Minutes of the Special Community Meeting of the Mayor and Council regarding the Proposed Mariner's Village Redevelopment Area Tax Abatement Meeting, Borough of Keyport, held on the above date in the Borough Hall Council Chambers, Keyport, NJ, pursuant to the Notice on file with the Borough Clerk and forwarded to the Asbury Park Press, the Independent, Two River Times and Newark Star Ledger and posted on the Bulletin Board in accordance with the Open Public Meeting Act, P.L. 1975, Ch. 231.

Council President Goode called the meeting to order at 7:00PM and Borough Clerk Heilweil read the Sunshine Law Notice.

ROLL CALL
On Roll Call the following were present: Councilmembers Pacheco, Sheridan, Kennedy, Cooper and Goode. Others present: Borough Administrator Stephen Gallo, Borough Attorney James E. Polles, Esq. Absent: Councilwoman Lamberson and Mayor Aumack.

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

PRESENTATIONS
Community Meeting regarding the Proposed Mariners' Village Redevelopment Area Tax Abatement.

Administrator Gallo explained the project:
Taxes collected on the project, even with the PILOT, will be more than what we are currently receiving. The choice is not between full taxes and the PILOT. Without a tax abatement, there will be no project. There has been a year of planning stages on this project and on the Financial Agreement. He pointed out that similar projects in Aberdeen were built with a tax abatement.

Notice of this meeting was posted and sent to the newspapers.

This abatement does not cost the schools anything. The Board of Education gets its full 100% levy. In addition, the Borough has met with the Board of Education and offered 15% of the abatement to them.

It was agreed that if more than eleven (11) students enroll from this project, the Borough will contribute.

This project will bring more revenue to the Borough. First initial PILOT payment is $318,000. It will benefit the businesses by bringing more people. The surest way to incentivize businesses is to provide customers.

There will be one twenty hundred units, one and two-bedrooms and will bring many amenities. The State has authorized these types of financial arrangements. Census figures show the Borough's population has decreased. Adding eleven students to the school system will not have much impact. Total cost of the project is $37,000,000. This is an opportunity for the Borough to gain more revenue without much impact. No vote will be taken this evening. This meeting is solely for informational purposes.

Dennis Enright of NW Financial Group explained the approach is to determine whether the project needs an abatement and what the financial impact would be for the Borough. The project includes forty (40) one-bedroom units, eighty (80) two-bedroom units and 175 parking spaces. In assessing the project, it is a balancing act between cost and income. Cost for one-bedroom is $189 per square foot and the cost for a two-bedroom is $183 per square foot. Total income revenue is $3.15 million. There is not enough return on equity to pay full property taxes. PILOT payment ranges from 11% to 14%. If rents increase, the return to the Borough will be greater. It is anticipated the project will bring 234 new residents and 11 new public school children. Total additional cost to the Borough would be $92,000 per year. The actual cost per pupil to the taxpayers is $4,488. Cost benefit is $329,000 in the PILOT with a net benefit of $169,000.

Joe Baumann, Redevelopment Counsel introduced himself and explained his role to the public. He is here to protect the Borough while still creating an agreement which will allow the project to move forward. Use of PILOTs happen when nothing is really being developed. It can help jump-start development to the point where PILOTs would not be needed for future projects. Whether one agrees or disagrees with the project, he is here to provide information to the public.

Mr. Beckum was present representing the Developer, Clay Pearlman.

PUBLIC COMMENT PORTION
At 7:44PM, the Meeting was opened to the public for comments or questions moved by Sheridan, carried by Pacheco with ayes by all present

Councilman Goode explained this is to discuss the financial impact of the project. The Planning Board has determined all other approvals.

Andrew Kelsey, 29 St Peters Place asked what amount (above the eleven students) the Borough will pay to the School.

Administrator Gallo explained the School will receive more state aid. Should enrolment go above eleven students, the Borough will pay the difference.

Andrew Kelsey asked Mr. Enright whether construction estimates were too low.
Mr. Enright responded that he thought so in the original application but he believes it is now accurate.

Andrew Kelsey asked why all lots are not under the same owner. **Mr. Beckum** responded that will happen once the subdivision is effective.

Andrew Kelsey asked for an explanation of the Deed in Exhibit 7 which **Mr. Beckum** provided.
Mr. Pearlman confirmed it is an unrecorded Deed.

Andrew Kelsey asked whether there are other unrecorded Deeds.

Joe Baumann explained Urban Renewal Entity will own the improvements. There is no abatement on the land. Improvements do not currently exist and the owner of the improvements must be Urban Renewal Entity.

Mr. Beckum explained that the intention is everything will be owned by Urban Renewal Entity. He confirmed that there are no other unrecorded Deeds. He explained that Mr. Pearlman is an equity investor in Mariner's Village.

Andrew Kelsey mentioned items in the old application that are not included in this application. He asked why they were omitted. Response was changes were made at the request of the Borough.

Clay Pearlman explained that the amortization is not part of the return on investment. The true cost of the land is $7,000,000; $9,000,000 with the marina which will continue to exist. Total debt plus equity minus the marina value.

Andrew Kelsey tried to determine the DEP Conservation Easement. He showed Mr. Perlman a map and asked if that was accurate.

Mr. Baumann explained that they are not going to be paid for the conservation easement, which has no value for them.

Mr. Pearlman explained that they had to return some of the easements to wetlands that were filled in illegally prior to his ownership. There is a cost related to that in addition to there now being useable land which will be returned to wetlands, thus making the land unusable.

