

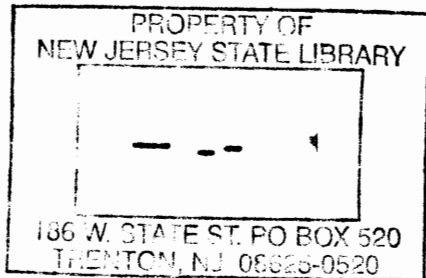
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P R I V A T E H E A R I N G

before

SPECIAL COMMITTEE OF THE GENERAL ASSEMBLY TO
MAKE AN INVESTIGATION AND REPORT ON THE USE OF
PUBLIC FUNDS TO ACQUIRE TITLE TO LAND TO BE USED
BY THE STATE OF NEW JERSEY AND TO DETERMINE WHETHER
IMPROVEMENTS CAN BE MADE IN EXISTING PROCEDURES,
created by Assembly Resolution No. 7 [1964] and
reconstituted by Assembly Resolution No. 1 [1965]



Held:
Room 24
State House
Trenton, New Jersey
May 4, 1965

MEMBERS OF COMMITTEE PRESENT:

Assemblywoman Marion West Higgins [Chairman]
Assemblyman Raymond H. Bateman
Assemblyman Norman Tanzman
Assemblyman David M. Mandelbaum
Assemblyman Irving E. Keith

Also:

Michael J. Ferrara, Esq., Counsel
Samuel A. Alito, Secretary

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ASSEMBLYWOMAN MARION WEST HIGGINS [CHAIRMAN]: Good afternoon. This is the first meeting of the Commission created under Assembly Resolution No. 7 of 1964 and re-constituted by Assembly Resolution 1 of this year, for the purpose of looking into, investigating and reporting on the use of public funds to acquire title to lands used by the State of New Jersey and to determine whether any improvements can be made in the existing procedures.

I will have the resolution introduced as part of the record.

[Assembly Resolution No. 1 can be found on page 100 of this transcript.]

The Committee will consist of Assemblymen Raymond Bateman, Irving Keith, Norman Tanzman and David Mandelbaum. Marion Higgins has been selected as Committee Chairman. Mr. Bateman is Vice Chairman. Mr. Tanzman is Secretary-Treasurer. Michael J. Ferrara has kindly offered his services for no compensation as our attorney.

For the purpose of the record, I now turn the meeting over to our attorney, Michael J. Ferrara, who will conduct the first hearing under A.R. 1.

MR. FERRARA: Madam Chairlady and gentlemen of the Committee: I would like to call Mr. Stanley to testify before the Committee. Mr. Stanley will you come up here, please.

ASSEMBLYMAN KEITH: Madam Chairlady, before we start questioning, the thought just came to me that Mr. Ferrara is kind enough to offer his services and the Committee by motion,

I believe, on record accepted with thanks his offer. But this being a reconstituted Committee, I don't know whether we should have a new motion to that effect. For the record and to make certain there is no question, I would like to put it in the form of a motion that we accept the services of Mr. Ferrara as Counsel for the Committee.

ASSEMBLYWOMAN HIGGINS: You heard the motion. Is there a second?

ASSEMBLYMAN BATEMAN: I second it.

ASSEMBLYWOMAN HIGGINS: The motion has been made and seconded. All those in favor, signify by saying "aye," - opposed, "no." Motion adopted.

Mr. Ferrara, will you proceed.

H A R R Y M. S T A N L E Y, called as a witness,
being duly sworn, testified as follows:

BY MR. FERRARA:

Q Your full name, Mr. Stanley? A My name is Harry M. Stanley.

Q And you are associated with John Weiss and Company?

A John Weiss and Company, 1207 Paterson-Hamburg Turnpike, Wayne, New Jersey.

Q And in your capacity as an appraiser, did you have the occasion back in November 1963 to appraise certain property located in Ringwood, Passaic County? A I did.

Q And was this property generally referred to as the Ringwood Country Club property? A Yes, that is one of the names - Ringwood County Club or Shepherd Lake Property.

Q Mr. Stanley, I assume you understand from what

Q Mr. Stanley, I assume you understand from what the chairlady has read the purpose of the Committee is investigating the acquisition of public lands by the State and methods of improving that. A I do.

Q And this is the basis of this Committee's function. A I understand.

Q Can you tell the Committee - how did you come about to make this appraisal of this property? A I don't know whether I understand the question. Do you mean how was I selected to make the appraisal?

Q Yes. A Well, as I best remember, Mr. Weiss was contacted by the State Department of Conservation and Economic Development first to have an appraisal made by the firm of the Lake Wawayanda property, which we did, and submitted to the Department. Then we subsequently were given an order for appraisal of a property known as Green Engineering, which was in Ringwood and near Ringwood Manor, which we did. Then subsequently the order for this one came through. That is the method that I recall.

Q Now in making an appraisal of this property, what basis did you use for your appraisal? What was the basic -- A The appraisal had to be made basically on the market data approach, most of it being vacant land and where buildings were involved and where the buildings were of a fairly recent vintage where they could be reproduced and some sensible amount of appreciation applied to them, we used the cost approach on the buildings.

Q As to the land, in making your appraisal of the

land, what use were you using as a basis for your appraisal?

A I think I can best answer that by referring to my appraisal, which I will have to rely on today, the notice being so short I haven't had time to scan it. In my appraisal on page 8 under "Conclusions and Justifications," I stated that "The highest and best use of the subject property, in the opinion of the appraiser, is, as zoned, for resort and residential use." And I want to refer back to the site data at that point and state that the Resort C-3 zoning of the property allowed the erection of single-family dwellings on a minimum plot of 25,000 square feet, said plot to have a minimum frontage of 125 feet, also motels, resort hotels and private clubs, which are designed for seasonal occupancy, dining rooms, luncheonettes, cocktail lounges, gift shops, beauty parlors and barber shops as a part of the aforementioned seasonal facilities; also golf courses, driving ranges, archery ranges and swimming pools as a part of said seasonal facilities. It was my opinion that the property lent itself to this use unusually well because of its location. I said, "Several resort facilities are already in existence at the westerly end of Shepherd Pond, namely, a clubhouse, beach facilities, boat facilities, skeet range, and ski slope," which has been under construction.

Q Mr. Stanley, if I may, I am going to interrupt you for a moment to apprise you that the Committee has a copy of your appraisal. The Committee, I am quite sure, has read through it and examined it, so that, if possible, if we can avoid the reading of it, it will help us all to get through.

A I may have to refer to it at times because I haven't had time to refresh my mind on this appraisal.

Q All right. Refer to it for that purpose, but we would appreciate it if you can avoid the reading of it as much as possible because they have copies of it.

Mr. Stanley, you indicated this was for resort and residential use. Was this within the contemplation of your appraisal that the State was going to make use of it for that purpose?

A No. In making the appraisal, I had to discount any use the State wanted to make of it and consider what a prudent and educated purchaser might do with the property. It seemed to me that the property because of its location with access both from the State of New York and the State of New Jersey, its proximity to such places as Stirling Forest, and the facilities on the property, lent itself more ideally to residential construction wrapped around a resort community, a higher calibre resort community. The lake itself is an unusually deep lake. It is one of the true, natural lakes in that area. It has a depth which has been estimated at anything up to 80 feet in the center. So it is a good, clear lake and it will not have any problems of stagnation and the terrain lent itself to the construction or application of resort facilities most ideally with mountains for ski resorts and ski jumping and level areas for other activities. So this is what I thought a prudent purchaser might do with the property.

Q Would it be possible to use the expression "highest and best use"? Would that be a proper expression for an appraiser to use?

A It is the only expression that can be

applied to the contemplated use for which it was appraised.

Q Directing ourselves to that, you indicated access. There has been a question regarding the accessibility of this property from New Jersey. In your appraisal were you able to make a determination that there was an actual, dedicated access from New Jersey to this property? A Well, access from New Jersey as it stands now must be over Sloatsburg Road.

ASSEMBLYMAN KEITH: Over what?

THE WITNESS: Sloatsburg Road. Sloatsburg Road leads out from Greenwood Lake Road at the Wanaque Reservoir and runs up to Sloatsburg, New York, Route 17. The present access to the property is over Sloatsburg Road and the Shepherd Pond Road, both of which are paved. There has been no evident intention to create another paved road with more direct accessibility from New Jersey, but it seemed to me that this accessibility - well, it wasn't out of reach of New Jersey, I might say.

Q So that the accessibility at the present time is actually from New York rather than from New Jersey through a road going into New York? A Yes, the entrance from the Sloatsburg Road is at New York. That's right.

BY ASSEMBLYMAN TANZMAN:

Q While we are on the road, in your opinion as a qualified real estate appraiser, do you feel that the fact that the access to this property is through New York - that this has a detrimental effect on the value of this property? In other words, in appraising it, did you first of all take

into consideration the fact that the access is through New York? A Yes, I did.

Q Do you feel that this is a detriment to the value?

A I can't see how.

Q Supposing there was a road in from New Jersey, would it be worth more in your opinion? A I don't think so.

BY MR. FERRARA:

Q Let me pursue that a moment, if I may, Mr. Stanley. At the present time the access is through New York.

A That is true.

Q Now in order to arrive at the highest and best use of this land for the purposes you have indicated, it would necessitate development. Is that correct? A That is true.

Q And as part of this development, would subdivision be necessary; if a developer was coming in, would he have to subdivide this land? A Oh, he would have to get subdivision approval.

Q Part of subdivision approval is going before the municipalities and the county where necessary, is that correct?

A That is true.

Q Now where this property only had access from New York, what would the developer do about getting subdivision approval for this property? A He would apply to the Borough of Ringwood for subdivision. The property line within Ringwood Borough, he would have to apply to Ringwood for subdivision approval.

Q If there is no access from Ringwood Borough to the land, how would the town give him subdivision approval?

A I do not see why the township would insist that the access to this property be through other portions of Ringwood. I don't understand your question, frankly.

Q Well, except in the normal course of events when you are getting a subdivision of land, the jurisdiction of your municipality must be to tell you to improve the road, that the fire equipment and so forth must be able to come into the land. How would Ringwood be able to give this approval if there were no access in its own town?

A This would have to be something that Ringwood itself would have to determine. In my opinion I don't think the Borough of Ringwood would find any reason to deny subdivision approval here for that reason.

Q If there was no access through New Jersey, could the Borough of Ringwood give subdivision approval to this land?

A In my opinion, it could, yes.

Q Notwithstanding that its own emergency equipment and so forth would not have access to this property?

A You are saying that it doesn't have access. I don't agree that the emergency equipment does not have access. The fact that the emergency equipment may have to cross community lines and even a state line to get there, I don't know that that would be barred.

Q All right. But the access would have to be through New York State.

BY ASSEMBLYMAN MANDELBAUM:

Q How many miles of road do you have to pass over in New York to get back into the property from the time you leave New Jersey until you come back? A Let's see if I have

that here. While I am looking for that, I might say that it has been a known fact that the Shelton College property has been on the market for some time and it would be a matter of time - no one knows how much time - before the Shelton College property would be developed and there would be ultimately access to the area.

BY MR. FERRARA:

Q At the present time, a man buying this property to develop it would have to be concerned about getting to it to develop it. Is that correct? And he would go through New York at the present time. A Yes, he would have to go through New York. I am trying to determine the distance now.

BY ASSEMBLYWOMAN HIGGINS:

Q You couldn't take into consideration what was happening to Shelton College as part of your appraisal though, could you? A No. I didn't think that this was a factor. But in answering the question in an indirect way about access, it would be a matter of time when access to this area, to this property, would be achieved through other properties. But I don't think at that time, at the time of the appraisal, it was really a factor. Now the distance of Sloatsburg Road that would have to be traversed is about 4,000 feet and another 4,000 feet on Shepherd Pond

Road to get into the property so that would be something like a mile and a half to the intersection going down into the property.

BY MR. FERRARA:

Q Is that from a point, Mr. Stanley, when you leave New Jersey to go through New York to get to the subject property - is that what you are indicating? A Yes. That's from the New York State line to the intersection of Shepherd Pond Road and back into the property.

Q And that is not the access from Route 17?

A No.

Q That is one of the other methods of getting there.

A That's right.

Q Now, in making a determination of the use of this land by a developer to determine its highest and best use, did you have to take into consideration the amount of water - the water supply, the method of bringing improvement in, for water, first? A Well, I didn't consider that in this appraisal to this extent, in that all subdivisions of this type in a rather remote area of this sort, start out with individual wells on the properties, and ultimately when the community builds up to a sizable size, then the water supply is arranged at that time. And I predicated my appraisal on the fact that at least for the foreseeable near future that there would be individual water supplies on each property.

Q Did you arrive at an estimate of the cost for an individual well? A I don't think anyone can arrive at that estimate because each individual property even adjacent

to each other would probably run into a different factor. I think that it would be a matter of guess work rather than any intelligent estimate.

Q Isn't this one of the items though that a developer who would be buying this property would have to consider in his cost in order to determine what he could afford to pay for the property?

A Yes, the developer would give it consideration. He probably would be better equipped to determine what it would cost than I would be.

Q But isn't that what you were trying to arrive at in your appraisal?

A In making the appraisal, I couldn't specifically state as a matter of cost of developing this property that the individual water supply would cost a specific amount. What I had to do was predicate the value of the property on other properties that had been sold where either they had to bring in the water supply - I mean, they had to put in their own water supply in the nature of wells - or where I considered that an existing water supply gave somewhat of an additional value to the property. So it wasn't a matter of taking the raw land or the finished land and breaking down the cost of each individual well and subtracting it. It is not that fine a method of appraisal because, as I say, I couldn't tell you what it would cost per well. I couldn't even approximate it.

ASSEMBLYMAN KEITH: May I ask a question or two?

ASSEMBLYWOMAN HIGGINS: Yes.

BY ASSEMBLYMAN KEITH:

Q Unless I misunderstand - I gather that your appraisal -

one of the bases of your appraisal had to do with the development of this property for residential purposes. Is that correct or not? A The ultimate development for residential purposes, yes.

