

A special meeting of the Borough Council of Lewisburg, Union County, Pennsylvania, was held on **Thursday, September 01, 2011** in the Council Chambers, 55 South Fifth Street. Present: Council President Bergonia; Councilmembers Baker, Casimir, Cox, Mahon, Molesevich, and Morris; Mayor Wagner; Manager/Treasurer Smith; Solicitor Lyons; and Secretary Garrison. Absent was: Councilmember Strosser.

CALL TO ORDER: Council President Bergonia called the meeting to order at 6:00 PM, followed by the pledge of allegiance.

PUBLIC PARTICIPATION: None.

JUDICIAL SALE OF 212 SOUTH SECOND STREET: Manager Smith explained the Keiper property is coming up for judicial sale, which means all mortgages and existing liens are going to be waived. It is the intent of the County to sell this property for a minimum cost of **all** taxes owed, plus costs, which amounts to approximately \$8,500 to \$9,500. It was suggested the Borough become involved as a potential bidder or that the Borough work with an interested party by entering into an agreement of sale for a particular amount of money, then the Borough would bid on the property, acquire the property, and turn around and sell it to the interested party for the predetermined amount. By doing this, the Borough could then recoup some of its costs. Last week he discovered there are actually two interested parties. What he needs to know is: do we work with both; do we not work with either; is the Borough *really* that interested. The Borough is owed approximately \$30,000 on this property, but \$20,000 of that was the cost of demolition which was paid for by CDBG funding. The Borough basically has an outstanding balance of \$10,000. The County **is** collecting **all** taxes. The sale is scheduled for Wednesday, September 14th and he needs to know Councils' position. There was **much** discussion. Solicitor Lyons summarized there has been a lien against the Keiper property for a long time for refuse collection, then the property deteriorated to a condition where it had to be demolished and the Borough assumed that cost. In addition, the Borough has had to bear the cost of maintenance on that property. There were two or three tax sales on this property and no one was interested. (Remember, with a tax sale the purchaser is buying the liens against a property, and no one will buy that property for the amount of money that is needed. The Tax Claim Office proceeded to follow through with a judicial sale, meaning the property is sold for minimum costs only, i.e. taxes owed, plus costs. A judicial sale clears the property of any other liens, giving the purchaser a clear title. There are established priorities if the property is purchased above the cost of the taxes, and in this case that is municipal claims and then the mortgage. So, to get something out of this sale the bid must be higher than the minimum. The only way it gets to be higher than the minimum is to force it to become higher or we get into competitive bidding or we enter into an agreement with some potential buyer to pay us something if we buy the property. There are downsides to all of this. The Borough could bid, get the property with the idea of turning around and selling it, and all of a sudden no one wants to buy it. The Borough could enter into an agreement of sale with the neighbor stating they will buy it for a certain amount if the Borough buys it, but the neighbor could change their minds and we would have to go to court to enforce the agreement, meaning the Borough would have to spend more money. Right now we know there are two interested parties and someone is going to bid higher than the minimum so we will get something out of the sale. However, the risk is that the day of the sale there could be zero interest, which means it would be listed again for judicial sale sometime in the future. In order to build on this property you must meet the setback requirements, which means an appearance before the Zoning Hearing Board for a variance. Anyone that purchases this land will get it back on the tax rolls, which is good. Council can authorize the Manager to bid on this property, but in his opinion it makes no sense to buy that property and sit on it. Councilmember Molesevich suggested several options: 1) the Borough goes to the sale, two people show up to bid and the Borough does nothing; 2) one person shows up to bid so the Borough bids in an attempt to increase the amount; 3) no one shows up to bid, so the Borough bids the minimum amount. Solicitor Lyons commented he doesn't feel there should not be an option three. Councilmember Molesevich said the Borough already maintains this property, so why not own it and then sell it. Solicitor Lyons explained the Borough may be maintaining this property, but does not own it; therefore there is limited liability exposure. He also pointed out there are costs involved to sell a property owned by a municipality. His preference is that the Borough not own it as it could be a long term ownership. Councilmember Morris said there is another option, which is for the Borough to do nothing. *Again*, there was **much** discussion.

Councilmember Morris made a motion, seconded by Councilmember Mahon, that the Borough do nothing with regard to the judicial sale of the property known as 212 South Second Street. **ON THE QUESTION:** Councilmember Molesevich asked if doing nothing means not even showing up at the sale. Councilmember Morris commented if the Manager or Solicitor wants to be there, she doesn't have a problem with that, but she is saying a bid should not be made on behalf of the Borough. Motion was unanimously approved.

There being no further business, Councilmember Casimir made a motion, seconded by Councilmember Mahon, to adjourn the meeting. Motion was unanimously approved. Meeting adjourned at 6:45 PM.

Respectfully submitted,

Patricia M. Garrison
Borough Secretary

ATTENDANCE

CALL TO ORDER

PUBLIC PARTICIPATION

**JUDICIAL SALE/
212 SOUTH
SECOND STREET**

**COUNCIL
DIRECTED THAT
NO ACTION BE
TAKEN WITH
REGARD TO
JUDICIAL SALE/
212 SOUTH
SECOND STREET**

ADJOURNMENT