

RESOLUTION NO.

RESOLUTION OF THE TOWNSHIP OF WEST DEPTFORD, IN THE COUNTY OF GLOUCESTER, NEW JERSEY AUTHORIZING A SETTLEMENT OF PENDING TAX APPEAL LITIGATION WITH SUNOCO INC. AND COASTAL/EL PASO INC. ON THE EAGLE POINT FACILITY AND AUTHORIZING SPECIAL TAX COUNSEL TO EXECUTE STIPULATIONS OF SETTLEMENT AS THE CASE MAY BE WHICH SETTLEMENT WILL RESULT IN A REFUND AMOUNT FOR EL PASO OF \$18,500,000 AND FOR SUNOCO IN A REFUND AMOUNT OF \$13,900,000

WHEREAS, the Mayor and Township Committee of the Township of West Deptford held a closed session meeting on Thursday April 12, 2012 to discuss the currently pending Sunoco Inc. ("Sunoco") vs. Township of West Deptford and El Paso/Coastal Inc. ("El Paso") vs. Township of West Deptford tax appeal litigation spanning tax years 1988 through and including 2011 (24 tax years), that litigation being currently docketed in the New Jersey Tax Court under docket numbers: 004850-2005, 008119-2006, 007927-2007, 008903-2008, 013122-2009, 011284-2010, 010157-2011, 003604-2004, 002910-2005, 002170-2006, 002103-2007, 000591-2008, 005192-2009, 007238-2010, 010154-2011, 003600-2004, 002906-2005, 002177-2006, 002179-2007, 000589-2008, 005223-2009, 007235-2010, 010456-2011, 004370-2004, 00281-2005, 002125-2006, 002185-2007, 000696-2008, 005227-2009, 007113-2010, 010150-2011, 002904-2005, 002218-2006, 002822-2007, 000587-2008, 005193-2009, 011286-2010, 010161-2011, 000370-01, 001303-02, 000298-03, 004560-90, 008230-90; 010407-91, 010455 -91, 07544-92, 007545-92, 007368-93, 006894-94, 004857-95, 003500-96, 001650-97, 000881-98, 002501-98, 000998-99, 001044-99, 000595-00, 000593-00, 000371-01, 000374-01, 000676-02, 000704-02, 000301-03, 000302-03; and

WHEREAS, the Mayor and Township Committee of the Township of West Deptford at said closed meeting conducted an extended review and consideration of that litigation and assessed the risks and costs of the continuation of that litigation; and

WHEREAS, the Mayor and Township Committee of the Township of West Deptford at said closed session meeting heard and considered the extensive presentation of its Special Tax Counsel, Bond Counsel and Financial Advisor on the merits of the settlement; and

WHEREAS, immediately following the Thursday April 12, 2012 closed session the Mayor and Township Committee of the Township of West Deptford reopened the public portion of the Thursday April 12, 2012 meeting and provided a detailed explanation of the then proposed settlement with Sunoco and El Paso, which presentation included a 14 page power point display with hard copies provided to those in attendance. The presentation was followed by a public

question and comment session and the public's questions and comments were addressed by the Township Committee and Special Tax Counsel; and

WHEREAS, as a result of that detailed public presentation the public was informed of the following elements of the settlement:

1. The taxpayer entity for tax years 1988 through and including 2003 is El Paso (successor in interest to Coastal Corp. which bought the subject property in 1984)

2. The taxpayer entity for tax years 2004 through and including 2011 is Sunoco (purchaser of subject property in 2004 from El Paso).

3. In the El Paso pending litigation, El Paso's appraised valuation of the subject property for its years of ownership would generate a refund amount in excess of \$42,500,000. In the Sunoco pending litigation, Sunoco's appraised valuation of the subject property for its years of ownership would generate a refund amount in excess of \$47,000,000.

4. The settlement will result in the refund amount for El Paso being compromised to \$18,500,000 and Sunoco's refund amount compromised to \$13,900,000.

5. To finance the costs of the settlements, the Township will seek approval of the Department of Community Affairs, Division of Local Government Services, Local Finance Board (the "LFB") to adopt a refunding bond ordinance authorizing not to exceed \$33 million in refunding bonds and approval of a maturity schedule for such refunding bonds over a 20 year period with a projected budget impact on the average residential taxpayer that does not exceed \$88 per year. A copy of the budget impact analysis of financing the settlement costs in this manner is attached hereto as Exhibit A. The refunding bond ordinance and proposed maturity schedule will be the subject of the Township's application to the LFB for consideration at a hearing of the LFB on May 9, 2012 (subject to scheduling of the application by the LFB on that date) and the approval of the issuance of the Township's refunding bonds and a final maturity schedule will not be finalized until after the date the LFB considers the Township's application.

6. The assessment for the Sunoco years of the litigation will be reduced as reflected on attached Schedule B. Sunoco has waived the statutory 5% interest on its principal refund and such further amount will therefore not be paid by the Township. Sunoco will be placing the proceeds from the settlement into its corporate environmental reserve fund, the proceeds of which are dedicated to the environmental remediation of its properties. Sunoco's aggregate assessment for the 2012 and 2013 tax years would be reduced from the current 2012 level of

\$153,000,000 to 98,500,000 and Sunoco's resulting maximum payment liability to the Township for those tax years would be the ad valorem taxes due and owing under that aggregate assessment for those tax years.

7. The assessment for the El Paso years of the litigation will be reduced in a fashion whereby the reduced assessments will generate a principal refund amount of \$18,500,000. El Paso has also waived the statutory 5% interest on its principal refund and such further amount will therefore not be paid by the Township. The formal assessment reduction schedule and stipulation of settlement for the El Paso litigation have not yet been finalized but will be available to the public as soon as it has been.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of West Deptford, that:

1. The West Deptford Township Committee authorizes Special Tax Counsel to execute, on behalf of West Deptford Township, stipulations of settlement resolving the Sunoco Inc. vs. Township of West Deptford and El Paso/Coastal Inc. vs. Township of West Deptford tax appeal litigation. Said stipulations shall be conditioned on West Deptford Township securing the necessary approvals for the requisite funding of the settlements as discussed at the closed meeting on Thursday April 12, 2012, the minutes of which shall be made available for disclosure to the public, consistent with N.J.S.A. 10:4-13, when the items which were the subject of the closed session discussion are resolved and a reason for confidentiality no longer exists.

ADOPTED at a special meeting of the Township of West Deptford, County of Gloucester, State of New Jersey, held on this 17th day of April, 2012.

TOWNSHIP OF WEST DEPTFORD

By: 
RAYMOND CHINTALL, Mayor

ATTEST:


Amy Leso, Acting Township Clerk