

*MILFORD CITY COUNCIL*  
MINUTES OF MEETING  
August 17, 2011

A Meeting of the Economic Development Committee of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Wednesday, August 17, 2011.

PRESIDING: Chairman Garrett Grier, III

IN ATTENDANCE: Committee Member Councilman Douglas Morrow, Sr.

Mayor Joseph Ronnie Rogers

Councilman Steve Johnson and Owen S. Brooks, Jr.

City Manager David Baird and Recorder Christine Crouch

Economic Development Director Richard Carmean

The Economic Development Committee Meeting was called to order at 6:04 p.m. by Chairman Grier. He then noted that Committee Member James Starling was unable to attend due to being out of town.

*Wyshock Development*

Mr. Grier then introduced Tom Wyshock who provided committee and council members with an agenda and detailed booklet for the meeting.

Mr. Wyshock thanked those who took time to hear their plans. He said he is normally referred to as a sponsor or developer. That capacity requires him to research and purchase land, get leases signed for properties and handle third parties which include architects, attorneys, municipalities, consultants, contractors and anyone else needed. It is also his responsibility to ensure the project stays within its time frame.

Project Manager, Freddie Bada of Moonlight Architecture, Incorporated, then addressed the committee. Mr. Bada explained the concept of the project is for a CCRC (Continuing Care and Retirement Community). They feel there is a need due to the aging and demographics of Delaware which is becoming more of a retirement area where these type facilities will be needed.

They looked at different sites and decided on the Simpson Farm site which is a 200-acre parcel in the southwest part of Milford. They feel it is in good proximity to Route 113 and will be easily accessible from other roadways.

Mr. Bada reported there are three parts to the project—a retirement community, continuing care component and a health care facility.

He said the main component is the continuing care facility; a section of the building will be dedicated to Alzheimer and dementia type patients. This is a specialized type care and patients need to be in the best environment. They are proposing a 45-bed unit for dementia patients.

Another area of the facility will offer assisted living care with 125 beds in addition to a private nursing home.

He explained the building will provide all the amenities and necessities for emergency care. It will include dining and recreation facilities. The design will include a walking track for dementia and alzheimer patients.

He then referenced a proposed drawing of the facility whose design is intended to keep in character with the historic feel of the City of Milford.

Mr. Bada said the other component is a retirement community. Included will be a mix of uses--54 single detached units, 65 duplexes and 4 apartment buildings with 35 units each for a total of 140 independent units.

The purpose of the community is for residents to transition to the various housing types as needed. As an example, he said that a person may start out in a single detached home, but may later need to move over to an apartment building when yard work and other maintenance becomes difficult. When specialized care is needed, the continuing care facility would be available which will include alzheimer and dementia care. They plan to keep the two areas separated by green space, buffers and trees.

He advised a clubhouse is planned which may include a workout facility, a kitchen and open space that can be leased out to the community.

They plan to add a small amphitheater out the rear of the clubhouse. In the summer, entertainment options, such as bands, shows and movies can be considered. The community would be invited to walk down and set up their chairs to be part of the activities.

They are also considering tennis courts and a swimming pool. They hope to build an activity center which will serve the various aspects of the community. A gymnasium or larger facility is being considered and could be rented out, in addition to some classrooms that may be used for training.

He noted the substantial amount of green space on the conceptual plan. Walking plans will be added throughout the community which will allow this to become a walking community. This would prevent residents from getting in the car and instead allows them to walk throughout the community. Gazebos and exercise stations along the walkways will be added.

Also planned are some commercial retail type spaces such as salons, boutiques, coffee shops, cafes, etc.

Mr. Bada said the last and largest portion of the community is the healthcare facility. As was stated previously, the location just off Route 113 makes it easily accessible by emergency vehicles. A three or four-story parking garage will be built to prevent using available green space.

Roughly 100,000 square feet of future expansion will be available.

The healthcare facility will include medical offices or other commercial facilities in close proximity to the hospital. As the hospital is built, doctors will start buying houses and establish offices in the area. The plan provides space to lease to those doctors who would be able to walk across the street to the hospital.

They also want to make the project green. He would like to take advantage of the top of the parking structure by adding a solar array to capture some of the sun energy. Through various areas, they will have solar arrays and possibly some small windmills.

They may add solar water heaters or utilize land for geothermal purposes within the housing units.

Mr. Bada concluded by stating that Moonlight Architecture is spearheading the project. They are based out of Lewes and have been in business for twelve years. They have completed a number of projects from warehouse type facilities to bathroom additions. They just completed a 150,000 square foot aircraft hangar in Wilmington. He emphasized they are a team that will work with experienced people that knows what they are doing and will be able to move quickly as a result.