Q When you were engaged or your firm was engaged to make the appraisal, were you advised that you were making the appraisal for the State of New Jersey? A Yes.

Q And for the potential purchase of this property in the future by the State of New Jersey? A That's correct.

Q Were you advised that the State of New Jersey had any particular use in mind for this property in the future if they acquired it? A No. All I was advised was that it was being considered for Green Acre purposes, which would be for park purposes and that covers a multitude of uses.

Q Then if you were of the impression or specifically advised it was going to be considered for park purposes, why would you have gone into the appraisal method dealing with residential purposes? A In making the appraisal, regardless of what the purchaser or the potential purchaser or the client intends to use the property for, an appraisal is to arrive at market value. It must determine what the highest and best use of the property is, independent of what the would-be purchaser intends to do with it. This has no bearing upon it. It is what the highest and best use would be under existing zoning.

BY MR. FERRARA:

Q Mr. Stanley, of course, these things, as to the

improvements of this land to reach the use which you have indicated - these improvements have to be taken into consideration by the developer and by yourself in your appraisal?

A Yes, they do.

Q So that for one thing, the accessibility of the land, the getting to it, is a factor that has to be considered?

A That is true.

Q And the extent of improvements that might be involved in the ability to get that accessibility, if there is any question -- A Yes.

Q Secondly, an item like water supply of some type, that is a utility that is an absolute necessity, that must be taken into consideration. A That's right.

Q The amount of internal roads that have to be built in order to divide this up into lots has to be taken into consideration. A It should be. I am not agreeing with you wholeheartedly. You are saying things and you are asking for a blanket yes or no.

Q I am just trying to understand. I am not trying to trick you in any fashion, Mr. Stanley. That is not my purpose. I am trying to understand your method of arriving at this value. And as I understood at the beginning you said highest and best use and that was for a lake development property, residential and resort. A That's right.

Q And my understanding of that is that you have to set up building plots of 125 feet frontage or something of that sort you have indicated. A No, that is not true.

Q Oh, all right. A That's not the appraisal

method. If I were doing that, I would be giving a per plot value to the property, in other words, predicating what the property would be worth in a finished condition and then subtracting from that the cost of the installation of roads and utilities.

BY ASSEMBLYMAN MANDELBAUM:

Q Mr. Stanley, I'd like to change the tact a little bit for a moment. You appraise based on market value.

A That's right.

Q -- which is roughly what a willing buyer and a willing seller will agree upon as a price in the open market.

A That's right, both of them being fully informed.

Q Now, you took into consideration comparative sales in your appraisal. A I did.

Q Did you take into consideration the comparative sales that affect this property, namely, the sale of the property or the chain of sales of this property?

A Let me check my file, will you?

Q In other words, it is my understanding that the best indication of value is the value that the property itself was sold for and that you would check this with comparative sales in the area to make sure they are not out of line.

A This is generally true unless there is something about the nature of the sale which would not make it a normal transaction between two people, neither having an interest in the other. I don't find in my appraisal reference to that sale and I am trying to reflect back to find out why. It seemed to me there were a lot of question marks about the

sale itself and the circumstances under which it was sold I believe at the time led me to believe that this was not what could be considered an arm's length sale between a disinterested buyer and a disinterested seller, both fully informed and neither having an interest in the other. There were some unusual factors about it, as I recall.

Q Would you tell me those factors? A No, I don't recall what they were. But they were of sufficient import that I wouldn't use the sale. Let me say this: The very first comparable that I would use in any sale would be the property itself if it had been sold within the last two years. This would be the first sale I would consider.

Q Was this property sold within the last two years of your appraisal? A You are asking me something that I really can't tell you off the top of my head right now. I will see if I have some information in my own notes here.

MR. FERRARA: I think, Mr. Mandelbaum, we can indicate to Mr. Stanley that when he made this appraisal in November 1963, this land had transferred hands within --

ASSEMBLYMAN MANDELBAUM: That is the point I am trying to ---

MR. FERRARA: -- a year and a half or so before.

THE WITNESS: I know that there had been a sale of it somewhat prior to the date of the appraisal.

Q Did you find that sale on record? A The only reference that I was able to find in the records was Ringwood Country Club to Shepherd Lake Properties, Inc. in

June 6, 1961, which my notes indicate to me -- I have some reference here to the fact that there is a lease involved. I know there were some factors about the sale that at the time I considered rendered the sale unusable for a comparable because there were some factors that ---

Q What were those factors? A I don't know.

Q You have no notes on them? A I have one note to that effect.

Q Did you go to any of the buyers or sellers in the chain of title and attempt to verify the various sale prices? A I don't think I got to either the buyer or seller of this property because I ascertained or I was advised prior to that point that the sale had some factors which did not make it an arm's length sale.

Q Who advised you of that? A That I can't tell you. I don't have my notes. I might say that this meeting was called on rather short notice. I didn't know until Sunday afternoon that I was to be down here.

BY ASSEMBLYMAN TANZMAN:

Q Mr. Stanley, in your appraisal, you use the market data approach and you divide this up into three tracks and Track A is the large parcel of land and Track B is the lakefront and Tract C is the surplus land. That is on page 11 of your appraisal. A Yes.

Q Now, can you tell us what each of these tracts represent? A Yes. I have a sketch on page 16 which would help to make it clear.

MR. FERRARA: Unfortunately, in our schedule

it is all broken up. It has been stapled together. You will have difficulty locating it, Mr. Tanzman.

Q Well, tell us roughly then what each of these tracts are?

A Tract A represented the area which is now used for recreational purposes. That included the club house area, the parking area, the beach area, the skeet range area and the ski slope area. And I had separated that from the remainder and that also included the pond itself which was part of the recreational facilities there. That was Tract A.

Q Now, on Track A, that 175 acres, you valued that at \$2,000 per acre.

A That's right.

Q And you based that on comparable sales of similar type resort facilities?

A I based that on whatever sales I was able to come by. I have at least one sale that I cited on page 11. On page 11 I referred to Florida Lake Park Properties to State of New Jersey, which was on Awosting Road and Greenwood Lake Turnpike, in West Milford, which actually was on the southeastern shore of Greenwood Lake in the Awosting area, and this was sold on December 20, 1962, for \$398,000 or approximately \$1,770 per acre. This included 1,254 feet of lake frontage. However, that 1,254 feet of lake frontage was by and large unusable, with the exception of a small portion which was close to the Awosting community itself. It was precipitous in nature - it had a lot of rock - very steep. It could not be used for residential development very easily, but more ideally for ski slopes and that sort of thing. And that was one of the properties that I used as

a guide to value. It had lake frontage. It had lake access. Let me put it that way. And it also had facilities and property usable for facilities adjacent to the lakefront. And that was one of the properties I considered in arriving at the \$2,000 per acre value for the area of Tract A.

Q Mr. Stanley, pursuing that, did you physically visit the Florida Lake Park Property yourself to determine the comparison?

A Yes. I covered as much as I could safely cover without having to climb over the steep inter-mountain parts of it. But I was along the lake frontage. I was along both road frontages. I have been on and about the property to some degree.

Q Now you stated here that Tract A of the subject appraisal was superior to this property in the Florida Lake Park sale.

A Yes.

Q And that was based upon your physical inspection of both properties?

A Yes, it was.

Q And you previously stated that Tract A had certain facilities on it already constructed. Did the Florida Lake Park property have any of these facilities on it?

A No facilities whatever, except the area to put them on, to my knowledge.

Q Now then, Tract B ---

BY MR. FERRARA:

Q Before we pass on to Tract B, as long as we are proceeding in this fashion, in Tract A, in the \$2,000 per acre, you have included the lake itself, which consisted of about 75 acres. Is that correct?

A Yes, I did.

Q You have attributed a value of \$2,000 per acre to the lake itself, the land under the lake, as well as that surrounding it. A Yes, I have.

Q Now, in arriving at \$2,000 per acre, did you take into consideration that this had a lake and that was the reason it had a value of \$2,000 per acre? A Yes. The lake was the large reason why the value was there because without the lake the recreational facilities would not have the desirability that they have. The lake contributed tremendously to the recreational prospects of the property.

Q But in your opinion, do you still then apply the \$2,000 value to the 75 acres of lake itself or doesn't that just reflect itself in the increased value of the surrounding land? A No, actually the lake is purchased. It is a part of a deed just the same as the land would be and the lake itself is usable both winter and summer and it is entered upon, and in my opinion it has as much value as the recreational land adjacent to it.

BY ASSEMBLYMAN TANZMAN:

Q Pursuing Mr. Ferrara's question then, supposing there were a hundred acres of land that abutted the lake and had all of the rights to the lakefront, but did not actually physically include the lake itself, would the value be the same to that hundred acres or would it be higher? This is a hypothetical question, I realize, but I am trying to clarify what Mr. Ferrara is driving at. A I would say if it were property abutting on the lake and it had all the rights to the lake, access and entry upon the lake, but

unless there were something physically unusual about the property, it probably would have the same per acre value.

BY ASSEMBLYMAN KEITH:

Q Pursuing that further, if I may, you use as a base the Florida Lake Park Properties sale price of \$398,000 to the State of New Jersey. Did you check behind that to find out a comparable sale price of that property not to the State of New Jersey, but to the prior owners? A There was no sale of that property of recent enough vintage that I was able to determine that would be usable. If a sale becomes more than three years old, let us say, it starts to lose its desirability as a comparable because there are changes in values in any area in that period of time and generally the courts would not even consider a comparable which is over three years old. But to my knowledge, there was no recent sale of that prior to the State of New Jersey that would have allowed me to use it.

BY MR. FERRARA:

Q Mr. Stanley, if I may, as long as we have referred to the Florida Lake Park Properties, would your records reveal that this property was bought by the Florida Lake Properties in 1961 and that in 1960, immediately preceding that, there was a selling price of \$193,000 on that property? Did you take that into consideration at all? You mentioned three years and your appraisal was in 1963 and I was just curious. A Let me check my notes. You have the advantage of having prepared for this and I haven't.

MR. FERRARA: I am sorry.

ASSEMBLYWOMAN HIGGINS: As to the shortness of time that you had a notice of this, you must have a little patience with the legislators. Their schedule has been almost too unbearably full. We haven't had the opportunity to schedule this.

THE WITNESS: You almost got me in trouble in Paterson. I had to leave the Superior Court in Passaic County. I had Judge Lora call you directly. He tried to reach you to tell you I'd be late. The only good thing about it was that it curtailed the cross examination of the attorneys.

ASSEMBLYWOMAN HIGGINS: Well, I am glad we were helpful and we appreciate your cooperation.

Q Mr. Stanley, if I may, there was a sale of this property in 1960 for \$193,000 or something thereabouts. Actually, there was a mortgage put on the property of \$193,000. The sale that took place immediately preceding - all took place within this period of 1960 to 1963.

A I don't know whether it was the same amount of land transferred. It may have been a parcel of the land; I don't know.

Q But to the extent of your determining that information as a comparable, the basis was the sale to the State of New Jersey? A That was the one I used.

Q -- without having been able to go back too far behind it for one reason or another? A I try to check as completely as I can all sales that would affect the property. If I didn't use the transfer to the Florida

Lake Park Properties it was because there was something about it which I didn't feel made it usable at the time.

Q But you did use this as a comparable. A I mean to Florida Lake Park Properties.

MR. FERRARA: I didn't want to cut you short, Assemblyman Tanzman.

ASSEMBLYMAN TANZMAN: I was hoping you would get down to some of these.

BY ASSEMBLYMAN TANZMAN:

Q Tract B - you have taken the lakefront property and you have assigned a front foot value to it of \$125 per front foot. Now are there comparable sales that you have that would justify this value? A Yes, I think so. Tract B is that portion on your map on the southeasterly side of Shepherd Pond marked by a 2. It lies between the existing dirt road and the pond itself and it was my opinion that this was the most valuable part of the property from a residential point of view because it could be the site of valuable home sites for those people who want to live in that community the year round and use the recreational facilities. So I gave that property, that road frontage, 4,000 lineal feet of usable frontage. I will have to check and see how much the actual frontage is. There is more than 4,000, but I approximated about 4,000 which could be considered usable frontage.

Q Now let me ask you this: What kind of a road is that road around the lake? A I have "A passable dirt road skirts the southerly and easterly sides of

Shepherd Pond." As I recollect, it was nothing more than a dirt road, which was passable. It was hard packed and probably could accommodate two cars passing each other. It certainly was not adequate for development. It would have to be improved.

Q Is all of the land abutting this road which abuts the lake usable for development purposes? A No, not all of it because there are -- Well, yes, it is usable to a degree. There would be a couple of unusually shaped properties, I will grant you. For instance, immediately on the northeasterly side of the lake, there is a part of this which would more ideally be reserved for possibly a community beach or something of that nature because it would give a tremendous depth to any plot there. But as far as the road itself is concerned, all of the road frontage could be used back to the lake itself.

Q Four thousand feet - does that reflect all of the road frontage or have you deducted anything for those portions which are unusable or better used for something else? A My recollection is that I reduced that road frontage somewhat because the property narrowed down at points; that is, the distance between the road and the lake itself. So it limited the value of that road frontage. But that 4,000 feet of road frontage is less than the road itself actually measures.

BY ASSEMBLYWOMAN HIGGINS:

Q Did I understand correctly - I must have misunderstood you - that you said that the actual road frontage

measures less than the road itself? A No, just the opposite. The road itself measures greater than the amount of frontage I put. I put what I considered about 4,000 lineal feet of usable road frontage because when you get down close to the part where the road comes back to the club house area, it narrows down to a point where you couldn't put a building plot in there if you tried.

BY ASSEMBLYMAN TANZMAN:

Q So that you did discount in your appraisal those portions of the road which you felt were not feasible or readily feasible or economically feasible to build upon?

A Yes. I excluded a certain length of that road as not being buildable.

Q And the 4,000 feet reflects in your opinion what was buildable? A That's right.

