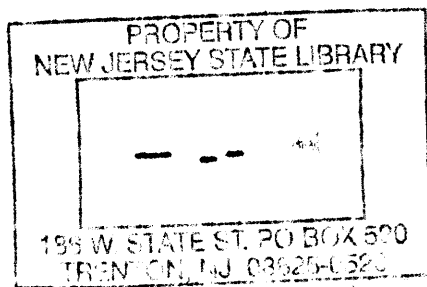


PUBLIC HEARING

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
under Assembly Resolution No. 1, 1965]



Held:
Assembly Chamber
State House
Trenton, New Jersey
July 8, 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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CHAIR LADY HIGGINS: Good morning.

This is July the 8th, and we are opening our second public hearing on the question of Thunder Mountain. The hearing is being conducted by the Commission created under Assembly Resolution 1, of this year.

The members present today are - and we have full attendance, I might add - Mr. Mandelbaum, Mr. Tanzman, Mr. Bateman, Mr. Keith; and I am Marion Higgins, Chair Lady of the Commission. Mr. Ferrara is the Commission's counsel.

I first want to apologize to the members of the Committee. I understand you didn't receive your transcripts of the hearing that was held on June 25th until yesterday morning. We had engaged the services of an outside Reporter so we could expedite the receipt of this transcript, with the intention of holding the next hearing on July 1st. It's quite interesting to note that we did not receive the transcript until July 7th, for the purposes of this hearing.

We also, of course, postponed the hearing on July 1st, to try to help out Commissioner

Roe. We know he has been busy with the water problem, and we felt it would not have time to review the transcript before this hearing. I don't think any of us had much time to review the transcript, however we will proceed with the hearing today.

I want to go on record and indicate that we do need more funds so that we can hire more Stenographers to take these hearings, so that we can see to it that the Commissioners do receive the transcripts on time. We need our staff of Stenographers augmented in some way, so that this can be handled promptly. We are aware that we are only one Commission that has been meeting, and that there are many others, but we are hopeful that we will be able to get this transcript as soon as possible.

Today we have scheduled first a member of the Department of Conservation and Economic Development, and who is an appraiser.

Mr. Daly, are you present, and would you come forward?

B E R N A R D J. D A L Y,

being first duly sworn, testified as follows:

CHAIR LADY HIGGINS: Mr.

Ferrara is our counsel, and we would like to turn the questioning over to him so that we can proceed.

MR. FERRARA: Thank you, madam chairman.

DIRECT EXAMINATION

BY MR. FERRARA:

Q I think the first thing we ought to do, Mr. Daly, in view of the fact that this is the first public meeting which you have been involved in - you have testified of course in executive session - but maybe generally you ought to just put your qualifications on the record in some fashion.

A I am a licensed real estate broker. I have been licensed since 1947 in the State of New Jersey. I conducted a real estate building firm, development firm, from 1947 until 1952, at which time I was employed by the Howard Savings Company, the Blou Mortgage Company, as a mortgage correspondent and appraiser. During that time, I had completed over 2,500 appraisals for them. I subsequently had additional -- my own office, in which I conducted appraisals for many of the banks in the area, for the State

of New Jersey. I am an approved appraiser for the State of New Jersey, County of Mercer, City of Trenton; all townships. And, I am also an approved appraiser for the Jersey Central Power and Light Company.

I have appeared as a witness in all of the Courts of the State of New Jersey, in many of the municipalities, and on the zoning boards of adjustment.

In addition to that, I have conducted a real estate appraisal course at Rider College in the evenings for three years.

Q Mr. Daly, are you the member of any one of the appraisal societies, M.A.I., S.R.A., or whatever the others are?

A No, I am not.

Q You are not?

A No.

Q All right.

Now, Mr. Daly, I know you sat through the last public hearing, the last meeting of this Committee, in which we had the independent appraisers on; and as I understand the procedure, you are the staff appraiser for the Department of Conservation, is that correct?

A I am one of the staff.

Q One of the staff.

How many are there?

A We have four.

Q Four.

That's in the entire Department, or just connected with the Green Acres program.

A Just connected with the Green Acres program.

Q You are one of four staff members connected with the Green Acres program?

A That's right.

Q And in your capacity as staff appraiser, you were called upon to make an appraisal of the property which we referred to as either Thunder Mountain, or Shepard Pond, is that correct?

A That is correct.

Q Now, can you tell me when you made that appraisal?

A In the latter part of July, 1963.

Q All right.

Was that before an outside appraisal was made, or after?

A No, that was after we had received Mr. Slotus' appraisal. At the time, I was requested to make it.

Q I see.

Now, when we had Mr. Slotus here, he indicated that

his appraisal was ordered on July 11, and was submitted, I believe, on July 23rd, if my recollection serves me correctly.

A I think that's what he testified to, yes.

Q And, I am looking at a submission that you had made, which the Department has given to us, which indicates your appraisal - at least the sheet of your appraisal - dated July 22nd, 1963.

A Yes.

Q Would that be correct?

A Yes.

Q So that apparently they were submitted approximately the same time, if not within a day or so?

A No. My appraisal was not submitted -- this appraisal was not submitted until, I would say, August the 15th; in around August.

Q What is the significance of the July 22nd date on this appraisal which I have?

A Only that that was one day that in which we visited the lake.

May I show you pictures that I had taken at the time of my visit, which was July of 1963? The pictures are dated.

Q Well, let me ask you this, Mr. Daly: You tell me that this July 22nd date on this appraisal is not the date that the appraisal was made?

A That was the first date that I visited the property, but my complete appraisal was not really completed until around August the 15th. For this reason --

ASSEMBLYMAN TANZMAN: Are you saying that the appraisal is as of July?

THE WITNESS: It is as of July. This is the date. As of that date, because that's the date I visited the property.

BY MR. FERRARA:

Q Well let me ask you this, Mr. Daly - it is misleading, but I don't think it's completely material; wouldn't the date of the appraisal be the time you completed the appraisal?

A That would be the date of the evaluation.

THE WITNESS: Excuse me, Mr. Tanzman; but that is the date that I visited the property. The date of the evaluation would be as of August 15th.

CHAIR LADY HIGGINS: May I ask a question?

THE WITNESS: Yes.

CHAIR LADY HIGGINS: Why

didn't this show in the appraisal form as submitted?

THE WITNESS: I don't know.

This is a matter of typing.

CHAIR LADY HIGGINS: This is what you gave us as the appraisal --

THE WITNESS: Yes.

CHAIR LADY HIGGINS: This is the appraisal that was submitted.

THE WITNESS: Yes.

Madam chairman, that situation -- that paper that you have, is the bulk of the values as I ascribed them to the properties.

CHAIR LADY HIGGINS: This is what we received --

THE WITNESS: Right.

CHAIR LADY HIGGINS: (Continuing.) When we asked for your appraisal --

THE WITNESS: Right.

CHAIR LADY HIGGINS: This is the sheet of paper that was given to us as your appraisal for that project.

THE WITNESS: Well, at the time they asked for what we considered -- I wrote out in

longhand, from my own notes, the description of the property --

CHAIR LADY HIGGINS: But there wasn't any printed appraisal sheet?

THE WITNESS: No. I had that for my file; that's all.

CHAIR LADY HIGGINS: That's all, thank you. That's what I wanted to make clear. This is the appraisal that was given us, this one sheet.

ASSEMBLYMAN TANZMAN: Just as a matter of information, may I just make the statement that it is not unusual for an appraiser to receive a request to make an appraisal even five years prior, or two years prior; and sometimes in an estate, where a value has to be determined as of the date of death, or some other circumstance -- so it is not unusual for an appraisal to be dated as of a prior date, or as of the date of the original inspection. I don't think there is anything sinister in this.

CHAIR LADY HIGGINS: Oh, I am not implying that. I was only asking questions, because I do know that it is customary in giving an appraisal to say that the value on such and such a date --

on such and such a date, you arrived at that value, and you visited it on such and such a date. And, as of August, which is when you turned in the appraisal --

It's normal procedure to do that, is it not, Mr. Tanzman? To date an appraisal?

ASSEMBLYMAN TANZMAN: Yes.

CHAIR LADY HIGGINS: And this is the date that we received your official appraisal, and the date that was given was the date you visited, and the appraised value as of such and such a date?

THE WITNESS: Right.

As far as the appraisal is concerned, Madam Chairman, as a staff we make certain notes that we retain ourselves for our own information; for instance, the description of the property, the neighborhood data, and all that information that is relative to the appraisal we have.

We make our comparable sales, which of course were not included in that appraisal, because at the time they asked, they asked only for what the valuation was, and that's what I put on it, and this was submitted for that purpose.

CHAIR LADY HIGGINS: In

other words, when you turned in a formal appraisal report to the Commission, you did not include the normal appraisal report, you just had the valuation sheet?

THE WITNESS: As it is, we have so many to do, that we could not take the time to write them up, to type them up, and to present them as we would in the normal appraisal fashion; which is, we make a note to file, with all the important data that we have, and what we use for comparables, and the basis for our values.

CHAIR LADY HIGGINS: Well then, when we asked for the appraisal, it was not the --

THE WITNESS: You should have received a copy of that -- my file situation, which was not available then.

CHAIR LADY HIGGINS: All right, that's all.

BY MR. FERRARA:

Q All right, Mr. Daly. Unfortunately, that does leave us pretty much shorthanded. We thought we had the complete appraisal.

But, let's take your appraisal: As I read the total value of your appraisal, it's \$1,319,413.00, is that

correct?

A That's right.

Q For land and improvements?

A That's right.

Q And you have what you indicate as land and water of \$1,160,400.00, is that correct?

A That is correct.

Q And improvements of \$159,013.00, is that correct?

A That is correct.

Q Now, in breaking down your land figure, you have used a front foot basis of 6,000 front feet, at \$125.00 a front foot, with a 200 foot depth, or a figure of \$750,000.00. Can you tell us how you arrived at that front foot value?

A Well, I have taken the area around the lake, on the road frontage, and my estimation was that there were approximately 6,000 feet of that area around the lake which would be useable for development purposes, or for values ascribed to lake front properties.

CHAIR LADY HIGGINS: You are talking about 6,000 feet of lake frontage?

THE WITNESS: Road frontage.

CHAIR LADY HIGGINS: Road frontage?

THE WITNESS: As you go
around it, yes.

CHAIR LADY HIGGINS: Yes.

THE WITNESS: (Continuing.)

All the properties, and all the comparables that I have used, and that have been discussed, we evaluate the lake front property on the frontage that exists on the street that fronts on the lake.

CHAIR LADY HIGGINS: And
this is what you did in this instance?

THE WITNESS: Right.

ASSEMBLYMAN BATEMAN: Mr.
Daly, how did you establish this 6,000 front feet?

THE WITNESS: I scaled the
lake area.

ASSEMBLYMAN BATEMAN: Did
you walk it, or ride it?

THE WITNESS: I rode it,
and walked most of this property.

ASSEMBLYMAN BATEMAN: All
right.

BY MR. FERRARA:

Q Mr. Daly, in this 6,000 feet, how is that road frontage

compare with lake frontage?

A Well, I think you will find that there is about 5,800 feet of lake frontage.

Q All right.

So that there is not a great variation?

A No, there is not.

Q Is this 6,000 feet, or the 5,800 -- let's use the 6,000, because the difference is very slight -- is that intended to be the entire circumference of the lake?

A Yes, it is.

Q Now --

THE WITNESS: No, excuse me.

There is approximately 8,000 feet around the entire lake area, of which I think there is 1,820 feet that belong to the Convent.

Q In other words, there is 1,800 feet of lake frontage on the north part of this lake, which the State does not own; the boundary line that goes along the lake?

A They own the lake, but they do not own the area around it.

Q The frontage?

A Right.

Q So that the area of approximately 2,000 feet it is -- it's

along the northern boundary line of the property --

THE WITNESS: That is right.

Q (Continuing.) In New York State, and the lake line is owned by someone else?

A Right.

Q Now, therefore, you have taken the 6,000 feet as all useable lake frontage, is that correct?

A Yes, I have. And, I'd like to explain that.

One would find that in certain areas there may not be as much value as \$125.00, yet in other areas, the values would probably run as high as \$200.00 a front foot; so that my calculation was on an average of \$125.00 for the lake front properties.

CHAIR LADY HIGGINS: Excuse me.

May I ask you what method of appraisal you did use?

THE WITNESS: I used the market data approach.

CHAIR LADY HIGGINS: In other words, you used comparables --

THE WITNESS: Comparable sales.

CHAIR LADY HIGGINS: What did you attribute the highest and best use to?

THE WITNESS: I used a residential development of a pretty high caliber type, or executive type home.

CHAIR LADY HIGGINS: All right.

BY MR. FERRARA:

Q All right.

Residential development --

Let me just come back a moment, and get this footage cleared away first.

You say that you averaged it out at \$125.00 --

THE WITNESS: That's right.

Q (Continuing.) So that there would be areas that were less than \$125.00, and areas you say would be worth more?

A That is right.

Q And what was the reason for that differentiation?

A Well, in certain areas there is a drop that would make a difference, as far as value is concerned, on the market. In other areas, for instance in the club house area, where this is an ideal location, beach front and all, you would attribute more value to that. And, the other areas where

there are relatively good lands for development, they would bring probably more money.

Q Now, Mr. Daly, you say that the prime area is the - at least you say the difference in the area - would be in front of the club house area?

A No, not entirely. This is one of the facets of it. The rest of it --

Q In developing this for this residential development, high class, executive type home, wouldn't one of the important ingredients be that you had a lake that could be used by all of the residents of this development community?

A Certainly the lake would be important.

Q And wouldn't, therefore, the frontage, that beach frontage that is in front of the club house; wouldn't that be an area really reserved for the general community that would be developed in that area, rather than the individual house?

A Yes, but Mr. Ferrara, that would have -- the value for that particular portion, would be attributed, or reflected, in the value of the rear lots, so that it has just as much value, possibly more than the other lake frontage.

The use of that, only by virtue -- rather, the use of the club house, and the use of that lake, would indicate a higher value for the rear lots, in that there would be a

club house development.

Q So that you wouldn't develop that as a private home area, would you?

A Definitely not.

Q How much area do you think you would leave undeveloped, or leave in this general sense?

A I think around 900 feet.

Q About 900 feet would have to be reserved for overall use of the community that was developed?

A Yes.

Q All right.

Now, in taking into this consideration, this residential, high executive type development, did you -- well, before we get into improvements, let me ask you a question.

I see that in addition to that front foot value, you have placed a value of \$2,000.00 per acre on the water itself, the 75 acres of water - 75.3 acres of water - and you assigned a value of \$2,000.00 an acre to the water itself?

A That's correct.

Q Why have you done that?

A This value -- this lake has additional value that would also be reflected in the value of the rear lots. Without

the lake, the rear lots would be just a normal run of the mill development. However, with this lake, and with the 75 acres, this value is reflected again in the rear lot values.

Q But why is it reflected separately, an appraisal for water, if it's already reflected in the value of the rear lots?

A This would be in the development purposes of it, that it would be reflected in the value of the lots.

If you will note the rear acreage, I only put a \$600.00 per acre figure. This does not reflect the value of that lake in that sense. "

Q All right.

How did you arrive at \$600.00 an acre for the rear acreage?

A I took some sales that were in the area, some current sales at the time, and bracketed them, and arrived at what I felt would be a fair figure for the area.

Q Can you tell us --

Unfortunately, I would have liked to have had them before, so I could analyze them, but could you tell us what the comparables were that you used?

A Yes, I can.

In approaching the value to the lake front property,

I have taken -- I have considered sales. They are not, in my estimation, comparable in the respect of being exactly comparable. They are used as a guide to determine what the comparable values, the front foot values would bring.

Q Just a moment. Let me ask you this, Mr. Daly:

Can you tell me -- I have asked you for comparables, but you tell me they are not comparables --

THE WITNESS: Well, of course, there are no true comparables.

Q That is correct. We understand that in appraising practice, there is no exactly the same piece of land, all pieces of land are unique, that we are merely using what we call comparables as a guide to indicate a value as a guide to whatever we are appraising.

A That is correct.

Q All right.

And you have used some individual lots, or some other parcels of land, as comparables in this sense?

A I have.

Q Could you tell me, before we go into the individual details, what was the -- were they large acreage parcels of land, or were they individual --

ASSEMBLYMAN TANZMAN: Let

him give us his comparables.

MR. FERRARA: Well, I'll

come to the details in a minute.

A In establishing the lake front values, no where could I find a comparable that would have a large amount of lake frontage for sale, or that had been sold. The closest thing that I know of, that had been sold, would be the Urban Farms. And, I tried to check this sale, and it was from the Diocese of Newark; and it was complicated in that it had several concessions, and there was no basis on which I could say that this lake, with so many acres, would bring X number of dollars. There is no true comparable to this lake, in my opinion.

Q All right.

Now, the point is -- that's my question. In the comparables which we will get from you here in a moment - and we will see how much detail we will have to go into - were they large acreages, or pieces of land, or were they individual parcels?

A They are --

Q Generally.

A Generally, they are individual parcels.

Q . Generally they are individual parcels?

A To establish the lake front values.

Q Of house lots --

When I say individuals, we are talking about 100 or 200 foot parcels?

A That is correct.

Q That is, individual building plots?

A That is correct.

Q And what would you say - again, before we get into details - what did they average out on a front foot basis, the individual lots that you have in your appraisal?

A I would prefer to give them to you, if you don't mind.

Q I want the total. I am going to get to the individuals, but unfortunately I can't check them out this minute.

A They vary from \$95.00, to \$135.00, to -- I think \$135.00.

Q Would these comparables be any of those we had previously received from either Mr. Slotus, or Mr. Stanley?

A I think the ones on Greenwood Lake would be, the others are not.

Q All right.

Would you please, in giving us some of these comparables - I don't want to get into too much detail on them, if they are individual lots. You have given me the

general answer that I think is applicable.

If we had it before either with Mr. Slotus or Mr. Stanley, please identify it in some fashion, of course if you can.

A I will do that.

On the Greenwood Lake area, in our research, we found that there was a sale from Ackerman to Feliciano, which was used by Mr. Stanley, at \$100.00 per front foot.

Q All right. Just one minute.

You say that Mr. Stanley used one of these -- this is Ackerman to Feliciano? "

A Right.

Q This we have had previously, and this was a hundred dollars a front foot, and this was a residential lot on a lake front, or a portion of it, I guess?

A That's correct.

Q And on an improved road?

A No, the Board Road was not included at that time.

Q All right, all right.

Now, what was the next one?

A The second one was Ackerman to Hug, which we also used on --

Q That was also used by --

THE WITNESS: Mr. Stanley. /

Q (Continuing.) By Mr. Stanley?

