

MEMORANDUM OF AGREEMENT TO UTILIZE PROVISIONS OF N.J.S.A. 52:27-BB-54 ET SEQ. TO MINIMIZE TAX INCREASES IN THE CITY OF ATLANTIC CITY (THE CITY) AND ALLOW FOR THE STATE TO PROVIDE ASSISTANCE TO THE CITY: BY AND BETWEEN LORI GRIFA, COMMISSIONER OF THE NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS (THE COMMISSIONER) AND LORENZO LANGFORD, MAYOR OF THE CITY OF ATLANTIC CITY (THE MAYOR, AND JOINTLY, "THE PARTIES").

WHEREAS, the City filed a waiver request application dated July 22, 2010 to the Local Finance Board (the "Waiver Request") for permission to increase taxes \$9,909,330 more than the City would otherwise be lawfully permitted to raise them for Calendar Year 2010; and

WHEREAS, the waiver request was necessitated in large part due to: (1) reserves being depleted prior to the Mayor and his administration entering office in January, 2010; and (2) tax appeals resulting in judgments against the City; and

WHEREAS, the City has made substantial progress in advancing reforms to address concerns raised in a performance audit issued on January 27, 2010 by the State Comptroller; and

WHEREAS, the Parties agree that it is in the best interests of the State, the City and all of their constituencies to minimize property tax increases and to make additional progress in reforming the City's finances; and

THEREFORE, be it jointly and cooperatively resolved and agreed:

- 1) The Parties shall jointly seek a judicial declaration that the condition set forth in N.J.S.A. 52:27BB-55(6) exists with an understanding that the State and the current administration of the City and its governing body have made substantial improvements and are working together to further improve the City's financial condition; and
- 2) The Commissioner acknowledges the City's participation in this Memorandum and the Local Governing Body's support as a positive step in re-establishing the City's financial stability; and
- 3) The Commissioner shall work with the Local Finance Board to allow the City to make less than the full appropriation required for deferred charges pursuant to N.J.S.A 52:27-BB-87, and to otherwise minimize tax increases in Calendar Year 2010 that would adversely impact City residents and businesses; and
- 4) The State's involvement with, and assistance to, the City pursuant to N.J.S.A. 52:27-BB 54 et seq. shall be for a duration of one year, but may be continued for an additional year provided an additional deferral of charges pursuant to N.J.S.A 52:27-BB-87 is necessary in order to prevent tax increases in Calendar Year 2011 that would otherwise be necessary.

Entered into as of the fourth day of October, 2010.


LORI GRIFA
COMMISSIONER


LORENZO LANGFORD
MAYOR