Q And in your opinion that frontage even in the condition that that road was in, despite the fact that there are no utilities, no water, no sewer, no electric - that that had a value of \$125 a front foot? A When you say, "no utilities," there is available to the property electricity.

Q Excuse me. A -- which is a basic utility.

Q I meant sewer or water. A Well, actually, it wouldn't be anticipated or expected that sanitary sewers would be available in the area. That was considered. Yes, it is my opinion that that frontage along the lake is worth \$125 a front foot with electricity as the only utility.

BY ASSEMBLYMAN BATEMAN:

Q How do you get to that road? A How do you

get to the road?

Q Yes. A That road runs directly off Shepherd Pond Road, which is the access road into the property.

Q That's the one that comes in from New York State?
A Yes.

BY ASSEMBLYMAN MANDELBAUM:

Q In figuring your lake frontage, you took the entire footage completely around the lake? A No. This property that we are discussing referred to front feet on the road, not on the lake, but that road that runs up to the New York State line and ultimately into a religious property. I considered the frontage on that, the amount of frontage on that that I felt could be built back to the lake itself, and that is the frontage I was referring to.

Q You did not take this as a development per se and figure out what it would be worth after you installed other roads and created a subdivision. A No.

Q You merely took what was existing in the way of a road and calculated the value of that frontage.
A That is the only part of the property that I considered on a front-foot basis.

Q In other words, you didn't take subdivision into consideration at all, except in establishing a value of this frontage. A Only on the road frontage at the lake, not in the remainder of the property, no.

BY ASSEMBLYMAN BATEMAN:

Q In layman's terms, you considered then that \$125 for a front foot of that area on the road is what a developer would pay for that land?

A Yes, I believe so.

BY ASSEMBLYMAN TANZMAN:

Q Again I ask the same question I asked before. Are there sales that would justify that? The reason I ask that is that we had a previous witness who testified that lake property sells for somewhere around \$50 a front foot.

A Well, lake property is a hard phrase.

Q Well, how do you compare this lake with a development known as Skyline Lakes?

A Skyline Lakes in my opinion doesn't compare. There is no comparability between that and this. Skyline Lakes is primarily an area which would compare to our Lion's Head Lake. It is an area of variegated homes, most of them low class, many of them undermaintained. It is a hodgepodge and I wouldn't compare this at all with ---

Q Give me a ratio of value between Skyline Lakes and this property, lake frontage, - 20 per cent, 50 per cent?

A I don't think I could do that because I haven't done that and I would be picking figures out of the air and I don't think you want me to do that.

Q No, not unless you are in a position to give us an intelligent answer.

A I am not in position to give that information because I have not made an appraisal of the lake front at Skyline Lakes at all so that I am

not really an expert on values there, only what the lake itself is.

Q But in your opinion the value is less than the value of this? A Oh, considerably.

BY MR. FERRARA:

Q Mr. Stanley, you indicated \$125 a front foot and you indicated that the zoning lots, I believe, are 125 feet frontage. A Yes.

Q Did you make a calculation of how much that lot would cost? Did you multiply that out and make a calculation? A Yes, I did.

Q How much per lot would that cost in its present state? A As I recall, it would be something in the neighborhood of \$15,000 a plot.

BY ASSEMBLYMAN TANZMAN:

Q Do you think that a buyer would buy land up there for \$15,000 a lot? A If he were only buying that, I would say, no, but if he is buying that to reserve as an executive portion of his development, I would say, yes.

Q This would tie into an over-all plan? A This would be part of the whole. If all that was available was this and Tract A, I would say, no, because it wouldn't be economically feasible. But having the remainder to put in the lesser valued homes and reserving this for only executive-type buyers, I would say, yes.

BY MR. FERRARA:

Q If the raw lot is \$15,000, this would still necessitate the improving of this land by bringing in

accessible roads, by bringing in utilities, the digging of a well, a septic tank - all of these things - before you would start building a house. Is that correct? A Yes.

BY ASSEMBLYMAN TANZMAN:

Q Then Tract C is the remainder of the land, that 347 acres. A Yes.

Q And you value that at \$750 per acre.
A That's right.

Q And that is based also on comparable sales?
A Yes, it is.

Q Now, what kind of land do we have here physically? Is this good land, bad land, rough land? A You have a little bit of everything there. The land is considerably rolling in nature. It has several passable roads through it which could ultimately be developed into possible arteries to open up the property. It has the Tennessee Gas Transmission line effectively bisecting it, which incidentally would bring another utility into the area. It has rocky ledges. It has some level area. It would be problem property, which is typical up in that area.

Q Is it all usable? A I am trying to understand what you mean by "all usable."

Q I am talking now about in setting a value - you took an over-all value. A That's right.

Q Did you take into consideration the fact that a portion of this is rough land and it has all of the attributes or deficiencies, whatever you want to call them, that you just listed? A Well, it is anticipated that in this

type of property, there will be some problem plots. There will be some plots that will be exceedingly large in size. There will be some that will be exceedingly peculiar in shape. But this is expected in this type of acreage and in the over all, a builder or developer would expect to run into that situation.

Q Would you think then that all of this land could be developed or a portion of it is in such a physical condition that it could not be? And I am not trying to put words in your mouth; I am trying to clear up some areas of question that we have here.

A No, I think that basically the whole tract can be used. I think that there will be a little bit of problem in maneuvering roads in there and that there will be some plots which will run up to a precipitous back dropoff, so that in effect that cannot be built upon. But I think by and large, most of the property can be usable.

BY ASSEMBLYWOMAN HIGGINS:

Q For the purpose of your appraised value in arriving at the cost value per lot, you have included all of the land --

A No.

Q -- as usable?

A No. Actually I didn't arrive at a per lot figure on this property. I used a per acre figure --

Q Pardon me.

A -- determining what a prudent purchaser would pay per acre for this, expecting to lose some lots in each acre.

BY ASSEMBLYMAN TANZMAN:

Q In other words, your figure reflects then the fact that some of this land would be hard to develop and that some of it might not be developable? A It reflects the fact that there will be some lost lots in the over all. It is anticipated that there would be.

Q You don't know what percentage. A No. I don't think that I would be capable of doing that. It would take an engineer who would be willing to cover the entire property at great length to do that.

BY ASSEMBLYWOMAN HIGGINS:

Q In order to determine though how much you would take into consideration, you must have had some estimate of how many lots would not be able to be used. A Not at all. It wasn't important to me to find out how many lots could be build upon. What I had to do was to determine what property of a similar nature with similar precipitous rock ledge and generally similar contour was selling for because I dare say that even a purchaser going in there and purchasing 174 acres would not beforehand be able to tell you exactly how many lots he would lose. He would approximate in his mind, but he wouldn't know definitely.

Q But he would approximate how many acres would be available. A Well, he would know how many acres would be available --

Q Could be used. He would have some rough idea. A Well, he would anticipate using all the acreage to a

certain degree. But he would use a topo map, whatever topo maps were available, and locate what ridges were in there and determine how his streets would be laid out and hope that he would not lose many individual lots. But I don't think that even he beforehand would be able to tell you exactly.

BY ASSEMBLYMAN BATEMAN:

Q Would you say that half of that land might be unusable? A No. I don't think anything close to half of that land would be unusable. I went over the entire property in my car. I drive a Bonneville, which I think you know is a large car and is not used to mountain climbing. I went over, I'd say, pretty much three-quarters of that property - I navigated in my car. I think that is an indication that half of the property is not unusable. I found roads I never knew existed in there.

BY ASSEMBLYMAN MANDELBAUM:

Q Do you have any comparable sales \$15,000 per lot in the raw? A No, because I have no ponds like Shepherd Pond that are available. This pond is different to a degree from any of the lakes that are close to it. I was hoping that I would be able to get some information from Cupsaw Lake. However, Cupsaw Lake has had no sales of lake-front lots in the discernible background because I know the owner and the developer of that lake. I couldn't compare it to Erskine Lake or Upper Lake. I couldn't even really compare it favorably to Greenwood Lake because in my opinion Greenwood Lake is not as desirable as this for a community resort area

because Greenwood Lake is just too wide open to the elements which just wander all over the area. This would be a development community which would have some protection, which would have some control, so that its lots would, of necessity, be of a greater value than anything that I might compare it to. But I did compare it to plots that have been selling in the Awosting area, whatever plots I was able to get recently on the lake. Even those I don't consider are as valuable as this property would be.

BY MR. FERRARA:

Q Mr. Stanley, may I interrupt you. First, I don't quite understand what you mean when you say there would be protection in the use of this land for a developer and you say that for that reason it is not as valuable as Greenwood Lake, which we all know is a very much larger, a very much more usable lake than that one. A I said it would be more valuable.

Q Yes. You said this would be more valuable than Greenwood Lake and you based it on - you said something about it would be protected. What did you mean by that?

A What I meant was that there would be a greater control over the elements who were coming in upon the pond. I don't anticipate that this lake would be used for motorized boats, such as Greenwood Lake. So for that reason, you wouldn't have the public at large coming in on the public docks and piers, going all over the lake as they do in Greenwood Lake. The Awosting area is plagued by the fact that youngsters come in on the lake from public docks and come down on the portion

that was sold by Florida Lake Park Properties and they use it for their own community areas. I hate to discuss what goes on there. But it in my opinion harms the value of the property in the Awosting area. I know because my employer has property there.

BY ASSEMBLYMAN MANDELBAUM:

Q Your appraisal seems to be, if I understand you right, based upon certain assumptions that you have made, such as certain uses for the lake and a certain type of exclusive-type development, let's say, or a certain home-price development -- A That's right.

Q -- for the community. Is this a fair assumption to base an appraisal on? You have no way of knowing that it might not turn out to be a very middle-class type community, such as Lake Hopatcong, if you might call that middle class, or Greenwood Lake. In other words, where did you get your starting assumption that this would be an exclusive-type community? A First, my assumption started with

the fact we have on the property some high calibre improvements, such as the club house. This in itself gives it the right kind of a start. The size of the lake, secondly, does not lend itself to the activities you get on Lake Hopatcong and the activities you get on Greenwood Lake. So it would of necessity narrow itself down to a community-type lake and your community-type lakes that start off with large plots generally wind up being high-class or high-calibre community lakes. Now we have two community lakes in Wayne. We have Pine Lake and Packanack Lake where plots now can be

purchased, if you can find them, for \$20,000 and upward, plots that might measure 20,000 square feet in over all. And yet it is not what I consider a high-calibre -- either one of them, high-calibre lakes because both lakes started off with relatively small building plots and summer-type homes. So there are still a great many of these around the lake. But where a lake starts off with plots of a controlled size, which would happen here, controlled by zoning, in my opinion it would stay a high-calibre lake for the foreseeable future.

Q If somebody was going to live in this type community, where would they go shopping? Where are the closest retail stores? I am trying to compare it to Wayne which I am very familiar with. A You can't compare it to Wayne very easily because you would have a different element living here. People who live in an out-of-the-way area like this would not expect to walk to the store. They would expect to drive to the store. They could go down to Lake Cupsaw, for instance, which has one shopping center of a small nature and another one under construction. They could drive over to the Awosting area. There would be no large shopping centers of that nature there at the moment. However, these developments are generally followed by shopping centers of a sort. There ultimately would be a greater number in the area. But I don't think that would be a big problem to these people.

BY ASSEMBLYWOMAN HIGGINS:

Q Mr. Stanley, in arriving at your appraised value,

you have used comparables. What you have told us has been that you couldn't use the former purchase price as a comparable, but you don't recall who told you not to use that. There is some reason. A No, I don't know whether I said it that way.

Q Well, that was the way my notes read.

A No, I don't know the reason I didn't use it. I know that if I didn't use it, it was for a valid reason.

Q You stated somebody told you you shouldn't.

Do you recall who told you? A No, I didn't say that. I am sure I didn't say that. No one told me not to use it that I can recall.

Q Or suggested that you shouldn't. A No. In my investigation of market data, I must have determined there was something about the purchase or the transfer which did not make it an arm's length transaction. There must have been something. I can't say what it was now.

Q You don't recall where you got that information?

A No, I don't.

BY ASSEMBLYMAN MANDELBAUM:

Q Did you get the actual figures, however? Assuming you discarded the sale - and there might have been reasons for discarding it - do you have those sales' figures? Do you know what the property sold for? A Again I will have to check and see. I have my field notes from my market data here and I checked out many, many properties in order to narrow them down to the ones I needed. Now I have here that in Book 875, page 342, there was a transfer from Ringwood

County Club to Shepherd Lake Properties, Inc., on June 6, 1961, and then I have a penciled notation that it refers to a lease. That is what I have down here. So there must have been some factor involved which made a clear figure of the transfer price maybe not identifiable. I don't know what it was.

Q You don't have the figures there? A No, I don't have the figures there.

Q Did you inquire of any of the people involved - did you inquire of Mr. Wehran, let's say, what he sold the property for or Mr. Wilson? A I don't know whether I did or not. I don't recall talking to either one of them on that. I talked to Mr. Wehran, but I don't think I talked to him on that.

Q Did you speak to Mr. Wilson? A No, I don't think I did.

BY ASSEMBLYMAN TANZMAN:

Q On page 10 of your appraisal, you have listed some comparable sales, three of which are lake front. The first three are Awosting in West Milford. Now how does that lake compare to this lake, to Shepherd Lake?

A I used this because lake-front sales are virtually unattainable. They are very hard to come by because lake-front property has gradually disappeared and is almost impossible to find. I used this only because it was the nearest discoverable lake front property on which there had been any sales of recent vintage. This property was on a dirt road also. This Board Road was a dirt road and still

is a dirt road. It is not straight; it is winding. It is muddy. I don't know that there are any plans to improve it. And these properties ran from Board Road for about from 100 to 120 feet in depth to the lake. It isn't nearly as desirable in my opinion as the plots would be on Shepherd Pond because, as I say, the lake at this point is infested by motorized vehicles, water skiers and out-of-state and out-of-town picnickers who use this general area of the Florida Lake Park Properties for their own communal grounds and in my opinion it is not as valuable as the subject property.