A Yes.

Q And that was also an individual lot --

THE WITNESS: At 81 x 120 --

Q That has about \$105.00 a front foot?

A That is correct.

Q And that's also on a lake front portion of it, and also on the same road?

A That is correct.

Q All right.

A The third one is Virett to Standish, that was on Board Road.

Q And that was used by Mr. Stanley, and that is an individual piece of property, indicating \$95.00 a front foot, which is lake front property; right?

A Now, the next one I used was a comparable, or a lake front property on Cupsaw Lake, located on Cupsaw Drive. It was dated 12/26/61. The Grantor was Knowlton --

Q What is it?

A Knowlton, K-N-O-W-L-T-O-N.

Q Yes?

A (Continuing.) To Nelson.

Q Right?

A And it was a 50 x 147 foot lot, and it sold for \$6,750.00,

or \$135.00 per front foot.

Q How much is that a front foot again?

A \$135.00.

Q All right.

Let me ask you this: Do you have any comparables, other than these individual lots, small building lots?

A No, sir. You wouldn't find any comparables.

Q All right.

A (Continuing.) I mentioned this.

Q All right.

A (Continuing.) This is the 'only way that you can guide or adjust your --

Q All right.

In those individual lots, you have indicated to me that you have received between \$95.00 and \$135.00 for a value of the front footage.

A Yes.

I haven't finished.

Q All right. I realize that.

I think we are going to be faced with --

How many comparables do you have?

A I have about twenty.

Q Well, that's just the point I am making. I think to

enumerate twenty cases of individual lots - if they all fit into this general pattern - I think it's repetitious. I think it's necessary, but I think it's repetitious. From your point of view, it is necessary for making the appraisal.

A Yes, sir.

Q Did you have any large acreage, in your comparables, with lake frontage of any sort?

A That I used --

Q Yes.

A (Continuing.) As a guide to lake front properties, or lake front values?

Q Right.

A No, sir. I couldn't find any. And, of -- I know of none in Jersey.

Q Well, except that Mr. Stanley, and I guess Mr. Slotus, both had used this other property, referred to as the Florida Lake property.

A I did not use the Florida Lake property, in that I thought it was a purchase by the State of New Jersey. Even though it was an arm's length deal, I did not consider it. I knew of that sale.

Q In other words, you -- okay.

You felt it would be better judgment not to use the Florida Lake property as a comparable?

A As mentioned before, I felt that it was a sale, it was an arm's length deal, but in my opinion I didn't want to use it. I didn't feel it was useable.

Q All right.

Now, I want to direct our attention --

Is this the extent of your comparables, these individual lots?

A (No response.)

Q (Continuing.) I don't mean the enumeration of them.

A Well --

Q The enumeration of individual lots, some of which are lake frontage, some of which have road frontage, are \$95.00 to \$135.00 a front foot, is that correct?

A Well, in addition to that, Mr. Ferrara, there are sales that I would like to enter into that were on an acreage basis in developments such as Urban Farms, which do not have lake frontage, and which bear, in my opinion, a basis for value.

Q All right.

Now, let me --

Fine. Urban Farms is a development over in Bergen

County, as I understand it?

A Yes, it is.

Q It's a highly residential area; no lake frontage available?

A That's right.

Q There are no lakes available, in fact, isn't that so?

A That's right.

Q Urban Farms is a housing development, a residential housing development?

A It is a very high class house.

Q It's a housing development in the class of \$50,000.00, or up?

A Yes, \$50,000.00 to \$100,000.00.

Q All right.

Now, you say that you have some sales in there that you feel are comparable for this purpose?

A Definitely. They establish what a lot would bring in an area that would properly be developed as Urban Farms; or how this subject -- present subject property could be developed. And, what it would prove, is it would indicate what value these lots would bring.

Q Mr. Daly, are you indicating --

Unfortunately, many people in this room are not as familiar with Urban Farms, maybe, and that area, as I may

be, because I live in that area.

Are you indicating that this Shepard Pond development could be developed to the same extent, and the same classification, as Urban Farms?

A I certainly do. I think it could be an exceptionally good development, and it would be very comparable to this. It would have to be developed properly; and it has the lake facilities. It has the type of a lake which would be a - if properly developed - would be a controlled lake, which is similar to Urban Farms.

Q Urban Farms doesn't have any lake, does it?

A Certainly it does.

Q That's what I am saying.

A (Continuing.) It has a 90 acre lake.

Q Oh, in the Franklin Lake Club that they have?

A Yes, the Indian Trail Club.

Q Oh.

Now, you say that the land is comparable too, the useability of this land?

A The adjoining land, and the lots; and I certainly do think so.

Q Let me ask you what your --

You walked this land, or did you just walk the frontage

that you have indicated?

A No, I walked the land, too.

Q What would you describe as the general topography of this Shepard Pond property?

A I would say that there are some level areas, there are some hilly areas. It is generally hilly, but it is not as hilly so that it would not be able to be built upon. It is similar to Smoke Rise, and it is similar to Urban Farms, as far as topography is concerned.

Q Is the rock condition -- the development of that land, as far as the actual makeup of the land, is that comparable with Urban Farms?

A Yes, I believe so.

Q All right.

Now, you feel that in Urban Farms, and in the Shepard Pond, you would be able to develop an all-year-around housing development, the same as Urban Farms, is that correct?

A That is correct.

Q Did you, in coming to this consideration, did you take into consideration the improvements of the land in order to come to that point?

A Yes, I did.

Q What was your estimation of the cost of improving this land?

A Well, I have a plan that I'd like to submit. It is not available right now, but which would indicate what my opinion of the development would be, and I also indicate the cost for development at that time.

Q Wait a minute. You are talking about Urban Farms, you are talking about a residential development; and in order to develop this for residential purposes, it would be necessary to subdivide it, and put the improvements in, and bring water in, or dig wells, or whatever the case may be, or individual septic tanks for each property, is that right?

A That is correct.

Q And you would also have to make whatever accessibility was necessary to the lake?

A With a road area, that is right.

Q Right.

Now, have you arrived at an estimation of the cost of improving this land to reach that point?

A Yes, I have.

Q And what is that figure?

A \$760,000.00.

Q \$760,000.00?

A That's right.

Q (Continuing.) To improve this land --

A And this would -- this would include water, and roads.

Q This would consider water --

ASSEMBLYMAN TANZMAN: This
is for the entire tract?

THE WITNESS: This is the
entire tract.

Q Water?

A Water and roads.

Q Is that water on an individual lot basis?

A No, this is water that would be supplied by a water company,
or the developer.

Q A water system plus roads?

A That's right.

Q Can you tell us how you --

How many lots would you figure this would divide up
into, on that basis?

A Approximately 260 lots.

Q About 260 lots.

CHAIR LADY HIGGINS: May I
ask, how much of the land do you think could be developed,
what percentage of the land?

THE WITNESS: I think, approximately, including the lake - about 314 acres, including the lake.

I mean -- let me do it this way. I have to subtract.

CHAIR LADY HIGGINS: It rather confuses me, when you say including the lake in the development.

THE WITNESS: Approximately 239 acres.

BY MR. FERRARA:

Q 239 acres of improvable land; is that correct, Mr. Daly?

A I believe that's what it is.

Q And you said that of that 239, you would get 260 lots?

A That is correct.

Q That would make your allowances for the roads, and everything else you were talking about with respect to this improvable land?

A Yes, it does.

Q In the 239 acres, did you exclude the roads, or did you include the roads?

A They are included.

Q They are included?

A Yes, sir.

Q Then you would have to take away from the 239 acres whatever would be necessary for the roads?

A That was done, yes.

Q Is there any estimation on your part, in your calculations, of how much roads would be eaten up by the 239 acres?

A I have a total road frontage of 26,250 lineal feet, at 50 feet per -- at 50 feet wide.

Q And you multiply that by 50 feet wide, and you come up with how many acres?

A Well --

Q Oh, I thought maybe you had done it.

I'll try and multiply it myself.

How many acres did that come to?

A (No response.)

Q I seen to come close to 50 acres.

A No, I don't think it's that --

Q Pardon?

A (No response.)

Q Between 48 and 50 acres?

A Somewhere around 20 acres.

Q Well, 50 times -- 26,250 times 50 --

A Yes?

Q (Continuing.) Gives us --

A Oh, wait a minute. Excuse me, I have a zero off.

Somewhere in the neighborhood of 30 acres.

Q All right.

I think the mathematics should come out to 1,800,000 square feet.

THE WITNESS: One million three.

ASSEMBLYMAN TANZMAN:

One million three. That's 30 acres, roughly. It's got to be around 30 acres. Without all of that multiplication, it's 43,000 into one million three, would be about 30 acres.

MR. FERRARA: I had a million three.

Q All right.

You say 30 acres?

A Thirty acres, approximately.

ASSEMBLYMAN TANZMAN: I

don't see the point of all of this.

Q Let me say this: This would reduce the land to somewhere around 200 acres of improvable house lots -- 200, 210 acres of improvable lots, is that right?

A That's right.

Q .And according to my division - which again I hope it's not too bad, is approximately \$3,000.00 per lot to improve it, under your estimation.

A \$2,925.35 it comes to.

Q All right.

So that in your raw lot figure, how much did you calculate for a raw lot?

A Well, they are broken up into individual lots. As I mentioned, I have the development plan which I used. The raw lots would vary to a developer, from \$7,000.00 down to \$1,500.00 per lot; but I have them broken down for you.

Q Well, how do you calculate that on one of these lake front lots?

A (No response.)

Q Will you make just one of those calculations?

A (No response.)

Q We had testimony of \$15,000.00 to \$20,000.00 to --

THE WITNESS: This would be much easier if I had my map here. It will be here.

Q Well, just give me --

A I used 28 lake front lots, at \$7,000.00.

Q How did you --

CHAIR LADY HIGGINS: How

did you get a figure of \$7,000.00?

THE WITNESS: This would be what a developer would pay for it.

CHAIR LADY HIGGINS: Well, you had \$125.00 --

THE WITNESS: This is my realignment of that appraisal to indicate the fair approach that a developer would take in estimating this value.

ASSEMBLYMAN TANZMAN: In other words, you have used two different approaches?

THE WITNESS: I have refined the original approach that was given, so that I could present to you people my opinion as to what a developer would do.

ASSEMBLYMAN TANZMAN: In other words you took one approach, in which you took the lake front --

THE WITNESS: Right.

ASSEMBLYMAN TANZMAN: And you ascribed a value to the lake front lots?

THE WITNESS: That's right.

ASSEMBLYMAN TANZMAN: (Con-

tinuing.) And then, a value to the acreage in the rear?

THE WITNESS: Right.

ASSEMBLYMAN TANZMAN: That was one approach?

THE WITNESS: Yes.

ASSEMBLYMAN TANZMAN: Now then, in addition to that, you have actually drawn a development map?

THE WITNESS: Yes, I have.

ASSEMBLYMAN TANZMAN: And to which you have made a layout, and ascribed a value to each of the lots?

THE WITNESS: Yes, I did.

CHAIR LADY HIGGINS: Did I understand you to say that you did this for the purpose of this hearing?

THE WITNESS: Yes, I wanted to present to you what a --

CHAIR LADY HIGGINS: Well, your original appraisal is what we are attending ourselves to now.

THE WITNESS: Yes.

CHAIR LADY HIGGINS: (Con-

tinuing.) In your original appraisal, you used this other map?

THE WITNESS: That is correct.

CHAIR LADY HIGGINS: That's what I wanted to get clear.

In the original appraisal that you made for the State, to determine the purchase price by the State, you used \$125.00 per front foot?

THE WITNESS: A front foot, that's correct.

CHAIR LAYD HIGGINS: Now, on the basis of that appraisal, what would you attribute -- what value would you attribute to a lot?

THE WITNESS: Approximately \$15,000.00 a lot.

CHAIR LADY HIGGINS: Thank you. That's what we wanted to determine.

That would be comparable, then, to what Mr. Stanley said in his appraisal.

THE WITNESS: That is correct. I believe he did.

CHAIR LAYD HIGGINS: We also ascertained that you looked into the cost of improve-

ment, the improvement that it would be necessary to make in order to have a developer purchase that lot?

THE WITNESS: Right.

CHAIR LADY HIGGINS: And roughly speaking -- I can't do the math that you have come up with, as far as the overall improvements for the whole area is concerned. But, roughly speaking, how much would it cost to improve the individual lake front lot, so that we could determine what the cost of that lot would be improved?

THE WITNESS: Approximately -- I'd say \$2,925.00. But, I feel that that is high.

As I said, I presented this so I could give you a very fair picture.

CHAIR LADY HIGGINS: This was done after the appraisal?

THE WITNESS: Right.

CHAIR LADY HIGGINS: We were interested, for the purposes of this hearing, to find out what your method was at the time that you made the appraisal.

THE WITNESS: I feel that you probably --

CHAIR LADY HIGGINS: I

think you've -- I think it would be very beneficial to see this other map of what you arrived at since you made the appraisal, but I think for the purpose of this hearing, what we were anxious to know, was what you based your justification of the highest and best possible use of this land for a residential development of an executive type; am I correct?

THE WITNESS: (No response.)

Q Is this what you felt was the highest and best use?

A Yes.

CHAIR LADY HIGGINS: And you had ascertained that the value of the lake front property was \$125.00. Now, what we would like to know, is how you justified arriving at that figure of \$125.00?

THE WITNESS: I --

CHAIR LADY HIGGINS: (Continuing.) You have said that there is no comparable lake in the area.

THE WITNESS: Right.

CHAIR LADY HIGGINS: You will admit that there are many lakes in the area, and that there have been many lake sales?

THE WITNESS: Yes.

CHAIR LADY HIGGINS: And

you have given them the --

THE WITNESS: I haven't

given the values.

CHAIR LADY HIGGINS: You

have given us some.

THE WITNESS: Yes.

CHAIR LADY HIGGINS: And,

you have said, in answer to the questions of Mr. Ferrara, that most of these comparables fall within the category of certain amounts per frontfront foot.

THE WITNESS: And they also, madam chairman - in the development of Franklin Lakes, the Urban Farms area, where there is no lake frontage, I had indicated the values that these lots were selling for without lake fronts, as I did also in the Smoke Rise area; so I could get a good idea as to what these lots would bring on the market.

CHAIR LADY HIGGINS: All

right.

You have used Urban Farms as a comparable in the sale of the land?

THE WITNESS: Yes, I did.

CHAIR LADY HIGGINS: May I ask you this: In considering the value of the lots at Thunder Mountain, did you take into consideration the restrictions on the entire piece of land?

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: By that, I am referring to the leases that were in existence?

THE WITNESS: Yes, I did.

CHAIR LADY HIGGINS: And you didn't feel in any way that the leases would be detrimental to the highest and best possible use you assigned to the land, that is, for executive residential homes?

THE WITNESS: No. I felt that these leases that exist were an income that would be produced to the ultimate owner, or developer; and this would be an income flow that could be capitalized to indicate a value; and that this area --

CHAIR LADY HIGGINS: The existence of a skeet shoot, which requires the preserving of 55 acres for this, and the accessibility of the public to this area, you didn't feel in any way would reduce the

residential value?

THE WITNESS: No, I don't feel it would. I think it would serve a purpose, and would be used by the ultimate residents of the area, as well.

CHAIR LADY HIGGINS: Did you also take into consideration the fact that the area is zoned for resort purposes, which would include the building of a motel, barber shop, beauty parlor, bars - oh, I can't remember all the other things, but some of those are included - did you take that into consideration?

THE WITNESS: Well, I --

CHAIR LADY HIGGINS: (Continuing.) Now, you compare that with Urban Farms, and there is nothing comparable in the zoning of Urban Farms, is there?

THE WITNESS: No, I believe you are residential-A. "A" is your zoning at Urban Farms.

CHAIR LADY HIGGINS: Yes.

THE WITNESS: (Continuing.)

Which is 200 x 200.

However, I don't feel - and I would like to state this now - that a motel would be in

any way a detriment to a development of that type, or any type, as far as the development of the property is concerned.

ASSEMBLYMAN TANZMAN: Mr.

Daly, in developing any of these large tracts, is it customary for the developer to set up his own rules and regulations, as regarding the tract, so regardless of the zoning, he can set up his own conditions?

THE WITNESS: In any development, normally the developer will set up his own set of restrictions that will run with that land, and the purchasers are guided by that.

ASSEMBLYMAN TANZMAN: So that even if the zoning permits certain uses, the developer could preclude them?

THE WITNESS: He could preclude them, and he could restrict certain areas as the lake area.

CHAIR LADY HIGGINS: But it is true, is it not, Mr. Daly, that a developer could not ignore the leases that were on the property?

THE WITNESS: Definitely not.

CHAIR LADY HIGGINS: And

the leases, we discovered through testimony, run for a matter of twenty years?

THE WITNESS: My impression was ten years, with an option.

CHAIR LADY HIGGINS: With an option to release for another ten years?

THE WITNESS: That's right.

CHAIR LADY HIGGINS: So that there would be on that property something that the developer could not control, and that would be a skeet shoot?

THE WITNESS: That is correct.

ASSEMBLYMAN TANZMAN: Mr. Daly let me ask you one further question.

Is it your feeling that the presence of a ski slope on this property, with its availability and proximity to the residents, would be an asset or a liability?

THE WITNESS: I think it would be an asset. This would be an ideal arrangement for the residents, and I would be certain that they use it more so than outsiders.

ASSEMBLYMAN TANZMAN: So that rather than a liability, these facilities could be an asset and could be an attraction?

THE WITNESS: Yes, they could.

CHAIR LADY HIGGINS: But in no way would it be comparable to the privacy of a development similar to Urban Farms, would it?

THE WITNESS: Urban Farms has a skeet shoot on it.

CHAIR LADY HIGGINS: But they don't have it open to the public.

THE WITNESS: Well, I couldn't answer that. I don't know.

CHAIR LADY HIGGINS: Well, I could.

THE WITNESS: Well, I don't know that.

ASSEMBLYMAN TANZMAN: Mr. Daly, did you read the leases with the skeet shoot?

THE WITNESS: Yes, I did.

ASSEMBLYMAN TANZMAN: Are there hours restricting the use of this skeet shoot?

THE WITNESS: Yes, there are.

ASSEMBLYMAN TANZMAN: Would you mind telling us what the hours are?

THE WITNESS: I can't tell you offhand.

ASSEMBLYMAN TANZMAN: Well, I read it, and they are restricted from 10:00 o'clock. --

THE WITNESS: 10:00, to something, but I can't tell you exactly.

CHAIR LADY HIGGINS: In other words, what Mr. Tanzman is pointing out --

ASSEMBLYMAN TANZMAN: I am pointing out that you couldn't go shooting at 12:00 o'clock at night.

