

The following are notes, not official minutes. For an official transcript, go to the Delanco Municipal Building at 770 Coopertown Rd.

Township Committee April 14, 2008

Devinney, Hinkle, Templeton, Ouellette Fitzpatrick

Also Present: Steven Corcoran, Twp. Administrator, Mr, Heinold, Special Counsel for the mansion; Scott Taylor, Planner for the mansion; Karen Zimmermann, Deputy Municipal Clerk

CONSENT AGENDA ITEMS:

Resolution 2008-61 honoring Maria Zacher

Resolution 2008-62 honoring Tom Laverty

Resolution 2008-63 authorizing release of performance guarantee upon conditions for the revaluation of all real property in Delanco Township by Renwick and Magee Real Estate Appraisal, Inc. DBA/Renwick and Associates

Approval of Payment of bill – Recreation Development Fund \$3,000 (Vine St. Park Project)

APPROVAL OF CONSENT AGENDA –Passed unanimously

Meeting open to the public

Resident of Union: Questions re: mansion development as proposed. Is anything written in stone that it will be COAH seniors only?

Ouellette: Clause that up to the 21 units will be senior COAH and remaining 3 will have flexibility.

Devinney: They are all senior over 55

Ouellette: Up to the 21 units is my understanding

Fitzpatrick: As far as the agreement stands right now, they are all seniors.

Resident: If contract goes into default, it turns into COAH without restrictions. A lot of money was spent to keep Capital Academy in there.

Fitzpatrick: COAH for 30 years

Resident: (missed this)

Templeton: Agreement doesn't specify age-restricted – particularly Creekside paragraph doesn't specify.

Hinkle: All age-restricted

Resident: Is it going to be one bedroom or one big giant housing authority that Philadelphia would build?

Templeton: Haven't seen plan

Fitzpatrick: Low and moderate income – 30 year restriction. It is quite clear to me

Heinold: (referencing paragraph)– up to 24 senior independent units – 19 to a max of 24 – all going to be senior - 19 and possibly 24 will be COAH

Resident: As project goes forward, if developer defaults, I'm not too sure about rounds – not much info on the web. What could our town be liable for then? More than 24 units.

Heinold: Not sure I understand.

Resident: If COAH doesn't go in there and it's just affordable housing.

Heinold: It has to be affordable housing

Resident: If everything defaulted and developer walks away, is town liable for providing 24 units and at what cost to the township?

Devinney: 14 and escrow of 1. (something) million so that it would continue.

Heinold: Redeveloper is going to address that tonight when they arrive. That is the issue we are trying to resolve. I prefer if they come in and explain the proposal and how it will work. Mayor raised the issue of phasing concern in even of default. Language wasn't satisfactory until today. I wasn't satisfied with the language. They should be here any moment.

Resident: Delanco is running out of building opportunities. Is there a schedule – this many COAH's in mansion before townhouses go up?.

Heinold: To get 5th townhouse CO, they need to complete at least 8 of COAH units. They can't get last one or two CO's until all the COAH are complete.

Resident: It sounds like I don't know what I'm talking about since that's how much info they give on the web.

President of Delanco Library Board, Kevin McLaughlin: Asking you to give consideration to library. Last year's budget to us was \$53,000 - 17,000 fixed cost of rent, remaining money went to salaries. County money can only go to books and materials.

Kent Smith arrived: On behalf of Delanco Zurbrugg Partners, we've been working on an agreement until an hour ago. Spoke with Heinold regarding financing. Made provisions over this week. Version in 13.4 provided to Township Committee had convoluted language regarding default. Key issue is to provide for township's buy back rights and ability to finance COAH. Construction loan will be sought. New term "redeveloper's equity" \$540,000 and remainder from transfer of COAH from Ryan. Trouble is that

financer wants number one position as creditor as per a home mortgage. I am now submitting a new section. (handed copies to Township Committee)

In event of default, we will lose the \$540,000 – lender takes their position free and clear of sequencing. At township's discretion, lender will complete the project and sell on open market subject to restrictions or township buy back includes keeping the \$540,000. Buy back will be whatever the lender has put into the project. Ex. say they have \$1,000,000 in the project and those renovations are complete. Township's obligation is to pay back their \$500,000 and the \$500,000 worth of improvements. Township keeps the \$540,000 from the redeveloper. The money from Ryan Homes is equivalent or in excess and will be used to repay the lender.

Heinold: My concerns weredefault provisions. Obviously developer and Township don't go in thinking there is going to be a foreclosure. From my discussions with mayor and following the meeting of the phasing schedule... worst case would be we would have to pay back \$540,000 and the developer would have already built 4 townhouses. (missed some).. The developer couldn't be bound by the schedule. As of Friday, we would have been holding mansion and the 1.46(not sure if this is exact) and we'd be looking for the \$540,000. This says in event of foreclosure, bank finishes or they give the mansion back less any improvements. We would be getting the mansion back with improvements to the better. Township would hold the mansion, 1.8 million less cost of improvements and the obligation to find a home for 14-19 COAH units in mansion or somewhere in town. I think that more fairly allocates the risks. I leave it to you to decide if the deal as a whole is acceptable.