Q Let me ask you this: These sales range, as you pointed out, from \$100 to \$105 to \$95 per front foot, correct?

A Yes.

Q And if I may go one step further, these are actually retail sales of an individual parcel of property.

A That's right.

Q And you have shown us that these range from \$95 to \$105. Yet you are taking 4,000 feet of frontage, a wholesale quantity, and giving it a value of \$125. Do you consider this to be good appraisal practice? A Yes, I do.

Q You think, in other words, then this wholesale 4,000 feet of lake frontage has a value in your opinion of \$125 a foot? A Yes, I do. As part of the whole, I do.

ASSEMBLYMAN TANZMAN: I just wanted to make that point clear.

BY ASSEMBLYMAN BATEMAN:

Q Mr. Stanley, do you know any place in the state or

in the world that has no road, no improvements, no nearby town, an access road from one state into another, that is worth \$15,000 a lot for a 125-foot lot in the raw stage before it has ever been developed? Is there any practical comparability any place? A I don't know that you can point to any exact comparable situation because this is a unique piece of property in itself. And every property has to be considered on its own individual merits. In my opinion, after looking over the property's possibilities, this is what I considered it to be worth.

BY MR. FERRARA:

Q Mr. Stanley, while we are on these comparables, the other comparable on page 10 that you set forth, Redner to Lee, did you calculate how much per acre that came to? I see you have \$555 per acre. Is that correct? A It should be.

Q I think that is correct. It is approximately correct. I am not questioning the amount. I take note that in the three previous ones you used the lake frontage and, as Mr. Tanzman pointed out, you assigned a higher lake frontage value or road frontage value to this 4,000 feet than even your comparables. Here with a \$555 per acre parcel, which seems to be a little larger parcel, that would compare to the figures of \$2,000 per acre in your appraisal. I must assume they are comparable type things. You used them as comparable. Can you explain or justify that?

A In the comparable, you will notice I compared this with Tract C, not with the \$2,000 per acre tract. This

property is on Stonetown Road. It had, as I recall, 375 feet of road frontage. The Wanaque River cut across the corner of it. It was fairly close to the subject property, in the over-all area, and it was a fairly large parcel of land. That is the reason I used it. I compared it with Tract C. But I said that it had a poorer location - and its location is inferior - and that made it somewhat inferior to the subject property - I believe about one-third.

Q Of course, that went to the complete question of the nature of the land, whether it would be C or A.

A C.

Q You made it C. All right. As to comparables, did you take into consideration the sale of the property known as Ringwood Mines that was sold recently? It was a recent transaction. Kislak, I think, was involved in it - Ringwood Mines, 940 acres of land. Did you check into that?

A That sale had not taken place or even been contemplated at the time of the appraisal.

Q Well, at the time of the appraisal, was there any option price? It is my understanding there was an option that was finally exercised. A As far as I know back in November of '63, there was nothing publicly known. At least, nothing had reached my ears about the Ringwood Mines property at all.

Q You mentioned that you had done Wawayanda for the State. A Yes.

Q Did you establish - do you recall what the acreage value of Wawayanda was when you did Wawayanda? A This

again was partitioned into, I believe, three or four separate tracts which had different usability and different topographical features. I don't think I could even begin to tell you the figures on that.

Q Did you use that as a comparable on this?

A No.

Q You did not? A No, I did not.

Q There was no basis for comparability? A Well, for several reasons it didn't compare. Number one, it was out of county. It was in a different county with different characteristics. It had no accessibility to any built-up areas as such. I think Warwick was -- No, it wasn't Warwick. There was a very small town nearby that was the only nearby community of residents and there was no comparability at all between the two. Plus the fact that the sale reflected four different types of property, as I recall, so it would be hard to boil them down and work out a comparability factor for them.

BY ASSEMBLYMAN MANDELBAUM:

Q When you were done with your appraisal, you submitted it to the proper department of the State of New Jersey. A Yes, I did.

Q And did they discuss your appraisal with you and show you other appraisals of other appraisers or the inside appraisal? A I don't even know what the inside appraisal was. The only knowledge I have of the other appraisal was what I saw in the newspapers. But the appraisal was accepted. It has never been returned to me. There has

been no correspondence to my knowledge on this at all. It was accepted and used. It was made independent of any knowledge of any other appraisals. As a matter of fact, I don't believe that the inside appraisal was even completed.

Q Did the State of New Jersey ask you if you had taken into consideration certain factors such as the sales on the property? After you submitted your appraisal, that was it? Nobody wrote you or corresponded with you after that? A Not to my knowledge, no, because any correspondence would be in this file and my correspondence in relation to this shows tax information, a geological map, and a map of the taking from Bernard Daley. The only other correspondence I have was referring to the check which they sent for the fee. There was no correspondence in between or after submitting the appraisal.

Q If we gave you the proper time, do you think you could come back before us and give us the various factors which led you not to use the sale of the subject property? A I would certainly try.

Q And give us whatever information you have as to whether you contacted Mr. Wilson and he gave you the price or Mr. Wehran. In other words, if we gave you more time to prepare, do you think you could come back before us and give us some answers to some of the questions we have asked, which because of the rush of the moment, you don't have with you? A I would make every effort to determine what I had discovered about the property at the time and I would come back and so report to you. I would not be adverse to that at

all.

ASSEMBLYWOMAN HIGGINS: I think that would be very helpful to the Committee.

THE WITNESS: It is very dim. It may sound evasive, but I have made probably 200 appraisals since this was made and this is not the only large appraisal I have made. It was pushed in the background. As far as I was concerned, it was over with and done. For me to reflect my memory of data that I assembled would be difficult. As a matter of fact, it takes a little probing for me to remember all facets of the property itself. It is not a matter of being evasive. I would make every effort to get that information and present it to you.

ASSEMBLYWOMAN HIGGINS: Thank you, Mr. Stanley.

BY ASSEMBLYWOMAN HIGGINS:

Q May I ask one other question: Am I correct in understanding that you feel that the highest best possible use of this land around the lake would be for executive-type homes in a controlled -- how did you word that? -- development?

A Maybe my choice of words was a bad choice. It may not have been the right word. What I meant was that in this development, it is not necessary that there be a Smoke Rise type of control - I don't anticipate that in something this large - but that there would be control of the activities on the lake by outsiders because it wouldn't be the kind of lake which would attract that type of element, as is attracted to some of the other larger, motorized lakes.

That is the only kind of control I meant.

Q Then you feel that land would be marketable for that type of thing at \$15,000? A I thought it then and I see no reason to change my opinion on it now.

BY MR. FERRARA:

Q I would just like to finish one or two phases. First, in arriving at a \$15,000 raw-lot value - that's what it amounts to by way of this calculation - you gave no consideration to the improvement costs of the lot? You did not attempt to take into account the improvements which I started off with? A No, I didn't say that I didn't take into account the improvements. I didn't break them down. The improvements of those lots consisted simply of the installation of a well on each plot. The installation of a well on each plot or the installation of water on each plot would be expensive even if it were a community effort. There would be some expense involved. It is possible there may be another \$1000 involved in installing a well there. I am only saying that. I don't know. They may be able to hit it at a lesser depth. They may have to go deeper. Let us say \$1000. The creation of a street there poses no problem so that in all probability the street could be put in there for as little as possibly \$25 a lineal foot, which would be split on both sides of the street. The additional costs of improving that property are not of as great a nature as they would be in a developed community where they require storm drains and streets and sidewalks and curbing. They would be minimal in nature.

Q May I direct your attention to the other part of your appraisal on improvements. The Committee ought to get something cleared up in that area, the improvements that were on the property, the club house, etc. In your report on page 12, you have indicated an enumeration of items, which I have made a rough calculation of. Well, let me put it this way: If you were to subtract your total down at the bottom of \$1,331,000 from the \$1,110,000 at the top, you would have a figure of approximately \$220,000 difference. Is that correct? - the difference between the land value and your total appraised value. We subtract \$1,110,00 from \$1,331,000 and we would get approximately \$220,000 difference.

A That's about right.

Q Now that would be the total value of the improvements as you have them enumerated and I think we ought to specifically, because you did in the report, I believe, eliminate \$75,000 worth of ski lift equipment, etc. You eliminated that subsequently in your report. So you would have a figure somewhere around \$145,000 for your improvement to buildings.

A I don't understand. Do you say I eliminated \$75,000?

Q Yes. I think you have eliminated that because you indicated that was put in by a tenant.

A Well, it is my opinion that any improvements on a property, even if put in by a tenant, become a part of the property, so that any negotiation for the recapturing of that value is something that would have to go on between the purchaser and the tenant.

ASSEMBLYMAN TANZMAN: He didn't take it out.

THE WITNESS: No, I didn't eliminate it.

As far as I was concerned that was there and it was part of the property. If the tenant were to be reimbursed for it, that was something that the purchaser would have to negotiate on a separate basis.

MR. FERRARA: I thought that the comment, "see Conclusions and Justifications" would indicate that. I will check. I may be confusing this with the other appraisal. One of them definitely ---

ASSEMBLYMAN TANZMAN: The other one. He didn't take it out.

MR. FERRARA: The other one definitely subtracted it.

Q Now in regard to the improvements, you didn't concern yourself with who placed improvements on it?

A Yes, I did concern myself with who placed them on so I could find out what they cost. In other words, I am not an expert in that regard. I actually contacted the concessionaire and got the figure of \$75,000 from the concessionaire. But, as I say, they become a part of the property and they have to be considered as part of the property value.

Q How about the cost of the other buildings? How did you arrive at those figures? Did you contact someone to get those?

A No. I think on all of these I must

have used the Marshall and Stevens Survey that we have. We have a service which provides us with up-to-date cost values both square feet and cube feet. We have the Dow Survey - The Dow Building Calculator and we have the Marshall and Stevens. I am of the opinion that I used the Marshall and Stevens in estimating those values.

Q You took the measurements in actuality? You went through the property and took the measurements? A Yes, I did.

Q Then you applied a per square foot value by way of the Marshall and Stevens Manual. Is that the idea? A That's right, with the exception probably of the skeet range out-buildings. These have a nominal value which I put on them of \$2,000. The others were squared and then depreciated.

Q Did you in making this cost factor look into the building permit application for any assistance or determination of what that might have had on it as to value, if you recall? A No, I don't think I did and I don't know that I should be guided by that anyway.

Q I don't indicate you should be guided by that. I just wondered whether you did that. A I don't recall having gotten a look at the building permit.

Q Did you contact the country club itself or the builder that might have constructed this building or the improvements or the directors of the country club?

A No, because I had to rely on my own ability to discover comparable structures in the services I had. The service is

so far reaching that it covers literally any normal building that you might encounter.

Q Well, let me ask you this, Mr. Stanley: In arriving at a per square foot value that a manual might set forth, I assume they take into consideration the type of structure. If you have a ceiling, if you have an open ceiling, if you have a girder type affair, if you have plaster - these things would all be taken into consideration.

A Yes, they would.

Q And you say in the club house, you have arrived at a \$19 a square foot value for this building. Is that correct?

A That's right.

Q And as I understand it, this is an open structured building - this is a shell type building with open beams across it, with an open ceiling, with a balcony around the side.

A Partially. The center portion is open and it has an awfully high ceiling. When you say "open," you mean it has a tremendous^{amount}/of ceiling, I guess.

Q Well, there was no plaster ceiling. It was a rustic type ceiling.

A It is a cathedral type ceiling with what you might call maybe a plank ceiling where the exposed bottom side of your roof would show.

Q This sort of a building at the time when you made the appraisal was in the condition and of the type that would have a value of \$19 a square foot?

A Yes.

Q Did you have any indication of comparables of a building of that sort?

A You don't ordinarily look for comparables for a building of that sort. I think

you would spend an awful lot of time and not find it. What we have to do is go to a survey. That is why we get both the Dow Jones Calculator and Marshall-Stevens because they not only provide basic data, but they also provide photographs which enable us to evaluate practically any type of building we might encounter. Marshall-Stevens, I am pretty sure, was my source of the \$19.

BY ASSEMBLYMAN MANDELBAUM:

Q When you come back, do you think you could bring that service? Some of us are unfamiliar with these services. Do you think you could bring that service and show us in that service where you would get a figure such as \$19 - whatever you arrived at - less depreciation - to bring you to the figure you came to? A I will try to bring all the information I worked with. I don't know, but I have some more work sheets back in the office - I hope I do - that show how I arrived at \$19.

Q But the service itself, by going back to the service for that year and taking the figures from whatever chart you took it from - we can certainly work it back if you bring the service. A All right.

BY ASSEMBLYMAN TANZMAN:

Q Mr. Stanley, I looked at the back page of the appraisal and I see your list of qualifications. You certainly have done a considerable amount of work. Just one question - Do you belong to any professional societies like the MAI, SRA or any of the others similar to that?

A No, I don't belong to either MAI or SRA for the simple

reason that I have been struggling for about three years to complete the qualifications for SRA. I have completed successfully their examination and they are still awaiting my demonstration appraisal. It is just a matter of time.

Q It was a matter of curiosity. However, I do have one question. You do indicate in your qualifications that you have a considerable amount of experience. We have here the subject property, a tract of 541 acres of land, which is a parcel. Is it customary in making an appraisal to break this up into three sections? Now forget the improvements. I am talking about the land physically.

Is it customary to break this up into three sections such as you have done or is it customary to make an appraisal of the entire property? A I think an appraisal of the entire, giving a blanket per acre value for the entire, would be a highly inaccurate appraisal because you would have to take the value of the better portions of the property, portions that have more utility than the back acreage, and lump them all together and come up with some sort of an average, which I think would be a highly unsatisfactory way. In my opinion, if various portions of the property have different utility, different exposures and different conditions, they should be evaluated separately. I think so.

Q Then you feel that this is good appraisal practice, to do it in the manner that you have done it, to break it down? A I think it is the proper method.

