Public Hearing
Angler Contract
November 23, 2004

The Elkton Town Council, the Elkton Park Authority, and representatives of Angler Broadlands, LLC held a Public Hearing on November 23, 2004 at the Firemen's Activities Building located on RT. 340S, to present Angler's Development Proposal for the Mary E. Kite property. The following Council members were present:

PRESENT
T. Pence
W. Printz
S. Sigafoose
R. Snow
P. Workman

Town Attorneys Nathan Miller and Clint Sellers and Town Manager Dennis R. Donachy were also present.

Mayor Printz presented an overhead program that enlightened the attendees from the negotiation phase through the retained assets, as projected from the sale of the land to Angler and their development of the area.

CITIZEN COMMENTS

Lee Dearing, 124 North Street, stated tonight was the first time that residents had access to any information for tonight's public hearing. He was sure that after the information was studied other concerns about this deal will surface. From the beginning, Town residents were told "Elkton will not own a golf course but tonight you say we may own a golf course." He had concerns about "hiddens" in the contract that the residents were not being made aware of. "Will the Town be required to maintain the golf course for any length of time?" was another of Mr. Dearing's questions.

Mike O'Neill, 425 East Rockingham Street, asked, "What are you hiding?" He saw the "revenue projections but not the corresponding expense projections." How were the citizens to be able to make an intelligent evaluation of the proposal? Mr. O'Neill was confused looking at Council and seeing three members of Council who also served on the Park Authority. That raised a question of liability, directly or indirectly, for Attorney Miller. Mr. O'Neill stated, "I'm very concerned that we've got a major liability with the Town having to operate this golf course in the red indefinitely or face a lawsuit from property owners who purchased golf course lots. So, therein, lies the problem - the poor citizens of Elkton subsidizing a public golf course to avoid getting sued by wealthy land owners. I feel this represents an opportunity for a few people to make money, subsidized by the general taxpayers of Elkton." He wanted to know who pays to keep the golf course in operation when the feasibility study stated a golf course was not "tenable."

Cathy Murphy, 110 North Stuart Avenue, was not opposed to the land deal. According to the contract "we will have a Town-owned golf course. The question is, what are you going to do with it?" Will it be Town-operated, will it be leased, or will it be sold? She favored a leasing agreement or a straight out sale. She then questioned the destination of proceeds from leasing or sale. Ms. Murphy raised the following questions:

1. Will the Town retain property between the Elkton Squad Building and the Wrangler Plant?
2. Will the 1.5 million for connections be up-front money?
3. Has the zoning of the area been determined?
4. Will curb and gutter be a requirement for development?
5. Will a clear deed be possible?

Mary K. Hutton, 515 Chestnut, questioned the duplicity of advertising which stated

different information was available.

Pete Bonavita, 17119 Mt. Pleasant Road, believed this project, with an outside developer, should go forward because it would benefit the Town.

Mildred Shifflett, 112 West Spotswood Avenue, reminded the Mayor and members of Council that they ran on a platform promise that the Town would never own a golf course. "It looks like everybody broke their promise on that," she said. She feared the consequences if the Town could not lease or sell the golf course.

Sonny Dean, 17238 Mt. Pleasant Road, asked what the expenses would be to upgrade the system to accommodate additional development. Would taxes be raised?

Mayor Printz responded to the following questions:

Q: Who will own, operate, and maintain the golf course?
A: Mayor Printz stated for the record that he did not support the concept of the Town of Elkton owning and/or operating the golf course. He has met with leasing companies that expressed an interest in leasing, "however, the Council will make the final decision. If they should make the wrong decision, then that is why we have elections," stated Mayor Printz. He spoke of a 1.8 million debt service and "something must be done." He continued, "I don't know any other way to pay for it unless we try to raise your taxes or something of that nature. I don't like that. I don't think we should do that. I think we jumped into this thing - we jumped into it maybe before we should have, that's to be debated - but we do have that responsibility now. It's about $180,000.00 a year. In the end result, I'm hoping the Council will do the right thing and not put the liability or responsibility of the golf course on the Town. It should not be done. That is my personal opinion. It is not necessarily the opinion of the Council."

