to run the programs at the ACIA fairly and she is asking for special consideration now. This is especially true, he said, considering the fact that she has already had rehab work performed on her home in the amount of \$19,000.

Mr. Foster again explained to Ms. DeMari that she needs to obtain a letter from her insurance company stating that her roof is damaged and it needs to be fixed on an emergency basis.

Before Ms. DeMari left the meeting she told the Board that she would be filing a formal complaint against the ACIA with the Attorney General.

III. MINUTES

A. Minutes of the September 17, 2014, Board Meeting

The Board was asked to approve the Minutes of the September 17, 2014, Board Meeting.

A motion was made by Mr. Blake to approve the Minutes of the September 17, 2014 Board Meeting, seconded by Mr. Tarby. By a vote of 6-0-2, the Minutes were approved, with 2 abstentions by Mayor Armstrong and Reverend Hendricks.

IV. FINANCIAL REPORT

A. Financial Report from August 2014

Mr. Lamey pointed out that there were a couple of items not included in the Financial Report because they still needed to be billed out with regard to the golf course and CDBG.

Mr. Lamey asked if there were any Board Members who did not receive an e-mail with attachments from him regarding this Board Meeting. Mr. Lamey asked if anyone did not receive the e-mail and/or attachments, to let Lisa Duffner know.

Mr. Foster asked if everyone had a chance to look at the Financial Report and if there were any questions regarding it. There were no questions.

The Board was then asked to approve, by Resolution, the expenditures contained in the Financial Report for August 2014. A motion was made by Mr. McPeak to adopt the resolution and seconded by Mr. Tarby. By a vote of 7-0-1, the Resolution was approved with 1 abstention from Mayor Armstrong.

V. EXECUTIVE DIRECTOR'S REPORT

A. AUTHORITY UPDATE

Mr. Lamey introduced Max Slusher, Director of Economic Development to the Board.

Mr. Slusher thanked the Board for hiring him and gave a brief history of his work experience.

Mr. Slusher is currently working on three major projects. One project is the RFP for Economic Development. The RFP period did close and the ACIA received three proposals. Mr. Slusher stated that when he sent them out, many people were not able to receive them because their Firewall prevented them from coming through. However, Mr. Slusher did make copies, putting the information on CDs and sending them out. He also made copies for the Board Members and passed them out at the meeting. Mr. Slusher stated that the RFPs will be reviewed by December 1, 2014.

Mr. Slusher stated that sources for funding a revolving loan program are being looked at, including the Economic Development Fund, as well as a Community Development Block Grant 108 Program. Right now, he said the ACIA gets approximately \$1,000,000 per year from the CDBG. However, if the ACIA uses the 108 Program, it will get a 5-to-1 loan match for that. This would give the ACIA \$5,000,000 of loan capacity, which \$2,000,000 is currently obligated to Boscov's. However, the ACIA would still have \$3,000,000 for another revolving loan program.

Mr. Slusher stated that he also visited the FAA with Mr. Lamey, and they spoke to some individuals there. They were asked by the FAA to propose what it would cost to do an economic impact analysis of the FAA on Atlantic County. Mr. Slusher said he told the FAA that if they paid for the model, the ACIA would do it for them. A question was then raised by Mayor Armstrong about whether or not that was already part of the Economic Development Plan and, if so, wasn't the consultant that the ACIA hired already doing that. Mr. Slusher responded that the consultant that was hired would probably not do an economic impact analysis of the FAA itself. He said what they would do is look at the cost benefit of us investing in certain business clusters; whether they be high-tech around the park or agricultural concentrations out in the middle of the county. The actual economic impact of the FAA itself is a little beyond their scope, and an economic impact of that magnitude would cost approximately \$30,000 to \$40,000, according to Mr. Slusher.

Mr. Ingemi asked what the genesis for the impact analysis was. Mr. Kyle responded to Mr. Ingemi's question stating that he was partially responsible for it. Mr. Kyle said that right now Atlantic County has no real regional Master Plan regarding economic development. An impact analysis would help provide a common vision, a common timetable, a common set of priorities and a common direction. Mr. Ingemi said that he understood that, but wanted clarification on what motivated the FAA to ask for this. Mr. Kyle said the FAA had contacted him originally because they wanted to do a Master Plan and then he, in turn, contacted Mr. Slusher.