BY ASSEMBLYMAN BATEMAN:

Q I would like to follow that question with a question. Doesn't one segment affect the value of the other? You talked about power boats and their effect on a large lake like Greenwood Lake. Did you take into consideration, for example, the effect of a ski slope, motel units, wide public use of the resort facilities, winter and summer, on a small lake, with respect to these exclusive executive type homes that you are talking about? In other words, doesn't the fact that - and I understand from your appraisal that they were contemplating building motel units, for example - wouldn't that devalue this 125 dollars per front foot or did you take that into consideration?

A This is all considered and any motel units or any recreational activities would be removed enough from the home sites that I had predicated on the lake front so that they wouldn't be a nuisance factor of any nature. As a matter of fact, it would be a source of activity for the property owners there. The problem of one part of the property having an effect upon the other, this is true. The over-all effect, I think, is a beneficial effect because the resort area of Tract A, I think, creates a value for the lake-front plots and it also creates an additional value for the back land, which probably would not be readily subdivided unless there were a lake or a community of that sort available to them because otherwise it would be just mountainous property, nothing more. But I do think that they should be evaluated separately.

BY MR. FERRARA:

Q Mr. Stanley, I just made a division here of 541 acres into \$1,331,000 and I approximate \$2500 per acre on an over-all basis.

ASSEMBLYMAN TANZMAN: You have to go into one million, one. You have to take off the value of improvements.

Q That would reduce it to a little over \$2000 per acre for this land, taking off the improvements and this is including a lake as acreage now, not increasing the value of the surrounding land, by using the 75 acres as land. Would you say that that is a comparable price for acreage to be paid by a person going in for development for residential purposes, as you have just discussed it, being the highest and best use? Would a man pay \$2000 an acre for this land?

A Actually, this is a play on words and figures because he isn't paying \$2000 an acre for the land. We are taking now and lumping three things of different quality together and trying to strike an average. This isn't the proper procedure either. Whereas in the over all, he would be paying \$1,110,000 for the property, it isn't right to say that he would be paying \$2,000 an acre. He would be paying considerably more for parts of it which have their value. I think even if you want to divide it and come up with an average of \$2,000 an acre, I don't think you would find many buyers because it would have to be a syndicate that would do it. But I still think it is worth it.

Q Isn't that what a man who is going to develop this land would have to do? He would have to go in and purchase this land and take into consideration his over-all package. This is a unit of 541 acres. Isn't that what he would do?

A Would he consider the over all? Would he consider he was paying \$2,000 an acre for the whole thing? No, I don't think so. I think he would be intelligent enough to realize that he has some valuable properties at the lake and around the lake which will give him considerably more than \$2,000 an acre. I don't think he would look at it and say, "I'm paying \$2,000 an acre for this property and it is not worth it."

BY ASSEMBLYMAN MANDELBAUM:

Q In your appraisal, as I understand it, what you have done is - you have given a value to the lakefront plots and then given a value to the lake.

A That's right.

Q But isn't it really so, if I were to buy this parcel, one of the reasons I would allocate so much more value to the lakefront lots in selling them is that I would have, let's say, 75 acres at \$1,000 an acre from which I couldn't get a sale? In other words, don't I have to get my money out of the lake area in the lots? Therefore, if you count the lots at a high value and then count the lake again, aren't you counting twice?

A It is a difficult question for me to understand, but I am going to try to understand and answer it. What you are trying to say is that since I have given a considerable

amount of value to the land, am I duplicating the value by giving a value to the lake also?

Q What I am saying is: Assuming I bought all this land for \$2,000 an acre, just as an assumption, if I were to sell it off in lots, being I can't get any money for the lake at all because it is water, I would have to put the lake's value, the acre value that I paid for the lake, into the lots. But if you appraise it and put your value into the lots and then give a person \$1,000 or \$2,000 an acre for a \$75,000 lake, isn't that a duplication of cost?

A No, it is not because there is a value in the ownership of the lake and the ownership of the lake is what would enable a person to develop the area around it. There is value in a lake. There would probably be a club which would always retain the lake, which always would retain certain control over the lake. It has been my experience that the club never relinquishes the lake itself. They always own it.

Q If you have a club, you have less lots. In other words, if you were to put up a 20-acre club area, then you would get 20 less lots. A Well, Tract A referred to resort area, which included area on which now there exists a club house and which is likely to contain ultimately more club facilities. That was allocated in Tract A. There should be a club. There would be a club that would control it and that club's ownership would also include the lake.

ASSEMBLYWOMAN HIGGINS: Thank you very much,

Mr. Stanley. We appreciate your cooperation and we are sorry again for your short notice, but we hope you understand that we had a very difficult time getting a date when we could get these five legislators together.

THE WITNESS: I know. I have had no breakfast, no lunch, and I am lucky if I get some dinner.

[Short Recess.]

WILLIAM H. WILSON, called as a witness

ASSEMBLYWOMAN HIGGINS: Mr. Wilson, I would like to introduce the members of the Committee. My name is Marion Higgins and this is Mr. Keith, Mr. Bateman, Mr. Tanzman and this is Michael J. Ferrara.

Mr. Wilson, for the purpose of the record, would you mind taking this oath.

MR. WILSON: Before we get into that, I want to know what I am here for, off the record.

MR. FERRARA: Well, let's stay on the record for a moment. Mr. Wilson, the subpoena issued to you explained that it had to do with the sale and purchase of the property known as the Shepherd Lake Properties or the Ringwood Country Club. This Committee is a legislative committee which is really not investigating just that transaction. This legislative committee is merely making an investigation to report on the use of public funds in acquiring title to lands, just a general investigation, and this is one area in which we are inquiring and that is the purchase of this land by the State under its Green Acres Program.

MR. WILSON: That answers one question. Now this is entirely something new to me. Is this a condition where I am under arrest?

ASSEMBLYWOMAN HIGGINS: Oh, no, not at all.

MR. WILSON: The reason I say that is this subpoena says that I may not depart from the Committee until you say so. This is a formal arrest to my mind.

MR. FERRARA: Mr. Wilson, certainly a subpoena of this legislative body is exactly the same as a subpoena of a court to the extent that they have this power of subpoena and the State Police happen to be the persons who serve the subpoenas and that is the reason why you were served by the State Police. The purpose of it is to get testimony to assist this Committee in making a recommendation to the Legislature. Of course, you are under the same penalty to ignore this subpoena as you would a subpoena from a court. The same penalties could exist. I am sure that is the reason why you are here - one of them.

MR. WILSON: What I would like to know is something about the validity of this subpoena. I notice one thing, that obviously there has been - well, you might call it a forgery of signature. I see two identical handwritings.

MR. FERRARA: Well, your observation, Mr. Wilson, is very good. Let me assure you as counsel for the Committee that there is nothing improper about the subpoena, that the chairman of the Committee is Marion Higgins and as counsel for the Committee, I have the power of signing the chairman's name as I could a judge's name to a subpoena, and sign my name for identifying purposes on the left side.

MR. WILSON: This is yours [indicating]?

MR. FERRARA: This is my signature. Both of them are mine.

MR. WILSON: Tell me this - what is the reason for such short notice on this? I received this notice on Friday and I was out of town over the weekend and here it

is Tuesday. I have a crowded schedule and then this - I had to really sweat to get down here on time.

MR. FERRARA: Well, Mr. Wilson, the first and primary problem is probably because of me. I had anticipated having these subpoenas served at least last Wednesday. But there were mechanical delays that occurred there. The second problem is that you have five legislative members who also have quite busy schedules. This is just one little facet of it. In order to get a meeting together, it is quite difficult. We arrived at this date and unfortunately I wasn't able to get the subpoenas into the hands of the State Trooper. I assume he served it on Friday.

MR. WILSON: Yes.

MR. FERRARA: The members of the Committee will take that into consideration, I assure you, if you are unable to possibly answer some of the information today. But you could bring this back at a later date - come back at a later date with additional documents if we need it.

MR. WILSON: Now in the event that I feel that I would want counsel to represent me, is this permissible?

ASSEMBLYWOMAN HIGGINS: Of course, it is permissible.

ASSEMBLYMAN TANZMAN: Madam Chairman, through you - Mr. Wilson, the purpose of having you here today is that we would like to ask you about the various transactions in connection with the Shepherd Lake Property - when you bought it - what you paid for it - what you did to it - how much you spent on it and what you sold it for and whatever other pertinent facts there might be. Are you in a

position to answer those questions?

MR. WILSON: Well, I believe so.

ASSEMBLYWOMAN HIGGINS: Just to keep the record straight, let's proceed the way we normally do. Mr. Wilson, would it be all right with you - you don't mind standing and taking this oath that is customary when someone appears before us as a witness.

MR. FERRARA: I think the witness should stand and raise his right hand.

MR. WILSON: One final thing I want to point out before I do take the oath, that this subpoena calls for records and all kinds of conglomerations pertaining to the Ringwood Country Club. Let me say that there is no such animal as the Ringwood Country Club in this reference that is made here.

MR. FERRARA: For the record, the subpoena was addressed to William H. Wilson and besides designating the time and place of this meeting it indicates that he should bring himself as well as produce all the deeds, mortgages, closing statements, leases, agreements, checks, tax returns, etc., pertaining to purchase and sale of property known as Ringwood Country Club, whether or not same is in your individual name or corporate name of which you were an officer. So I think, Mr. Wilson, there is a clear enough designation of what we are talking about. Certainly the transaction we are talking about is that which was the Ringwood Country Club, which was purchased under Shepherd Lake Properties. We will go into that and certainly if you

are not able to answer us, fine.

ASSEMBLYMAN TANZMAN: Mr. Ferrara, let's clear the air here. We don't want Mr. Wilson to do anything that he doesn't think he should do.

ASSEMBLYWOMAN HIGGINS: That's right.

ASSEMBLYMAN TANZMAN: If you think you want to have counsel, you are perfectly free to get counsel. If you would rather come back another time with counsel and with your records, this is perfectly all right too. This is your decision to make. Nobody is trying to press you into doing anything you don't want to do.

ASSEMBLYMAN KEITH: I would like to amplify that too and agree with that statement. I think in all fairness, if Mr. Wilson should feel he would like to have counsel, he should be given every opportunity to have counsel and, if the time element was a factor in his inability to bring records or if the wording of the subpoena was such that he wasn't completely clear as to the entire transaction, that should be considered because in addition to Ringwood Country Club, as I understand it, this involves Shepherd Lake Properties, Inc. and also Ringwood Company.

MR. FERRARA: Mr. Keith, let me clarify the record. There is only one transaction we are talking about and this is the transaction involving a property up in Ringwood that was occupied by the Ringwood Country Club. But the Ringwood Company was the company which was the land owner of this property, the principal owner of which was a Mr. Wheran. The Ringwood Country Club is a country club which built

facilities on the land owned by Mr. Wehran for recreational, club facilities. Shepherd Lake Properties is a corporation, if I am correct in my knowledge, that Mr. Wilson, the present witness, is the principal owner of, and Shepherd Lake Properties was the purchaser of the land from the Ringwood Company and the purchaser of the lease from the Ringwood Country Club. Is that correct, Mr. Wilson?

MR. WILSON: Well, you are on the general ground. I will try to tell you what I do know.

ASSEMBLYWOMAN HIGGINS: Would you like to continue with the hearing or would you rather come back?

MR. WILSON: We can continue all right. But if I find there are avenues where I feel I can't answer counsel or I do not want to answer, I will certainly let you know. I think that we can possibly get into the thing perhaps as much as you want.

ASSEMBLYMAN BATEMAN: To help you out, the previous witness who was here had some of his information, but didn't have it all. When he came to a point where he didn't have information - he's going to bring it back to the Committee at another time.

MR. WILSON: Perhaps there will be specific things you want. If you want all the records on this property, there are about four file cases on it.

ASSEMBLYMAN TANZMAN: We want specifics, Mr. Wilson.

MR. WILSON: Well, I think we can get into that if you want to.

ASSEMBLYWOMAN HIGGINS: Well, I know it has been a

hardship for you to get here, Mr. Wilson, and it takes a little bit of effort to get five Assemblymen together. So if we could proceed and it is all right with you, we would like to go on.

MR. WILSON: One thing - this subpoena read two o'clock in the morning and I was here at two o'clock this morning, but nobody was here.

ASSEMBLYWOMAN HIGGINS: Well, we are very glad to see you are very sharp.

W I L L I A M H. W I L S O N, being duly sworn,
testified as follows:

BY MR. FERRARA:

Q Mr. Wilson, so that we can get the record clear, are you a principal of the corporation known as Shepherd Lake Properties, Inc.? A I am.

Q Are you also a principal of the Number One Park Avenue Corporation? A I am.

Q And is the Shepherd Lake Properties the same corporation that purchased the property up in Ringwood which we generally refer to as the Ringwood Country Club?

A The Shepherd Lake Properties were the owners. That's correct. They acquired title through the Ringwood Company.

Q So the Shepherd Lake Properties entered into a transaction with the Ringwood Company for the purchase of land up in Ringwood. Is that correct? A That's right.

Q And Shepherd Lake Properties, Inc. also entered into a transaction with the Ringwood Country Club for the purchase of certain improvements on that same land?

A More or less personalty and improvements.

Q And realty, buildings and other things?

A No realty involved.

Q By realty, I meant the buildings of the Country Club itself.

A Well, there was a question there who had title to the building.

Q That was part of your total package. All right. And you entered into --

ASSEMBLYMAN KEITH: We can't quite hear you because of the air conditioner.

THE WITNESS: I will try to talk louder.

Q Mr. Wilson, what was the total purchase price for both the land and improvements thereon?

A On the paper, on the closing statement, it was in excess of \$700,000.

Q Well, was it broken down?

A It was broken down in two categories because we were dealing with two entities, the Ringwood Company and the Ringwood Country Club.

Q Would \$710,000 be correct? \$475,000 ---

A As far as the closing statement was concerned. There were other considerations in it though.

Q That is what we are interested in knowing.

BY ASSEMBLYMAN TANZMAN:

Q That was the sale by whom to whom?

A That was the total sale of Ringwood Country Club and Ringwood Company to Shepherd Lake Properties.

BY ASSEMBLYMAN MANDELBAUM:

Q Was that the fee and the leasehold both?