He then introduced his team:

Zach Crouch of Davis, Bowen and Friedel, Incorporated then addressed the committee. He stated he has been with DBF for fifteen years during which time he has worked with the city on various projects. He noted the project has been designed probably twice. When he was called about the project, he agreed it was a good fit for that area. He noted the traffic impact study has already been completed though it will still require some DelDOT approvals. However, water,

sewer and electric is already there. He has handled several projects in the city and most have been constructed or are ready for construction.

He informed the committee there is a great need for this type facility in Milford and welcomes the opportunity to proceed.

Jim Baker of Macintosh Engineering advised they are structural engineers located out of Wilmington and Georgetown; he is currently working out of the Georgetown office. He explained the majority of their clients are architects so they are able to see various structures and facilities. Where an architect may specialize in a particular sector, they work in all sectors based on the need. He explained that with this project, there are several sectors including healthcare and continuing care. They have worked on a multitude of projects and in particular with all four major healthcare players in the state. On the continuing care side, they have also handled several projects not just in Delaware, but throughout the country as well as many along the eastern seaboard.

Dan Blake of Blake and Vaughan Engineering then stated they are a mechanical, electrical and plumbing engineering firm. They work out of Wilmington and have a small satellite office in Lewes. They started in 2003 and currently have 13 employees. They did a similar project in Long Island where one of the first geothermal systems was used in this type facility. He said their firm concentrates on green and sustainable designs.

Aaron McCarthy of Francis Cauffman Architects informed the committee that he joined this team as the healthcare architect representing the medical facility or hospital which will become a greenfield hospital. He said Francis Cauffman was founded in 1954 and with a staff of 110, is one of the largest architectural firms in Philadelphia. They also have offices in New York and Baltimore.

He said they have worked on medical facilities up and down the east coast and have worked in 22 states and 13 different nations building health facilities. They are excited about this project and the trend in the development of continuing care communities. He stated that as people age, they prefer to be close to their doctors and desire high quality health care which this will provide.

Frank Yoder of Honeywell-Integrated Building Solutions stated they are an international technology company out of Morristown, New Jersey. He lives in Wilmington though his office is out of Fort Washington, Pennsylvania. They are planning a smart building with a centralized video management system, intrusion detection, personal inventory, occupant/visitor safety to cover all their security needs.

Kevin Lucas of EDiS stated they are a Delaware Company that has been in existence for 103 years. He said they will be in charge of the construction portion of the project. Presently, they have 66 employees working up and down the state. Their current volume is approximately \$150 million per year. They have worked with healthcare clients including Christiana Care, Saint Francis, Beebe Hospital as well as some retirement facilities in the area. Locally, they recently completed Stockley Medical Facility and the new Cape Henlopen High School.

Mr. Bada stated they are really committed to this project and want to get it moving. He asked the committee to look at their brochures adding that he likes the team concept which is why they want the city to be part of their team.

Mr. Wyshock then reviewed the project stating that his experience is with assisted living, dementia units and nursing homes. He has a decade where he was a licensed administrator with the Department of Welfare in Harrisburg. It is important that he understand every facet of the campuses that are becoming fixtures in communities throughout the country. When you build a community for people who are 55 plus and retiring, statistics show that they will not want to leave regardless of the level they enter. They do not want to leave the campus as they age or have a need for additional medical assistance. Nor do their families want them moved to another location because it is painful to put their parents in a facility. Psychologically, it is balanced when they do not have to leave the campus.

Mr. Wyshock said on the other side, you do not want individual people living too close to the main building because it is a reminder of their aging and where they are heading. He said you do not want to put their dining halls next to one another and you do not put the assisted living people close to the nursing home resident. He said most of the dementia patients live a very long time and most do not take medicine.

He reported he is very passionate about this project namely because it will allow one spouse to remain close to their spouse should the other need one of these facilities.

Mr. Wyshock is also familiar with the insurance health field because he has been in it for forty years. He said one of the things that hospitals are required today is to release people as soon as possible. He said a patient is often released because the private insurance companies only cover a particular ailment for a very short period of time. However, Medicare and Medicaid will cover the costs of a patient going to a convalescent center on the doctor's recommendation for 120 days.

Mr. Wyshock emphasized they have a window of opportunity though it is a short window. He said it is time to think out of the box and not in traditional methods. They need an aggressive approach to the project.

Mr. Wyshock said the team they have assembled is experienced and can move quickly. They need the project to be shovel-ready by November. Several hundred million dollars are needed for this project and though that generally takes about four months, they are already on the fast track for financing.

He said the reason behind the limited window is because we are going into a presidential election year and no one will know the outcome of those elections. By July of 2012, he expects all the money will stop and no one will be willing to spend money until they know the outcome of the election. By the spring of 2013, they will not know if they can continue.