CHAIR LADY HIGGINS: Or, before 10:00 in the morning.

THE WITNESS: It wouldn't disturb them.

MR. FERRARA: All right, let's stay with the lease as long as two members of the Committee have come to it.

BY MR. FERRARA:

Q Can you say --

ASSEMBLYMAN KEITH: Excuse

me. Can I interrupt here a moment?

MR. FERRARA: Let me just finish one thing, please.

ASSEMBLYMAN KEITH: All right.

BY MR. FERRARA:

Q You answered Mr. Tanzman's question by saying that the ski slope would be an asset, do you feel that the skeet shoot, with its restriction of 55 acres in total, would be an asset?

THE WITNESS: Certainly. I believe that that would be used by the residents just as well.

Q All right.

THE WITNESS: Excuse me. And it also has an income flow that would be an asset to the development.

Q You didn't capitalize the income in your appraisal, did you?

A Yes, I did.

Q In your appraisal?

A Not in the appraisal, no.

Q Well, let's stay with the appraisal.

We are talking about here, a residential development. You didn't attempt to capitalize on an income?

A No, I did not.

Q Because conversely if you were to, then we would have to take into consideration those restrictive aspects of the lease, which are many fold, and that is the -- whatever improvements the landlord would be responsible for, or maintenance rather --

THE WITNESS: The road is the only thing.

Q (Continuing.) Yes, road maintenance; the question of this additional total of 55 or 60 acres of land that could not be used for development purposes --

THE WITNESS: That's correct.

Q (Continuing.) You would have to take that out of your acreage figure.

A Yes, I did.

Q So for the purpose here of what we are talking about, in this acreage development that you have here, and the appraisal you gave us, you still feel that you could have a high residential, executive type development?

A I certainly do.

Q With a skeet shoot?

A Yes.

Q (Continuing.) And still get 260 lots out of it, even taking out the 60 acres of land?

A Yes, I did.

ASSEMBLYMAN KEITH: May I ask a question now?

CHAIR LADY HIGGINS: Mr. Keith had a question.

Yes?

ASSEMBLYMAN KEITH: I just want to make one point clear in my own mind as to the value of the lake front property.

Am I correct that according to your appraisal the value of the lake front lots are fifteen thousand, plus the three thousand approximate cost to improve, for a total cost in your appraisal of \$18,000.00 per lot?

THE WITNESS: That is correct.

ASSEMBLYMAN MANDELBAUM: May I ask a question?

CHAIR LADY HIGGINS: Mr.

Mandelbaum?

ASSEMBLYMAN MANDELBAUM: Can you tell me the lot sizes in Urban Farms?

THE WITNESS: In Urban Farms, 200 x 200.

ASSEMBLYMAN MANDELBAUM: And what lot sizes have you projected for this development?

THE WITNESS: 125 x 200.

ASSEMBLYMAN MANDELBAUM: All right.

Now, have you taken into consideration the fact that the access to the property is through New York State?

THE WITNESS: Yes, I have. It's an excellent road, and in no way detrimental to the comparable.

ASSEMBLYMAN MANDELBAUM: All right.

Do you have any comparables at \$200.00 a front foot for the best type of lake front lots in the State of New Jersey?

THE WITNESS: (No response.)

ASSEMBLYMAN MANDELBAUM: In

other words, do you have any comparables for the high end of your values?

THE WITNESS: The highest one that I have indicated - there are two that I have considered - one at \$135.00, which was Cupsaw and in my opinion, the Cupsaw Lake does not in any way compare with Shepard Pond.

The second one is a --

In our research, we indicated a Green Pond, a recent lease, that indicated \$180.00 per front foot, which was on a lease base only, and this lease is to run to two thousand twenty-five --

BY MR. FERRARA:

Q But this was subsequent to your appraisal.

A No, it was not.

Q This is a recent one.

A These comparables are brought up to date by virtue of the fact that we have had another acquisition of lake front property, which was the Darlington Farms; and in doing so, we had reviewed, and brought up our comparables on lake front properties to the present time.

Q And this particular one, I think - this \$180.00 - is also one that Mr. Stanley, or Mr. Slotus testified to at the

last hearing. They did not have it originally either, as I understand it.

A No, they didn't.

CHAIR LADY HIGGINS: At the time of your appraisal, that's the question.

THE WITNESS: This was not in existence at the time of my appraisal.

ASSEMBLYMAN MANDELBAUM: Was this improved, or unimproved?

THE WITNESS: It's unimproved.

It's located on Green Pond.

What we have done --

Excuse me, Mr. Ferrara -- in doing this, we have gone to as many lengths as we could, and gotten what we feel would be an over-all picture, to indicate that this type of development, for this lake frontage, is now really coming into its own. The desirability and demand is great. And, the improvements, and the increase in value, by virtue of this, makes the future lake developments excellent, and a terrific possibility for a development.

BY MR. FERRARA:

Q Let me direct our attention now, if I may, Mr. Daly, to

another phase of your appraisal.

You applied \$600.00 per acre for the rear acreage.

A Yes.

Q And how did you arrive at that \$600.00?

A I have taken sales -- and I think one or two were given by the other gentlemen - that were in the area at that time, and used what we would call a bracket. You would take whatever the sale would reflect in value, the highest and lowest, and then in your own opinion, analyze it and see just how they would justify it, or how they compare with them.

Q Were these comparables that we had received before?

A With the exception, I think -- there was Terhune to Milford.

Q That wasn't one of them. That was in Mr. Stanley's appraisal.

A That's right, it was in Mr. Stanley's appraisal.

Q That was \$1,100.00 per acre?

A Yes.

Q And then there was an acreage piece of land at --

A Approximately 50 acres, 49.10.

Q Right.

Let me see --

A This had a dwelling on it, and the dwelling has since been

demolished.

Q That also included a house.

A Yes, and that was demolished.

Q I see.

Now, I --

ASSEMBLYMAN TANZMAN: I'd like to have Mr. Daly give us a list of the sales of this acreage. Run through them quickly, so we can see what they are.

MR. FERRARA: Mr. Tanzman, the only thing is, I don't want to get bogged down in a lot of details.

ASSEMBLYMAN TANZMAN: I don't want a lot of details, I just would like to get the number of acres, and the date, and the sales price.

MR. FERRARA: Well, that's what I am asking for.

MR. TANZMAN: Well, let's have it, then.

BY MR. FERRARA: .

Q You have given us the Terhune to Milford sale --

A Right.

CHAIR LADY HIGGINS: Well,

I think we ought to distinguish whether these are the ones you used at the time you made the appraisal, or since.

THE WITNESS: No, I have not used any since. These were basically used at the time. They were all dated prior to the appraisal.

MR. FERRARA: But we have Terhune. He has mentioned Terhune, and that we have in the Stanley report. That's the fifth or sixth one.

BY MR. FERRARA:

Q What's the other acreage?

A The next one is 4/29/63. That's Ringwood Company to Aaron Levine.

Q All right. This is the Levine piece. That's okay.

A This is 815.48 acre piece.

Q That's right.

A (Continuing.) That was sold for \$600,000.00.

Q That's correct.

A And it reflects approximately \$735.00 an acre.

Q That's right.

ASSEMBLYMAN BATEMAN: May

I ask a question?

CHAIR LADY HIGGINS: Yes.

ASSEMBLYMAN BATEMAN: That

particular piece of property, that has a lake?

THE WITNESS: That has a lake; approximately 30 acre lake, which I had looked at. It is very shallow, and it would be I would say in no way comparable to the subject, or any of the other lakes in the area. It's a man made lake.

BY MR. FERRARA:

Q Is there any other acreage sale that you have?

A The Redner to Lee, on Stonetown Road.

Q You gave us that one before, did you not?

A No.

Q All right.

We have that also in Mr. --

A That comes out to \$555.00 per acre.

Q That's correct.

A (Continuing.) And, mind you, this is not nearly comparable in my opinion. It is similar in some respects to the rear lands, on which I placed a \$600.00 figure per acre.

Q All right.

But you had no other acreage sales here - that Mr. Tanzman is concerned about - other than those that you have just given us?

A These were the only ones that were available.

Q We have those in Mr. Stanley's report.

Let me then direct our attention to the improvement aspect of your appraisal. By improvements, I mean the buildings, and so forth and so on.

You have indicated a value of \$159,013.00.

A Yes. If I had known I was coming here, I would have rounded the figure out.

Q To a hundred and sixty thousand dollars?

A Yes.

Q Any question in your mind of the values that you have established on that?

A None, at all.

Q And the total value would be \$160,000.00 in your appraisal?

A That's right, \$160,000.00.

Q Would you tell us what work has been done -- or, what the status -- what I really want to know, is what was the status of these improvements at the time you appraised them? There is not too much detail in your report here.

A The lodge was in very good shape, but I think it's approximately six or seven years old; in excellent shape.

The porch area, the patio and tent were in good shape; the entire area.

The boat dock and building was in excellent shape.

Q Let me be specific.

Subsequent to the purchase by the State, the Department, or the State of New Jersey, as I understand it, did make some fifty-seven thousand plus dollars worth of improvements to the building; and then, there were some other roads and some other information, totaling approximately \$82,000.00 worth of improvements that were made by the State of New Jersey to this subject property.

A I could not say. I am not familiar with it.

Q Well, let me just show you.

We have two reports here. We have one that we received today, which is only a portion of the breakdown, which indicates a certain fifty five plus thousand dollars.

We have a breakdown that was originally supplied to us a few months ago by your Department - let me just show it to you. You might be familiar with it.

MR. FERRARA: Dave, if you please?

Q (Continuing.) Now, this eighty-one or eighty-two thousand plus dollars worth of improvements were made by the State after it was purchased. They would appear to include many of the items that are included in your appraisal.

A Yes.

Q Is there any duplication?

A Well, venetian blinds, and dining room furniture --

Q No, I think there is extensive road work on the end of that.

A Road and parking at \$397.00?

Q No. The last two items on that sheet.

A Highway participation, labor and -- \$16,000.00?

Q \$16,000.00 for labor and material for a road, plus another --

What's the other figure there?

A Roads and approaches, \$8,000.00.

Q (Continuing.) \$8,000.00 for roads and approaches. So, there was some \$25,000.00 for roads and approaches that was put in by the State, after the purchase.

A Well, that could be possible.

Q Well, this is what it indicates.

A That's what it indicates; that's possible, then.

Q What was in this property at the time you appraised it at \$160,000.00 for the buildings and improvements?

A As indicated there, the lodge. I evaluated the porches, the patios, the boat dock, the skeet shoot, chapel, and the allied buildings; and the pictures are there to show you.

Q Mr. Daly, these figures of improvements, are approximately

the same as Mr. Stanley's, and Mr. Slotus'.

A No, I don't think they are.

Q Well, let me just call it to your attention.

Mr. Stanley's improvements of the building were a hundred and forty-five thousand plus dollars.

A Well, I --

Q (Continuing.) This is excluding the ski lift, because that was a leased item.

A Yes.

Q (Continuing.) And in the case of Mr. Slotus, we had a hundred and fifty-three/^{.. thousand}plus dollars for the cost of improvements.

A You are indicating that the total figure was the same.

Q Yes, sir.

A Well, I think we differ in several facets of the appraisal.

Q Could you tell me briefly what the differences are between you?

A Well, I think I put a higher value on the skeet, the paving and lighting than either one of the two gentlemen did.

Q Higher values on the skeet --

A Yes.

Q Wasn't that a leased item?

A The buildings -- they are there. They are part of the

property.

Q But it is still something that should be included in the purchase, even though it was not included in the sale?

A That's correct.

Q It was not included in the sale.

A No, -- well, at the end of the lease it will return to the landlord, or tenant, so it's a part of the real estate property at the time.

Q But you place a value of \$35,000.00 on the skeet?

A Yes, that's right.

Q (Continuing.) At this point?

A That's right.

Q Though it is owned by a tenant?

A Right.

Q And the only value the state will get, will be at the end of the term of the lease?

A That is correct.

Q Whatever the depreciated value is --

ASSEMBLYMAN TANZMAN: Excuse me.

THE WITNESS: Whatever the value would be at that time.

ASSEMBLYMAN TANZMAN: Wait a

minute. That's not a true statement.

The State does get a value,
they get a flow of income.

THE WITNESS: They get an
income from the property.

MR. FERRARA: Mr. Tanzman,
please, let me go ahead.

MR. TANZMAN: I will, if
you don't make misleading statements.

MR. FERRARA: Wait a minute.
Mr. Tanzman, Mr. Daly,
don't let me ever imply that I want to mislead you. I am
not talking about income approach. We exhausted that, I
believe, before.

ASSEMBLYMAN TANZMAN: Yes,
but if you don't give credit to the income, then you must
give credit to the building.

MR. FERRARA: Okay.

I am staying now with the
improvements. I am staying with the improvements. I am
not talking about the income, because that -- because I
think that's a long discourse that we went through on what
the capitalization of that income would be.

ASSEMBLYMAN TANZMAN: Mr.

Daly, did you see a letter that was addressed to -- by Carl Kemm Loven to Commissioner Roe, dated August 20, 1964, which was turned over to the members of this Committee?

THE WITNESS: (No response.)

ASSEMBLYMAN TANZMAN: Do

you have a copy of this letter? Have you seen it?

THE WITNESS: (No response.)

ASSEMBLYMAN TANZMAN: Would

you please read us what the value is, that's put on there by Mr. Kemm Loven, a respected architect, as to the value of the improvements --

MR. FERRARA: Mr. Tanzman,

I am asking this witness for his value, his appraisal.

I know what Mr. Kemm Loven indicated. Mr. Roe testified to that, and I will come to that later on.

ASSEMBLYMAN TANZMAN: Well,

you are giving the value of other things, so you might as well give these values too.

MR. FERRARA: No, I am

trying to arrive at his figures in breaking this thing down, that's all.

He placed a value of a

hundred and sixty thousand dollars on the improvements, and I would like to know how he arrived at it, and what's the effect of the \$80,000.00 that was put in by the State after the purchase?

Q Can you answer that question?

A (No response.)

Q Now, if you can't answer it --

A I imagine that the improvements that they made afterwards have improved the property that much more. Had that appraisal been made today, it would probably reflect these additional values.

Q So that the roads and improvements - particularly this large item of \$25,000.00 --

A They would have no bearing on my appraisal. Now, if the appraisal were made today, and these improvements existed, they would probably be reflected in value.

Q And in your hundred and sixty thousand dollars, you did not give any credit -- you probably didn't even given any appraisal for roads or improvements.

A No, I did not.

CHAIR LADY HIGGINS: May I ask you, when you made the appraisal, what were the condition of the roads that you found?

THE WITNESS: I found them in very good condition.

CHAIR LADY HIGGINS: And would you describe them for me? Were they paved roads?

THE WITNESS: The road going into Shepard Pond was a paved road. The area going --

Q You say the area, or the road going into Shepard Pond; what road are you referring to, is that the Berg Road?

A That's the Shepard Pond Road -- the Shepard Lake Road.

CHAIR LADY HIGGINS: Through Shelton --

THE WITNESS: No. It comes down the north end, and into the property itself.

CHAIR LADY HIGGINS: That's the road that comes into the property itself?

THE WITNESS: Yes.

And the other property, in front of the lodge, was paved. It was paved with stone and gravel.

The area that went around to the west of the heading, was a stone road; had been cut and graded. It wasn't, I would say, an A-1 road, but --

CHAIR LADY HIGGINS: It was

a stone road?

THE WITNESS: It was a stone road.

CHAIR LADY HIGGINS: Yes.

The reason I asked the question, one of the appraisers, Mr. Slotus, testified that there was five miles of paved road on the property.

THE WITNESS: Not paved road, no. There are -- there is at least five miles of road on it, but they are not all paved.

CHAIR LADY HIGGINS: Are they all passable roads?

THE WITNESS: Yes, they are. I rode over all of them.

CHAIR LADY HIGGINS: Now, when you talk about the road that comes into the property, you are talking about the road that comes into it that is called Shepard Pond Road?

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: (Continuing.) This is the approach that you come in on when you come from New York State. You come on Sloatsburg Road from New York State --

THE WITNESS: That's right.

CHAIR LADY HIGGINS: (Continuing.) From Sloatsburg, in New York State.

THE WITNESS: Yes.

CHAIR LADY HIGGINS: How much do you estimate -- how many miles of roads do you have to travel in New York State in order to get into Shepard Lake?

THE WITNESS: I think, about a mile.

CHAIR LADY HIGGINS: About a mile, you estimate?

THE WITNESS: I would say so.

CHAIR LADY HIGGINS: Is there any other approach to Shepards Pond?

THE WITNESS: There is another approach through Shelton College.

CHAIR LADY HIGGINS: Is that being used, the approach from Shelton College?

THE WITNESS: On two times that I went to Shepards Pond, the gate was opened, and I went through that way.

CHAIR LADY HIGGINS: You
do go through that way?

THE WITNESS: That's right.

CHAIR LADY HIGGINS: And
that was used then, and today --

THE WITNESS: That's right,
that was used.

CHAIR LADY HIGGINS: They
are using Shelton College approach?

THE WITNESS: They use them
both.

CHAIR LADY HIGGINS: They
use them both?

THE WITNESS: That's right.

CHAIR LADY HIGGINS: You
had testified that you didn't think the fact that you had
to have access through New York State would make any
difference in the evaluation that you give to it, that a
developer would have, in making a value of the property.
You don't feel that there might be some question in the
community of Ringwood of, for instance, snow removal of a
New York State road, in order to get into the property, or
anything like that; did you consider that?

THE WITNESS: No, I would presume that New York would clear their roads as fast as New Jersey, and that wouldn't be a hazard or a detriment.

CHAIR LADY HIGGINS: So that you, in making your appraisal, didn't take into consideration the access, or accessibility, through New York State?

THE WITNESS: I certainly did.

CHAIR LADY HIGGINS: Oh, you did?

THE WITNESS: Certainly.

CHAIR LADY HIGGINS: And you deducted for that?

THE WITNESS: No, I did not. I don't think that that's a detriment at all. That's a very good road coming in from Sloatsburg. I think it's one of the finest that comes out of Ringwood, and up over the New York State boundary. It's an excellent road.

CHAIR LADY HIGGINS: And so, you didn't feel that that was ^a detriment in any way?

THE WITNESS: I don't think

it's a detriment in any way.

CHAIR LADY HIGGINS: For the purpose of this hearing, I think what we are trying to determine is, as I say again, to get it back away from the improvements - once again I'd like to ask you, do you feel that you have justified your \$125.00 per front foot value for road frontage around the lake, on the basis that this is an unusual lake, and you couldn't find comparables to compare any other lake property frontage, is that correct?

