

MINUTES OF THE BOARD MEETING
Friday, November 6, 2015 – 10:00 A.M.

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 Special Board Meeting of the Atlantic County Improvement Authority Board of Commissioners was called to order by Chairperson Foster at 10:00 a.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; Edwin G. Blake, Secretary; Neil McPeak, Treasurer; Rev. Milton Hendricks, Commissioner; Joseph Ingemi, Commissioner; Robert Gross, Commissioner; Mayor John Armstrong, Commissioner; and Mayor Don Guardian, Commissioner; were all in attendance, via telephone conference.

Robert Tarby, Sr., Vice Chairperson was absent from the meeting.

OTHERS IN ATTENDANCE

Randolph Lafferty, Esquire; and Bonnie Lindaw, Atlantic County Treasurer.

STAFF IN ATTENDANCE

John C. Lamey, Jr., Executive Director; Lori Riggs, Program Manager; Dianilda Torres, Senior Accountant; Robert McGuigan, CDBG Program Coordinator; and Lisa Duffner, Administrative Assistant.

I. OPENING STATEMENT AND ROLL CALL

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

II. COMMUNITY DEVELOPMENT ENTITY (CDE)

Attachment #1

The Board was asked to authorize the creation of a Community Development Entity (CDE) and submission of a certification application to the Community Development Financial Institutions Funds, engage the law firm of Harris Beach PLLC to provide the Authority with the professional legal services necessary to create and establish a CDE, as referred to above, as well as to create and establish a separate corporate entity to serve as a corporate partner to the ACIA in the CDE in an amount not to exceed \$3,500.00, and authorize the Executive Director to promulgate and publish a Request for Proposals for the requisite professional services so as to assist the Authority in making the necessary application(s) for allocation of NMTC with the CDFI.

An approved CDE would be eligible to apply for an allocation of New Market Tax Credits (NMTC) that could provide a source of funds for projects being undertaken in Qualified Census tracts in Atlantic County.

Executive Director Lamey said, based on his understanding the NMTC program provides tax credits to investors based on the total cost of a project undertaken in qualified Census tracts. For example, if the total project cost is \$20 million and the CDE is awarded an allocation of NMTCs, the CDE can sell that credit to an investor. Since the investor only realizes 39% of that as a savings on his taxes, they will typically pay around 30% for that credit. 30% of \$20,000,000 is \$6,000,000 in cash that is an equity contribution to the project. The CDE, in turn, loans the \$6,000,000 to the project for 7 years with repayment at 1% interest only, forgiven after 7 years. Mr. Lamey also explained to the Board that the CDE is permitted to charge 5% of the total tax credit as a fee up front to the borrower (ie – 5% of \$20,000,000 = \$1,000,000).

The structure for the CDE is a for-profit LLC Partnership with the ACIA as the controlling entity. He also explained that given the short time frame it based on advice from counsel, that a nominal corporate member must also be created to serve as the other partner.

Mr. Ingemi asked: 1) If the ACIA has the capacity to administer the program to which Executive Director Lamey responded that part of the fee payable to the CDE from the Loan Proceeds would be used to engage the appropriate professionals, and 2) If there are strict guidelines in place for what the allocation money must be used for. Mr. Lamey stated that there are guidelines, determined by the IRS, which need to be followed. The CDE application due date is December 14, 2015. Therefore, time is of the essence to apply. Mr. Lamey further stated that the ACIA will need to hire the correct professionals to implement the program because the ACIA does not have the expertise in-house to underwrite these loans.

After some additional brief discussion a motion was made by Mayor Armstrong, and seconded by Mr. Ingemi, to approve the resolution. By a vote of 8-0-0, the resolution was approved.

III. FORECLOSURE REGISTRY – COMMUNITY CHAMPIONS

Attachment #2

The Board was asked to approve a resolution authorizing the Executive Director to negotiate and enter into an agreement with Community Champions for the administration of the Atlantic County Foreclosure Registry Program.

Executive Director Lamey said that the County Executive and many other Public Officials and members of the community have identified a problem in Atlantic County pertaining to the lack of adequate maintenance of properties that are in the foreclosure process. Those inadequately maintained properties cause blight, are magnets for crime and bring down the property values in the community. Code Enforcement Officials throughout the County have difficulty tracking down the responsible party, usually the current lender, who may be far removed from the original lender because the mortgage has been sold one or more times, and the right contact person with the company.

On October 23, 2015, the ACIA received two proposals in response to the RFP for A County-Wide Registration Program for Abandoned Properties that are in Foreclosure. One was from New Vistas Corporation of Northfield, NJ. The other was from Community Champions Corporation of Melbourne, FL. It was found that Community Champions is ready to deliver a more proven product, quicker, and more cost-effective to Atlantic County. Also, this would be a revenue generator for the ACIA based on the registration fee split between ACIA, Community Champions and the Municipality.

Mayor Armstrong said that he attended a presentation on the issue and confirmed that this is an issue in Absecon and it appears that this will help. In addition Mayor Armstrong pointed out that there is no cost for the program, if the municipality participates the administrative fees to run the program would come from the registration fee levied on the foreclosing entity.

Community Champions bid was a pricing structure in which the suggested registration fee of \$300 would be split \$100/\$100/\$100 between themselves, the ACIA, and the municipality. If the registration fee was higher the ACIA and Community Champions would still only receive \$100 each with the remainder going to the municipality.

A motion was made by Rev. Hendricks, and seconded by Mayor Armstrong, to approve the resolution. By a vote of 8-0-0, the resolution was approved.

IV. SHARED SERVICE AGREEMENT – FORECLOSURE REGISTRY

Attachment #3

The Board was asked to adopt a Resolution authorizing the Executive Director to enter into Shared Services Agreements with Atlantic County Municipalities to participate in the Foreclosure Registry Program. To extend the program to the municipalities, it is necessary to enter into an agreement with them.

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

V. PUBLIC COMMENTS

No one from the public was in attendance.

VI. ADJOURNMENT

A motion was made by Mr. Ingemi, and seconded by Mayor Armstrong, to adjourn the meeting at 10:43 a.m. All were in favor.

Respectfully,

Edwin G. Blake, Secretary