Vice Mayor Snow had a response: "I think you know, and I think all the Council knows, the Council has discussed ownership where the golf course is going to go. Unless we change our minds, we have all, all the people setting here tonight, Jay included, have said the golf course will probably go into the Park Authority's hands. If you remember, the Park Authority was established to eliminate liability to the Town. If we do that, I think that will answer a lot of the questions that have come up here tonight. The Park Authority, we turn it over to them, they can decide do they hire a management company to manage it, do they sell it, do they...whatever they do, it is still subject to the Town Council, they have final approval as always."

Q: Who would get the money, the Council or the Park Authority, if it was leased or sold?
A: Mayor Printz: "Those details have not been worked out, but the Council would have to take the responsibility to make sure the Town was taken care of properly. The Town incorporated the debt and, again, I can't really speak for the Council, the obligation to the citizens should come first."

Q: Who puts in the water and sewer lines and where?
A: Mayor Printz: "We run the main trunk line about 1,500 feet from Tannery Apartments for the sewer line, which will cost approximately $23.00 a foot. Water will be about half that amount."

Q: Up front money for water and sewer system - where did that come from to run it to the property?
A: Mayor Printz: "It's 1.5 million for about 750 units. That is discounted because there probably will be some garden apartments, which is a moderate expense for the Town to hook up to. It is exclusive of any other work that needs to be done once we set the meter."

Q: Water and sewer upgrade to the existing system.
A: Mayor Printz: "We have a sewer treatment plant that at this point in time that's operating

between 50 and 60% capacity. I think we will be okay for some time, based on our evaluation. We are in the main aquifer from the Blue Ridge Mountains. We are very fortunate to have alternate sources of water. We have an abundance of water."

Q: Land on Blue and Gold Drive.
A: Mayor Printz: "Under this plan, about 100 garden apartments will be built on that land. We have an opportunity for a land swap if we find land that is about the same size."

Q: Zoning of property, density.
A: Mayor Printz: "Density, that's an issue that has to be worked out. We are gonna have to go through our zoning laws. We are responsible for the zoning laws and we are gonna have to give Angler what they need to do what they need to do."

Q: Curb and Gutter.
A: Mayor Printz: "We haven't specifically discussed curb and gutter. They are in our current zoning laws. Angler has not requested not to do curbing and guttering. So, at this time, curb and gutter will be required."

Q: How would the deed be altered and who would have a clear deed?
A: Mayor Printz: "Currently, the only debt we have to Ms. Kite is the Spring property, as you know Cathy. We will probably retain that debt because that Spring property will be our property anyhow. That's a decision for the financial people in the Council, and the, you know, the financial experts that audit the Town. We are gonna give Angler the property where the golf course is gonna be and when they are done building it they will give it back to us. We have a two million dollar debt that is not collateralized, that's on the full faith and credit of the Town. We would have the opportunity to pay all that off, or pay off a portion of that, but it is not tied to this property. The only debt load we have that has to be considered is the Hiram Kite property, the 116 acres, and the $50,000.00 a year to Ms. Kite for the Spring. That's the only two debt considerations that we would have to free and clear that property. That's a financial decision that probably will have to be made from the Council, and it will have to come from the funds that we will have available to us."

Q: 750 units.
A: Mayor Printz: "That is units. If you have 100 apartments, that's 100 units."

Q: Currently three members of Council are also on the Park Authority.
A: Attorney Miller stated the Park Authority Bylaws allow for two Council members. Mr. McDaniel resigned from the Park Authority. "That does not constitute direct liability to the Town. The Park Authority stands alone," stated Mr. Miller.