He reported there are presently a number of institutions sitting on a lot of cash waiting for the right opportunity. Mr. Wyshock said this project will create 450 to 500 construction jobs immediately. When completed, the facility will be home to between 4,000 to 5,000 full-time employees.

Mr. Wyshock thinks the committee will agree this town is long overdue for a shot in the arm of this nature. They feel Milford needs a burn center because the closest one is Crozer Burn Center in Chester, Pennsylvania. Milford also needs a Neonatal Intensive Care (NIC) Unit adding that Milford had 2,700 babies last year of which many were sent to Dover or Christiana for specialized care. A pediatric center is also needed similar to AI Dupont in Wilmington.

He is familiar with a hospital who is interested in bringing an eye center to Milford. He said this could become one of the ancillary arms of the medical center. He said that most people with serious eye conditions are sent to Wills Eye Center in Philadelphia.

Mr. Wyshock then discussed their financing. He said that when he builds a facility, which he owns, they sometimes own the land though sometimes it is already owned by the tenant. That tenant then leases the land, or the land and the building from Mr. Wyshock's corporation for a period of 20 to 25 years. At the end of the term of the lease, the property/building is turned over, free and clear. It is given as a donation and they sell the tax credits on Wall Street which makes a little more profit.

He said many hospitals and institutions have difficulty getting financing, but are not fully aware of this concept. Also, there are not a lot of people willing to give away a successful property. He does not have a problem with that and believes it is necessary to give back to the community.

He advised they will end up with balance sheets that will give them a higher rating. When they have a lease, it is carried as an expense on their profit and loss statement. It becomes an asset at the time they receive it. Therefore, it is advantageous for their expansion not to have a lingering debt versus it being listed as an expense which can always be offset with additional revenue.

Mr. Wyshock feels the medical center they sign will be surprised because based on the trust fund he is working with, they basically have a green light to turnkey the property. He said that means they will also be able to purchase the equipment needed for their facility which will be worked into the package. That institution will then come in financed at 100%. He added they will not get that deal anywhere else in town.

Mr. Wyshock said he asked for this meeting because they really want the city to become part of their team. They cannot do this without the City of Milford. They will not try unless the city is part of the team. He said they need Milford's

support in getting fire marshal, DelDOT and other agency approvals. He asked that the city be aggressive emphasizing they are here to ask for their help.

Mr. Wyshock then asked if they can count on the city and will they be part of the team. He then asked the committee and council members if they had questions.

Mr. Brooks said the project seems good though it is huge. He asked is the project will begin at one end and finish at the other end of the site. He said that Mr. Wyshock stated it will involve 450 construction workers.

Mr. Wyshock answered they will start simultaneously. The first 75 acres will be used for a medical institution because it will be more complicated. The continuous care campus is not less cumbersome and does not the requirements of a hospital.

Mr. Brooks asked the anticipated time span. Mr. Wyshock said the realistic time span will be anywhere from 28 to 36 months.

Mr. Brooks asked what happens in July of next year if there no more money available; Mr. Wyshock assured him they will have all the money. He said that once the commitment is made, the money will be available. Yesterday, he was discussing the matter with his attorneys who are already pricing his title insurance which will be \$350,000.

He noted that because of all the logistics involved, the retainer for the attorneys is \$150,000 a year.

He said that each one of the project team members has been given documents they are to complete to show their bondability.

Mr. Brooks asked if Mr. Wyshock had a good working relationship with the State of Delaware; Mr. Wyshock stated he thinks so. Mr. Brooks said he brought that up because of his comments about needing help with DelDOT and the fire marshal. He explained there have been a number of developers that have come back for multiple extensions because it is so difficult to get approvals through these agencies. He then confirmed Mr. Wyshock's intent is to break ground in November; Mr. Wyshock stated yes. He said he has a good relationship because his daughter works closely with the Attorney General's Office. He said she is a nationally certified advocate for domestic violence for women and children. Therefore, she works very close with Beau Biden.

Mr. Wyshock said he also knows Joe Biden though he is bipartisan. He worked with Joe Biden's father when he got out of the military selling used cars. He will contact and believes he can depend on the Bidens and Senator Tom Carpenter if necessary.

Mr. Brooks said his concern is the amount of time it takes to get approvals for larger projects. Mr. Wyshock feels their aggressiveness will help those agencies move their application to the top of the pile.

Economic Director Carmean then asked where Mr. Wyshock is looking for a feeder system. He noted the several institutions he mentioned for specialized care. Mr. Carmean then agreed that Milfordians travel to those facilities but asked who will come here for treatment noting the population of Milford will not fill the rooms.

Mr. Wyshock explained that the lower counties of Delaware and the residents from the surrounding communities will fill many of those beds. He explained that initially, there will not be large 100-bed units for Wills Eye Center, as an example. He feels they may start out with 25 rooms but with the ability to expand. He noted that many of their procedures are done through an outpatient service so they are in and out.

