

Note: This is a copy of an email sent to interested and concerned citizens, 12/28/15

Time for Action

Hello:

As we move from the presentation phase to the action/decision phase of this rezoning proposal, it might be useful to summarize a bit about who is involved, their roles, and what we know and don't know.

Get comfortable—this may take a while!

First: Who is Involved, and What are their Roles?

—St Marys Planning Commission. Five members, appointed by the City Council. Current members are Chairman Larry Johnson, Doug Cooper, Arlene Norris, Mike Rich and Nancy Stasinis. The Planning Commission will consider the proposal, and may recommend to approve it, disapprove it, or request the applicant to make modifications before making their recommendation. All meetings are open to the public, and presumably the public may be heard. **The Planning Commission will hold its first “work session” on January 7, 6 PM at the St Marys Elementary School.** There may be additional work sessions, plus one or more “official” sessions to consider the proposal. Will supply more info on these events when available.

—St Marys Mayor and City Council. The City Council will review the decision of the Planning Commission, and will ratify, reject, or modify. At regular City Council meetings there is always a time for public input. In addition, **the quarterly Town Hall meeting will be held on January 14, 6 PM, currently scheduled for the Council Chambers at City Hall.** Could be in another, larger, location due to public interest on this subject. Unlike the regular City Council meetings, the Town Hall format allows for more free-form discussion, and possible exchange of comments with the Mayor and Council Members. Stay tuned for further info on this.

—Camden County Joint Development Authority. JDA has a nine-member board: two each from St Marys, Kingsland and Woodbine, and three from the County at large, appointed by the County Commission. JDA has responsibility for economic development throughout the County, including in the three cities. Current Chairman is Charlie Smith, and St Marys reps are Jeff Barker and Gary Willis. James Coughlin is Executive Director. During the past year and a half, JDA has been adequately funded by the County, and is doing very good work in laying the groundwork for economic development. It takes time to build a staff, develop an inventory of available sites, define Camden's attributes (location, transportation, labor supply, etc.) make the contacts with State and industry development officials, develop an effective website. etc. See www.launchcamden.com.

In my opinion, as former Chairman of the Development Authority of St Marys, JDA is definitely on the right track and will ultimately be successful. It is their job to find viable prospects for all of Camden County, and to work with them and the respective cities or County, to a successful conclusion. **They will do this for the mill site, regardless of who owns it (Bankruptcy Trustee, ASM Capital, or someone else).**

—Bankruptcy Trustee: Mike Newsom is Trustee for the Durango estate, appointed by the Court, and charged with liquidating the assets and settling with the creditors. As you know, the property was contracted to LandMar Development some ten years ago with intent to develop as mixed use, residential and commercial. When that project failed, the property was returned to the Trustee. Mr. Newsom has tried to market the property both for residential/commercial and for industrial use. As far as we know, apart from the LandMar deal, the current offer to purchase by ASM Capital is the first offer that the Trustee has found acceptable. We understand that the offer is contingent upon rezoning the property to industrial.

—Bankruptcy creditors. As is usual in commercial bankruptcies, there are probably different classes of creditors, as defined under federal bankruptcy law. Senior creditors, usually holding loans secured by physical assets, and normally holding large dollar amounts of debts, come first in a distribution of the proceeds of a sale. Former employees and trade creditors are further down the list. The Bankruptcy Court will decide whether or not to approve the sale of the assets, and the distribution to the various classes of creditors. It is our understanding that when LandMar contracted to buy the property for something in excess of \$40 million, a significant pay-off was expected. More recently the Trustee has been trying to sell the property for a lesser amount, we have heard in the "low teens". We do not know how much ASM Capital has offered. We speculate that it is less than that, and that ASM has either bought, or has options to buy, (at a discount, of course) enough of the senior debt to be able to control the creditors committee that will recommend approval of the sale and the ultimate distribution terms. Following completion of the sale, ASM will recoup some of the purchase price through the bankruptcy settlement. Junior creditors are not likely to get much, if anything.

—Prospective employees of future businesses on the mill site. According to a recent article in the Tribune & Georgian, Camden County has enjoyed an increase of "1,000 plus" jobs over the past year, with total number of employees now at 21,309. Of this total, more than 3,500 are civilians with the Navy and its contractors at the submarine base. In the rezoning proposal, ASM Capital projected a maximum of 5,300 employees "at build-out", some fifteen years hence. Upon questioning at his presentation on December 5, Mr. Christopher Ragucci admitted that that number was "in our dreams", and was based on formulas from "60-year old engineering books", reflecting old style manufacturing, and a more realistic number might be in the 500 employee range, at build out. This suggests that the impact on employment as a result of the final development as proposed in the rezoning application would be in the range of less than 2-3% of current Camden County employment, and undoubtedly a much smaller share of employment fifteen years in the future.

—ASM Capital and Port of St Marys, LLC. According to its website <www.asmcapital.com> "**ASM Capital** is a firm that invests in the obligations of companies in bankruptcy." Adam S. Moskowitz is its President, and Douglas Wolfe is General Counsel. It acquires assets by purchasing bankruptcy debt, then sells the assets (presumably at a profit) after the bankruptcy is settled. **ASM Capital does not claim to be a developer. It is an investor, and speculator in asset values, a legitimate business.** Upon questioning at his December 15 presentation, Mr. Ragucci stated that Port of St Marys, LLC is a Delaware corporation, owned by Mr. Moskowitz, Mr. Wolfe and himself. According to the Delaware Secretary of State website, it was incorporated on June 2, 2015. **Port of St Marys, LLC has no operating history as a developer or otherwise.**

—Christopher Ragucci. Mr. Ragucci's business card shows him to be President & CEO of Worldwide Group, with Staten Island and Manhattan addresses. His earlier experience included working with his father, Carmine Ragucci, as a manager of Howland Hook Container Terminal on Staten Island until 2002. Internet links to New York area newspaper reports of activities there, and of Mr. (Christopher) Ragucci's other issues, are available upon request. Worldwide Group does not appear to have a website, and nothing more is known of Mr. Ragucci's experience.

