

**BOROUGH OF BARRINGTON
MINUTES OF CLOSED SESSION, SEPTEMBER 9, 2014
MAYOR/COUNCIL CHAMBERS**

****CONFIDENTIAL****

The Closed Session from the September 9 council meeting convened at 7:05pm in Mayor/Council chambers. Still present were Council President Popiolek, Councilwoman Bergeron, Councilwoman Nicholson, Councilman Ludwig and Councilman Robenolt. Also in the closed session were CFO Denise Moules, Clerk Terry Shannon, Solicitor Tim Higgins, Economic Development Coordinator Phil Rowan and Engineer Greg Evans.

Council President Popiolek--distributed his analysis of the financing plans for the White Horse Pike redevelopment project and asked that everyone keep it confidential for now. He is proposing that we introduce a redevelopment bond ordinance this evening to finance this project. We met with bond counsel and this is our best option. We need a funding source for the Bell Avenue extension. The litigation with Southard is not going to be resolved anytime soon and Tim thinks their attorney could fight this for up to two years. We have a tentative settlement with Southard regarding the car wash property. It is not the settlement we were hoping for but if we continue to fight this litigation, it could delay the project another two years. As Tim said, we may not like it but we just have to hold our nose and settle. Tim said it could take two years to win this litigation because with the appeals process, it could wind up in the Supreme Court. Although we could win, the additional legal costs would wind up being about the same as if we just settle now. At last week's hearing, the judge encouraged us to try and settle. If we don't settle now, we will be in court for another two and a half years. By that time, Wawa will have walked away. Kirk added that if we were at the beginning of this project, we would have time to fight but as all the permits have been issued and this project has been delayed so long, we need to move forward. We are just about shovel ready. Delco has \$350,000 set aside for this property and Kirk is proposing that we put up the additional \$200,000. Councilman Ludwig said that is a lot to put on the taxpayers. Kirk replied this will not be on the taxpayers. The only money the taxpayers have put up was for the original property acquisitions. All of the other development costs and soft costs have been paid for by the redeveloper. The other proposition is that we provide the financing for the roadwork. We were going to give the redeveloper credits for the roadwork. They cannot obtain financing because they do not own the road as it is a public roadway. Lending institutions will not lend Delco money for roadway improvements because there is no asset to put up as collateral. If we issue a redevelopment bond where the municipality acts as surety, we will hold the bond and the redeveloper will pay us back over a ten year period so we can pay off the BAN. We would create a separate PILOT for repayment of the debt. Phil Rowan stated this is typical in New Jersey redevelopment. This is normally done by towns in advance hoping a developer comes someday. We are ahead because we already have a redeveloper locked in. We will get this all back without the taxpayers having to pay any of this debt. The debt would be secured by the leases with the tenants which would be written into the PILOT. Councilman Ludwig said he knows a lot of hard work has gone into this and a lot of things have come up along the way. Kirk said it is not unusual for hurdles to come up with redevelopment. Shawn said he wants to make sure we protect the taxpayers. Tim said the structuring of the current bond and the new bond will be set-up so they are paid back through the redeveloper's PILOT agreements. The debt will be paid over the same ten years as the BAN. We are looking at a three million dollar note which includes the \$200,000. We think we will be able to settle Southard for \$550,000 which is included. Delco has \$350,000 and we would provide the other \$200,000. Also included is the Rabinowitz settlement. The developer will pay us back one tenth per year for ten years. We will use that money to pay down the BAN over the same ten year period. The debt could be a little less depending on the final settlements for Southard and Rabinowitz. Shawn

asked how much we have in this project right now and Denise said a little over three million. That will be paid back through the two original PILOT's over 30-years. Shawn said he feels that with the new debt, the taxpayers have 5.8 million into this project. Tim said that is correct but the debt will be paid back by the developer through the PILOT's. Shawn said he does not think it is that simple and that the money floats around through these businesses and the average taxpayer winds up paying the debt. We all know what happened with this project and the problems that arose. The taxpayers are on the hook for this. Tim said it is an obligation that exists but it will be satisfied with a highly credible income source where one tenant is Wawa which is a nine billion dollar corporation and another that is a major national restaurant chain. Tim said we started on this project back in 2002 and it was going to be residential and retail. The way condemnation works, we had to spend 2.2 million for the motel. Councilwoman Nicholson asked what we need to do tonight and Tim said we need to introduce the bond ordinance. Councilman Robenolt asked if we do that in closed session and Tim responded no, we will go back into open session. Terry went to check to make sure there was no public still present who may want to come back to the open meeting. There was no public still in the building.

On a motion by Councilwoman Bergeron, second by Councilwoman Nicholson, the public meeting was reconvened at 7:30pm.

Tim explained that we will also need to approve a refund resolution that authorizes the developer to begin work and then be reimbursed through the financing the borough has established with the bond ordinance.

On a motion by Council President Popiolek, second by Councilwoman Bergeron, Ordinance 1027, Bond Ordinance Providing Supplemental Funding for the White Horse Pike Redevelopment Project in and for the Borough of Barrington; Appropriating the sum of \$3,000,000 Therefor; Authorizing the Issuance of General Obligation Bonds or Bond Anticipation Notes of the Borough of Barrington in the Aggregate Principal Amount of up to \$3,000,000; Making Certain Determinations and Covenants and Authorizing Certain Related Actions in Connection with the Foregoing, was approved on first reading with the following poll vote: Popiolek-yes; Bergeron-yes; Nicholson-yes; Ludwig-yes; Robenolt-yes.

Resolution 9-2014-99, Declaring Official Intent to Reimburse Expenditures for Project Costs Related to the White Horse Pike Redevelopment Project from the Proceeds of Tax-Exempt Debt Obligations, was approved on a motion by Council President Popiolek, second by Councilwoman Bergeron, with the following poll vote: Popiolek-yes; Bergeron-yes; Nicholson-yes; Ludwig-yes; Robenolt-yes.

On a motion by Councilwoman Nicholson, second by Councilwoman Bergeron, the meeting was adjourned at 7:35pm.

Terry Shannon

Terry Shannon, Municipal Clerk

Seeing no further public comment, on a motion by Councilwoman Bergeron, second by Council President Popielek, the public portion was closed.

With no further business to be transacted, on a motion by Councilwoman Nicholson and Council President Popielek, the meeting was adjourned at 7:30pm.

ATTEST: **Terry Shannon**
 Terry Shannon, Municipal Clerk