

The Evening Bulletin

Montco's Barnes Offer Stuns

by Jim McCaffrey

June 13, 2007

Philadelphia - Montgomery County yesterday made a stunning, historic attempt to keep Philadelphia from hijacking its great treasure, the Barnes Foundation and its \$30 billion art collection in Merion.

Yesterday, Mark Schwartz, newly-appointed legal counsel for Montgomery County in all things Barnes, made a bid on behalf of the county to buy the Barnes property in Merion. The bid also includes Ker Feal, Dr. Albert Barnes' historic Chester County country home near Chester Springs.

Schwartz said the offer will "be equal to or exceed \$50 million, the amount [Orphans' Court] Judge [Stanley] Ott said would be needed for a viable endowment."

The county would then become a landlord to the Barnes - the same role Philadelphia would play if the foundation completes its bid to move its art collection to the Benjamin Franklin Parkway.

There would be no taxpayer money used in the purchase of the Barnes' property, Schwartz guaranteed. The county would sell bonds to cover the cost of the purchase. The Barnes Foundation would then be responsible for paying the debt service on the borrowing.

Schwartz explained, "The bonds are backed by the lease payments. The debt service would be \$2.5 million per year but the interest on \$50 million would be \$3.5 million a year. Leaving the Barnes a profit for its endowment fund. After 40 years the debt would be paid off and the Barnes could probably get a 99-year lease at \$1 a year. There could be an option to buy back the land and buildings whenever they wanted to. This is a way the Barnes could be economically viable without using millions in taxpayer money."

Notice of Montgomery County's attempt to save the Barnes came on the same day Philadelphia City Council's Rules Committee unanimously recommended re-zoning the city's juvenile jail, euphemistically named the Youth Study Center.

The zoning change clears the way for the Barnes (backed by Pew Foundation, Lenfest, Annenberg Foundation and state money) to build a new home for its collection there. Many people in the groups backing the Barnes move believe Montgomery County had its chance to save the Barnes Foundation and blew it.

They claim Lower Merion's handcuffed the internationally famous education foundation's attempts to promote its \$30 billion art collection. Combined with the notable indifference of Montgomery County to the Barnes, this cabal of fabulously rich

art dilettantes were able to openly plan and finance the seizure of the collection to Philadelphia's Avenue of the Arts.

Now Montgomery County has awoken to the probability that this plan will succeed. It appears to be in earnest with its new legal quest to keep the Barnes Foundation paintings in Merion.

Schwartz is seeking to reopen the Orphans Court litigation that allowed the Foundation to break Dr. Barnes' will and the Foundation Charter to move the collection to Philadelphia.

If the Barnes should accept, or be made to accept the county offer by the court, Ker Feal would remain open space. The Barnes is rumored to have considered selling off part of the property to developers.

Schwartz notes the Montgomery County offer saves the city the cost of moving the YSC - an estimated \$10 million a year for each temporary quarters, plus an estimated \$50 million for a new permanent home.

It would also save the state any moving costs it plans to contribute. Currently, the state has offered a \$25 million matching grant. It also has a \$107 million appropriation in its capital budget that Gov. Ed Rendell has not yet allowed to go forward.

Schwartz says he believes the county's offer should open negotiations with the Barnes. "My expectation is this will get [Barnes Foundation Chairman] Dr. [Bernard] Watson to meet with us and start negotiations," Schwartz claims. "I believe he has a fiduciary obligation to respond to this offer. Remember, Judge Ott said they may move; he didn't say they must move. This is the most cost-effective solution and does the least harm to the indenture. Moving is not the only possibility. There are other possibilities.

"The [public] money should go to schools, the homeless, people who are hungry, or to support SEPTA."

Schwartz made his comments just before 5 p.m. yesterday. Nobody could be reached at the Barnes Foundation at that time for comment.