

4th Fl Conference Room, City Hall
Millville, New Jersey
May 31, 2011, 5:30 p.m.

The Board of Commissioners met in special session with Mayor Shannon presiding. Members present: Shannon, Finch, Quinn, Derella and Vanaman. Absent: None.

A moment of silent prayer was observed followed by the salute to the flag.

Mayor Shannon made the statement required by the Open Public Meeting Act of 1975.

"This meeting is being conducted in accordance with the Open Public Meetings Act of 1975", was advertised, posted and made available to the public as required by Statute. The Municipal Clerk is directed to include a statement in the minutes of this meeting.

Mayor Shannon declared a public comment portion open on agenda items only.

There being no response Mayor Shannon declared the public comment portion closed and opened the regular session of the meeting.

Resolution No. R116-2011 authorizing transfers in the 2011 budget appropriations was adopted, by the following vote: Yeas: Finch, Quinn, Derella, Vanaman and Shannon.

Commissioner Finch stated the transfer resolution was needed to cover costs at the landfill to complete testing required by the DEP.

Presentation - Overlook Project

Don Ayres, Economic Development Director, stated the City has endeavored to revitalize the downtown over the past ten years, so the whole is greater than the parts. The Glasstown River Renaissance Plan was adopted and the City has moved with that plan forward as best we could during tough fiscal times and now that there is a beginning of a slow recovery, we feel we have the right mix for a project to explore. The proposed MOU is by and among the following partners: City of Millville, Community Development Properties Millville Hotel Incorporated, Community Development Properties Millville Public Facilities Incorporated and Masterhouse, LLC. The Memorandum of Understanding is to create a \$400,000.00 fund with \$200,000.00 from the Urban Action Development Grant Funds (UDAG) and Master House, LLC would pay the other \$200,000.00. This is a complicated redevelopment process that integrates with the downtown and would build synergy in the community and be something the community can be proud of.

Kevin Gremse, Director of the National Development Council, explained the NDC is a nonprofit organization that only works with municipalities, they were founded in the late 60's and attract private investment in underserved areas with public/private partnerships. The proposed public facilities included in this MOU are a 15,000 (sq. ft.) library, a parking

deck with 150 spaces and a 100 room hotel. By combining three as one project gives the opportunity to raise private investment. He stated the NDC will own the hotel and lease back to the City and Masterhouse would build and manage the hotel. This is an opportunity to recapture expenses of up to ½ of hotel related taxes to offset the debt service to pay for the library and the parking deck. Based on marketing studies the revenue would be enough to pay the debt service for all three. There are no renderings yet, however the next step would be to do the traditional due diligence; including design, engineering and testing the market for tax credits.

Ed McManimon, Bond Counsel for the City of Millville from McManimon and Scotland, reviewed the sources and uses of funds for the hotel, the library and the parking deck.

Sources and Uses

	<u>HOTEL</u>	<u>LIBRARY</u>	<u>PARKING DECK & PUBLIC IMPROVEMENTS</u>	<u>TOTAL</u>
USES OF FUNDS	\$15,000,000	\$6,375,000	\$2,025,000	\$23,400,000
	64.10%	27.24%	8.65%	100.00%
SOURCES OF FUNDS				
Economic Recovery Grant (ERG)	\$0	\$0	\$0	\$0
Revenue Allocation Bond	\$0	\$0	\$0	\$0
Urban Enterprise Zone (UEZ)	\$0	\$1,500,000	\$500,000	\$2,000,000
Library Contribution	\$0	\$1,000,000	\$0	\$1,000,000
NMTC Investment	\$4,050,000	\$0	\$0	\$4,050,000
Tax Exempt Bond	\$10,950,000	\$3,875,000	\$1,525,000	\$16,350,000
TOTAL	\$15,000,000	\$6,375,000	\$2,025,000	\$23,400,000

Ed McManimon also reviewed the projected revenue at both 50% and 60% projected occupancy.