—Citizens of St Marys. Ultimately, we are the ultimate decision makers in this issue. With our votes we have delegated to the Mayor and the City Council members the responsibility to investigate matters such as this, and to make the right decisions on our behalf. Unless we make our wishes known, our elected officials will not have our guidance. They are citizens, just as we are, and we certainly expect that they will study this issue carefully, and will make a decision that they believe, in good conscience, is what is best for all of St Marys. But we have to do our job, which is to let them know what we think and then hold them responsible for doing their jobs diligently.

OK, so much for the cast of characters! Now let's take a look at where we are with the proposal.

On Tuesday evening, December 15, Mr. Ragucci presented a new version of his outlook for the mill site, this one probably closer to reality than the earlier versions.

In his January 2015 *Executive Summary* of his brochure on the *Port of St Marys Industrial and Logistics Center* Mr. Ragucci projected "a barge port, potentially a small scale LNG liquefaction and export facility, a solar-powered generating station and industrial uses such as large steel tank manufacturing facility, a wood pellet manufacturing plant, and an aluminum manufacturing facility. Logistics and cargo related uses could include handling of bulk aggregates and agricultural products, break-bulk and project cargo, modular plant construction, and warehousing and distribution in a Foreign Trade Zone."

In the November 2015 application for rezoning, Mr. Ragucci stated "The planned marine facilities include barge dock and ship berths, cargo handling and rail intermodal facilities, and shore based infrastructure. Initial planning indicates approximately 3,000 linear feet of barge and vessel berthing is attainable on the North River." Projections also included total number of employees at build-out to be 5,300, and property tax revenues at \$2,460,000. Presumably the same formulaic over-estimate applies to the property tax revenue since it is derived by applying a formula to the property area to determine the maximum building area and value.

In his December 15 presentation, Mr. Ragucci changed his approach again. Now, a barge port dock will be built "only if a future industrial user needs it, and the cost can be justified". Gone was the speculation as to possible uses of the property. Mr. Ragucci admitted repeatedly that he really did not know what the uses might be but, with the rezoning, the property would be attractive to prospective users. Obviously, he would have to depend on JDA in this effort, and properly so—that is JDA's job.

Over the last year, JDA has laid good groundwork in representing all of Camden County in economic development. As mentioned earlier, JDA will do this regardless of who owns the property. If JDA works directly with the Bankruptcy Trustee, a clean deal can be made with the ultimate user. **If JDA has to work with ASM Capital/Port of St Marys, LLC, they will expect to make a profit on their investment, thus raising the cost and reducing the economic feasibility to an ultimate user.**

So where does this leave us?

First, ASM Capital and Port of St Marys Industrial and Logistics Center, LLC are NOT developers. They are investors who hope to realize a return on their investment in the mill site property. Mr. Ragucci acknowledged that little will be done to improve the property until a user, or users, are found. When infrastructure improvements are needed, the recently-approved TAD can be used to arrange debt financing for that purpose, so the land owner will not have to make that up-front investment.

It has taken a lot of effort to get at the truth. If you are movie fan, *Music Man's 76 Trombones* and *Chicago's Ol' Razzle-Dazzle* come to mind.

As to possible alternative uses, there may be none immediately in sight. As LandMar discovered, the standards and the cost of remediation for residential use could be much higher than for industrial use, because children play in the dirt! A university branch campus for marine science is an attractive idea and would form the nucleus for future economic growth, but we are not aware if this possibility has been considered.

Perhaps the best action is for the City Council to disapprove the proposal, thus effectively ending

ASM Capital's role in the project. Then JDA can get to work in earnest and unencumbered by having to deal with ASM Capital's profit expectations. They can work to find either a responsible operating company that needs an attractive large site with rail access, or a legitimate industrial developer that can do professional job of realizing the potential of the site. At an appropriate time, the City can re-zone the property as needed, without the onerous and unacceptable terms in ASM's proposal.

In summary: (1) ASM Capital is not a developer, and Chris Ragucci does not have a secret plan for development; he is almost entirely dependent upon JDA and the Georgia Department of Economic Development to come up with prospective users. (2) If there is to be development, JDA can do a better job of marketing the property to a responsible user without the interference and added cost of working with ASM. (3) The number of jobs that might be added under the ASM proposal, in the foreseeable future, is a very small fraction of Camden County's total employment base, and certainly not a compelling reason for immediate action.

As in my earlier emails, I have tried to present the situation accurately and fairly. If I have mis-stated anything, please let me know and I will make the correction.

Now it up to all us! Contact your elected officials, and the members of the Planning Commission. Ask your own questions, and make sure that they get answered promptly and thoroughly.

And attend ALL the meetings, starting with the Planning Commission on January 7 and the Town Hall on January 14. Be seen and be heard!

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Bob Divine
708 Grace Street
St Marys, GA 31558
912-673-8427 (H)
949-500-5203 (M)