Mr. Enright stated the analysis was done using a 70% debt ratio. The applicant had used a 60% debt ratio, where 70% is more the market standard.

Andrew Kelsey asked Mr. Enright questions regarding the figures in the application.

Elmer Graham, Jr., 22 St Peters Place stated he thinks this project can only help the Borough.

Michael Lane, 51 First Street thinks he learned a couple things from Andrew Kelsey's questions and just wanted to double-check.

Mr. Baumann stated the value of the land is included in the full number.

Michael Lane believes the net increase in property taxes was not considered in the analysis. He mentioned it was a year ago that this application was brought to Council filled with errors. Due to a group of residents who examined the application, the application has been reworked and the gross revenue was increased. He asked for clarification of who will be the seller and who will be the buyer. He also stated that the lot lines do not agree with the documentation and then distributed a hand-out.

Mr. Pearlman stated that has not been determined yet.

Michael Lane said he is trying to understand what lots were valuated at $7 million. He believes the documentation in the application does not align with the merger of lots and what the Planning Board approved. He urged Council to wait until January.

Mr. Pearlman stated every lot owned by both entities equals $9 million.

Michael Lane stated the definition of lots does not exist. There is no Deed for Lot 16 nor metes & boundaries. **Mr. Bauman** responded that is not required under the law.

Michael Lane would like to see the appraisals. He feels the public should have access to that.

Mr. Bauman stated the numbers are in the application.

Mr. Enright stated all reports made were draft reports except the one on the website now.

Michael Lane asked why pages in the report are not numbered. He also asked about control numbers of the agreement and why the difference in proposed rents.

Mr. Bauman clarified versions of the agreement do have control numbers.

Mr. Enright responded the developer was pessimistic about achievable rent rates.

Michael Lane thinks Council needs to think about the risk analysis.

Chris Bolte, 205 Broadway asked the current taxes collected on the property. She expressed concern if the building was not kept up and vacancy increased.

Borough Administrator Gallo responded that the 2017 taxes were $88,045 of which the Borough only receives $37,000. Under the PILOT at 95% occupancy, the Borough will receive $329,476.

Mr. Bauman stated there are transfer requirements in the agreement.

Administrator Gallo said a lot of Planning Board ideas go through the process and never happen. There is a clause in the agreement that construction must start within 18 months and be substantially complete in 36 months. Any change in the developer would need to be approved by Council.

Kenny Schwartz, 52 Broad Street explained that he owns multiple properties in town. He has listened to many projects that were turned down. He is happy to see someone taking a risk and feels there are not enough customers in the Downtown. He believe this is a great project for Keyport. He further stated if this gets built, he will bring his 95-year old Dad to live here.

Joe Staley, 20 Haven Way introduced himself as being newly elected to the Board of Education. He is thinking of the tipping point risk regarding additional students in the school. He mentioned that the cost of sending one special needs student out of district is $76,000. 12%-15% of the student population are special needs students.

Administrator Gallo reiterated the agreement is to give 15% of the PILOT to the Board of Education. He stated the High School could certainly use more students and he is looking forward to collaboration with the Board of Education.

Dennis McNamara, 162 Broadway asked the procedure to assess the property value at the end of the PILOT.

Kathleen McNamara, 162 Broadway asked what the benefit of this PILOT is to residents, other than just the revenue.

Councilman Goode responded that there will be a public easement for waterfront access.

Councilwoman Kennedy added they will also provide a jitney to the train station for residents.

Kathleen McNamara asked whether they were denied financing without the PILOT and expressed concern with the 25-year length of the PILOT.

Mr. Pearlman stated the project will not happen at all without the PILOT.

Kathleen McNamara asked if the PILOT goes along with a transfer of property; yes.

Janet Buggle, 67 East Front Street also expressed concern over the 25-year length of the PILOT.

Administrator Gallo assured he does not believe there will be any significant increase in costs to the municipality based on this project.

Mr. Bauman also expressed his belief that this a fair deal for this project.

Ann DiBias, Pershing Place loves Keyport and believes the turnaround has already happened. But she finds it hard to understand that there is a tax-break for a developer but not for local residents.

Dennis Fotopoulos, 77A Beers Street agrees there is a justifiable amount of skepticism. He directed some financial questions to Mr. Enright. He understands that larger projects can go up to a 30-year PILOT. He asked whether it could be 15 years, then another 10, rather than one 25-year PILOT.

Mr. Bauman responded that there is a 20-year relook built into the agreement.

Dennis Fotopoulos replied that he hopes the applicant can provide documentation justifying the increases in costs. He is shooting for 95% capacity within six months and asked for an elaboration of the 25-year number for the PILOT.

Mr. Bauman explained that in negotiations the applicant wanted 30 years while the Borough pushed for 20.

Administrator Gallo again explained that the School will get 15% of the PILOT plus State Aid per student.

Mr. Enright replied that he has never seen a town give 15% of a PILOT to the school.
Mr. Bauman concurred that he had never seen it either.

Councilwoman Kennedy believes this was a collaborative effort.

Administrator Gallo said both the Borough and the School will get more money than they do now.

Dennis Fotopoulos thought the $7 million was the value of the existing land.
Mr. Bauman responded that it is the development cost including the land.

There being no further comments or questions, the Meeting was closed to the public at 10:12PM moved by Sheridan, carried by Cooper with ayes by all present

ADJOURNMENT
Motion to Adjourn at 10:13PM moved by Sheridan, carried by Kennedy, with ayes by all present.