Templeton: So developer retains the corner properties and whatever has been constructed there?

Heinold: Bank would decide to keep or transfer the mansion.

Fitzpatrick: But the builder wouldn't keep any of the townhouses?

Templeton: Does the developer keep the townhouse properties?

Kent Smith If under one loan, no.

Templeton: Mansion project is limited to mansion itself/

Kent Smith: This is a carve out – just using the project for the COAH. Lender has all of the property under the loan. Buyback doesn't allow township to buy back the entire property. Lender knows they can build the townhouses at any time. Township's interest is to build the mansion. Lender can give the township a draw statement regarding the mansion. \$540,000 stays with town and you are reimbursing the lender for what they put in. When you read the entirety of that clause. (pg. 33 on bottom) under financing provisions. When CO is issued for a unit, it is exempt from buyout since there is someone living there. Mansion project and townshomes – talking about entire property. Subsection A Lender can acquire townhomes and carriage lots without any obligation – subject to redevelopment plan, but they make a decision about them – sit on them, build

them...This is what lenders do. Subsection B talks about entire project. When lender takes title, lender is free to sell the entire project or foreclose however the lender sees fit. Subsection C - Township notice of default must be copied to the bank. Default on the development agreement is a default on the mortgage. Now you have the bank on your side. Subsection D - townhouses and carriage lots - bank has election to build - notice to you of what the bank is going to do within 60 days of when bank gets the deed

Ouellette: Town has oversight since it is redevelopment

Kent Smith: Yes, but they need to tell you what they are doing - sit, split to another developer. Township has interest and needs to be kept abreast. Subsection E is the carve out - unique to mansion project - that's what we've just modified. Township has a special place - township option isn't extinguished. If bank decides not to complete, you have 60 days to decide to buy out. Lender demonstrates how much money has been put in. You pay that amount and you're done. If it is a million dollars, we hope the mansion is done. We're saying to the lender, in Subparagraph F - lender gets relief from sequencing of CO's that we have right now. If market is good, lender won't want to be help up by COAH. It will be up to the township to determine. You lose the leverage of phasing you have against the developer, but you have the guarantee.

Ouellette: As we go forward, as you start the project, your client is still bound to phasing.

Kent Smith: Our question is how to make this attractive enough to the bank so they see it is good collateral and they will give us the loan.

Templeton: Do you have a lender that has agreed to this?

Kent Smith: Not this exact language - this was written at 6:30. Have discussed it theoretically with the lender. I'm extremely confident that it will be acceptable since they will get back the money they put in. I'm 99.9% sure this is good.

Ouellette: Township has \$1.8 for mansion. If things default and bank put in 1 million, town would have to repay the million. Let's say it was underestimated and the developer put in \$2 million. Then what

Kent Smith: Mortgage loan has to go through Mr. Heinold as township solicitor - Subsection G. When we seek financing, mortgage will go to Mr. Heinold to sign off.

Fitzpatrick: Any idea what initial amount will be?

Kent Smith: \$1.1 million

Ouellette: to put on addition

Kent Smith: Yes, and interior renovations

Heinold: Benefit I see is that township controls what happens to the mansion including after foreclosure. If township took it back, there are other ways to meet COAH than units in the mansion. If it is more affordable to meet requirements somewhere else, township could do that. Township's benefit is to sell. There are risks to both sides of an agreement. We have more freedom if we hold mansion and money in case of default.

Devinney: Seems like a prudent move.

Hinkle: Wish you could be more optimistic than talking about foreclosure.

Heinold: This beats the conversation on the other end.

Kent Smith: Best to talk about the negatives and negotiate now.

Devinney: Doug, 14 COAH units from Rivers Edge...other units resulting from townhouses. Those are the ones we would be responsible for.

Heinold: The way it is written now, units go in the mansion. 14 from Rivers Edge and 2 from the eight townhouses, could be another 2-3 from Rivers Edge.

Fitzpatrick: That's at least 19

Heinold: 16-19

Kent Smith: That's a more accurate number

Devinney: That's the one we are responsible for

Ouellette: Creekside units...

Devinney: Who decides if they are transferable? If default, we are responsible?

Kent Smith: Creekside requires consent of developer, Joint Land Use Board, and Township

Templeton: Creekside not age-restricted, so they would be redesigned as age-restricted.

Kent Smith: Yes

Templeton: and we can do that without court approval

Kent Smith: Yes

Templeton: Vacancy at Creekside will generate more COAH obligation.

Kent Smith: If so, it goes to redeveloper

Ouellette: My understanding that 3 units from Creekside it would be a single home to replace 3 units at Creekside.