A Yes and personal property.

MR. FERRARA: That's the entire purchase price.

THE WITNESS: I correct you on that.

MR. FERRARA: No, we are going to come to that. That's for the fee and the leasehold.

BY MR. FERRARA:

Q Now, Mr. Wilson, you indicate that there were some other considerations. Before I go into the other considerations, I would like to just direct myself to these two purchase prices or the total purchase price of \$710,000, so that the record is clear. In regard to the purchase from the Ringwood Company of the land - we will call that the land purchase - you say that that was \$475,000. Is that correct? A Now, that was with regard to the closing itself, but there were other considerations.

Q We will come to the other considerations in a moment. There was a closing statement which was given to us, which the Committee had an opportunity to review, which reveals a purchase price of \$475,000 from the Ringwood Company. Now it indicates that this payment was made by way of a \$75,000 mortgage -- an assignment rather of a \$75,000 mortgage made by the Number One Park Avenue Corporation to the Shepherd Lake Properties. Do you recall that? A The assignment of the mortgage?

Q Yes. A Yes, I think that was part of it.

Q Now that mortgage was made from the Number One Park Avenue Corporation, which was a corporation of which you were one of the principal stockholders, if not the, to the Shepherd Lake Properties, Inc., of which you also were a principal. A Yes.

Q Now on what property was that mortgage given or held - on what property? A That was given on Number One Park Avenue.

Q Which was other property -- A -- other property belonging --

Q This was not property contained in the Ringwood area. This was some other property in Lyndhurst that you had an interest in. Is that correct? A Specifically it was the Copper Hood Restaurant.

Q The Cooper Hood Restaurant in Lyndhurst, which is also at Number One Park Avenue, Lyndhurst. Fine. When that mortgage was given on that property, it was given as part of the consideration to Mr. Wehran, the Ringwood Company. What was its status of priority on the Park Avenue property? Was it a first mortgage, second mortgage, third mortgage, fourth mortgage? A It was, I believe, at the time -- it eventually became a second mortgage. At the time it was given, it was either a third or fourth.

Q But a third or fourth mortgage at the time it was given. At the time that it was given, would you know the value of the property on which it was, the total value of that property? A Well, it was a matter of estimate. I still consider it is worth about \$300,000.

Q Without going into great detail, what did that property consist of? A A plot of ground at the intersection of Park Avenue and Rutherford Avenue in Lyndhurst facing Route 3, on which I constructed a large 350-seat capacity restaurant and cocktail lounge.

Q 350 people? A 350 seat capacity restaurant and cocktail lounge and it consisted of perhaps 300 or 350 feet on Park Avenue and about 150 feet on Rutherford Avenue.

Q How big was that on Park Avenue? A 350 on Park and about 150 on Rutherford.

BY ASSEMBLYMAN TANZMAN:

Q Was there a first mortgage on the property at that time and how much? A Yes.

Q How much was it? A I don't recall what it was. The original amount of that was \$60,000.

Q How much? A The original amount of the first mortgage was \$60,000.

Q Then there was a second mortgage? A Yes, there was a small second mortgage on that.

BY MR. FERRARA:

Q Approximately \$1700 at the time? A Yes.

Q There was a third mortgage on the property at that time to a Mr. Miller of approximately \$56,000?

A But that had been reduced tremendously. I don't know what the amount of that was at that time.

BY ASSEMBLYMAN TANZMAN:

Q Then this was the fourth mortgage? A That's what I said originally, either the third or fourth.

Q I am not questioning what you said or rather I am not finding fault with what you said. I just want it clear in my own mind. Would you say then that the total of the first sixty had been paid down? A Oh, yes.

Q And then the \$1700 and then the \$56,000 - that had also been paid down? A Yes.

Q You don't have any idea roughly what those three were really the balance of at that time? A No, I would have no idea. There is nothing in the subpoena that would even suggest that you might get into that.

Q All right. Would you think that that \$75,000 - that there was equity in the property to warrant the placing of a \$75,000 mortgage? A Are you questioning the value of that mortgage? The mortgage was worth every dollar of it.

Q That is what I want to know. A Are you sure it was \$75,000 and not \$80,000?

MR. FERRARA: It was originally an \$80,000 mortgage, Mr. Wilson. But apparently on the closing statement, you only took a consideration of \$75,000 against the purchase price when you assigned it.

THE WITNESS: There was something about \$5,000

MR. FERRARA: The face amount of the mortgage, members of the Committee, was \$80,000 according to the record. But apparently at the time of the assignment, it was assigned at a \$75,000 value.

ASSEMBLYMAN MANDELBAUM: What interest rate and what terms?

MR. FERRARA: Unfortunately the record ---

MR. WILSON: The interest rate was 6 per cent.

ASSEMBLYMAN MANDELBAUM: And the term?

MR. WILSON: I believe it was put out for
a 10-year term.

BY MR. FERRARA:

Q The mortgage by its terms, if you recall, and I want to just confirm the record, indicated that it was to be subordinate in addition to the three mortgages that were on prior to it. That mortgage had a recitation in it - and I want to determine if this is correct - that it was going to be subordinate to any new self-amortizing mortgage in the amount of \$75,000 that may be put on afterward. A Yes.

Q So it was subject to three prior mortgages plus being subordinate by its terms to a possible --

A No, it wasn't. That was subject only to the possibility of putting a \$75,000 first mortgage.

BY ASSEMBLYMAN TANZMAN:

Q In other words, wipe out the other three and this would be subordinate to a new \$75,000 mortgage - \$75,000 first mortgage? A That's right.

Q Do you still feel that there was equity if there were a new \$75,000 first mortgage - that there was additional \$75,000 worth of equity at least in that property? A Yes. As I said earlier, I have always felt that piece of property was worth about \$300,000.

Q So that it was a good mortgage? A And the aggregate with this mortgage we are talking about was somewhere in

the neighborhood of \$150,000.

Q There was still substantial equity? A Yes.

BY MR. FERRARA:

Q Let me just for the record indicate the dates, without going into the details. This particular mortgage we are referring to, the \$80,000 face mortgage, was a mortgage which carried the date of June 1, 1961, and it was recorded on July 27, 1961. It should also be noted for the record that this mortgage - the assignment of this same mortgage to the Ringwood Company took place on the same date; that is, by an assignment date of June 6, 1961, and recorded July 27, 1961. The mortgage was placed on the property of the Park Avenue Corporation as I gather from the records on July 27, 1961, the same date or approximately the same period of time, within the month, that it was assigned to Mr. Wheran. Is that correct?

A It was arranged for that purpose. That was the reason.

Q It was arranged for the purposes of additional consideration being given to Mr. Wehran in this purchase of this land. Is that right? A Yes.

Q Now, again for the sake of the record, Mr. Wilson has indicated that this language I referred to before about the \$75,000 subordination was for the purpose of - the possibility of putting on another mortgage at a later date.

A That since has been done.

Q That mortgage was put on, if the record will bear me out, Mr. Wilson, if this is correct, on December 27, 1963, some two and one-half years later. A mortgage for \$75,000 was placed on the property in Lyndhurst and

the \$56,000 third mortgage was cancelled within a couple of weeks after that mortgage that I referred to of December 1963. Now it would appear, Mr. Wilson - check me again on the records - that at the present time or at least within the last two months or so ago that on that particular property in Lyndhurst there was still retained the \$60,000 first mortgage held by - given by a Houman Corporation, which is another one of your corporations, to Mr. Scherer - Scherer, Friedman and Scherer.

A That was closed out. That was paid off.

Q The record seemed to indicate that that mortgage still is open. A The mortgage has been paid.

Q All right. Let me ask you a question about this particular \$75,000 mortgage. Has this mortgage been paid off, the \$75,000 mortgage? A No, it has not.

Q It is still open? A That's right.

Q Mr. Wehran still holds that mortgage -- A Yes.

Q -- for the Ringwood Company? A I don't know. I can't say because I don't know what happened.

Q It hasn't been paid off? A It has not been paid off.

Q Now in addition to that consideration, the closing statement indicates there was a \$400,000 note mortgage that was also given to the Ringwood Company. Is that correct? A That's correct.

Q Has that mortgage been paid off? A That mortgage has been paid off.

Q Was that mortgage paid off when the property was

sold to the State? A That's correct.

Q Now I want to just direct my attention to the transaction of the Ringwood Country Club so that we get that clear to the Shepherd Lake Property. Was the purchase price of that property \$235,000 or \$230,000?

A I am not certain - one of the two figures.

Q The closing statement that was given to us indicates \$235,000 purchase price for the country club's interest, which had to do with the personalty, if you will. Now that was paid, according to the closing statement, Mr. Wilson, by a second mortgage which was taken back by the country club in the amount of \$220,000. Is that correct? A That's correct.

Q And there was \$5,000 paid on the contract?
A That's correct.

Q How much was the total cash that you paid at that time, aside from minor adjustments for taxes or something of that sort? A I don't recall.

Q Was \$10,000 the figure or \$15,000? A I couldn't answer that.

Q Mr. Wilson, if the purchase price was \$235,000, if the second mortgage was \$220,000, the total possible cash would have been \$15,000.

ASSEMBLYMAN TANZMAN: It appears to be from the closing statement.

Q Well, there is one thing - the closing statement indicates a possibility of some type of an allowance for taxes of \$5,000. Was that real estate taxes or Federal

income taxes? A Real estate taxes.

Q Some sort of an allowance. You were going to pay that; is that the idea? A Yes.

Q Now you have indicated that though the closing statements show \$710,000, that there was additional consideration. Can you tell the Committee what the additional consideration was? A There were other mortgages

that subsequently were transferred into the hands of both Mr. Wehran and the Ringwood Country Club involving other property that I had in Hudson County.

Q Is that a mortgage of approximately \$27,000 on some property in West New York? A That was one of them, yes - \$27,000.

Q \$27,000 approximately? A Yes, one was twenty-seven and change and another one was forty-three.

Q Well, I am interested in the \$43,000 mortgage.
What was that on, the \$43,000 mortgage? A There
were two mortgages on the same property, two mortgages on
the same property.

Q On the same property in West New York?
A That's right.

Q Therefore, the \$27,000 mortgage was what, a second
mortgage, third mortgage or? A I think they were
second and third mortgages.

Q So that this \$40,000 mortgage - did you say \$40,000,
was that the one? A \$43,000.

Q \$43,000. And that was on the same property.
And that was a second mortgage. A That's right.

Q And then there was a \$27,000 property mortgage,
\$27,000 third mortgage? A Right.

Q Then you say that both of these mortgages were
assigned to Mr. Wehran? A I haven't said that.

Q Oh, I'm sorry. I thought that was what you said.
Who were they assigned to? A One was subsequently
assigned to Ringwood Country Club and one was subsequently
assigned to Ringwood Company.

Q Let's direct ourselves to the \$27,000 mortgage,
being the smaller of the two. Who was that assigned to?
do you recall? A That was assigned to Ringwood
Country Club.

Q Was that as additional consideration or was that
as partial payment? A No, it was additional
consideration.

Q This was in addition to \$235,000 as shown - this \$27,000 was additional consideration? A Now, before I answer that fully, I would have to see the records and I would have to stop right there. I can't answer that today.

Q We don't want you to answer anything that you don't know. A I do know that it was part of the --

BY MR. TANZMAN:

Q May I ask a question. In other words, this \$235,000 that's shown on this closing statement - this \$27,000 was an additional consideration over and above -- A It was an additional consideration over and above the --

Q So that instead of \$235,000, it should really be \$262,000. Is that what you are saying? A No, it wasn't that much, it wasn't that much. So I can't answer that without having the records on it as to the facts.

BY MR. MANDELBAUM:

Q Can you tell me why this was bypassed on the closing statement? A Because it wasn't ready to be done, it was not ready to be put into the minutes. That was handled subsequently, later on in the year.

Q Well, was there some sort of an agreement between you and the sellers that you would give them the mortgages?

A Yes.

Q Was there an agreement in writing? A I don't recall whether it was in writing or not. This entire transaction took from sometime in October of one year until almost December the following year. It was over a year on the entire transaction.

Q Did you have a contract to buy -- one or two contracts to buy the property? A Yes, there was one contract but the contract never was executed. The contract was never executed because we found that it was impossible to handle the thing under that contract. So that any reference to that contract that you would find is void because when we went into this closing we actually took title at that time.

Q What this Committee is anxious to determine is what you actually paid for this property and what your cost was? A I can understand that and, as I said before, that's why there's an indefinite figure in my mind as to what the basic cost was.

Q Could you get that figure for us if you went back? A I think if I stayed for a month I couldn't get that.
BY MR. MANDELBAUM:

Q Do you have that figure on your income tax return? A My accountant is still computing the gains on this transaction. I don't have it today.
BY MR. FERRARA:

Q All right. Mr. Wilson, if I were to indicate to you that the \$27,000 third mortgage that was assigned to the Country Club appears from their records to be part of the total consideration of \$235,000, and not in excess of that, do you think that would be incorrect? A That would be incorrect.

Q Let me ask you this, Mr. Wilson, if I were to indicate to you that the Country Club received approximately \$219,000 in cash at the time of the closing of your property

in the sale to the State, would that be reasonably accurate?

A It sounds reasonably accurate. I think that's something referred to in the closing statement.

Q No, this is something I am referring to now, when the Country Club was paid off its mortgage by the State, if I were to indicate to you that approximately \$219,000 was paid in cash at that time to the Country Club by the State of New Jersey in its payoff, would that be reasonably accurate?

A Reasonably accurate, yes.

Q And if I were to indicate to you that the total money that the Country Club indicates they have received -- no, let me change that question -- that the \$27,000 mortgage, that we referred to before, was credited as payments against the \$220,000 mortgage in the closing statement, would that be reasonably correct? A That's incorrect. That's not a true statement.

Q All right. I am just trying to resolve what appears to be an inconsistency, that the \$27,000 mortgage --

A I don't mean to mislead you, but part of that consideration was applied to the balance of the mortgage. But to represent what the exact figures were at that time, I am not prepared to do it.