Operating Proforma

	40% Occupancy	50% Occupancy	60% Occupancy	60% Occupancy
	100% PILOT Increment		100% PILOT Increment	
Total Revenue	2,168,100	2,168,100	2,638,381	2,638,381
Less Operating Expenses	(1,307,765)	(1,307,765)	(1,564,518)	(1,564,518)
Less PILOT (2% of Capital Cost)	(300,000)	(300,000)	(300,000)	(300,000)
Net Operating Income	560,335	560,335	773,863	773,863
Less Hotel Debt Service	(768,151)	(768,151)	(768,151)	(768,151)
Cash Flow	(207,816)	(207,816)	5,712	5,712
Plus Reimbursed PILOT	300,000	150,000	300,000	150,000
Plus Reimbursed Hotel/Sales Tax	260,172	260,172	395,757	395,757
Adjusted Cash Flow from Hotel	552,356	202,356	701,369	551,469
Less Parking Garage Debt Service	(251,908)	(251,908)	(251,908)	(251,908)
Less Library Debt Service	(99,138)	(99,138)	(99,138)	(99,138)
Cash Flow	102,310	(148,691)	149,423	200,423

Commissioner Derella emphasized the City will contribute using UDAG Funding in the amount of \$200,000.00. Also, if the

governing body decides to move to the next step, the \$200,000.00 would be reimbursed at settlement. In addition, the revenue from the \$300,000.00 Pilot is tax dollars the City does not realize at this time for this property.

Commissioner Vanaman stated he is not totally sold on the overall project, but feels the only way to find out is by the Memorandum of Understanding.

Commissioner Quinn stated he would like to go ahead with the MOU and reminded that this is the same developer that built the Fairfield Inn that recently opened in Millville. He also stated this is a great way for the community to get the benefit of a new library.

Commissioner Finch stated the source of funds may change and become less, therefore lowering the City's bond obligation.

Resolution No. R117-2011 authorizing the Loan Program encumbrance of \$136,500.00 in the UDAG Trust Fund be canceled was adopted, by the following vote: Yeas: Finch, Quinn, Derella, Vanaman and Shannon.

Resolution No. R118-2011 approving a Memorandum of Understanding with CDP Millville Hotel Inc., CDP Millville Public Facilities Inc. and Masterhouse LLC, to develop a select service hotel, restaurant, parking facility and a new public library on City owned land at the riverfront and in the downtown near the riverfront was adopted, by the following vote: Yeas: Finch, Quinn, Derella, Vanaman and Shannon.

Director Derella submitted the appropriate certification as to the availability of funds.

William Gant, President of the Millville Library Association, thanked the Commissioners for their support of the MOU. He stated it clearly is needed and a larger modernized facility to support the community would be most beneficial. He stated the library has 20,300 patrons, which is over 70% of the population of the City of Millville. Thirty-four organizations use the library, they provide services to the Board of Education, to senior citizens, to economically disadvantaged and provide job search training and the opportunity to pay bills online along with many other services.

Irene Bercelli, Millville Public Library Director, stated they need a new facility due to they are bursting at the seams. Their strategic plan and focus groups indicated a larger facility for reading; to use computers; to connect to wifi is needed.

William Opperman, 700 Lakeshore Drive, stated he did not agree with the action this evening being approved by resolution, which does not provide for a public hearing. He mentioned the Landis Theatre of how they are behind on their payments, the New Jersey Motorsports Park bankruptcy, and he does not know whether it should be done with public funds, but he is not happy about this.

Richard McCarthy stated the resolution is the appropriate vehicle to use in this scenario.

Theresa Mustafa, Millville Librarian and Millville resident, stated the library offers jobs searching skills, Cumberland County has 12.8% unemployment rate and the State of New Jersey has a 9.1% unemployment rate and the United States of America has an 8.7% unemployment rate. Services in the future are notary services and proctoring exams and they are in desperate need of more space. She quoted Howard Beecher, who said, "A library is not a luxury, but one of the necessities of life."