C Kent Smith: orrect

Devinney: So we're replacing sections...

Kent Smith: No, we're going to have a clean document

Fitzpatrick: Are you looking for a resolution tonight?

Kent Smith: That would make me happy.

Templeton: I think it would be nice to see a clean document. I was with Karen this afternoon and there were four versions.

Fitzpatrick: We're only replacing one page. I don't know why that would hold us up any further.

Templeton: Because it is permanent.

Fitzpatrick: It's quite clear to me. All the other pages and conditions remain the same. I think we are ready to move on it.

Ouellette: I think Mr. Heinold and Kent Smith had made some other changes. Are they in the version we printed out this afternoon?

Kent Smith: Additional COAH units \$37.5 a unit – township will acquire 2 units. I wanted that to be discretionary.

Heinold: All affordable – all senior . I thought everything was affordable.

(Not sure who said this): All senior, some may be market rate.

Hinkle: If we move ahead tonight, it goes to court, and then to planning.

Kent Smith: Schedule in agreement is an aggressive schedule. Concerns now about meeting it.

Developer: Last week it was asked of Mr. Kearns if that deadline was still your requirement and we never heard.

Corcoran: June 30 remains an important date for township for funding and cash flow. Lot of factors as to why we are in that predicament.

Fitzpatrick: In addition to budget, our tax bills won't go out.

Corcoran: County issue – when county and state will certify. We're assuming we will get them out on time. Worst case scenario is that we would be a couple months behind. Any delay will make the schedule difficult. Scott is going to present the redevelopment plan so we can get planning board approval.

Devinney: I reviewed changes this afternoon. This deals with most of those anyway. Net result of changes are much closer to equity. I am prepared to go forward.

Ouellette: Scott, under exhibit J ... setbacks. These are minimum setbacks – Delaware and Willow – don't want to tie JLUB's hands.

Taylor: Generally consistent to J2 rendering re bulk standards. Consistent with where we were previously. In redevelopment plan – need to add setback for carriage house and addition for mansion.

Ouellette: Two units on Delaware and Willow – can JLUB move those back?

Taylor: We tried to preserve trees. One on Willow says 5.6 – not 7

Kent Smith: 3 trees determine setback. If we push them back, they go into the drip line of the tree.

Hinkle: Study on trees was done.

Kent Smith: Yes. That's why we determined that setback.

Corcoran: So JLUB could move them back if they wanted to sacrifice the trees.

Heinold: Agreement sets minimum

Ouellette: JLUB has flexibility according to section J. That's what I was concerned about.

Hinkle: I think we should move ahead.

Resolution 2008-56 confirming final form and redevelopment agreement for Zurbrugg Partnership LLC.

Passed – Ouellette, Devinney, Hinkle, and Fitzpatrick voting Yes. Templeton voted No.

Kent Smith: We will come back next Monday to discuss a redevelopment plan.

Taylor: I'm hoping for a draft redevelopment plan for Wednesday at the latest.

Ouellette: I want to open back up to the public.

Corcoran: Last Monday I sent the committee four different versions. I said I wouldn't do that again.

Developer: Need to schedule a special meeting for JLUB.

Taylor: We spent a lot of time agonizing about B&B. Townhouses stayed the same. Now that we have the confines of the senior apartments, how is that operating in the confines of a townhouse development?

Fitzpatrick: Randy, are you planning to use J2's architectural designs?

Randy: Yes

Fitzpatrick: That may help you, Scott

Taylor: I will reach out to find out what are the intentions as far as how the site will operate with two uses to avoid conflict of neighbors and zoning. We will have some recommendations.

Randy: We are using the same architects. Jack Perry

Kent Smith: Is JLUB at 7:30?

Fitzpatrick: Special meeting could be at 7:00.

Open to public:

Resident of Union: We saw front view drawings. What is the rear view going to look like. Second Street neighbors don't want to see a brick wall. Front looked really nice. Second question – recycling project – One of our scouts working at Burlington and Pine. If you are disposing of boxwoods, we would like to transplant them to park before the weather gets hot.

Hinkle: You got email from Bill.

Resident: Time is of the essence.

Fitzpatrick: I think it's a wonderful idea.

Templeton: Yes.

Cherkis: If you end up taking a couple we would have used, it's OK.

Meeting closed to the public

Kent Smith: Mr. Heinold's work on this final agreement has been exemplary.

Rest of meeting was devoted to budget work session with highlights as follows:

- trash collection will continue to be twice a week as there was no significant savings over the current contract.
- library was originally cut \$10,000 which represents a 30% cut and doesn't allow the board to meet salaries – \$10,000 was restored.
- strategies for greater savings in utilities are being explored.

Township Committee went into executive session at 9:20 pm to discuss personnel matters.

Submitted by Maureen Barrett