Q Well, let's not try to be exact to the penny but let's try to be reasonable within a few thousand. If \$235,000 was the total consideration shown on the closing statement - the Country Club now I'm talking about - is it your statement that the actual consideration for that interest was something like \$235,000 plus \$27,000 or \$25,000? A No, I

didn't mean that, I didn't say that. I would say, plus about \$7,000.

Q Plus \$7,000. In other words, the consideration would be about \$242,000 for the Country Club?

A Something like that.

Q How would you have arrived at that \$7,000.

A On the basis of the fact that in inducing the Country Club to take this mortgage, because of its position as a second mortgage it was being sold to them at a discount.

Q At a discount from a face amount of \$27,000 to a value of \$7,000?

A No, no, I didn't say that.

Q Oh, I thought you did. What did you say?

A To a credit of \$20,000.

BY MR. TANZMAN:

Q In other words, you're paying a discount of \$7,000.

BY MR. MANDELBAUM:

Q In other words, the Country Club, in accepting the payment, accepted a discounted mortgage.

A That's right.

Q Which you were figuring, correctly I assume, at face value, they would figure at a discount.

A I considered it at face value of \$27,000 and they considered it worth at the time \$20,000.

Q Right. But the additional consideration - in other words, the discount was \$7,000.

A Yes, that's an additional consideration, I feel, on this mortgage.

Q Let's take it one step further and go to the next mortgage of \$43,000. That was the face value.

A Right.

Q What was the discount value? A I believe that went for \$30,000.

Q So, that's \$13,000 more. A \$13,000.

Q So the total price would have been, roughly, \$710,000, \$7,000 and \$13,000. A Approximately. Don't hold me right to it.

Q Or around \$730,000, approximately. A Yes, that would be right.

Q Of which about \$15,000 was cash and the balance was mortgages on various properties. A It may go to \$750,000.

BY MR. FERRARA:

Q Mr. Wilson, I want to get this clarified because there seems to be an inconsistency here. The \$235,000 in the closing statement of the Country Club was not the total consideration? A No, because this was part - the transaction on this mortgage was part of what we were to give on this.

Q Well, let me understand this. If you gave them an assignment of a \$27,000 mortgage, and let's assume that \$7,000 was discounted it would then have a value of \$20,000 of your money. A No, to my mind that is \$27,000.

Q All right. But for this purpose it had a value of \$20,000. A Yes.

Q So that \$20,000 plus \$235,000 was a total consideration of \$255,000? A No, no, no.

Q All right.

MR. MANDELBAUM: I'm with you.

THE WITNESS: You've got it.

Q Well, I would like to tie this in. The total consideration paid to the Country Club was how much?

MR. MANDELBAUM: As an example, let's assume you owed them \$20,000 and you didn't have the money to pay it, you would say to the mortgagee, "Take this, instead," and they would accept the \$27,000 mortgage instead of the \$20,000 in cash because they were getting payment over time.

MR. FERRARA: Mr. Mandelbaum, that's correct. The fact of the matter is that a \$27,000 mortgage was used as a partial payment against a \$220,000 mortgage that they took back. But because there was a \$7,000 discount involved and he adds that on to the consideration.

MR. MANDELBAUM: And the man is entitled to be credited with the premiums.

BY MR. MANDELBAUM:

Q In what name did you buy the property?

A It was destined to be Shepherd Lake Property but to say specifically whether we took title from Shepherd Lake Property, of course, I'm not sure.

Q Well, when you closed with Wehran Company, whatever the name is, did you take title in your own name or a corporate name?

A I don't recall.

MR. FERRARA: Let the record show it was
in the name of Shepherd Lake Properties, Inc.

BY MR. FERRARA:

Q Now, can you tell the Committee how much
acreage was involved in the property at the time you purchased,
approximately?

A The original purchase was
510 acres, and in the negotiations there was another 32 acres
added to it, so I believe there was 542 acres involved.

Q So that this purchase price we were referring to
before involved 542 acres, whether it was in the original
negotiations or afterward, the purchase price for this
property involved 542 acres. Right?

A That's correct.

Q Now, can you tell us to some extent what
improvement was on the land at the time you purchased it?

A Basically, there was a club house, which was very run
down and in poor shape, and the entire operation was in a
neglected condition.

MR. FERRARA: Will you wait just a minute,
Mr. Wilson.

(Off the record)

Q What was the nature of the improvements on the property at the time of your purchase? A Basically, the only improvements on the property at the time of the purchase was the club house itself.

Q What was the improvement in regard to roads or anything of that sort? A There were no passable roads outside of the road that came from the Sloatsburg road.

Q There were no roads in the property other than the Sloatsburg Road that came down from New York State? A That's right. And there were some trails in and throughout the property which we subsequently opened up.

Q To what extent were the improvements that were made by you? A Well, offhand, I think there were about \$150,000 worth of improvements.

Q Generally, what did they consist of? A Clearing of land, cultivating the lake, building roads.

Q What type of roads did you put in there? A They were stone and dirt.

BY MR. MANDELBAUM:

Q What did you intend to do with the property? A Conduct it as a resort.

Q Did you put up any additional buildings? A I negotiated and developed both a ski slope and a gun club.

Q How long did you own the property from the day you bought it from the Wehran Company to the day you sold it to the State of New Jersey, roughly? A Between three and four years. The records will show that.

Q And how long before you sold the property to the

State of New Jersey did they first contact you as to the sale of the property? A year before, six months before?

A It was over a year.

Q So you held the property about two years before you were contacted by the State, roughly ? A A little more than that.

BY MR. FERRARA:

Q Before I go into the sale, I would like to just try to complete the purchase-- before I go into the sale aspect of the thing. These improvements were approximately \$150,000 worth that you made to this property after you purchased it. Would you be able to show to the Committee the evidence of these payments? A No -

Q Well, I mean checks or bills or statements or some indication of these improvements so we could determine the nature of them, because, Mr. Wilson, we want you to understand the question here between witnesses is as to the extent of the improvements that were made and why they were made. And we are interested in that. Could you supply the Committee - A It would be very difficult to supply you with all that information because it went on for such a long time.

BY MR. MANDELBAUM:

Q Was the \$150,000 exclusive of the improvements that the tenants may have done? A Yes, definitely.

Q That is money that you, yourself, spent? A Oh, yes.

BY MR. FERRARA:

Q It excludes the tenants' improvements? A It excludes the tenants' improvements, yes.

Q Would you be able to indicate in any fashion what went into these improvements, what buildings, how much roads?

A I wouldn't attempt to do that at this time.

Q I don't mean today. I wouldn't think you could.

A If it becomes necessary I think I could, but I wouldn't attempt to do it now.

BY MR. TANZMAN:

Q You said that if it were necessary you could-

A Yes, I think I could reconstruct it but it would take quite some time to do it. Now, generally speaking, this involves the development I did on the lake, on the roads, and what I did in developing and advertising the recreation center itself. The advertising cost and everything else, I am sure that that stands me \$150,000.

BY MR. MANDELBAUM:

Q Is that inclusive of interest and taxes? A It may or may not be. I don't know. I wouldn't confine myself to answer that at this time.

BY MR. FERRARA:

Q Mr. Wilson, would you say that at the time you purchased the property the extent of the improvements, building, etc.- you indicated that all that was there was a run-down club house. A That's right.

Q What would you say the value of that building was at the time you bought it? A Well, I saw the cost -

the Ringwood Country Club showed me what they had put on that building. If I recall correctly, the building itself - construction, grading, sub-contractors' costs - was about \$250,000 alone.

Q This is what the County Club indicated to you?

A That is what they indicated to me they had spent. Now, they had other costs besides that, but the direct cost to the Club, in that building, they had somewhere around \$250,000. They had a total equity in that property they felt of \$400,000 and they had this by record. So this was what I was buying, this \$400,000 value that they felt was there. I didn't pay that.

BY MR. MANDELBAUM:

Q That is with the improvements? A Yes, improvements to the real estate. And that can be substantiated from their books. I have records of that myself. In other words, what I was purchasing, this is one of the considerations I was using for its value.

BY MR. FERRARA:

Q What was the extent of roads or parking lots at the time you bought it? Paved parking lots. A There were no passable roads on the property itself.

Q How about parking lots? A The parking lot was about two-thirds of what it is, or what it was when I turned it over to the State.

Q All right. I would like to direct attention now to the sale to the State and as best as you can give it to us.

A There is one other value you have missed.

Q Please tell us. A The value of these two

leases there, the two tenants. They have a value. They were not there when I acquired it.

Q At the time of your purchase, they were not there, the leases to the ski club and skeet shoot range. A The lease with the gun club and the lease with the ski club.

Q Can you tell us without too much detail what the nature of those leases are, the prices, etc.? A Yes. I am making some notes. They were both ten-year leases. The gun club obligated itself to pay us a total of \$55,000 over a 10-year period and they used about 10 acres of the ground, netting about \$5500 a year for those 10 acres, and the records will all prove this out. This shows that this particular plot was worth a lot more. The ski club showed there was a minimum of about \$110,000 over a 10-year period, which had a provision in the lease that could provide for more because it was based on a percentage, whichever was higher, the percentage of the lease or the minimum amount called for.

Q The percentage of business, is that the idea?

A The percentage of business or the minimum of the lease. I considered that the value of the lease, \$110,000.

Q How much land was covered by that lease?

A There were only six acres.

BY MR. MANDELBAUM:

Q Six acres. And the total rental would be -

A About \$110,000.

Q Is there any interest that you have in the gun club or the ski club? A No.

BY MR. FERRARA:

Q Is there any provision in those leases for termination? As I understand it, there was some sort of litigation involved. A There still is.

Q Could you tell the Committee what the nature of that litigation was? A The nature of the litigation?

Q Yes, involving these two leases. Is it both leases? A No, the one lease only is in litigation.

Q Which one? A The ski club. That is based on an argument as to trespass.

Q Is there a provision in either one of these leases that would give you, the landlord, the then landlord, the right of terminating these leases? A Yes, upon the payment of a fixed fee. I believe that that fee is spelled out. Off the cuff, I would say that the gun club calls for a payment of \$60,000 and it is graduated - the longer they are in there, the more valuable that lease is. And the ski club is based on a re-purchase agreement of \$100,000.

BY MR. MANDELBAUM:

Q In other words, when you sold to the State of New Jersey, you had to pay the Gun Club \$60,000 if you wanted to buy the lease back? A If I wanted to clear them out as a tenant, I had to pay them a fixed amount. In other words, if you were a purchaser and you came to me and you wanted to buy this property, I would have to set a value on what their occupancy on that land was.

Q Was there a value set for purposes of condemnation?

A No, there was nothing set for condemnation. It was only set for cancellation.

Q In other words, when you conveyed to the State of New Jersey, did the ski club or the gun club share in your award? A No, they did not. They continued on as a tenant, you see. There was no termination of lease.

Q The State did not require you to deliver the premises free and clear of tenants? A No, they did not. They were buying it subject to-- the point I am trying to make is that we established a value in these leases by fixing an income and also by fixing a re-purchase, cancellation.

BY MR. FERRARA:

Q So, Mr. Wilson, we understand there were termination provisions in the lease that would permit you to terminate the lease on payment of certain moneys to the tenant if it was terminated before maturity or before the termination date, and in the case of the gun club you believe that it was somewhere around \$60,000, reducing itself as the number of years went by? A No, I think it would increase.

Q In other words, you would pay more if you exercised the right to terminate? A The gun club had an option to renew, so the older it became the more valuable it was.

Q So that \$60,000 you would have to pay to exercise the right a year after they started, or two years after that it would increase? A This would be the base figure and a larger amount after -

Q And a similar provision for the ski club?
A A similar provision for the ski club.

Q So that after the second year of the lease, if you wanted to terminate this you would have to pay then maybe \$100,000- A That's right.

Q And that if it was the third year of the lease you would have to pay a higher amount of money possibly to break the lease? A On that one, I think there is a possibility that that would reduce because of the termination date with that ski club.

Q Without an option? A Without an option. On that one, we gave him an option of first refusal; in other words, he as a tenant, his lease would terminate - the lease would terminate in ten years and we would give him - we gave him the right of first refusal; in other words, if we had another tenant come along and want that property and they wanted to give us, let's say, \$150,000 for 10 years, this first tenant had the right to accept that figure or reject it.

Q Before we go on to the sale, I just want to crystalize if I can the total purchase price as we have calculated it here would appear to be \$710,000 on the closing statement, plus the discount on these mortgages; the consideration would be the discount of these mortgages and the value of these leaseholds that you had. As far as purchase price goes, these leaseholds were not in existence when you bought. So the purchase price again is \$710,000 plus the discount. A You are thinking of the cost. In addition to the purchase price, we had the development, and this is part of the development.

Q So the purchase price was \$700,000. A The purchase price was \$700,000, yes. Then we had to develop,

and the value - who's going to fix it?

Q Well, you indicated \$150,000 possible improvement, but the total payments made at the time to the Ringwood Company and to the Country Club were \$710,000. A That's right.

Q And then there were improvements made - A That's including the mortgages-

MR. TANZMAN: Plus the discount on the mortgages.

BY MR. MANDELBAUM:

Q Was any part of that \$150,000 expended to put the tenants in occupancy? In other words, did you concentrate that money to prepare the area? A There was only one phase of that and that was \$2,000 for grading to create that ski slope.

BY MR. FERRARA:

Q All right. Now, I would like to direct myself to the sale. Can you tell us when the first contact was made either by you or by the State or someone else for the sale of this property to the State - some idea? A The sale was consummated in February of '64. I was first approached the latter part of 1963.

Q When were you first contacted by the State, or did you make contact to the State? A In the latter part of 1962.

Q Now how did that contact come about? Who made it? A Joseph Wilson.

Q Joseph Wilson, a real estate broker? A Yes.

Q Is he a relation of yours? A No relation.

Q And he came to you, did he, at that time? A Yes.