THE WITNESS: I agree that that is correct.

ASSEMBLYMAN MANDELBAUM: I'd like to go on to one question that bothers me a little bit; it's the question of valuating the lake. If we value the lots, and give the lots a higher value, because they are on the lake, is it then fair to give a value to the lake itself?

THE WITNESS: (No response.)

ASSEMBLYMAN MANDELBAUM: In other words, does that, in your opinion, involve double counting?

THE WITNESS: No, it does not. The lake itself has a value. This value is as I

indicated, \$2,000.00 per acre. It will reflect a higher value in the rear lots that will be developed.

Now, this is true in all developments. The area where you have rear lots, and have a lake front and have access and use of the lake, those lake lots will sell for a much higher figure. So, it is not a duplication.

ASSEMBLYMAN MANDELBAUM: My question is this, if a lake front lot on a smaller lake might sell for a hundred and twenty-five dollars a front foot, and you can come up with some values of \$200.00 a front foot because of the lake, doesn't that give you a lake value?

THE WITNESS: That's only for the lake front value.

ASSEMBLYMAN MANDELBAUM: In other words you took the value of the lake into consideration in evaluating the lake front, and then you put a value of \$2,000.00 an acre on the lake to reflect the value for the rear lots?

THE WITNESS: Yes. My opinion is, that the lake, plus that area that would be reserved for the beach, or for the clubhouse, or as the

developer may see fit, would be the values that would be reflected in the rear lots.

ASSEMBLYMAN MANDELBAUM: Yes.

I have one more question:

Now, everybody that has come before us has indicated that this property was unique and very difficult to value. The income approach doesn't apply. The reproduction less depreciation approach doesn't apply. It's very difficult to come up with comparatives, as you have indicated. Now, did you use the sale of this property as an indication of value?

THE WITNESS: No, I did not.

ASSEMBLYMAN MANDELBAUM: Can you tell me why you didn't?

THE WITNESS: Well, there are an awful lot of appraisers that will accept it as a guide. It is a guide. And, an awful lot of times it is very hard to determine the circumstances that surround the sale. And, if you are not sure of the circumstances surrounding the sale, you cannot actually or justly say that this is an arm's length deal, or this is a good sale --

ASSEMBLYMAN MANDELBAUM: But --

Excuse me, go ahead.

THE WITNESS: (Continuing.)

So that in doing this, I have found - and I do quite a bit of residential appraisal work - I would rather not know the sales price of a house, in that it may have an influencing factor on my approach. And in evaluating the property, I want to give it my opinion, not what someone else's opinion is.

The second thought that I have: In these particular sales that you say - recent sales - you ^{are} aware of what improvements have been made, unless you have a very thorough investigation to know exactly what was spent, in order to then arrive at what would be the actual sales price.

May I say this: That, for instance, if the property were purchased for X number of dollars, and another hundred or \$200,000.00 worth of improvements were on it, it would increase it in that much value, so that sale would not reflect that increased value.

ASSEMBLYMAN MANDELBAUM: Well, it is my understanding that the ultimate aim in appraising is to find a price that a willing buyer and willing seller would agree upon in an arm's length transaction.

THE WITNESS: That is correct.

That would be the market value.

ASSEMBLYMAN MANDELBAUM: Is it not incumbent upon an appraiser to inquire as to whether there was a willing buyer and seller, and whether they did have this type of transaction?

THE WITNESS: Well, I did inquire about this. I did not consider the sale -- I went into the details, as far as the actual purchase of it was concerned, and whatever I could determine from the sources.

ASSEMBLYMAN MANDELBAUM: Did you know the price that was paid for this property?

THE WITNESS: I was informed by the seller.

CHAIR LADY HIGGINS: What were you informed?

THE WITNESS: I was informed that it was in excess of \$700,000.00, and that the new owner had made substantial improvements on it. Now, that was the extent of it.

ASSEMBLYMAN MANDELBAUM: Who informed you? By seller, who do you mean?

THE WITNESS: Mr. Wehran

was the seller.

ASSEMBLYMAN MANDELBAUM: Did you speak to Mr. Wilson, as to the amount of the improvements, when you made your appraisal?

THE WITNESS: No, I did not. I didn't think it was --

CHAIR LADY HIGGINS: You didn't speak to Mr. Wilson at all, when you made the appraisal?

THE WITNESS: (Continuing.) I certainly did not.

ASSEMBLYMAN MANDELBAUM: Why didn't you speak to Mr. Wilson?

THE WITNESS: I never met the gentlemen. He was never available when I was at the location.

CHAIR LADY HIGGINS: Well, isn't that contrary to your normal procedure?

THE WITNESS: No, not necessarily. Oftentimes you will evaluate a property without going into details with the owner as to their opinion of value. In fact, most times the owner will give you a higher value than what is indicated.

CHAIR LADY HIGGINS: Well, I only raise the question, because in the testimony we had about the procedure of the Department, it was testified that the normal procedure of the Department was to notify the seller that appraisers would arrive on the property, and more or less introduce the fact that the State was looking into the property.

THE WITNESS: That is true.

In cases where you cannot notify an owner, or he is not available at the time, and we have access to it, we would make the appraisal. And this is true in a lot of cases.

CHAIR LADY HIGGINS: In this instance, you never met Mr. Wilson.

THE WITNESS: I did not meet Mr. Wilson.

ASSEMBLYMAN MANDELBAUM: Assuming that you were informed by Mr. Wehran that the price he sold the property for was in excess of \$700,000.00, did you then have a figure to add onto that, as to the improvements Mr. Wilson had made?

THE WITNESS: Only what Mr. Wehran indicated.

ASSEMBLYMAN MANDELBAUM: And what did Mr. Wehran indicate?

THE WITNESS: Approximately \$150,000.00.

ASSEMBLYMAN MANDELBAUM: So, in other words, Mr. Wehran indicated to you that between the sales price and the improvements by Mr. Wilson, there was in the property approximately \$850,000.00?

THE WITNESS: Eight hundred and fifty or \$860,000.00.

MR. FERRARA: Mr. Daly --

ASSEMBLYMAN MANDELBAUM: Would that figure influence you in any way in your appraisal?

THE WITNESS: No.

Also, at the time, Mr. Wehran did indicate that there was some trouble with the club, membership portion of it, and that there was -- there could have been a reason for possibly a lesser figure.

ASSEMBLYMAN MANDELBAUM: Would you take into consideration, knowing these figures, the fact that these \$700,000.00 plus sale a term sale?

THE WITNESS: (No response.)

ASSEMBLYMAN MANDELBAUM: In

other words, would a term sale indicate value to you, or decrease or increase in value?

THE WITNESS: No. The term sale would not. The obligation is still there, whether it's a mortgage, or cash. The mortgage -- you are still obligated to pay the mortgage. This would in no way influence it.

ASSEMBLYMAN MANDELBAUM:

Am I right -- my next question on this would be, where you a value indicated of \$850,000.00 between purchase price and improvements, and you have an appraisal of a million three hundred thousand dollars, and you have a difference roughly of half a million dollars, wouldn't this lead you back into your appraisal to see why there was a discrepancy of a half a million dollars?

THE WITNESS: Not necessarily.

There can be an increase in market value; and I think in this particular area there has been an increase in market value. That has been shown by recent sales.

ASSEMBLYMAN MANDELBAUM: How long of a time lag was there between the sale by Mr. Wehran's and the date of your appraisal?

THE WITNESS: I think,

approximately two years. I think this date was in 1961, and my appraisal was around August of 1963.

ASSEMBLYMAN MANDELBAUM: In other words, you would say that part of this difference in value would be caused by the two years?

THE WITNESS: Often times there has been, in certain area, a tremendous increase of value.

ASSEMBLYMAN MANDELBAUM: I understand it, but I want you to explain it.

THE WITNESS: (Continuing.)
By virtue of market value.

BY MR. FERRARA:

Q Mr. Daly, when we received the testimony earlier, on the procedural aspects of your Department, it was indicated that when the appraisal was received by the independent appraiser, it's received by you; you review it; and based upon your review, you make certain recommendations to the Director, Mr. Brown, the Commissioner, or both; is that correct?

A That's right.

Q Now, what did you do when you received Mr. Slotus' appraisal of one million six? What was, generally, the nature of

your review?

A Well, I reviewed it, and I felt that there were certain things that were missing, as far as --

Q Like what?

A Well, I didn't particularly like his comparables. And, why, in fact I think I also asked for a delineation of title from him at a later date. However, in general, the appraisal, I would say, was fair, but the comparability, I felt, was lacking.

CHAIR LADY HIGGINS: Mr. Daly, you said it was fair, that appraised value of the individual lots at twenty-two thousand --

THE WITNESS: Excuse me.

I said that I felt that the appraisal itself - the bulk of the appraisal, the descriptions, and everything that would go normally with the appraisal - was fair.

BY MR. FERRARA:

Q Using the word "fair", do we have the meaning that it was proper but not excellent, or --

A It was in order, but not excellent.

CHAIR LADY HIGGINS: Oh, I thought you were talking about fair values.

THE WITNESS: No. I did

not agree with his values.

BY MR. FERRARA:

Q Let me just go one step back.

It is my understanding - correct me if I am wrong - it is your responsibility to recommend the independent appraiser to be used?

A No, no, not entirely.

Q Who makes that recommendation?

A We have an approved list.

Q Yes, I understand, but who picks the person off the list, you?

A Well --

Q Is it Mr. Brown?

A Well, it can be any of us.

Q But in this case, do you know who did it?

A No. I think I wrote the letter to him, authorizing the appraisal, but to be perfectly honest, I wouldn't say that I picked him.

Let me explain this. In certain areas we have a lot of appraisers on our approved list, of which we have a choice of using. In others, we are lacking; some, therefore, we use the same ones, if they have presented a fair

approach.

Q Well, in this area, do you have sufficient appraisers in Bergen County, Passaic area?

A We are getting them now. We didn't have that many.

CHAIR LADY HIGGINS: But on this point, you yourself do not recall whether you yourself recommended Mr. Slotus?

THE WITNESS: No, I do not, madam chairman.

CHAIR LADY HIGGINS: You don't recall?

THE WITNESS: No.

CHAIR LADY HIGGINS: You couldn't say that you did, or you didn't?

THE WITNESS: No, I couldn't say whether I did, or did not.

CHAIR LADY HIGGINS: All right.

ASSEMBLYMAN TANZMAN: Mr. Daly, are you the staff reviewer, is that your designation?

THE WITNESS: That is right, that is my function.

ASSEMBLYMAN TANZMAN: Just

to complete it, you are not the one who selects the appraiser?

THE WITNESS: What we do now, we have, in the present situation, four appraisers. We have a project. It may be a state project. The project is analyzed. The plots are delineated which we are going to take; then we try to pick out appraisers in the area that we are familiar with, and --

CHAIR LADY HIGGINS: In other words, you could have picked the appraisers?

THE WITNESS: I definitely could have picked the appraisers.

ASSEMBLYMAN TANZMAN: And when you got this appraisal from Slotus, which you were not entirely happy with, as you pointed out to us, that it was not fair, and so forth, then what did you do about it?

THE WITNESS: Well, we had --

MR. FERRARA: We are jumping the gun.

ASSEMBLYMAN TANZMAN: But you're not asking that question, and I think we ought to know.

MR. FERRARA: I have that

question. That's my next question. I want to first determine the Slotus situation.

BY MR. FERRARA:

Q Who selected Slotus?

A (No response.)

Q If you don't know, tell us.

A I can't tell you that. I don't remember.

Q All right.

MR. FERRARA: I am coming to the recommendations, Mr. Tanzman. Specifically, I want to know what he did, because that's a part of the procedure.

Q And in that area -- let me just complete one thought -- in that area, the Passaic and Bergen County area, are there something like twenty or twenty-five appraisers in that area?

A I believe we may have that many now.

Q I ran down the list in Bergen County quickly, and I think I got twenty or twenty-five.

A I think we have that now, yes.

Q All right.

Now, coming to this next question, which is the next one I had lined up here; what did you do when you received the Slotus report? What recommendations did you make to

Mr. Brown, or Commissioner Roe?

A Well, there are a few steps in between.

Normally what we do, we get an appraiser, and we review the appraisal. We have a research department. It is the function of that research department, to look into sales in the area, and into areas that are similar to it. We have one man that does nothing but those two, local property tax, and reviews all of these sales; and he submits to us a group of sales in that area, or similar type properties.

Q Let me just catch you -- let me just get this clear.

The local property, you mean the Local Property Tax Bureau records?

A That is correct.

In Trenton, they are for the entire state.

Q Yes.

In other words, the State Tax Department --

A The SR-1-A forms, in which is indicated sales --

Q (Continuing.) All sales that take place in the State --

A Yes.

Q (Continuing.) And they use that for various purposes in the state?

A That is right.

Q And you have a staff that goes through and analyzes this?

A That's right, analyzes it.

Q All right.

A (Continuing.) They pull out all the sales. It may be a town, it may be a county, it may be a lake. They are all there. We pull out all the sales. We analyze those sales to see exactly what we come up with in the way of values based upon these sales. And, this was done in this instance --

ASSEMBLYMAN TANZMAN: Do you visit the properties physically, that the sales are concerned with?

THE WITNESS: Yes, we do.

ASSEMBLYMAN TANZMAN: In other words, when you get a sale from the Department, the Property Tax Division, you then visit that site, and see whether the sale --

THE WITNESS: Exists, and who it is, and what we can find out about it, yes.

ASSEMBLYMAN TANZMAN: Then you verify the information?

THE WITNESS: Yes.

BY MR. FERRARA:

Q Did you do so in this case of Shepard Lakes?

A We certainly did.

Q Did you get the SR-1-A in this case?

A Yes, we did.

Q And you verified the figure?

A That's right. In fact, most of these figures are --

Q Do you recall the information on the SR-1-A that you received?

A We don't receive the SR-1-A.

Q Well, the information that was on the SR-1-A.

A We have a form that we use.

Q I have a copy of that, in the submission of all the papers by the Department.

A This indicates -- this is a run down of the entire transaction, and this is off the SR-1-A.

What we do, we take this, and the individual man who is researching it, plots from the tax map. We then visit the property, and inspect it, and see how it compares.

Q And what information did you have on Shepard Pond?

A The sales that I have listed for you: Cupsaw, Smoke Rise, Urban Farms; and whatever we could find in the area.

Q Did you have the particular SR-1-A on this sale from Mr. Wehran to Mr. Wilson?

A There was no information that could be delineated.

Q I have a copy of it here.

A Yes, that's it.

Q As I look at the copy, which I received from the Tax Department, they have indicated a selling price of \$250,000.00.

A Yes.

Q Did you raise any question? Was there any explanation demanded on your part, in regard to that?

A Yes, I did. I raised the question as to the terms and the mortgages that are on record, and what the ultimate settlement was. And, I have that -- I have those figures somewhere.

Q Well, did you attempt to reconcile this sale price shown as \$250,000.00 on the SR-1-A?

A No, sir, I did not. I don't think that the -- a lot of the SR-1-A forms, there are some of them that they call useable, and non-useable. If the area is so confused that they cannot determine it, they usually classify it as unuseable, and let it go at that.

ASSEMBLYMAN TANZMAN: Isn't it a fact that the SR-1-A's are many times misleading, and that it is necessary to go out and check the actual sale?

THE WITNESS: This is the reason why we do it, because we do find that -- for instance, the revenue stamps may produce one figure, and there is a higher figure involved.

ASSEMBLYMAN TANZMAN: You actually go out and check with the buyer, or the seller, or some principal, to find out what the true price of the sale was?

THE WITNESS: Whoever we can reach.

ASSEMBLYMAN TANZMAN: (Continuing.) You just don't take the evidence on the SR-1-A yourself, and say that that's it?

THE WITNESS: That is right.

BY MR. FERRARA:

Q Well, isn't that of course the primary job -- function of the Tax Department? Don't they do that also?

A They don't do the plotting of it.

Q Oh, no. Wait a minute. Oh, no.

When the State Division of Local Property Tax Bureau gets this information in from the local assessor -- that's where it originates, from the local assessor - they take

the information, and they either make one of three types of checks, I believe it is, maybe two checks. They do a field check, or a letter check.

A They do both.

Q Well, they don't make field in every instance.

A Well, in my opinion, they do. Whenever I have talked to them, they do.

Q Well, it is not important, but in this particular instance, a field check was made by the Tax Department, to determine what the information was as to the true selling price, because, as Mr. Tanzman has mentioned, they don't always reflect the proper selling price.

Have you also made a field investigation of this information on Shepard Pond?

A Yes, I have.

Q Because you had some concern about the selling price, as shown on the SR-1-A, and the instruments of record?

A Yes.

Q All right.

So that in your investigation, I think you indicated before that you ran into a confusion with mortgages, and so forth, but that you appeared to come up with a price something in excess of \$700,000.00.

A That's right.

Q Which information you had gotten, I believe you said, from Mr. Wehran?

A That's right.

Q But the information on the SR-1-A form, is one of which I am looking at here. It says \$250,000.00.

A Yes, it did.

ASSEMBLYMAN KEITH: I'd like some clarification as to the question of the use of the sales price. I am a little confused.

I believe you said before that in your method of appraising, you don't take into consideration the sales price of the property that you are appraising. Now you are telling us that one of the methods of the Department is specifically to obtain as much information as possible as to the sale prices of properties in evaluating appraisals.

Now, that, to me, is an inconsistency, and -- unless you can clear it up.

THE WITNESS: Yes.

On the individual sale he was referring to, would be the last transfer. We require a delineation of title as to the last transfer. And

presently, the reason we are requiring this, is, number one, the basic reason is that to see if there are any transfers within the last five years.

Presently, we are in a situation where we are buying land all over the state, where there can be a case of someone selling it to increase the price in order to make the sale look good.

ASSEMBLYMAN KEITH: Excuse me a minute. But aren't you telling me now that a sales price is a very important factor in determining values insofar as state purchases are concerned?

THE WITNESS: That is correct.

ASSEMBLYMAN KEITH: Well then, can you tell me why it is you said before that you do not probe, or check into the aspect of the sales price of the very property that you are appraising?

THE WITNESS: I didn't say that. I said that I did check into it, and the fact that I talked to Mr. Wehran, who indicated to me, personally, what the sales price was, and that they felt that the improvements that have been made -- and also, that there was a case where there may be a distress, as far as the

club is concerned, which would have an effect on it.

ASSEMBLYMAN KEITH: I

recall that part of the testimony, but I also recall your testimony that you personally -- you stated that you personally would not even want to know what the sales price was. You don't want to take it into consideration; that you are not interested. Therefore, when you got some information from Mr. Wehran, and somebody else told you about some additional moneys that may have been put in in improvements, that you didn't -- really didn't take this into account at all, this information given to you.