Marion Russell, Millville Resident, supports the MOU and hopes the project becomes a reality.

Joe Sooy, East Main Street, stated he is surprised the library provides so many services, however they may need to cut back on providing computers for Facebook and only provide them for services that are actually needed.

A gentlemen from the audience addressed the Board of Commissioners and stated his taxes have doubled, in 1999 they were \$4,200.00 and now they are \$9,000.00 and he just can't afford his taxes anymore.

Bill Fenton, Vice-President of the Library Board, stated he recently visited Sanibel Island and their library was very impressive, which immediately elevated his impression of the area. Along with clean streets and well maintained schools, a library is an investment in the City's future and he urged the Commissioners continued support.

Joe Hanlon, Earle Avenue, stated he would like a copy of the presentation made by Ed McManimon, Bond Counsel for the City. The City Clerk/Administrator responded she would supply a copy at the end of the meeting.

Ethan Aronoff, Millville resident, stated the library can contribute toward a better community. He commended library patrons, library boards past and present. Friends of the library, library staff past and present, New Jersey State Library, City Commissioners and City staff past and present for their leadership and vision. He stated unless you know where you are going, you won't know when you get there. A new library would offer hope for all residents and attract people of all ages.

Lauren VanEmbden, Carlton Ave. stated in 1989 in Third Grade she remembers entering an essay contest about what she was proud of in her hometown and she listed the following three items: Opportunity to play soccer, parks and the library. She attended summer activities and piano recitals and it was a valuable and important aspect in her life. Ms. VanEmbden also stated she is excited about the parking deck and hotel and tying them together with the library is positive and the right direction. These positive steps will make Millville an attractive choice for businesses and individuals and thanked the Commissioners for their support of the MOU.

Bob Tesoroni, Howard Street, stated the Commissioners left out some information this evening regarding the current City debt and also stated the numbers just don't work. The parking deck is already short of parking spaces according to his calculations and does not understand what the City is thinking by bonding two thirds of the project in the amount of

\$16,000,000.00. In addition, two years ago the City spent \$75,000.00 on library roof repairs and he was told the building would not be demolished. Don Ayres stated earlier this evening that this plan has been in the works for over 10 years. He stated the Board of Commissioners need to do two things; lower taxes and lower crime, and recommended they think hard on this MOU and what it is costing the City.

Clay McCloskey, 712 Glenside Road, stated this project is wrong and a public/private partnership is a terrible idea. The Commissioners are on the wrong track and have no business funding a private hotel. He stated they should bond the library separately if needed. Mr. McCloskey stated the country became great with private development and the Commissioners should have a public vote and they need to use common sense, we are in a recession and should consider the library at a later time.

Peter Boyce, Assembly Candidate and Millville resident has owned and operated a hotel and a restaurant and thinks it would have been nice if he had a partnership with the government. He stated public/private partnerships are the beginning of fascism and where are they authorized to use public funds for this noting this would be a direct reach into taxpayer pockets and what will happen when another hotel wants to come. He recommended the Board of Commissioners do not support this project.

Phil VanEmbden, Vineland resident, thanked Bill Gant and his family for being a moving force behind the library. Financing is not easy to do these days; projects are worthwhile and require lots of time and effort. There are two ways to go; cry about it or work and go forward. He stated increasing infrastructure can improve the quality of life and incremental steps is all it will take. Mr. VanEmbden began to state reasons why the project may be opposed.

Someone in the audience began making loud comments prompting a warning from Mayor Shannon that he would adjourn the meeting if they continue. The gentlemen continued to call out from the audience resulting in the meeting being adjourned, subject to the call of the chair, by the following vote. Yeas: Finch, Quinn, Derella, Vanaman and Shannon.

Approved: June 7, 2011

James T. Shannon
Mayor

Joseph J. Derella

James F. Quinn

David W. Vanaman

Dale L. Finch
Commissioners

Attest:

Susan G. Robostello
City Clerk/Administrator