Q And what did he say to you? What did he indicate to you? A Well, his first approach was to try to secure a listing of this property for resale and his first approach was to consider it for development for housing. I wasn't inclined to go along with that too much. What I did suggest was that he could make some sort of an offer if he had anything pending. Subsequent to that and not long after, he approached me with a thought of offering this to the State as a recreation park. Since this was what I was trying to do with the property, create a resort, I was favorable to considering the negotiation of using this for that purpose.

Q All right. At the time it was offered to the State - or let me say this: Was the first offer for development purposes or for a sale to a syndicate to develop? A Well, actually he didn't have any real buyer at first. He was trying to propose it for land development purposes.

Q For land development purposes, to develop for some specific type of development. A That's correct, yes.

Q Did you establish any price or did you even talk price to him at that stage? Any idea of price or value? A No, not at first, because in his idea it was a matter of developing it in sections rather than the entire acreage - developing it in sections, and with a thought of developing it for housing, which he felt would produce approximately \$10,000 per plot.

BY MR. MANDELBAUM:

Q Improved or unimproved? A Well, this would be with minimum improvements for urban living.

Q In other words, the real estate broker felt that semi-improved lots, let's say, with septic tanks and wells would bring \$10,000? A Yes.

Q A lake plot. A Well, under that we would have observed lake prices. These were all back from the lake.

Q Back from the lake. Well, was that area around the lake? A Yes, somewhere near the lake.

BY MR. FERRARA:

Q All right. Now, when the contact was made with the State, how was it made? A This was made by Joseph Wilson. He suggested that perhaps we could offer this to the State under the Greenacres program for use as a resort or park.

BY MR. MANDELBAUM:

Q To go back one step further: How much would you say, roughly,- these are all roughly - how much would you say it would cost to rough improve a lot, put in a septic tank and put in a well? Three or four thousand dollars? Five thousand dollars? A Outside, that would be the outside. The only thing that I could see would be required in that type of development was your septic tank - disposal system; your septic tank disposal system - a minimum road at that time was only to be a 20 foot pavement, so it did not require curbs, and individual water systems.

Q But to break down this \$10,000 figure you gave us into raw lot improvements, as a rough calculation would you say \$7,000, \$3,000, \$8,000, or \$2,000? A You probably could get by at \$8,000.

Q In other words, a raw lot like these is probably worth \$8,000. A Yes.

Q Close to the lake. A In developing it.

By the time you developed your subdivision and get your subdivision improvements and make the improvements of these properties -

Q That would be lake front? A Lake use property.

Q And how far back from the lake would you say lake use ends? A Oh, I would say you could consider that maybe a thousand feet back from the lake.

BY MR. TANZMAN:

Q You are not talking just about one road around the lake. A No, because that would have been retained for its value as lake front. The lake front property up there, as I understand it, is somewhere around \$100 a foot.

Q You are talking about interior lands - A That's right, lake use. We call it lake use because we had exclusive use of the lake.

BY MR. BATEMAN:

Q Approximately how many front feet on the lake did you think you could develop? It's about 8,000 feet around the lake, isn't it? A It's about that, yes.

BY MR. TANZMAN:

Q The perimeter of the lake is 8,000 feet?
A Yes.

Q How much of that is developable? A Well, naturally you would have to retain some for the use of the rest of the land you have around there, but I would say you could sell at least 6,000 feet and still retain a good portion of that lake front.

BY MR. FERRARA:

Q Well, Mr. Wilson, in that regard were you aware of the fact that part of this lake frontage was not owned by you, was not included in your purchase? A The lake frontage?

Q Yes. A The lake itself was entirely owned.

Q Did the Sisters of Charity or Sisters of Mercy, or some type of religious order - A They had a piece of ground that came up to one portion but they had no right to the lake; they had no title in the lake; they had no lake use, no lake privilege.

Q Was there anyone else to your knowledge who had any lake privileges to this land, any surrounding owners?

A There was no one.

Q Now, as long as we are on the improvement aspect of the thing, and I didn't want to go into this with you, Mr. Wilson, but have you developed land before and subdivided land? A Yes.

Q And are you familiar with getting sub-division approval? A Yes, sir.

Q And in your contemplation of selling this as a development, were you aware that there was no access to this land in New Jersey except over private property or from New York? A There was no access to this land except on private property.

Q In New Jersey.

MR. BATEMAN: In other words you had to come down from New York to get to it.

BY MR. MANDELBAUM:

Q You had to come down the Sloatsburg Road?

A Well, there was another way, through Shelton College.

Q Well, that's private property? A Well, I don't know how private or public that road is. I know that it's generally used. That approach is there. Now, in addition to that - I am aware of what you are driving at that there was that possibility that Shelton College could cut off that use, but I had a solution to that. There was a manner in which we could run a road right down to tie in with the road - is anybody familiar with that area?

BY MR. FERRARA:

Q Yes. For the sake of the record, let's refer to the map, and let's try to use expressions so the record will reveal what you are talking about. As the Committee understands it, the access to this property by way of indicating a public road was through New York by way of the Sloatsburg Road or Shepherd's Pond Road. These are the two roads that would have access to this property, is that correct?

[Witness inspects map. Discussion off the record].

Q For the record, Mr. Wilson, we are going to try to get this all down so that when we read it we will understand what you are talking about. Let me ask the questions and let's see how we come out with the answers: Is there any road servicing this property from New Jersey that doesn't go through a private property? A Well, you are asking for a conclusion. I would say there is a

road that goes through Shelton College.

Q Now, the other access to this property is from New York State, through the Sloatsburg Road or Shepard's Pond Road. A That's true. There are two approaches to this property - one from the Sloatsburg Road and one from Shelton College.

Q All right. Now, in order to get a sub-division approval of this land by Ringwood, would they have required you to have access to this land from Ringwood? A Would they?

Q Yes. A I never got that far.

Q In the normal course of events in the sub-division of land, does a municipality usually want to have accessibility for their emergency equipment? A Probably, yes.

Q Now, I didn't want to go too much into the improvement aspect. Let's stay with the land as it was because you did not go into it - A Well, you never let me get a point across here as to a means of making a public road.

Q Oh, all right. A There was a means. You asked me part of that question before and I tried to point it out and you just skipped over it.

Q Go ahead. A We had concluded that in this Tennessee right-of-way, the right-of-way that was given the Tennessee Gas, we could have made a public road right down through here to tie in with this public road to give them access. Now, that was the solution if we had any trouble with Shelton College.

Q In other words, you would have negotiated with Tennessee Gas - A There was no need to negotiate with Tennessee Gas because we would have had the right to use it.

Q Well, Mr. Wilson, the easement, I assume, with Tennessee Gas would not necessarily include the right to traverse it because it would be a limited easement.

A The Tennessee Gas only had the right to put their pipes in that ground and they could only exclude you from preventing them from going toward the land. If you read the Tennessee Gas easement, you will find that is so.

[Discussion off the record]

Q Now, back on the record. Now, Mr. Wilson made contact with you for the possible sale of this property to the State of New Jersey for the Greenacres project. Did you suggest a price to him, or did he suggest a price to you for the value of this land that you owned? A I had fixed at that time a price of \$1,500,000 as the only price that I would consider to sell that ground.

Q That was based upon the sale to a developer or to anyone else? A Any kind of developer. The main thing I was trying to do with this property was to develop it as a whole.

Q Now, did you convey that information to Mr. Wilson, to Joe Wilson, the broker -, the price? A Oh, yes.

Q What negotiation took place between you and the State of New Jersey? A None.

Q What offer did they make to you? A They were only offers that came through Mr. Wilson and, as I

recall, there was nothing definite came in for some time as far as any commitment on their part.

Q Do you know approximately when you received an offering purchase price from the State through Mr. Wilson?

A I was holding for this \$1,500,000 figure. There was nothing definite came in until some point when there was an offer made of \$1,300,000

Q About when was that made? A The late summer of '63.

BY MRS. HIGGINS:

Q Mr. Wilson, when did Mr. Wilson, the realtor, approach the State with the offer of \$1,500,000. A To my knowledge, that was when he first started negotiating this thing the latter part of '62.

Q The latter part of '62? A Yes, that's right.
BY MR. MANDELBAUM:

Q Did any people from the State, any appraisers, contact you and ask you what you paid for the property?

A No. I wouldn't have answered them.

Q But did they ask you the question? A No, I don't recall.

Q Nobody from the State asked you what your purchase price was, the number of acres, or anything like that? Did anybody ever speak to you and ask you any questions?

A I don't think it would be any of his business. I wouldn't answer.

Q But did they ask you? A I don't recall that. Let me say this: There was never any direct dealings with me at all. It was all done with the ~~broker~~.

Q Do you have the broker's name? A Joe Wilson.

Q So that any negotiations that were carried on were carried on through Joe Wilson? A Yes.

Q And the information he conveyed to you was that - the only information - was that sometime in the latter part of the summer of 1963 there was an offer of \$1,300,000 by the State. A Yes, that's right, the latter part of '63.

Q Do you know Mr. Weiss, the fellow who made the appraisal? A No.

Q Do you know Mr. Slothus, another fellow who made the appraisal? A No.

Q You never met them at that time? A No.

Q Do you know Mr. Daly? A No.

BY MR. FERRARA:

Q Or Mr. Stanley of the Weiss organization? A No. I never met any appraisers.

BY MRS. HIGGINS:

Q No appraisers ever asked you how much you paid for the property? A I was out to sell a piece of property and I had a price in my mind.

BY MR. FERRARA:

Q Have you sold any other land to the State of New Jersey before? A No. I had other offers to sell this to other people if that's of any interest to you. It should be.

Q Do you have any idea of what the assessment of this property was by the town, the assessed valuation? Do

you have any idea of what the assessed valuation was?

A I don't think that has any bearing.

[Discussion off the record]

BY MR. FERRARA:

Q In regard to the assessed valuation, do you have any idea of what it was assessed at? A No. I have no idea. I don't think it has any bearing. Because I have dealt in real estate enough - I have had an assessed valuation put on a plot of ground of \$200 and have turned around and sold the thing for \$5,000.

Q We understand that. Even with 100 per cent evaluation, the new method of assessing? A Well, I wasn't familiar with whether or not Ringwood had gotten into that. I do know that if you went out to buy a certain acreage in Ringwood today, you would pay \$3,000 an acre for it. The value is something- some people criticize me for what I paid for the property, that I paid too much, but the value of a piece of property is what you can do with it, what you can produce from it, and what you can sell it for?

MRS. HIGGINS: Well, thank you very much.

A There is one thought I want to leave with you. I think it's very important. During negotiations - of course, the State of New Jersey was only one of many people who would like to have gotten their hands on that property, but within six months of when we had received a firm offer from the State, I received a definite firm offer of \$1,250,000. That was reduced to writing and I refused to take that. Now, I think that is an important factor in your considerations here.

BY MR. MANDELBAUM:

Q Who was that offer through? A That offer was through J. Kislak Company. They were offering it for a client and they represented that this was a large nationally-known firm.

Q The Ford Motor Company. A Well, I suspected that that was probably it afterward , but I didn't know at the time.

BY MR. FERRARA:

Q Well, we opened up an area that I think ought to be resolved right here: During the period of time that you purchased this property from the Country Club, Mr. Wehran and you attempted to develop it, were you experiencing any problems in your development, any costs or carrying charges of this venture? I will show you the pertinency of it in a moment. Were you experiencing any difficulty in meeting your obligations on the two mortgages that you had with the Country Club and Wehran while you were developing this land?

A What do you mean by difficulty?

Q In making the payments? Were they kept up, were these payments being made? A Not necessarily, but I had things well under control.

Q Was there any contact made with you or any offers made by you to sell this property for \$750,000 during that period of time? A If there were, they were laughed at. There was never any consideration given by myself to sell that property for \$750,000.

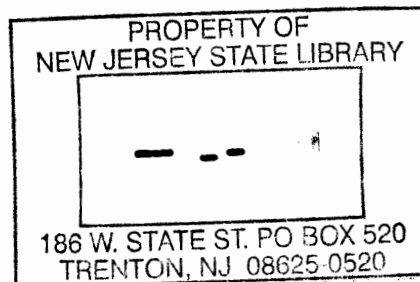
Q I meant by you, an offer to sell it. A I

never made an offer.

MRS. HIGGINS: Thank you, Mr. Wilson. If we need to get in touch with you, you will hear from us and we hope we will be able to give you much more notice.

MR. WILSON: If there are frequently things that you want to go into, I would be better able to answer you if you could tell me more specifically than you have today.

MRS. HIGGINS: This will officially close the hearing.



H E A R I N G A D J O U R N E D .

ASSEMBLY RESOLUTION No. 1

STATE OF NEW JERSEY

INTRODUCED JANUARY 12, 1965

By Assemblyman BATEMAN

Referred to Committee on State Government

AN ASSEMBLY RESOLUTION creating a special committee of the General Assembly to make an investigation and report on the use of public funds to acquire title to land to be used by the State of New Jersey and to determine whether improvements can be made in existing procedures.

1 WHEREAS, The use of public funds to acquire land has substantially increased
2 in the past few years and will continue to do so; and

3 WHEREAS, It is the public interest that the Legislature investigate proce-
4 dures employed by the State of New Jersey to acquire such land, to deter-
5 mine whether existing practices can be improved; now, therefore,

1 BE IT RESOLVED *by the General Assembly of the State of New Jersey:*

1 1. A special committee of the General Assembly to consist of 5 members
2 thereof, no more than 3 of whom shall be members of the same political party,
3 shall be appointed by the Speaker for the purpose of investigating and report-
4 ing to the General Assembly, as soon as may be practicable, on such matters
5 relating to the acquisition of public lands and on any matter relating thereto
6 that the committee deems pertinent to its inquiry and investigation and to con-
7 tinue investigations initiated by the special committee of the 1964 General
8 Assembly created for the same purposes.

1 2. In the conduct of the investigation and inquiry hereby directed the
2 special committee shall have the right to subpoena witnesses, the right to
3 compel the production of books, papers and records and all the other powers
4 granted pursuant to chapter 13 of Title 52 of the Revised Statutes which it
5 deems pertinent to its investigation.