When asked if any study has been done on the impact to Bayhealth; Mr. Wyshock advised they are meeting with Bayhealth next week whom they would like to consider their proposal as well. He then emphasized they are not the only healthcare facility being approached.

Mr. Wyshock confirmed that Milford is big enough for competing hospitals. He explained that all hospitals are sharing

facilities today. For example, the NIC unit at Kent General is leased by Christiana Hospital. Though it is Bayhealth on the window, it is Christiana's NIC unit.

Mr. Wyshock then confirmed the residential area will be leased. He explained there will not be any entrance fees or purchases. When asked the rental range, he said it will be based on the design, though they typically construct two-bedroom/two-bath units with lofts. He anticipates approximately \$795 per month which he pointed out it will be competitively priced. They will include certain things in their costs up front such as utilities because they want to go green. That will ultimately lower the utility costs so they can operate within that price range. As a resident needs and enters the specialized units, that price will increase.

The city manager then commended Mr. Wyshock on the team he has put together noting they will have the ability to make this project happen.

Mr. Baird then verified the items Mr. Wyshock needs assistance from the city. He confirmed they are asking for assistance with state agency permitting, land use approvals, site engineering approvals and overall project support. Mr. Wyshock stated that is correct. They intend to keep the Mayor and City Council apprised of all their moves by either e-mail or a weekly progress report so the city can continue to be involved.

Mr. Baird again referenced the land use approval and site engineering process and asked if there are specific concerns or red flags the city needs to jump on quickly.

DBF Engineer Zach Crouch then stated that is one of the benefits of this project because so much work was already done when phase I and phase II was completed. The project has already gone through DelDOT through the previous developer. He agrees there will be some legwork needed based on the design changing, though they hope to utilize some of those things in order to move the project forward.

Mr. Crouch stated that DelDOT will be the biggest challenge. However, there is a letter of no objection on file which he feels can be used or slightly modified. Regardless, he feels the traffic count of 1,023 units compared to this project will be much less. He hopes that will work to their advantage.

He emphasized there are no issues with sewer, water or electric.

Mr. Baird agreed noting that a lot of the work has been done. He reminded the committee that DBF has done a lot of modeling on the sewer side that can be used to prevent any potential bottlenecking problems because of the project's magnitude. He wants to be able to detect any issues quickly.

Mr. Crouch said that unfortunately the timing issue will be from a procedural perspective and specifically the PLUS process. He said that cannot be done until the end of the month; it will then be heard the 20<sup>th</sup> of the following month. He said that is a state procedure though he feels that with the number of potential jobs, he hopes there may be some pressure to get this through quicker. On the DelDOT end, there is a signal going in from Cypress Hall which is across the street and under construction now and one less thing that will need to be done. He pointed out there are a number of positives that will help jump start this project.

He said the city's procedure requires hearings before the planning commission one month and council the next month. Mr. Baird assured them it will be worked out.

Mr. Crouch said he does not see any other obstacles.

Mr. Baird then asked if they will be required to get a Certificate of Public Necessity for the healthcare and nursing facility; Mr. Wyshock answered no, because it is a private facility. He said when there are nursing beds, you need a Certificate of Need which has a waiting list in Delaware. He explained that the reason there is a waiting list is because when Medicaid or Medicare is involved, it is a state expense. When a Certificate of Need is handed out, they keep a close eye on their budgets which are less today with fewer services. Because this is private, they will not be impacted.

Mr. Baird then advised the city has a fiber optic network that can easily be extended to this area which he is willing to discuss with Mr. Wyshock.

Mr. Yoder responded stating that on the surveillance side of things, should there be any kind of intrusion in the area, this would be a way the police department could retrieve information from their data base. It can also be expanded out into the community. He said there are always concerns from private residents who feel their surveillance is intruding into their windows. Cameras will provide that capacity though through software, there are ways to actually blank out buildings and locations or physically direct a camera in its proper location.

Mr. Grier then asked if there is an agreement for the purchase of the property. Mr. Wyshock stated there is an agreement with the current owner which should be solidified by August 24<sup>th</sup>. They will have a letter of intent which includes the contract of sale. Their attorneys are currently reviewing the documents.

When asked the current zoning, Mr. Carmean advised it is residentially zoned with a PUD which allows for a mixed use which can include some commercial.

Mr. Grier asked if zoning change is needed; Mr. Baird said that will need to be discussed once we have a more concrete proposal.

Mr. Grier thanked Mr. Wyshock for coming adding they are here to help them through the process.

With no further business, the Economic Committee Meeting was adjourned at 7:33 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri K. Hudson".

Terri K. Hudson, CMC  
City Clerk/Transcriber