THE WITNESS: Well, I --

ASSEMBLYMAN KEITH: (Continuing.) What I'd like to know is, do you, or don't you, in your procedure in appraising; do you consider that the sales price is an important factor, or a factor that should be considered by you, or not?

THE WITNESS: When the sales price can be determined to be an arm's length sale, and there are no improvements made after the sale, and there are no circumstances other than the change, and the fact that there may have been a market increase, these are taken into consideration.

I would consider, based on that fact -- if someone told me they sold a house yesterday for \$10,000.00, with no change whatever, this would indicate market value.

ASSEMBLYMAN KEITH: I am not concerned about some other properties, but I am talking about your method of procedure insofar as this particular purchase is concerned.

Why didn't you, as a state appraiser, probe into the question of the sales price a year and a half or so before you appraised it? Why didn't you speak to Wilson? Why didn't you make physical searches, if necessary, as to all of the aspects of the sales price, so that you could determine whether it was at arm's length or not, so that you could evaluate it in your appraisal? Why wasn't this done?

THE WITNESS: Mr. Keith, the present sale that we are speaking of, was of such a nature -- there were, I think, three mortgages involved, a certain amount of cash. And, there was a possibility that there was a distress in the property. And, for this reason --

I knew of this information,

and for this reason, I discounted it. This is the reason I did not consider it. This is me, personally.

Now, the Department requires the delineation of title for the purpose of determining what sales have been made, and what values have been placed on them. Then, at that time, we must look into it and see for what reasons we would disregard it, or consider it, and I did do that.

ASSEMBLYMAN KEITH: When you got the information from your SR-1 that there was a \$250,000.00 sales price; when you got information from other sources that there was some question of mortgages; when you then must have determined I assume in your mind that there was some confusion here, insofar as the sales price is concerned, why didn't you, or a member of the Department, probe into every aspect of the mortgages, the moneys paid, the considerations, the sales price, and so on? Why wasn't it done? I'm merely trying to find out.

THE WITNESS: This was done by me.

ASSEMBLYMAN KEITH: Before you said you didn't probe into it.

THE WITNESS: I said that

I talked to Mr. Wehran, and I had the information of what the price was that was being paid, and the mortgages involved, and the second mortgage; I have it all here. But, I discounted it because I felt that it was not a true story, as far as the sale is concerned.

ASSEMBLYMAN KEITH: You correct me if I am misstating your testimony of before, and of course the record can bear it out - am I incorrect in stating that you testified that you would rather not even know what the sales price was in arriving at your appraisal; am I right, or wrong?

THE WITNESS: That is personally, me, that is correct.

ASSEMBLYMAN KEITH: Then will you tell me why you take that position as a state appraiser, when the very process of the state is to take sales price of comparables, and other properties, and consider them very important facts in appraising? Tell me why.

THE WITNESS: The only thing I can say is, that where there is a possibility of distress, or an irregularity in a sale, it is not good to consider; and this is the reason I did not consider it.

ASSEMBLYMAN MANDELBAUM:

Excuse me.

What is the distress?

THE WITNESS: Well, in this particular case, it was indicated that the Ringwood Company was in trouble, and they were willing to sell it at a lesser figure in order to get out.

MR. FERRARA: The Ringwood Company?

THE WITNESS: The club.

MR. FERRARA: There was no distress with Mr. Wehran, was there?

THE WITNESS: No. I am talking about the country club.

ASSEMBLYMAN KEITH: Where did you get that information from?

THE WITNESS: Mr. Wehran indicated that to me.

ASSEMBLYMAN KEITH: Did you do anything beyond just speaking to Mr. Wehran?

THE WITNESS: No, I did not.

ASSEMBLYMAN MANDELBAUM:

And where would the irregularity be?

THE WITNESS: It was my understanding that they had a group of members; that the members had allotted so much for the purchase of it, and the mortgage of it, and their subscriptions were running off, or something to that effect, and they were going in the red.

ASSEMBLYMAN MANDELBAUM: Let me ask you this: Have you appraised for other Departments of the state?

THE WITNESS: Yes, I have.

ASSEMBLYMAN MANDELBAUM: Have you appraised for the Highway Department?

THE WITNESS: Yes, I have.

ASSEMBLYMAN MANDELBAUM: Is it also the policy of the Highway Department to disregard sales?

THE WITNESS: Definitely not.

ASSEMBLYMAN MANDELBAUM: My experience has been that one of the first things that a department such as the State Highway Department warrants, is the sale, and to such an extent that the appraisers will come to my office and ask to see deeds and closing statements.

THE WITNESS: We often do

that.

ASSEMBLYMAN MANDELBAUM: In this case, did you get copies of the closing statements?

THE WITNESS: I have the information from the closing statement.

ASSEMBLYMAN MANDELBAUM: Did you have it at the time you made your appraisal?

THE WITNESS: I imagine I did.

ASSEMBLYMAN MANDELBAUM: In other words, you had all this information, and you disregarded it?

THE WITNESS: I disregarded it, because I felt it was not a fair approach to it.

ASSEMBLYMAN KEITH: You felt it was not a fair approach to it?

THE WITNESS: I certainly did.

ASSEMBLYMAN KEITH: Let me ask you this, too:

Do your notes reflect the assessed value of this property at the time of your appraisal?

THE WITNESS: Yes, they do.

ASSEMBLYMAN KEITH: Can you tell me, please, what was the assessed value of this property at the time of your appraisal?

THE WITNESS: \$39,875.00.

ASSEMBLYMAN KEITH: Would you tell me please, did you check with the Tax Assessor, or the taxing authorities of the municipality to determine the ratio of the assessed value to true value?

THE WITNESS: I think it was 25 per cent.

ASSEMBLYMAN KEITH: So that the assessed to true value, according to the municipality, would have been four times -- what was your figure?

THE WITNESS: \$39,000.00.

ASSEMBLYMAN KEITH: (Continuing.) So that \$160,000.00 was the municipality's assessed value of the true value of that property; did you take that into account?

THE WITNESS: I did not.

ASSEMBLYMAN KEITH: Why?

THE WITNESS: Assessment oftentimes, and throughout the state, are off, as far as

values are concerned.

ASSEMBLYMAN KEITH: But you said you knew the ratio was four times to get the true value, how could you disregard it?

THE WITNESS: Well, this is an opinion of another individual. It's just like taking another appraisal. Your assessor places a value on it, that's his opinion.

ASSEMBLYMAN KEITH: Did you check to find out who the Assessor was?

THE WITNESS: I talked with the Assessor.

ASSEMBLYMAN KEITH: Did you check to find out what his qualifications were?

THE WITNESS: No, I did not.

ASSEMBLYMAN KEITH: Did you know whether he was competent, or incompetent?

THE WITNESS: No, I did not.

ASSEMBLYMAN KEITH: Then, how could you just then disregard it?

THE WITNESS: As I said, throughout the state there are inequities of --

ASSEMBLYMAN KEITH: I am

not talking about throughout the state, I am talking about this particular property, in this particular municipality, this particular sale.

THE WITNESS: In my opinion, the assessment is not a guide as to the value of any particular property.

ASSEMBLYMAN KEITH: Even though you don't know the competency, or the incompetency of the Tax Assessor, or of the municipal records, you don't take it into account?

THE WITNESS: No, I do not.

ASSEMBLYMAN KEITH: You don't take into account sales price, either?

THE WITNESS: Unless I can --

ASSEMBLYMAN KEITH: (Continuing.) In this case.

THE WITNESS: Unless I can determine that it is a fair sale, then I would.

ASSEMBLYMAN KEITH: (Continuing.) In this case.

THE WITNESS: In this case, I did not.

ASSEMBLYMAN KEITH: In this

case.

THE WITNESS: In this case,
I did not.

ASSEMBLYMAN KEITH: In
this case, you did not take it into account?

THE WITNESS: That's right.

MR. FERRARA: All right.

Does that take care of your
question too, Mr. Mandelbaum?

ASSEMBLYMAN MANDELBAUM: Yes.

ASSEMBLYMAN TANZMAN: I'll
ask one question.

From your knowledge, was
this an arm's length transaction, between Ringwood
County Club and Mr. Wilson?

THE WITNESS: No, I don't
think it was.

ASSEMBLYMAN TANZMAN: Was
Ringwood Country Club in fact in distress at this time?
Was it a matter of common knowledge that Ringwood County
Club was in distress at this time?

THE WITNESS: I stated that,
yes.

ASSEMBLYMAN TANZMAN: I

didn't hear that, but I just wanted to make the record clear that it was not an arm's length sale.

MR. FERRARA: So that Mr. Tanzman knows what is in the record, we indicated earlier that there may have been a problem between the country club, but there was no problem between Mr. Wehran, the owner of the land. He had no distress, or cause for sale.

THE WITNESS: There is no question about that.

MR. FERRARA: Well, we got way off here some place.

BY MR. FERRARA:

Q What recommendations did you make to the department when you received Mr. Slotus' appraisal?

A On receipt of the appraisal, it was my opinion that there was a void, as far as the comparables were concerned.

Q What was that?

A A void. I mean to say that there was something lacking, and we made our research, and we came up with some of these sales at Cupsaw, and Greenwood, and the rest of the lake areas. From my opinion, and from our determination, as far as the staff is concerned, we felt the appraisal was too

high. And, we went out and checked our own comparables before we even made an appraisal. At that time, I recommended that another appraisal be made.

Q So that when you checked these comparables, that was between the July 22nd date, when you first looked at the property, and approximately August 15th, when it was right after you received Slotus' report?

A Yes.

We could have had -- we could have had the research prior to that, because oftentimes we do it --

Q You run this information down.

THE WITNESS: Right.

Q You recommended that that appraisal appeared to be too high. There was a question in your mind as to the probability -- the comparables that he had used, and that another appraisal should be had --

A Right.

Q (Continuing.) Based upon your consideration of the facts?

A Yes.

Q All right.

Now, I would like to go into -- call your attention for a moment to the Federal application, the procedural aspect of the Federal application.

We received it from you, after our last hearing, a copy of the Federal application. Now, the application appears to be dated November 25, 1963.

A Excuse me, again?

Q November 25th, 1963.

A Yes.

Q Would that be about right?

A Yes, I think so.

Q I am looking at the actual copy.

And you have indicated that there is approximately 1,009 acres in the total project that was involved?

A Yes, that included Shepard Pond --

Q That's what you called the total project for that area?

A Yes.

Q And you made an application for \$2,000,000.00 -- I am sorry.

You set up an appraisal -- an estimate of \$2,000,000.00 of acquisition costs, which was based upon a breakdown of a million eight, plus a rider factor of some sort of 10 per cent, a leeway factor.

A Right.

Q And you asked the Federal Government for \$600,000.00 in matching funds?

A Yes.

Q Now, you attached to it a schedule, which carried the date of March 19th, 1964, which is about nine months later.

Is there something that I am not looking at correct?

You indicated that that went along as part of the application.

A That I couldn't tell you. This is handled by Mr. Wolf of the --

Q Well, could it be possible that on November 25th, 1963, when the application is dated, he would have had the breakdown information that is shown in the schedule of March?

A (No response.)

Q I am sure it couldn't be.

A No. What often happens - and this is done periodically - we are asked to estimate what a project will cost before there is any work done on it at all. This happens in many cases.

Q But, this was in November, so you had some estimates already. You had both your appraisals in.

A Right.

Q You had Mr. Stanley's appraisal.

A Yes.

Q You had Mr. Slotus' appraisal?

A Right.

Q You had all of the appraisals in when you made the application on November 23rd, as I can see it; is that right?

A (No response.)

Q Or wouldn't you be familiar with it?

A I am not familiar with that.

Q All right.

A That was handled by Mr. Wolf.

Q All right.

A I don't know much about it.

Q Let me just ask one more question.

Looking at that schedule --

A Yes?

Q It shows the Shepard Pond property to include 655 acres.

Could you explain that?

A (No response.)

Q The notes we have, showed 535, to 540.

A No, I can't. I couldn't explain it. This was not from my department, and it came from the -- this may have been taken from earlier indications of what the approximate acreage was - I don't know. I don't think -- my name is on the letter, that's all.

Q Yes, I see that.

A The rest of this is done by another department.

CHAIR LADY HIGGINS: Mr. Ferrara, in view of the answers we have received, maybe it would be better to leave this line of questioning to the man who is responsible for it.

MR. FERRARA: All right.

CHAIR LADY HIGGINS: Are there any other questions for this witness?

THE WITNESS: I would like to --

Madam Chairman, these plans have come in, and I would like to present them as what my opinion was, as a refinement of what I mentioned.

CHAIR LADY HIGGINS: Mr. Daly, you have testified that this was done for the purpose of this hearing, but not for the purposes of the appraisal --

THE WITNESS: That's correct.

CHAIR LADY HIGGINS: (Continuing.) At the time, so I think we'd be glad to look at it at lunchtime.

THE WITNESS: Thank you.

Let me just say that there is some information that I would like to go with this, that would be very valuable, and just looking at it would not

be sufficient, and it would only take a few minutes.

CHAIR LADY HIGGINS: Let me do this Mr. Daly: Would you leave that with us, and at lunchtime we can look it over, and then we'll be happy to give you an opportunity to come on after lunch, if we have some questions to ask you about it.

THE WITNESS: All right.

ASSEMBLYMAN MANDELBAUM: I have a question.

CHAIR LADY HIGGINS: Very well.

ASSEMBLYMAN MANDELBAUM: You state that the first appraisal came in from Mr. Slotus, and then you did your appraisal, and then continuing on that line, after you did your own appraisal, at that point did you go out and get the second outside appraisal?

THE WITNESS: This is correct.

ASSEMBLYMAN MANDELBAUM: Now, when you have a first outside appraisal, and a second outside appraisal, is there any policy in the Department where the two appraisals differ by a certain figure, to get a third appraisal; or, how do you reconcile two appraisals

that are \$300,000.00 apart?

THE WITNESS: No.

Actually, there was some consideration given to my value, that I placed on it; for that reason, we were considering two appraisals that were very near, as far as value was concerned. My figure of one million three hundred nineteen, and Mr. Stanley's of one million three hundred and some thousand. We felt that this was a fair enough assumption, that Mr. Slotus may have been high on his appraisal, and that ours was more or less in line.

ASSEMBLYMAN MANDELBAUM:

Would Mr. Stanley have access to your appraisal before He did his own appraisal?

THE WITNESS: He would not.

CHAIR LADY HIGGINS: Thank you, Mr. Daly.

Are there any other questions?

(No response.)

CHAIR LADY HIGGINS: Thank you, Mr. Daly. If we have a chance at lunchtime, we will be happy to look at your map --

THE WITNESS: I would

appreciate it if you would.

CHAIR LADY HIGGINS: (Continuing.) And we will try and give you an opportunity to come back if we have questions.

For the sake of the girls who have been working so diligently - and the gentlemen, we will take a five minute recess.

ASSEMBLYMAN BATEMAN: Girls and boys.

CHAIR LADY HIGGINS: Yes.
(A five minutes recess is taken at this time.)

CHAIR LADY HIGGINS: All right, we will continue.

ASSEMBLYMAN BATEMAN: Madam Chairman?

CHAIR LADY HIGGINS: Mr. Bateman?

ASSEMBLYMAN BATEMAN: Before you call the next witness, could I have a couple of minutes?

CHAIR LADY HIGGINS: Certainly.

ASSEMBLYMAN BATEMAN: I

think I speak for all the members of the Committee when I say that the testimony of the appraisers in our private hearings and public hearings, has left something to be desired. Because of this -- because many of us were disturbed with some of the inconsistencies, and some of the answers, I spent a day last week in the general area. I visited Shepard Lake, and I visited a half a dozen other properties nearby in this beautiful area at the top of the state; and I would like to take a couple of minutes, if I may, to sort of summarize my impressions as they relate to the things that disturbed us with respect to the testimony, especially of the appraisers.

CHAIR LADY HIGGINS: I

think that would be completely in order, Mr. Bateman.

All right?

ASSEMBLYMAN KEITH: Yes.

ASSEMBLYMAN MANDELBAUM: Yes.

ASSEMBLYMAN TANZMAN: Okay.

CHAIR LADY HIGGINS: Proceed.

ASSEMBLYMAN BATEMAN:

Generally, madam chairman, I found that much of the testimony of the appraisers about the property, in my mind, was

untrue. I found that they deliberately, or undeliberately, either down graded or neglected comparables that -- that I will speak of in a minute, that should have been seriously looked at.

I found that the appraisals for Florida Lakes, and Thunder Mountain, the two state purchases, were out of line with a number of other various sales.

Shepard Lake is a very pretty pond; and, in the appraisals, much of the value of the property was assigned to the lake front property, with the highest and best use assigned as a high class residential community. I believe that this lake front property - some of it - could be used for that purpose, but in visiting it, and walking and riding all the way around, or as far around as I could get, I learned, or I saw, that in many cases - and I would say over half of the lake front property - is practically impossible to develop. The land rises three to four hundred feet at an acute angle up from the lake. As a matter of fact, there are a couple of places where it is practically straight up.

I would say it would be very difficult to develop. There is a passable road about 6/10ths

of a mile along the New Jersey side.

I am neither an expert in the field, nor an appraiser of any kind, but I would say that it would be very difficult as much as half of the New Jersey land on the lake.

Now, there was a good deal of testimony about the roads, the miles of passable roads by the various appraisers. They were passable, but most of them by foot. As I say, there was about 6/10ths of a mile that was sort of a penetrated dirt road that runs along side of the lake. The rest of it was land that I didn't particularly want to drive my car over, so I walked as much of it as possible.

But, this particular piece of land goes up one side, I guess it's Thunder Mountain- and way down on the other side, the over-all piece. We went nearly to the top, and I would again question the appraisers quite extensively on how much of the land could be developed, and it just seemed incredible that as much as half of the land could be used for development purposes, if that much.

There was one very impressive area of flat land, up near the top of the mountain, with

a good piece of road to it, and that was down at the end of the lake. That was the piece of land that was being used by the Winchester Gun Club; that's the skeet concession. It's a place -- gee, there must have been two dozen buildings. It was by far the best piece of land that I saw, outside of the land around the lake.

I confirmed that you can only get there from New York. We tried to drive down the road to Shelton College, which was barred by a huge fence, gate.

The road is a very good road in from Sloatsbury Road." I would gather, or I would guess, that the people who would use this facility, most of the people, or a large majority of the people, would not be coming a mile and a half from New York, but the large majority that would use it would come up Route 17, through Sloatsburg, and in through New York. I would guess that the overwhelming number of people who would use this facility, would be going some seven miles through the State of New York to get there.