As further clarification to a clear deed, Mr. Miller stated he "had spoken to their counsels, both Hiram Kite's and Ms. Kite's, and they've agreed to take some substitute collateral for that. So, we will be able to convey the property free and clear. Although the Town would still have the liability, it would not be secured by the land."

Q: What are the expenses?
A: Council member Workman saw the only expense as "putting the sewer up to the Kite property and maybe a little water line adjustment."

Attorney Miller explained the structure and legalities of a Park Authority.

The following conversation could be interpreted as a summary of the public hearing.

Cathy Murphy began by stating in the negotiations with Angler, of which she was a part, Angler would not consider the project without the golf course. Mayor Printz agreed with the statement.

Cathy Murphy: "I believe it is important for the public to understand that if there is no golf course there is no deal, unless Angler had had a change of heart. So, with that, if we want this deal to happen we have to accept the golf course as part of it. But the question comes into it, I've heard several comments tonight, we **may** pay the debt off, we **may** pay the debt off. I don't want to hear we **may**. We **will** pay the debt off, we **will** pay the bond payment off, we **will** pay Hiram Kite off, we **will** pay the Wrangler building off, and then, and only then, can you start to think about what you want to do with other things. My biggest fear with this whole thing - with the golf course - we will hear somewhere down the road, 'We need seed money,' and a piece of this profit is going to become seed money for operating the golf course. That's a question, and I don't think it's been fully addressed here tonight or answered. The second thing is it's all fine and good to have a Park Authority established, we know what it was set up for and we know the purpose of it. But we also know the Park Authority cannot borrow without collateral, we've already been through that process. So, if this five million dollar asset is turned over to the Park Authority, then I guess it could borrow against its own land. But the question is, is the Town willing, or does the Town want to say, 'Here's five million dollars. Take it.' I don't know. On the other hand, the option is the town keeps it, leases it, and gets the money. Either way, if it's leased or turned over to the Park Authority, the question is who's gonna get the money? Is the Town going to get the money? It should. It's a Town asset and we should get the money."

Mayor Printz: "Well, in regard to your first question, I can't mandate what this Council is going to do. So, I'm trying to state what I think they could probably do, being there and listening to them. The paramount issue is the golf course liability, getting it out of the Town, and hopefully, between those three issues, the right decision will be made between selling, leasing, or keeping it in the Authority, or a combination of something else that will work. I don't know. I won't tell you I know, that's not fair to tell you that. You have dealt with this enough that you understand it. So, where's it gonna be? I don't know. You're gonna have to put the faith in the Council to make those decisions and, if they make the wrong one, that's what elections are for."

Cathy Murphy: "Sometimes we are asked to have a lot of faith and we get burned. We have a valuable asset. I don't think it is appropriate for the Park Authority to come back and say, 'We're in a bind. We need some seed money. We need this, we need this.' Cut the strings, either one way or another. I don't think you can just give it to 'em without something coming back. I don't think that goes over well with the public."

Mayor Printz: "I agree with you but that will all be negotiated. That will be negotiated amongst the Council and I certainly hope they would do the right thing and, again, they will have to answer to the citizens if they don't."

Vice Mayor Snow: "Cathy, to answer your questions, the discussions the Park Authority has had, and discussions that the Council has been involved in, if the golf course is put in the Park Authority, remember who owns the Park Authority without the liability. It's the Town. So it's not like we're giving it away to somebody. The Town still owns it but we're not liable for it. In the Park Authority discussions, we've always known and talked about gettin' the thing to make a profit and the profits come back to the Town. The golf course, the Park Authority, has no reason other than to maintain itself, the golf course, they have no reason to hold a lot of money. So, the money will come back to the Town."

Cathy Murphy: "You are also in a position, 'tho, that once you have the golf course you have the collateral. What I am understanding here is that the Park Authority will do its own borrowing."

Vice Mayor Snow: "Absolutely. That's the way it should be."

As there were no additional comments, the Public Hearing was closed.

Mayor: _____
Wayne E. Printz, Mayor

Recorder: _____
Richard D. Carey, Clerk