

**DEPARTMENT OF CITY CLERK**

**CITY HALL**

**JUNE 19, 2003**

The Committee on Finance meets this day at 6:00 o'clock P.M., in the Aldermen's Chamber, Third Floor, City Hall.

PRESENT: Chairman Kevin Jackson, Vice-Chairwoman Carol Romano, Councilman Peter S. Mancini-3.

ABSENT: Councilman Luis Aponte, Councilman Miguel Luna-2.

ALSO PRESENT: John Gelati, Michael R. Clement, City Clerk and Jennifer L. Emidy, Assistant Clerk.

Subsequently Councilman Miguel Luna joins the meeting.

**AN ORDINANCE GRANTING A TAX EXEMPTION AND ESTABLISHING A TAX STABILIZATION PLAN FOR MASONIC HOTEL DEVELOPER, LLC ON BEHALF OF THE MASONIC TEMPLE.**

CHAIRMAN JACKSON: I believe we were all present at the Public Hearing and heard testimony in regard to that. I know the Legal Counsel is here. Is there anything you would like to add.

MR. RUSSO: I am happy to answer any questions.

MR. GELATI: The schedules I had submitted at the original meeting there have been no changes to them. There are the two versions, the twenty year versus the ten year that of course is entirely your decision. Did you have any concerns? The only thing I would make note on record is that currently the property is exempt and there are no taxes that we receive.

MR. RUSSO: I represent the Masonic Hotel Developers. Just in follow up with what the Tax Assessor said, there is a proposed schedule attached to the proposed Ordinance which that scheduled although different in the model is important to us because the way that the fees are scheduled. I know the Tax Assessor had done an analysis with the existing Ordinance, we would just urge the attached. I look at that and compared it to some of the analysis that the Auditor for

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the Council had done and compared favorably with past tax stabilizations. I just want to point out to the Committee that there is a proposed schedule attached that is of importance to us and is different from the analysis that of Mr. Gelati.

CHAIRMAN JACKSON: That is in our packets.

MR. RUSSO: Yes. It is on the last page. I can find it for you. It is Exhibit A to the form of Ordinance that we submitted or that has been submitted.

CHAIRMAN JACKSON: It is at the end of the Ordinance itself.

MR. RUSSO: That is the schedule that we are controlling. What I did in preparation is I went back with the schedule versus if you had no tax treaty and over the twenty year period you compare what taxes you will be paying on tangibles and what taxes you will pay on the building, and roughly it is forty four percent which falls roughly in that average that Jim Lombardi said the other night. The reason why we need some help in the first ten years if you look at the second ten years it is seventy percent which is very favorable. I just want to point out that schedule is very important to us.

CHAIRMAN JACKSON: You have seen this John?

MR. GELATI: Is that what you e-mailed me?

MR. RUSSO: That is what has been submitted from the beginning. What I e-mailed to you was I was trying to work with an infrastructure.

MR. GELATI: I really have not reviewed that to any degree.

CHAIRMAN JACKSON: What will be the plan?

MR. RUSSO: How they will determine, these cap revenues will be both tangibles.

CHAIRMAN JACKSON: Questions from Committee Members?

COUNCILMAN MANCINI: I am just unclear Mr. Chairman. You said the property right now that the property is right now tax exempt so we collect no taxes.

MR. GELATI: That is correct.

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CHAIRMAN JACKSON: They never finished construction for what it was intended to be.

COUNCILMAN LUNA: About 1929 this building has had the same name for a long time, about seventy five years. Are you going to one way or another going to conserve that name in terms of I know that you are going to change the name but is within the structure or rooms is are consider in keeping some way?

MR. RUSSO: I think one of the ways that might make sense Councilman Luna is we can put a plaque that says the Masonic Temple Building to preserve that historical.

COUNCILMAN LUNA: That will be great, or if you have any rooms in side that you call whatever the Masonic Temple. I also like the plaque.

CHAIRMAN JACKSON: Any other questions?

COUNCILMAN LUNA: Just that this is something that you know is going to bring jobs into the city and create jobs within the city. It is a great project, I think that this is the type of stabilization that I like to support when there is a clear partnership between the developers, the city, and unions that is something that is really good. I would like to recommend you for that partnership.

CHAIRMAN JACKSON: I agree that it came to a point where there were discussions and discussions lead to a very good agreement between the unions and between the developers and I think that way we feel comfort as Council people knowing that some people in our communities may benefit from this, which I think is a big important piece knowing that because we are stabilizing something we want to see the benefits come back to our community. I think that when you have that working relationship you are almost guaranteed that there will be some benefits to each and every one of our communities and I think that is very important. Also to the point that we know that this property has never received any taxes what so ever so even if we receive \$1.00 dollar we will be receiving more than we ever received. I am just looking forward to seeing this property be

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developed and seeing that eye sore of all the graffiti and everything that is up there be taken away.

COUNCILMAN LUNA: Also I have seen the training that the Local 217 has done in the past with the Western Hotel and it is really good training. They have done it in the past in Spanish, Portuguese, English, and they are really good. I am glad this is working well for everybody.

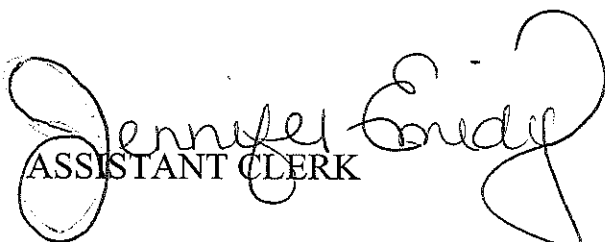
CHAIRMAN JACKSON: I think the only decision that has to be made is, well two the stabilization and are we going with Exhibit A which the developers would like to have and as you see it gives them a little relief in the first years and then it goes up from \$79,000.00 to \$911,000.00 almost \$1 Million Dollars and I think we heard in the testimony the reason being for that is the amount of money they have to spend on the historical preservation the whole front of the building actually take it off redo it and then put it back on. I think that is the reason why that construction cost is astronomical alone. Like any new business especially hotels they need to get their room percentage up before they can feel that they can afford the higher rate and that usually takes place in the first five years. Pleasure of the Committee?

On motion of Councilman Luna, seconded by Vice-Chairwoman Roman it is voted to approve the foregoing Ordinance with the Guidelines of Exhibit A.

CHAIRMAN: All in favor.

Motion Carries.

  
CLERK

  
ASSISTANT CLERK