I saw what appeared to be a comparable that was very impressive. And, I asked some questions about it a little earlier. It was a piece of property -- over 800 acres - in West Milford. It's near

-- right near the bottom of Greenwood Lake. As a matter of fact, the property, I guess as the crow flies, is between Thunder Mountain and Lower Greenwood Lake. It was sold to a Mr. Levine in April of 1963, for approximately \$700.00 an acre.

I went down and examined the lake. The lake was a high quality lake. It is not as large as Shepard Lake, but it has as least as much developable land around it, because it's a good deal flatter terrain, and it has a good county road -- I assume it's a county road - that runs right around the property.

We visited Florida Lakes. The Florida Lake property is the one that seems to be used by the appraisers as the comparable in this whole business. It's at the end of Greenwood Lake. We couldn't get up on it, because when you go to the houses that abut the property, there is about a 75 foot stone wall that goes straight up; and at the top of that stone piece, is the Florida Lakes property.

I was impressed, from my limited knowledge, that perhaps the biggest fault here, or a big fault here, is that this Florida Lakes property, on the lower side of Greenwood Lake, maybe the most over-

assessed and over paid for piece of property of them all.

I would recommend that as one of the things I am going to suggest to our committee, that we take a look at the details of that purchase, because I believe if we are out of kilter on the purchase price of Thunder Mountain, we have to be at least as much out on the purchase of the Florida Lakes property.

My general conclusions are that this property was wrongly built up by the appraisers; and because of this, I honestly believe that the state paid too much money for Thunder Mountain. And, I further believe that we should examine Florida Lakes.

More emphatically, and while it doesn't affect Green Acres, we spent a good deal of time looking over the Shelton College property. From a first glance, I would say that this magnificent piece of property, could well serve as something that the state could get economically for its purpose, and it could really help to alleviate a portion of our higher educational problems quickly. This would be not as a Green Acre purchase, but the Shelton property as a college, or a part of the State University could immediately perform a real function; and, I suggested this to the Governor the other day, because

as a corollary, or the side effect of this visit up there, I believe that there is an educational gold mine right next to the Thunder Mountain property in Shelton College.

I felt I had the responsibility after visiting it, madam chairman, of giving my own impressions; and I would state again very firmly that these are my impressions, but they are come by honestly, and they are come by after a great deal of unrest by every member of this Committee with the performance of the appraisers before us.

The fact that one of the appraisers on Florida Lakes, who I believe appraised the Florida Lakes property in excess of a hundred thousand dollars more than it was purchased for was one of the appraisers selected for the Thunder Mountain appraisal - and again, he was 25 per cent high - this really bothers me. It really bothers me that the state would repeat the request for a man who had been so out of line in what I think was a high purchase anyway, in the first place.

These are my impressions, and I did want to make them known.

CHAIR LADY HIGGINS: Mr.

Bateman, thank you.

I think the rest of the Committee -- some of us feel that we had intended to make a field trip as a Committee. I know Mr. Tanzman and Mr. Mandelbaum definitely would like to do that before we issue our final report.

Mr. Keith, I am sure, would also like the opportunity.

I have to confess that I have seen the area, but I am inclined to agree with Mr. Bateman in his over-all analysis of the property; but I think that we as a Committee should go, before we issue our final report.

Now, the next witness we had scheduled for today, was Mr. Sevrin --

ASSEMBLYMAN TANZMAN: Madam chairman, I would just like to add to that: As Mr. Bateman said, these are his conclusions, and his own personal opinion.

CHAIR LADY HIGGINS: That is correct, and in no way is it to do with the Committee report.

ASSEMBLYMAN TANZMAN: Well, I think that in all fairness, I would say that I think it is slightly unfair of Mr. Bateman to render an opinion which

would prejudice the report of the committee, before the Committee has a chance to consider in its entirety all of the witnesses and all of the testimony. We are in effect prejudging what we are going to ask here today, and what we are going to ask here today. And, while I have a great deal of regard and respect for Mr. Bateman, I would respectfully say that he was premature in issuing the statement.

CHAIR LADY HIGGINS: I think the record will show that Mr. Bateman very carefully emphasized that this was his personal opinion.

ASSEMBLYMAN BATEMAN: Mr. Tanzman, you and I are both trying to get this protracted series of private and public hearing over as soon as possible.

ASSEMBLYMAN TANZMAN: Yes, we are.

ASSEMBLYMAN BATEMAN: My trip came out of frustration, more than anything else. I want to get it over with --

ASSEMBLYMAN TANZMAN: So do I.

ASSEMBLYMAN BATEMAN: (Con-

tinuing.) My testimony as to that end of it, is not designed to prejudice anybody, but it is based on some very real impressions.

CHAIR LADY HIGGINS: Mr.

Sevrin?

H E N R Y S E V R I N ,

being first duly sworn, testified as follows:

BY MR. FERRERA:

Q Mr. Sevrin, again for the sake of this public record, you had testified in conjunction with Commissioner Roe at one of -- in fact, at our first executive session; and there was information which the Committee got, and gathered from that meeting, and other subsequent ones, which they felt would need clarification, and that's the reason why you have been called back.

I think, primarily, the concern of the Committee in your regard, was the testimony regarding the purchase price, as set forth in your letter to the Commissioner. You had indicated in your letter of October 9th, 1963, that the purchase price would be approximately a million dollars; and you went on further, and said, that in view of the one million six appraisal of Mr. Slotus, and the one million three nineteen appraisal of the staff, that that's what the Court would have to take into consideration, just those two appraisals.

A I think that that letter says clearly that the information I am giving concerning the acquisition costs, or investment

by the title owner, was a guess. I am quite sure the letter said that.

Q No question about that.

A (Continuing.) And that it is not evidential in a condemnation proceeding. And, I can only go on the appraisals. Certainly we cannot expect an award lower than our lowest appraisal.

Q Let me ask you this, Mr. Sevrin --

Of course, I don't think your official position is on the record. You are a Deputy Attorney General, assigned especially to the Green Acres program.

A Well, I was appointed and assigned to Green Acres; at the present time I am handling some of the other state difficult problems in relation to real estate.

Q All right, fine. In directing you to the purchase price, you said - and I use your words, just to refresh your recollection -

"A guess based on the above --"

Which is certain information you had --

"Would indicate that the consideration was probably in excess of \$400,000.00 first mortgage, \$200,000.00 second mortgage, and a \$250,000.00 cash payment, a total of

\$1,000,000.00..."

And at the time, I believe adding the four hundred thousand, the two hundred twenty and the two hundred and fifty, we come out to \$870,000.00.

A I can explain that, and I recollect that.

That was before I had received the title report, and it was a guess on information that I had obtained, after I received the title report, which set up many exceptions, and many restrictions, I took a trip to the Court House in Paterson, and I checked over the restrictions and the easements. I then went to the title company. I called Phil Paul, and I had a long discussion with him; and that's where I picked up -- and that's generated from the closing statements of their acquisitions. So, I revised my estimate of the acquisition costs.

Q Would you today, then, in view of the --

You did apparently revise your information after this?

A Yes. At a later date, and I think after the last hearing, I wrote a letter to the Committee, in which I revised and showed that the closing cost indicated that there was a sales price, under the lease which Ringwood Company had given to the Ringwood Country Club, of somewhere in the area of \$710,000.00. That was based on an adjusted sales price

to Ringwood Company for their interest of \$475,000.00.

Q Well, let me ask you this, Mr. Sevrin: Of course, when you -- and I understand, correctly, or incorrectly, and please correct me if I am wrong - Commissioner Roe indicated that he relied upon your letter of October 9th, and the information there for one of the - probably many decisions he has had to make in this thing - in determining what would be a fair price to pay for this.

A Well, that's right.

Again, acquisition costs of an owner, or a condemnee, is not evidential in a condemnation proceeding. So, in order to get a guideline, if we are in the area of being within reason, we can try to acquire it - they try to acquire it - I have nothing to do with it. And then, in view of my extensive experience with building, and land acquisitions, Commissioner Roe discusses this matter.

I might say at that time, there was a very important decision to be made in relation to another project that was getting severe criticism - one of our acquisitions - which I felt was a wonderful acquisition. That was Wawayanda. And, we were using this particular acquisition as a wedge to get a settlement from them on Wawayanda. The Wawayanda case was under condemnation. And, it developed in the

condemnation proceeding - there must have been five or six motions - and the case eventually went to the Supreme Court to ascertain what interest an optionee had in the property. New Jersey Zinc had been given an option of Wawayanda five years or four years earlier, for a million dollars.

Q Can I interrupt?

A Yes.

Q (Continuing.) Just one minute, Mr. Sevrin. I happened to be completely familiar with the Wawayanda case, and maybe some of the lawyers here may be, but I am afraid we are in an area which may confuse everyone else.

I would like to come back to this, if the details there prove important.

A (Continuing.) I was just saying, that one of the things under consideration, was to let the Wawayanda people know that we might acquire -- we were contemplating acquiring Shepard Lake, and we might drop the whole business, and the man would be left with a million dollar investment, and we wouldn't take it. But, we had no intention of ever dropping it.

Q All right.

However, directing our attention to this Shepard Lake I do want to explore, if we have time, Wawayanda after,

because it is one of the large parcels in the area - but directing ourselves to this letter, would you -- with the information that you have today, and which you obtained apparently sometime after you made a search, you couldn't write the same letter again, could you?

A I would just lower it by a hundred thousand dollars, five or ten per cent.

Q Why only a hundred thousand dollars?

A Well, because the acquisition costs actually to Shepard Lake Properties, Inc., was \$710,000.00, plus incompleting work and improvements when we acquired it, which I think was in 1961. Don't hold me to the year.

Q All right.

A (Continuing.) Thereafter, he finished the improvements --

Q Wait. Just a minute, Mr. Sevrin.

But, the purchase price would be \$710,000.00?

A \$710,000.00, that's right.

Q That's what we are talking about, not the value.

A Yes.

Q We are talking purchase price.

A Well, let me say that we are talking about what the property is worth at the time we are going to take it, in 1963 --

Q Not you, Mr. Sevrin.

A (Continuing.) I mean the state. When I say "we", I mean the state.

Q I don't want to get lost into too much detail, but your Department is the Attorney General, and is concerned of course with the --

A Legal acquisition.

Q (Continuing.) The legal acquisition --

A And giving whatever advice and help I can.

Q All right.

So that the purchase price, as you determined from closing statements subsequently, was \$710,000.00?

A \$710,000.00, and there were additional investments of approximately two hundred and fifty -- perhaps \$350,000.00; and I base that --

Q Of what nature?

A (Continuing.) I based it on this information.

I am sorry, two hundred and fifty or \$260,000.00.

I based it on this information. I think I gave the Committee, or I had a letter which I gave to somebody, which indicated that the Ringwood County Club, who were the lessees, from the Ringwood Company, after closing issued and circulated a letter to their participants in their group, in which they said they have sold the property.

and they had received two hundred and twenty or \$235,000.00; that they are \$110,000.00 short in their investments, and what was included. And that however, with the money on hand invested over the term of years that they had in their mortgage, they can anticipate by the interest from the investment of coming out whole.

Q Now, Mr. Sevrin, let me --

THE WITNESS: Let me go on further.

ASSEMBLYMAN TANZMAN: Let him finish.

MR. FERRARA: But he is not answering what I asked.

ASSEMBLYMAN TANZMAN: Let him finish.

ASSEMBLYMAN MANDELBAUM: Let him finish what he is saying.

A (Continuing.) That's one area.

The other area, is this: --

ASSEMBLYMAN MANDELBAUM: Let him answer.

A (Continuing.) The other area, is this: All reports that came to me - and I never visited Shepard Lake - but all

reports that came to me, indicated that a road was put in, that certain improvements were done by Shepard Lake Properties, Inc., to acquire the leases; that the lodge was finished; that the interior of the lodge was finished, and it was now a going operation. And, his investments ran somewhere in the area of a hundred and twenty-five to a hundred and fifty thousand dollars.

So, add those two figures to the \$710,000.00, and how far off are we on the actual investment in the property of the owners?

MR. FERRARA: Mr. Sevrin, two of the Committee members think I am not giving you an opportunity to answer. And then, they of course question the fact that we go into a great deal of detail with the appraisers. But, of course, I am only trying to keep you in the area of what I think we should be involved in, and that is your costs.

THE WITNESS: Well, Mr. Ferrara, you asked me about the letter, and I think I should explain it.

BY MR. FERRARA:

Q Mr. Sevrin, your letter talks about purchase price, not value.

A At the time, it was a guess. That letter in October says it was a guess.

Q Yes.

A (Continuing.) And that was only on -- we had no information, other than reports.

Q And then you indicated in the letter - if this was by way of explanation, fine - that there was \$250,000.00 worth of cash payments.

A And that's what I was informed was investment, the cash payment.

Q Well --

A (Continuing.) I thought originally, when I wrote that letter, that it was cash payment given to the sellers, but I realized after I got the other reports - and what it was that they had meant that this man who owned the property had put in \$250,000.00.

Q Is the \$250,000.00 also something that you would rely -- I think these letters indicated, based upon the revenue stamps that were attached thereto?

A Well, the revenue stamps were not a true indication on the deed as they were originally recorded.

ASSEMBLYMAN KEITH: Excuse me. Can I interrupt you?

I think in all fairness to the comments made by Mr. Tanzman and Mr. Mandelbaum, that you should be permitted to finish questions; however, if you are going to digress, or take off on tangents in answering, I think that you rightfully should be interrupted.

Now, I think you were asked a very simple question here. And I think you, as an attorney -- if you will just give us a direct answer, it would cut the hearing down so -- substantially.

As I recall the question, it was simply whether or not you took into account the revenue stamps; and now, you are going onto explain in your opinion, that they don't reflect --

A No, the revenue stamps --

ASSEMBLYMAN KEITH: For my purposes, as well as -- I think I speak for the whole Committee, just give us direct answers.

THE WITNESS: The revenue stamps on the deed were not considered by me in arriving at that. I explored the revenue stamps; and I think I explained last time, or in the letter, what happened.

BY MR. FERRARA:

Q All right.

So that the revenue stamps on the deed, we know, when it went for recording purposes, only reflected \$250,000.00.

A Yes.

Q We do know also that the total revenue stamps were added on after the recording.

A Yes, sir. There was supposed to be \$275.00 additional, and they only added \$200.00. And, I saw a copy of that deed with \$450.00 worth of revenue stamps on it.

Q And that was probably after the recording, back in somebody's office?

A That's right.

Q The price on the closing statement that you submitted to us, was \$710,000.00.

A \$710,000.00.

Q All right.

And in that \$710,000.00, it was made up of a \$400,000.00 first mortgage --

A Right.

Q (Continuing.) A \$220,000.00 second mortgage --

A Right.

Q (Continuing.) And an \$80,000.00 mortgage on some property in Lyndhurst.

A That was only credited on the closing statement as having

a value of \$75,000.00.

Q Yes.

A That was discounted. I only took it at \$75,000.00.

Q All right.

A (Continuing.) So that \$5,000.00 was lost.

Q All right.

So that in that instance, then, you had what amounted to \$695,000.00?

A Yes, but he gave on the contract of purchase from the Ringwood Country Club - he paid \$5,000.00 cash, he paid \$5,000.00 additional at closing, and he assumed current open tax payments of \$5,000.00, which he had to pay to the tax office.

Q Let me just --

Maybe you are not aware of this, but as far as the taxes go, we have had testimony before that that tax was the difference between the seventy-five and \$80,000.00 mortgage. In actuality, Mr. Wehran paid the \$5,000.00 tax.

A I had a different theory on that, but that's their financial manipulations for tax purposes, and I don't want to get into it.

Q All right.

Somewhere the purchase price is reflected on the closing statement, and it would have been those figures that we just talked about, somewhere around \$710,000.00?

A Right.

Q Okay.

Now, you also indicated at one time in your testimony that this mortgage on this Lyndhurst property, which was part of the consideration, the \$75,000.00 mortgage, that was made by the number One Park Avenue Corporation to Shepard Lakes, that these were strangers. Your testimony is such that you say that the number One Park Avenue Corporation was a stranger corporation as far as Mr. Wilson goes.

A Well, my understand of it was, that Mr. Wilson connected with that corporation, but the parties who now held it were strangers; and maybe so, and maybe not. But, my understanding from everybody, from the information I got, was that that was a valid, good mortgage, and it was very desirable. I think the man who took the mortgage would rather have had the mortgage - and again I don't want to go off on a tangent, but I discussed it with him - he was trying to work on installment sales, rather than being a dealer or a real estate man.

Q Well, let me say that I have a great deal of detail on the \$75,000.00 mortgage.

A Well, I don't have many, other than the fact that it was a valid good mortgage, and it had plenty of equity.

Q Well, you didn't determine the value of the property, did you?

A No, but I asked Fred Wehran what kind of a mortgage it is, and he said, "Very desirable."

Q Did you know that it was a fourth mortgage at that time?

A Yes, I knew -- I didn't know it was a fourth, I thought it was a second, or third.

ASSEMBLYMAN KEITH: Is Mr. Sevrin attempting to testify to the mortgage?

MR. FERRARA: No, I don't think Mr. Sevrin is attempting to testify as to the value of this \$75,000.00 mortgage --

THE WITNESS: No, other than the fact that the information came to me that it was a valid mortgage, and it would be paid.

MR. FERRARA: Well, the fact of the matter is, it is still open, and it has not been paid.

THE WITNESS: Well, I think

the man told me that he would rather it be open, that he is not interested in cash.

MR. FERRARA: Well, Mr. Sevrin, let me stay within your area. I don't really think that this is your area.

BY MR. FERRARA:

Q You said you made checks out to the Internal Revenue at the time of the closing.

A Right.

Q (Continuing.) For the payment of liens, were they, or something of that sort?

A You mean the payments that I made?

Q No, you said you paid Internal Revenue.

A Oh, that was for tax liens, for failure to pay Income Tax.

Q On whose part?

A On Shepard Lake Properties, Inc.

I have copies of the checks made to Internal Revenue.

Q So that Wilson -- Shepard Lake Properties, which was Wilson, the owner, had these Federal liens?

A Federal liens of record were filed against the property, and they had to be discharged at the closing. The representative of the Internal Revenue Service was at closing, and I gave him the check for it, and he gave me a

satisfaction of the lien.

ASSEMBLYMAN MANDELBAUM: The liens were not against Wilson personally, were they?

THE WITNESS: The property, not Wilson. They were against the property.

ASSEMBLYMAN TANZMAN: How much were the amounts of those liens?

THE WITNESS: Oh --

ASSEMBLYMAN TANZMAN: I want to know whether they were substantial, or not.