Mr. Foster said one of his concerns was that he wanted to make sure that local businesses and local civic leaders were contacted to find out their thoughts on what direction Atlantic County should go and where are strengths are. The other Board Members agreed.

A question was then raised regarding how the ACIA advertises for bids. Mr. Lamey responded by saying that the ACIA advertises in The Press, on its website, through the International Economic Development Council's newsletter, and sent to the International Economic Development Council's list, which has a link of about 45 consultants.

Mr. Slusher stated that he was very interested in getting the perspective of the regions of Atlantic County, including Buena, Hammonton, Egg Harbor City and others. Besides getting the regional perspective, however, he was also interested in getting groups of businesses, like the high-tech or agricultural groups, for example, and their perspectives. He suggested that the ACIA look at the industries and occupations that we have a concentration of here in Atlantic County, which are well-above the standard and national average. Mr. Slusher also said that it is important to know this because then we would have a competitive advantage in those industries and occupations. An example of this would be casino gaming, but we know it is a declining industry right now. However, something like agriculture is prevalent and still exists in Atlantic County.

Mayor Armstrong said that he took a tour a few months ago of an operation called NextFab, which is located on Washington Avenue in Philadelphia. He said young people who are engaged in start-up businesses, representing all types of industries, pay a membership fee to belong to it. Mayor Armstrong was highly impressed with NextFab.

Mayor Armstrong also stated that as he was walking around Absecon the other day, he noted that there were multiple houses for sale, which he said is going to accelerate now. Mayor Armstrong believes it would be beneficial for Atlantic County if it had something like a NextFab down here, which could be operational in six months or less.

Mr. McPeak said that one of his clients from Galloway Township, who operates one of the largest Cloud computing companies in the United States, is looking to move his business to Philadelphia. The client said this is because he cannot get the programmers or talent that he needs down here in Atlantic County. He also said that he cannot get any people to stay here.

Mr. Kyle agreed and said that Atlantic County has limited opportunities for start-up companies. He said that we need Rowan and Stockton to get involved and help make it work. Second, we need people who are able to finance it. Mr. Kyle then addressed Mr. McPeak and agreed that we need high-tech companies to come here and stay in Atlantic County, like his client who has the Cloud computing company in Galloway.

Mayor Armstrong said that everyone should go and visit NextFab because there are high-tech young people with positive energy there.

Mr. Ingemi said that the key to making something like this work is, if a company opens up as an incubator, one thing that makes it pivotal is access funding. Mr. Ingemi said if that does not happen, then it does not become sustainable, and that is his concern.

Mr. Kyle said that one of the aspects of the Master Plan that is very important is that it allows us locally to control an economic development agenda. He said that too much that is decided regarding Atlantic City is decided by factors and forces outside of Atlantic City. For example, over the last two years, the CRDA provided \$17,000,000 to Bass Pro Shop; \$15,000,000 to Margaritaville; \$20,000,000 to Tropicana, and there are others. Altogether, there has been \$98,000,000 allocated for projects in Atlantic City that will produce no jobs other than minimal wage jobs. There has been nothing put into the health sector, health research or any of those areas. Mr. Kyle said that he is hopeful that a Master Plan would get people focused and moving in that direction, however.

Mr. Lamey addressed Mr. Ingemi regarding the high-speed internet and said that he agreed it is something that they need to look into further. Mr. Slusher said that the infrastructure in the 1700s was ports, in the 1800s it was railroads, and now, in the 21st century, it's free high-speed internet. Mr. Ingemi suggested checking out Chattanooga, Tennessee, regarding cutting edge, high-speed internet. Mr. Slusher said he would do that.

A discussion ensued between the Board members regarding Mr. McPeak's client who operates the Cloud computing company in Galloway Township and his possible move to Philadelphia. Mr. McPeak stated that there are approximately 35 employees who work there. Mr. McPeak said he will speak to his client to find out exactly why he may move his company and what Atlantic County can do to prevent that from happening.