A It wasn't more than a couple of thousand dollars.
\$2,919.24.

Q Total?

A Total.

Q Approximately \$3,000.00?

A Yes, \$3,000.00.

ASSEMBLYMAN TANZMAN: So that in a million three hundred thousand dollar sale, \$2,900.00 is not substantial.

MR. FERRARA: Yes.

THE WITNESS: Yes, but it was a lien that had to be discharged.

ASSEMBLYMAN TANZMAN: Yes,

but I want to get it in its proper perspective.

MR. FERRARA: Right. I do too.

Q As the attorney in this matter, and I know you are handling the case between the two tenants, what was the effect - or would you be in a position to tell us - the effect of the dispute between the two tenants as to the leased land?

As I understand it, there is ^{some} overlapping of leased lands. It was leased to both tenants, a certain portion of the land.

A The night before the closing, I received a call from the skeet shooting man that he had just had information that they were a hundred feet on his property. I said, "Well, I'll adjourn the closing, and I'll get this resolved."

He said, "No, don't do that."

I said, "Well, you write me a letter."

And, I closed this title, I think it was February 6th. I got a letter from him dated February 7th -- February 5th. When I got back in the office - of February 7th, and -- in which he told me about this 100 foot overlapping.

My conversation with him was that it did not interfere with his operation of the property, and we had no desire to delay the closing. So, at the closing - and I think this

is the only error I made in the whole business - I brought up the question of the overlapping, and I wanted \$25,000.00 held in escrow with Murray Cole, the closer's attorney of this million three, in reference to this matter. After much discussion, they talked me down to \$1,000.00, because it would only take \$200.00 to move the bowl wheel 200 feet.

I said, "Put it in writing that you will satisfactorily resolve the question, and I will go along with it."

And, in the closing statement of adjustment of rents, which I have here, Murray Cole signed such an agreement:

"We acknowledge \$1,000.00 from Shepard Lake Properties, Inc., to be held in escrow to guarantee removal of possible ski tow equipment encroachment on gun club property, or satisfactory resolvment of same."

Q We don't have a copy of that closing statement, do we?

A No, I don't think so.

Q All right.

A (Continuing.) Now, I may say this, that the suit between -- now, let me see if I can get it straight.

The suit between Park Avenue Properties, Inc., which is the ski outfit, and the gun club, was terminated by a

judgment before Judge Pashman.

Q That was last month, wasn't it?

A No.

Q Oh, that was another one.

A Then sportsmen, the gun club, started a suit against Park Avenue Properties and the state, as landlords, for encroaching on the property.

I made application - and I think I have been in Court on this ten or twelve times - I made application to join Shepard Lakes. The ultimate resolution of this is, that during the time, and after this closing, sportsmen secured, under the terms of their lease, permission of the Commissioner to expand their facilities. When they expanded the facilities, a slight interference came.

Shepard Lake has agreed to pay sportsmen \$2,500.00 for the term of the lease, for interference with sportsmen's operations of two shooting platforms on twenty-three days of the year. That settlement has been arranged, so that would terminate all of the problems.

Q All right.

One last question that I have here: When you handled this transaction, was the liquor license included in the sale?

A (No response.)

Q Was there a sale including the liquor license to the state?

A No, I don't think the liquor license was included, because the state stands in a different position concerning the liquor license, and they are not concerned about it. They don't go out and pay or buy liquor licenses. But, included in the sale - and I think you will find an amendment to the agreement. The original agreement didn't set up all of the personal property that was included, but the amendment to the agreement does.

Q You mean the actual license the state doesn't have to buy, because they don't license themselves.

A That's right.

So, it wasn't included in the --

Q That license was held, and kept in the name of --

A Shepard Lake Properties.

Q (Continuing.) Shepard Lake Properties, I presume?

A I presume so.

CHAIR LADY HIGGINS: Any other questions?

ASSEMBLYMAN MANDELBAUM: I have two questions.

Firstly, in your experience

as to the cases that go to condemnation, are most of them settled at a higher value than the offers that are made, in your experience?

THE WITNESS: Well, I don't want to digress, but I tried four in the last month of June, and if the Committee is interested in hearing my experiences, I would like to give it to them.

MR. FERRARA: Well, I don't know that it is exactly what we want to hear at this time.

ASSEMBLYMAN MANDELBAUM: I'd like to hear it.

THE WITNESS: (Continuing.)
Cedar Island condemnation: This property is owned by the Borough of Avalon. They issued -- they set out bids for a private party to buy at a minimum bid of \$75,000.00. Our appraisal, excluding land on the island, one was a hundred and ten, and one was seventy.

The testimony went in, however, without property on the mainland, at about thirty. Their testimony went in at \$350,000.00. The award is \$183,000.00, under appeal. That's one. That award was made June 25th.

The week before that, I had a hearing, the second day of a formal hearing, of vacation

land property in Bass River, 99 acres.

Leon Wach was the estate appraiser, and did a beautiful job. His comparables - and the only area you can use is market value - were properties within an area of about twenty miles, because there was nothing closer. His appraisal went in at \$7,000.00.

The owner's appraisals - one was one hundred and seven, and one, I think, a hundred and twenty, because he was selling off lots on an 1890 map.

I showed that they had a zoning ordinance, and I tried to exclude the evidence. The Condemnation Commissioners took the award for what it was worth. Final award, \$37,400.00.

CHAIR LADY HIGGINS: Are you satisfied, Mr. Mandelbaum?

MR. MANDELBAUM: I am satisfied.

I have one more question that concerned me: The two outside appraisers, and the inside appraiser, who is also here, have testified that they have either disregarded the purchase price, or they didn't consider it, yet you apparently -- your Department

goes to a lot of work to develop the purchase price.

Can you explain why all this work is done, and nobody takes it into consideration?

THE WITNESS: I don't think that you clearly understood what they were trying to explain. Bernie Daly, as an appraiser, indicated that he would prefer not to know this price, so he could make a valid appraisal. It is not evidential in a condemnation case. But, the Commissioner has issued orders, as a guideline for them, to know what they paid for the property, to know how much was involved, and therefore they have to do it.

Now, you know, Mr. Mandelbaum, as a lawyer, and Mr. Tanzman does, that tax records are not evidential in a condemnation suit as to value; it has no bearing.

CHAIR LADY HIGGINS: Well, we weren't discussing a condemnation suit.

ASSEMBLYMAN MANDELBAUM: All right.

THE WITNESS: (Continuing.) But in setting up a value, they go out and they get it.

Now, nobody is buying property on tax values.

I might say that the expert in that case that I gave you of Avalon, was the Tax Commissioner for the County in which it's located, and he is a very able real estate man, and he has been one for eighteen years, and you get an award five times, or six times its value.

CHAIR LADY HIGGINS: Mr. Mandelbaum, anything further?

ASSEMBLYMAN MANDELBAUM: No, I am satisfied.

CHAIR LADY HIGGINS: Any other questions?

(No response.)

CHAIR LADY HIGGINS: Well thank you very much Mr. Sevrin.

Now, Mr. Wehran has been very patient, and we'd like to ask him to step forward.

Mr. Wehran, we appreciate your returning before us. If you don't mind, I would like to swear you in.

F R E D W E H R A N, being
first duly sworn, testified as follows:

CHAIR LADY HIGGINS: Mr.
Wehran, we have asked you back at the request of Mr.
Tanzman, who has several questions to ask you.

Mr. Tanzman?

ASSEMBLYMAN TANZMAN: Yes.

Mr. Wehran, I want to
apologize for imposing upon your time again, but there were
several things that weren't clear in my mind, and in
addition to which there were several exhibits you were
going to furnish us when you were here last time, particular-
ly the original lease with the Ringwood County Club, because
that seems to be the basis of a great deal of this entire
testimony - what was the original deal with Ringwood
Country Club, which was later assumed by Mr. Wilson?

Were you able to provide us --
or, are you able to provide us with a copy of this agree-
ment?

THE WITNESS: I hate to
start by apologizing, but I didn't bring the darn lease with
me. But, I promise you that you can have a certified copy
of the original within a couple of days.

CHAIR LADY HIGGINS: Thank you.

ASSEMBLYMAN TANZMAN: Without the lease, of course some of the questions I was going to ask become impossible for me to ask.

THE WITNESS: Well, I have a pretty good idea what's in there.

CHAIR LADY HIGGINS: You should have let Mr. Wehran know what questions you wanted to ask him. Unfortunately you didn't supply the questions to me, so I couldn't ask Mr. Wehran to bring specifically the lease agreement.

ASSEMBLYMAN TANZMAN: Well, let me ask you this, Mr. Wehran: Did Ringwood Country Club make any payments on this lease, prior to the time they assigned the lease to Mr. Wilson?

THE WITNESS: Yes. As far as I can -- I think, to the best of my recollection, the terms of the lease run for a period of twenty-five to thirty years. During the first five years, the initial rental - it was less than a year - fifteen thousand, second, year, eighteen, third, twenty-one, fourth, twenty-four, and the fifth, thirty thousand dollars a year net, they to pay

all taxes and expenses, and that amount runs for the duration of the lease.

Basically, the lease of the property was -- it was based on a recreational area.

Oh, incidentally, the terms of the lease contained an option to purchase the property, the land, consisting of approximately 536 acres, for the sum of \$500,000.00.

ASSEMBLYMAN TANZMAN: All right.

Of course, then, the option was for \$500,000.00, yet the sale was for \$475,000.00.

THE WITNESS: Well, I'll explain that.

That was the terms of the lease, and that, basically, outside of preserving the property, and conducting certain activities, and restrictions, and also building - all according to a plan I had laid out for them, which I have a copy with me - no building for sale. It was not designed as a development, as such. The lease --

And, if they acquire title, the mortgage would not have contained any release clauses. So, I really restricted it to a recreational area.

As a matter of fact, in December of 1957, I applied to the Borough Council of Ringwood to have this particular property zoned as a recreational area, and I presented a plan of how it was to be constructed and operated; which they accepted, and approved. I have a copy of that with me.

ASSEMBLYMAN TANZMAN: In other words, you were the one that was responsible for the zoning of this as a recreational area?

THE WITNESS: That's right.

I also had the adjoining property. I asked them to zone that for recreation; the property adjoining Shepard Lake property, consisting of about a hundred or a hundred and five acres.

ASSEMBLYMAN TANZMAN: In other words, you felt that the zoning that you requested was consonant with the highest and best use of the property, and would ultimately lead to the greatest value?

THE WITNESS: I did. I have listened with considerable length as to all the testimony, and the appraisers, and the evaluations, and actually it's -- it don't confuse me, because I have handled so much property, where it's been developed and sold in the

raw state, but it certainly gives you mental exercise to try to keep on a par with them.

CHAIR LADY HIGGINS: The mathematics alone are tricky.

THE WITNESS: That's right.

You see, we all have our opinions. Whether we are a Buddhist in Saigon, or a Dutchman in Johannesburg -- and I see there is a lot of conflicting opinions here -- however, with me, when I go up to buy a piece of land, I am alone. I don't have no company with a lot of directors, and all. And, I've got to be very careful to make a decision, because if I make the wrong one, I also weep alone. I am accustomed to that, too.

On Shepard, after looking it over - and you know, regardless of what anyone may say, after all I am not beholding to anyone; I don't have no ax to grind, so I feel I am expressing myself freely - I still think it's a terrific property for the purpose of Green Acres. I really do, because there are many lakes that have --

As a matter of fact, I built several lakes myself in that area, and other places, but

Shepard is about the only natural lake that I know of - potable drinking water - that's been used for drinking purposes for years. And, I just think it's a terrific piece of property.

Now, as to its value, and to how you are going to pin it down, whether the appraisers of the state over valued it, and paid in excess of it, that's something that someone besides myself would have to determine. I'll give you my version of my valuations.

Considering other properties that I have taken, and created into resort areas, outside of this area - but let's talk about one locally - Darlington Country Club: I believe the first or second year I operated that, it returned a net profit, and I'd have to check on that. That's some time ago - but it was around \$800,000.00 net.

I figured the recreation business was good. Shepard would give me more latitude, more area. And, certainly in comparison with Darlington, it's far superior. Maybe it wasn't right in the heart of Bergen County, but nevertheless it's in a great growth area; again, in my opinion.

So, I calculated that I

should be able to earn -- oh, about a hundred and fifty thousand dollars a year net. And, the last time I was here, and someone asked me my idea of evaluation, I might have thrown at them, "Well, twenty-five hundred, three thousand dollars an acre; maybe a million and a half."

And, that would be based on what I could earn there.

I did not go into the development phase. I did not go into how many feet of lake frontage there was, what the improvements would cost me, and what the nature of the topography would be, whether it would add to it, or lessen it. I can tell you from recent experience in the past year, I sold 7,000 feet on Greenwood Lake which brought an average of \$150.00 a front foot, less 5 per cent for cash. I mustn't forget that.

Now then, you folks might say --

CHAIR LADY HIGGINS: Could you identify that for us?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: What was that piece that you were referring to?

THE WITNESS: Oh, this was over a hundred lots, sold to individual property owners, on Greenwood Lake.

ASSEMBLYMAN TANZMAN: And they were all at \$150.00 a front foot?

THE WITNESS: \$150.00 a front foot was our price. As I say, we allowed them 5 per cent for cash.

CHAIR LADY HIGGINS: Were they developed lots?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: Were they developed? I mean, were there roads to them?

THE WITNESS: Well, developed to the extent that there were some private roads running parallel to the end of their lots.

And, a lot of the lots were 50 x 100. Some run 75 x 100.

CHAIR LADY HIGGINS: Did they have water?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: Did they have water to the lots?

THE WITNESS: I supplied them with water, a summer water supply, with the pipelines on the surface of the ground.

Of course, you might question the difference in the value between Shepard Pond Lake frontage, and the Greenwood Lake. But, that again would be a matter of conflicting opinion. Some people with youngsters wouldn't think of anything but Greenwood Lake, so they could have motor boats, and join the crowd; sail boats and everything that goes with it; where, as far as Shepard is concerned, others might say, "Well, it's a very nice, quiet place. We'll stick to this."

So, there again, it's a matter of opinion.

And another phase of evaluation that I took into consideration, was its usage for industry, industrial usage. And, I kept very alert to that because I had had a couple of companies look it over. And although I didn't make a deal, I came pretty close to it.

As of recent vintage, within

the last few days, I happened to be up in Sterling Forest, which is almost adjoining Shepard, within a three mile distance. Sterling Forest, we own a lot -- quite a lot of land there, and sold it off. Sterling Forest is owned by City Investors. They are probably one of the largest real estate companies in the country.

MR. FERRARA: Mr. Wehran --

ASSEMBLYMAN TANZMAN: Please let him answer.

MR. FERRARA: I want to, but he's going all over the lot.

ASSEMBLYMAN TANZMAN: Well, I have questions to ask him. I just didn't want to interrupt him. I wanted to let him finish.

MR. FERRARA: I know, but the time grows late.

THE WITNESS: I'll be finished in a second with this tirade.

I asked them what they were getting for their property, just in case you happened to ask me. Now, recently they sold property - just recently - for industrial purposes, for \$10,000.00 per acre. And, they are leasing their property on the lake for residential

use, on the basis of \$20,000.00 an acre. I am assuming that they get 6 per cent on that amount, per year, rental.

Now, that briefly sums up the evaluations on the property.

And as far as one other point that I notice you brought up here, were the approaches to Shepard, as such. At the time the state was purchasing it, or in that area, I don't know who approached me, but I was asked whether I would be interested in disposing of the adjoining property. I had about a hundred acres there on Shepard Pond Road. I said, "I am willing to sell anything, if I get a fair price. And, if you folks are interested (and I referred to Green Acres, who had contacted me previously on other properties) I'll just sit pat. And whenever you are in the mood, you come along, and get your appraisals. We'll get a fair price. You can have that property, because it will give you a better access road."

Morris Road goes through this property, and comes right out at the gate of Shepard. And, they finally said that they would go ahead, and they have that under contract.

CHAIR LADY HIGGINS: May I understand correctly; in other words, the piece adjacent

to Shepard Lake, is a piece that you own, and the state has it under contract?

THE WITNESS: Yes, they have it under contract to purchase.

CHAIR LADY HIGGINS: And this is a piece of land that would have an access road from the State of New Jersey?

THE WITNESS: Oh, yes.

Actually, I think that was initiated -- it might have been even prior to the acquisition of Shepard, or in that time.

CHAIR LADY HIGGINS: The initiating of the purchasing of Shepard?

THE WITNESS: That is to say, they asked me would I go along when they were ready, and I said, "Yes, and it will be at a fair price. Whatever the appraisers came up with --"

And I think I carried that through.

CHAIR LADY HIGGINS: You mean it's already been purchased by the state?

THE WITNESS: Well, they have it under contract.

ASSEMBLYMAN BATEMAN: What was the purchase price?

CHAIR LADY HIGGINS: What is the purchase price?

THE WITNESS: Well, it involves two parcels. It involves a 10 acre parcel in an area called Awosting, which abuts and adjoins the dam, the outlet of Greenwood Lake. It's a 10 acre area that would give the state another outlet on Greenwood Lake. That's one of the parcels.

And this particular parcel -- incidentally, I have a map of it, this hundred and four acres adjoining Shepard.

The price for the two of them was a hundred and thirty-two thousand dollars. I never figured it out to the penny, but I think it runs between eleven or twelve hundred dollars an acre.

CHAIR LADY HIGGINS: When was the contract signed?

THE WITNESS: Oh, within the last three months, I guess.

I don't want you to feel that that indicates the basis of the evaluation of land in

that area. After all, we are all individuals, and if I feel like selling property at a modest price, and some people will hold for the highest dollar -- actually, to me, on this whole program, I can't quite see the point to this extent, Mrs. Higgins. I didn't want to tell you this.

For instance, I would look at -- I am not in Green Acres, but if I were, well I'd say, "Well, let's see what you bought for the last year? Let me see what your average prices are, what you got for the money? After all, you've been authorized to do this job for the people of the state. Now, let's produce what you have acquired, and let me have a look at it."

I don't think I'd go by one particular parcel, because in my experience I never could assemble a big plot without somebody getting the top dollar, and the other fellow might be a little more reasonable.

CHAIR LADY HIGGINS: Would you show me what we're discussing on this map?

THE WITNESS: Would you like me to show it to you?

CHAIR LADY HIGGINS: Yes, would you mind stepping up here?

mind, it will be a pleasure.

THE WITNESS: No I don't

have a map right here.

CHAIR LADY HIGGINS: We

THE WITNESS: Yes.

you can show it to us.

CHAIR LADY HIGGINS: Perhaps

THE WITNESS: All right.