Mr. Lamey said that the redevelopment program will solicit applications from five municipalities, of which five will receive \$50,000 worth of professional services for redevelopment projects.

Regarding the Impactivate Project, Mr. Lamey said that they went to the CRDA for additional funds for street lights, cameras and lights for the light show.

VI. BOARD ACTIONS

A. ADMINISTRATIVE

1. Presentation & Approval of 2015 Budget

Executive Director Lamey presented the 2015 Budget to the Board Members.

A motion was made by Mr. Foster and seconded by Mr. Tarby to approve the 2015 Budget. By a vote of 7-0-1, with 1 abstention by Mayor Armstrong, the 2015 Budget was passed.

B. COMMUNITY DEVELOPMENT PROGRAM

1. CDBG and HOME Programs/County Contract

Mr. Lamey spoke about the Shared Services Agreement with the County to administer

the FY 2014 HOME Consortium Program and the FY 2014 Community Development Block Grant Program. The grants were awarded to the County based on the FY 2014 Annual Action Plan. Mr. Lamey briefly explained the CDBG and HOME Programs to the Board, including eligibility requirements. Mr. Foster asked if all of the money that was budgeted for last year's first-time homebuyers' program has been exhausted. Mr. Lamey said that it was, and the homebuyers' money was probably gone by March 2014.

Mayor Armstrong then asked, based upon the changes of the real estate market recently, if there might be a shift to rehabilitating homes as opposed to new homebuyers. He asked this because he said he is seeing more blight in neighborhoods, which is a major problem. Mr. Lamey said that they still have more rehab money available. A discussion ensued among Board Members on the pros and cons of putting more money into the rehab program.

The first resolution presented to the Board was to authorize Executive Director Lamey to enter into a shared service agreement with Atlantic County to administer the CDBG Entitlement Grant and the Home Investment Partnership Program.

A motion was made by Mayor Armstrong to adopt the Resolution and seconded by Mr. Ingemi. By a vote of 8-0, the Resolution was approved.

2. Atlantic County CDBG Entitlement Grant Program/Municipalities Agreements

The second Resolution presented to the Board authorized ACIA Executive Director Lamey to enter into contract with various municipalities to implement the FY 2014 CDBG Entitlement Grant Program.

A motion was made by Mr. Blake to adopt the Resolution and seconded by Mayor John Armstrong. By a vote of 8-0, the Resolution was approved.

C. ECONOMIC DEVELOPMENT PROGRAM

Mr. Kyle advised the Board that Stockton has obtained a new Executive Director, Israel Posner, PhD, who was planning to attend the ACIA Board Meeting. However, Dr. Posner was held up at a meeting with the FAA. Mr. Kyle said that Dr. Posner was hired in September, and is a very qualified and capable individual, who has a Master's Degree in Computer Science. He is also an engineer and former Army Ranger. Mr. Kyle said that Dr. Posner is dedicated to seeing the park project through.

Mr. Kyle said that the only thing that is holding up development of the park is that the lease has got to be transferred from the FAA over to Stockton. There is also another step; the US EDA Grant that is used to finance the infrastructure of the park has to be transferred also. The problem, which has been in the newspaper, is that the SJ EDA was very poorly managed and accumulated a significant amount of debt. Not all of the debt is directly related to the research park. Some is from a program that they had where they were supposed to sequester the funds to use for operational expenses, and the other is that they submitted costs, in relation to the park (approximately \$250,000), that have been determined to be, by the Inspector General,

inappropriate. Another problem is that the Inspector General, when they did their audit of the project, linked in the revolving loan program with the research park and made it one audit. The technicality is that the entire audit has to be closed out before they can transfer the grant. Instead of waiting for that, every county previously agreed that they would pay 25 percent. An agreement was negotiated with them, and found acceptable, that the ACIA would provide a 3 percent low-interest loan, payable over 10 years, or sooner, if they choose to do so. Each county would commit to increasing its dues to the SJ EDA by \$10,000 a year and that money must go into a sequestered account. Also, it must be used only to pay back the loan to the ACIA. If they fail to make the loan payment to the ACIA and go into default, every county is equally responsible for 25 percent of the balance. Therefore, the loan is guaranteed by the county. Once payment is received by the US EDA for the \$255,000, and the financial management that is required by the Inspector General is in place, then in a week to 10 days, they can transfer the grant. On a simultaneous tract, according to Mr. Kyle, the FAA transfers the lease. These are the steps in getting the lease transferred and the grant transferred, according to Mr. Kyle. The optimal outcome of this will be that the SJ EDA will now be a functioning organization again, capable of getting US EDA grants. The tragedy is that given the economy Atlantic, Cape May and Cumberland counties, in particular, have one of the highest unemployment rates in the country combined. These counties are eligible for a significant amount of US EDA funding, which we have not been able to be applied for because of the mess with the SJ EDA. By straightening this out and by doing the above steps, the SJ EDA will now be able to apply for those loans again and to get back on strong financial footing. When the lease gets transferred over, development of the park could start within a year, according to Mr. Kyle. Further, he stated that the county's objective has always been to use the research park as one component of an overall strategy to attract an aviation and research industry to Atlantic County, as well as to create new jobs and diversify the economy. The jobs that you get through aviation research are jobs that pay \$100,000 a year plus, according to Mr. Kyle. These jobs attract people with Master Degrees and PhDs and would be beneficial to the area right now, especially in terms of what is happening in the housing market.

Mr. Kyle then asked if the Board had any questions. A question was raised regarding the loan and if there was a guarantee on behalf of the ACIA. Mr. Kyle confirmed that all four counties agreed to that. Another question was asked, which was, as part of the grant, is the ACIA subrogated to any claim that could be made against SJ EDA creditors. Mr. Kyle responded that he was not sure. Mr. Lafferty stated that if we step into the shoes of SJ EDA, we go against the insurance company for coverage and other creditors. It was then suggested by a Board Member that in the Grant Agreement, it should be stated that the ACIA does have the right of subrogation to the extent of the amount of money that the ACIA is providing and to share in any recoveries against the former Executive Director or any other creditors out there. Mr. Kyle said that, as of this date, the SJ EDA auditor and the FBI have not been able to find anything of any criminality against the former Executor Director. However, that does not mean that nothing exists. To date, all they could find is gross managerial incompetence.

Mr. Ingemi stated that he believed it would be apropos if the ACIA got a seat on the aviation park's board because this would be a way to align the ACIA's economic development plan with the aviation park and have a voice there. Mr. Kyle stated that there is a State law which allows colleges to establish a non-profit organization, and Stockton established a non-profit organization because of that law. The law outlines who goes on the Board. However, that does not mean that the ACIA could not go on the Board. He also said that if the ACIA were to get

involved in building the first building or financing, etc., the ACIA individual appointed would have to recuse himself from that. Mr. Ingemi said he had no issue with that. He then asked, if you are a tenant, and you are spending so much money to join the aviation park, would you be able to get on the Board. Mr. Kyle responded that if the ACIA would pass a resolution requesting to be appointed and represent the ACIA on that Board, it will be entertained by Dr. Posner (Stockton College). Mr. Kyle said that he would speak with Dr. Posner about this.

1. Grant and Loan to the South Jersey Economic Development District

The third resolution presented to the Board was by the ACIA authorizing the provision of funds to the South Jersey Economic Development District.

A motion was made by Reverend Hendricks to adopt the Resolution and seconded by Mayor John Armstrong. By a vote of 8-0, the Resolution was approved.

2. Resolution to Obtain a Position on the Aviation Board

A motion was made by Mr. Ingemi and seconded by Mayor Armstrong to make a Resolution requesting that a member of the ACIA Board requests a position on the Aviation Board.

VII. NEW BUSINESS

No new business was discussed.

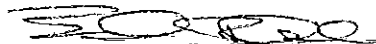
VIII. OLD BUSINESS

No old business was discussed

IX. ADJOURNMENT

A motion was made by Mr. Ingemi and seconded by Mayor Armstrong to adjourn the meeting at 5:48 p.m. All were in favor.

Respectfully,



Edwin G. Blake,
Assistant Secretary