(An off-the-record discussion takes place.)

CHAIR LADY HIGGINS: For the record, Mr. Wehran indicated to us on the map the parcel of land that he now testifies the state just acquired by contract three months ago. The property is adjacent to Shepard Lake property on the west side. It has running through it a road called Morris Road, and Loomis --

Is that correct, Mr. Wehran?

THE WITNESS: Loomis.

MR. FERRARA: And it's a parcel of approximately 100 acres?

THE WITNESS: The way it checks out, it's around 105 acres, or 104.

CHAIR LADY HIGGINS: Which

I understand was sold, or contracted for, three months ago on the basis of a thousand or \$1,000.00 per acre?

THE WITNESS: No. The price, including the 10 acre tract, which would give us about 115 acres, totalled \$132,000.00, which is somewhere between eleven and twelve hundred dollars an acre.

CHAIR LADY HIGGINS: All right.

Now, Mr. Wehran, we appreciate this. Mr. Tanzman has some specific questions. The hour is getting late, and it would serve our purposes and yours too, if we could attend ourselves to the answering of these questions; because I have some questions. I know Mr. Ferrara has some questions.

So, Mr. Tanzman, would you give specific questions, and Mr. Wehran will answer them?

ASSEMBLYMAN TANZMAN: Mr. Wehran, there has been a great deal of conflict in the testimony of the various experts, and particularly with respect to the developability of how much of this land is developable; and we heard comments that part of it is rocky, cliffs, and part of it cannot be developed. Now, you, as an experienced lake developer, and one experienced in

this type of property, could you tell us whether this land is developable?

THE WITNESS: (No response.)

ASSEMBLYMAN TANZMAN: For

this purpose, for residential purposes.

THE WITNESS: For residential

purposes?

ASSEMBLYMAN TANZMAN: Yes.

THE WITNESS: (No response.)

ASSEMBLYMAN TANZMAN: This

is what the appraisals are all based upon.

CHAIR LADY HIGGINS: That's

right.

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: The

specific question is: Is this land developable for residential purposes?

THE WITNESS: Let's say, anything is developable today. If it's on a cliff, they use contemporary houses, and this, and that, but then the cost factor comes into it. And, I never gave real serious thought to that phase of it, so I couldn't answer you, truthfully.

I would say that the Ringwood Company did Cupsaw, Cupsaw Lake, and Erskine Lakes, which adjoin it; and the prices from what I -- from hearsay, on Cupsaw, have run all the way from a hundred dollars, to \$150.00 a front foot, with practically nothing available. And, that would be isolated instances.

But, I did find out, in my experience, and anything with water on it brings a premium price -- and that even the hinter lands -- I was always surprised, I always felt that if I wanted a piece of property on a lake, I wanted to be right on the lake, but I am amazed at the property where for a mile in the rear of the lake - as they -- long as they have lake rights - how it's consumed, and the prices they pay for it. It's extremely interesting.

So, that's about it. I won't go into what I don't know.

ASSEMBLYMAN TANZMAN: Well, you never considered it basically for this purpose?

THE WITNESS: No, I gave you my opinion of how I evaluated it; definitely for recreation purposes, carefully laid out, and it's all right here; and also for industrial usage. I felt that I would get more

money out of it quicker.

CHAIR LADY HIGGINS: Any

more questions?

ASSEMBLYMAN TANZMAN: Yes.

Now, there's been a great deal of discussion about the approach being through New York State. Was this, in your figuring, a detriment to the development of this property?

THE WITNESS: Well, I had given some thought to that. As a matter of fact, part of the group that had a lease on the property -- or, Carl Loven persuaded Sam Brane to put that road in. I wouldn't say it's a liability. The road has been in use for many years, and I think it would be regarded as an open road. I don't believe anyone could shut it off, and it leads into Eagle Valley Road, which is a very good road, and has good access to Route 17, and to different areas of Passaic County.

CHAIR LADY HIGGINS: Pardon

me.

For identification purposes, the roads you are referring to are what?

THE WITNESS: Shepard Pond

Road.

CHAIR LADY HIGGINS: Shepard Pond Road itself, not the road from Shelton College?

THE WITNESS: No, no.

I won't give a definite opinion as to whether it's a great asset, or a great liability. I say it's a very good road, and it's useable. And, I feel that with this other road that will become available, the property will have very excellent ingress and egress.

ASSEMBLYMAN TANZMAN: One of the other matters that came before this Committee, in which there was a conflict in the testimony, was the value of this Florida Lakes property - so-called Florida Lakes property, which you formerly owned. And, there has been quite a bit of discrepancy as to the value.

Now, when you were here last time, you indicated that in your judgment, this was worth \$3,000.00 an acre, and it was comparable to the subject property. And, as I say, there has been considerable questioning as to whether or not the state paid too much money for that property.

As an expert on land in that area, is that still your opinion?

THE WITNESS: Well, yes.

I'll stand on that, for the simple reason that the interior of that property - most of it - is beautiful; easy to develop, very accessible to highways, and has sufficient lake frontage for a beach club, or anything of that nature, for a development.

And incidentally, I heard you folks talking about going on a tour. I'd like to take you on that cook's tour when you go.

CHAIR LADY HIGGINS: Well, we do appreciate your offer, Mr. Wehran, and we will get in touch with you.

THE WITNESS: You are just liable to buy something from me.

CHAIR LADY HIGGINS: Are there any other questions?

THE WITNESS: But, I'd like to do that with you very much.

CHAIR LADY HIGGINS: Thank you for your offer.

Mr. Tanzman, do you have another question?

ASSEMBLYMAN TANZMAN: Yes,

I have some other questions.

CHAIR LADY HIGGINS: Will you proceed, please?

ASSEMBLYMAN TANZMAN: Yes.

Mr. Wehran, when you were here the last time, you also indicated that you had suggested to the state -- that you had written to Green Acres, suggesting the purchase of the Shepard Lake property, Shepard Lake Pond. There was some feeling - not shared by me, I might say, and I don't think even shared by the Committee, but there seems to be a feeling that perhaps you had an ax to grind because you had other property to sell; and that for this reason, you may have suggested the acquisition of the Shepard Lake property. I'd like to clear the air on that point.

THE WITNESS: Well, if I had an ax to grind, it must have been awful dull.

No, I didn't have no ax to grind. I felt, as I do now, that it's a terrific property.

This is horrible to say, but I think I'd have investigated them if they hadn't bought it.

Would you like me to read that letter to the state, where I suggested that they buy

it?

CHAIR LADY HIGGINS: What date did you suggest it? What is the date of the letter?

THE WITNESS: Well, Mrs. Higgins, I'll get to that.

That letter was dated January 24th, 1963.

CHAIR LADY HIGGINS: January of 1963?

THE WITNESS: That's right.

CHAIR LADY HIGGINS: You wrote and suggested the purchase of Shepard Lake?

THE WITNESS: I'll summarize it quickly.

I wrote to Richard Gross.

At that time, he was an Acting Director, and the state was active, and they would call me up on this tract, and that tract, and I wrote to the effect: Thank you very much indeed for your letter, etc.

The 800 tract that I have is presently under contract of sale. A 15 acre tract is being developed. That's the properties I had.

Incidentally, the 800 acre

property was sold to Mr. Levine.

Outside of that, there is nothing to get excited about.

I might add, Shepard Pond, Ringwood, New Jersey, with 600 plus or minus, plus a beautiful club house road and recreation facilities might be acquired at the right price.

Now, that is whatever you think is the right price.

CHAIR LADY HIGGINS: Could we see that letter?

THE WITNESS: Yes.

ASSEMBLYMAN MANDELBAUM: What is the date of that letter?

ASSEMBLYMAN TANZMAN:
January 23rd.

THE WITNESS: That letter is dated January 24th, 1963.

I always avoided citing prices, because it was none of my business, and I had absolutely no personal interest.

Actually, the payment of that mortgage, half of it, went out in taxes, as far as I

was concerned.

ASSEMBLYMAN MANDELBAUM: I
have a couple of questions.

ASSEMBLYMAN TANZMAN: Well,
I'm not through yet.

CHAIR LADY HIGGINS: If
you don't mind, I have a couple of questions that I would
like to ask about this letter.

ASSEMBLYMAN MANDELBAUM: All
right.

CHAIR LADY HIGGINS: When
did you make the verbal agreement with the Conservation
Department about the purchase of the land that you have
just signed the contract for three months ago?

THE WITNESS: Mrs. Higgins,
I don't know if I have anything in writing confirming that,
but they did speak to me about the time they were fussing
around up there. I never injected myself into it --

CHAIR LADY HIGGINS: No,
I appreciate that, but the time -- you said, when you
talked about the contract, that you signed the contract --
you had a verbal agreement with the department that they
would always have an access road, because you were making

the land available.

THE WITNESS: I said, "I do have the property there."

I think they inquired about the roads, at the time, the one from New York State, and the other --

CHAIR LADY HIGGINS: They were concerned about getting in from New Jersey, and you said you had this land?

THE WITNESS: Well, they didn't seem to be overly concerned.

CHAIR LADY HIGGINS: They were making inquiries as to accessibility through the state, and you made an agreement with them then that they could always acquire this land which was adjacent?

THE WITNESS: Well, it wasn't as positive as all that.

They didn't seem to be concerned. In fact, it was quite a while afterwards that it come up; but they didn't seem to be unduly concerned about access. I thought that perhaps they would run in from their own property, the state park, or through Green Engineering, or through a number of other outlets that they

could have. I merely told them, "If you would like to have this, I don't have it on the market at the present time, and I'll reserve it. If we can get together on a fair price, you can have it."

And, I think they just took me at face value, and that's the way it went.

CHAIR LADY HIGGINS: Thank you, Mr. Wehran.

Mr. Tanzman, do you have another question?

ASSEMBLYMAN TANZMAN: Yes.

Mr. Wehran, in your previous visit with us, and on page 76 of the transcript, you say, and I quote:

"Now, I had a very substantial offer about the time that Wilson was negotiating with the state, he didn't want to go into anything."

Was this a bona fide offer?

THE WITNESS: Well, I didn't have a substantial offer because I am not a broker, but I did have very substantial people ask me to see if I could pick it up for them.

CHAIR LADY HIGGINS: Was this the Ford Company?

THE WITNESS: No.

It was a very substantial company. I don't want to mention their name. But, if I had to, with their permission, I would do it.

But they were - you can take my word for it. And, as far as price was concerned, I think I'd have started it off with --

I tried Wilson out before for around a million dollars, and he was -- he didn't act -- he didn't bite at it, so I might have moved up from there, maybe into your area, if these people would have been agreeable.

I know I would have gotten a million right off the bat, but I think I could have moved them to your area.

CHAIR LADY HIGGINS: This is the sale of the land that Mr. Wilson owned at the time, after you had sold it to him?

THE WITNESS: No, no. The one that Wilson bought.

CHAIR LADY HIGGINS: The one

that Wilson bought at the time.

Well, how come you sold it
to Wilson --

ASSEMBLYMAN TANZMAN: No,
this is after Wilson had it.

THE WITNESS: Wilson had it.
You know, he was fussing around with it.

CHAIR LADY HIGGINS: I see,
after you sold it to Mr. Wilson, and this is when Mr. Wilson
was negotiating for a selling price?

THE WITNESS: You know, I
had a lot of --

MR. FERRARA: I'd like to
get that clear.

ASSEMBLYMAN TANZMAN: I
want to clear that up too.

THE WITNESS: After I had
that --

MR. FERRARA: Listen to Mr.
Tanzman, Mr. Wehran --

Better yet, let me just get
this one point clear.

Mr. Wilson owned the land,

and you had sold it to him. You had taken back this mortgage for \$400,000.00 on it, and then you say there was some offers that came to you, to try to acquire this land, by some other corporation; is that the idea?

THE WITNESS: No. This is about the time that the - or a little before, maybe - when the state negotiated.

You see, that happened so quickly, I didn't even know about it, except that it was around that time, because when I spoke to Mr. Wilson, he said, "Well, I have --"

CHAIR LADY HIGGINS: Prior -- pardon me, Mr. Wehran, but you said you didn't know about the state acquiring it?

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: I thought the appraisers said they talked to you about the information.

THE WITNESS: I didn't know just the date that they had it. I knew they were interested in it.

CHAIR LADY HIGGINS: Oh, thank you. I wanted to get that straight.

THE WITNESS: (Continuing.)

And so, Wilson didn't seem to be interested in listening to me; but I did have excellent people that I think would have bought it for industrial usage.

CHAIR LADY HIGGINS: Well, did you present this offer to Mr. Wilson?

THE WITNESS: As I say, I spoke to him, and I was ready to negotiate.

CHAIR LADY HIGGINS: But, he wanted to sell it to the state?

THE WITNESS: Well, he felt he was conducting negotiations with the state, and it's very difficult then to talk to somebody you know. They become more independent.

ASSEMBLYMAN TANZMAN: In other words, Mr. Wehran, you had a bona fide offer of a million dollars from a substantial company which you presented to Mr. Wilson, but because he was involved in negotiating with the state, he refused to negotiate with you? Is that what you are saying?

THE WITNESS: Oh, I wouldn't say yes to that, because the way you say it --

ASSEMBLYMAN TANZMAN: Well,

you say it the way you want to say it.

THE WITNESS: The way you say it, I feel I was getting hung.

What I tried to tell you, is that I had these people, I believe they would have gone to a million dollars, or more, because they left it in my hands. I had conducted other business for them. I wouldn't have gotten anything. They asked me my fee, and I said, "A box of cigars --"

And, I quit smoking, come to think about it.

CHAIR LADY HIGGINS: In other words, you carry out these transactions for cigars, and not for any --

THE WITNESS: I've never taken a commission yet, Mrs. Higgins.

CHAIR LADY HIGGINS: Well, I didn't think it was necessary in your case, Mr. Wehran.

THE WITNESS: Well, no. I always managed to get a little profit somewhere along the line.

ASSEMBLYMAN TANZMAN: He does pretty well.

THE WITNESS: But, that's
that.

CHAIR LADY HIGGINS: Now,
are there any other questions?

THE WITNESS: (Continuing.)
But, if you insist on that, I'll find the names of the
people.

ASSEMBLYMAN TANZMAN: No,
no. I don't want that.

THE WITNESS: But, that's
the facts of life.

ASSEMBLYMAN TANZMAN: I
just want to ask you --

THE WITNESS: You ought to
have a lot more questions to ask me, after all the stuff
I heard today.

ASSEMBLYMAN TANZMAN: I
have a lot more questions to ask, but --

ASSEMBLYMAN BATEMAN: I
have a question.

ASSEMBLYMAN TANZMAN: Then
you go ahead and ask your question.

CHAIR LADY HIGGINS: Mr.

Bateman?

ASSEMBLYMAN BATEMAN: I have one question following on yours, Mr. Tanzman.

CHAIR LADY HIGGINS: Then you may ask your question, Mr. Bateman.

ASSEMBLYMAN BATEMAN: You are talking, or you were talking, about the value of the Florida Lakes property.

THE WITNESS: I beg your pardon?

ASSEMBLYMAN BATEMAN: You were talking about the value of the Florida Lakes property.

THE WITNESS: Oh, the Florida Lakes property.

ASSEMBLYMAN BATEMAN: As I understand it, you sold it to the Florida Lakes people, and then they eventually sold it to the state, is that right?

THE WITNESS: No, I didn't sell it to Florida Lakes, I sold it to an entrepreneur - and I don't spell it that way either - by the name of Ford.

ASSEMBLYMAN BATEMAN: Right?

THE WITNESS: (Continuing.)

Of Bloomingdale Corporation. He used some corporate entity.

Would you like the closing statement on it?

ASSEMBLYMAN BATEMAN: Yes, I'd like to know the difference of what they paid, and what they sold it to the state for.

THE WITNESS: I sold it to Ford for \$225,000.00, and he gave me \$25,000.00 cash, and a mortgage for \$200,000.00.

CHAIR LADY HIGGINS: You took a mortgage of \$200,000.00 on that piece of property?

THE WITNESS: That's right.

ASSEMBLYMAN BATEMAN: And they sold it to the state for about \$400,000.00 --

ASSEMBLYMAN TANZMAN: There was a sale in between that.

THE WITNESS: Mr. Ford flopped on the payment of taxes --

ASSEMBLYMAN BATEMAN: I am sorry, that's true.

THE WITNESS: (Continuing.)
And interest, some place along the line - and he's not the

first one, either. So, he brought in some other people, who went under the name of Florida Lakes Corporation, who agreed to pay the real estate taxes up-to-date, and the interest.

MR. FERRARA: When was the sale, Mr. Wehran, to Mr. Ford, by you?

THE WITNESS: Well, if you can give me another minute.

You can ask questions, if you want to, while I am looking for it.

MR. FERRARA: Take your time.

THE WITNESS: Oh, it's another file.

ASSEMBLY TANZMAN: These people who bought it from Ford, did they make a profit?

THE WITNESS: I beg your pardon?

ASSEMBLYMAN TANZMAN: Did the people that bought it from Ford, and who ultimately sold it to the state, did they pay Ford a profit?

THE WITNESS: Well, he was an old high binder, and I bet he got something out of it.

I wasn't there, but I'd gamble on that.

CHAIR LADY HIGGINS: You are looking for that closing statement now, or the closing statement that you had before?

THE WITNESS: Yes, I have the statement. July the 1st, 1957.

Sales price, \$225,000.00.
\$200,000.00, mortgage,
credit for taxes, balance due seller.

That's it.

ASSEMBLYMAN TANZMAN: There were six years, then, that elapsed between the time you sold it to Ford, and the time the state bought it?

THE WITNESS: Yes.

MR. FERRARA: Oh, what year did the state buy it?

ASSEMBLYMAN TANZMAN: 1963, wasn't it?

ASSEMBLYMAN BATEMAN: 1962.

ASSEMBLYMAN TANZMAN: 1962, then.

Well, that's five years, anyway.

MR. FERRARA: 1962; okay.

CHAIR LADY HIGGINS: All

right.

When Florida Lakes bought it, when did they buy it?

THE WITNESS: They must have bought it in 1962.

I see a letter here dated October the 15th, 1962, telling me to get the mortgage ready.

ASSEMBLYMAN TANZMAN: That was the state.

THE WITNESS: (Continuing.)
The cancellation.

CHAIR LADY HIGGINS: But when did --

MR. TANZMAN: Ford sold it to these other people in between; when did that happen?

THE WITNESS: Here's something. It's looks like - let's see when this is dated --

1959. It looks like we made the agreement with Greenwood Lake Shores on the 2nd of February, 1959. That was a new corporation. And, I

have a copy of the agreement where we agreed to take the interest, and all.

Incidentally --

CHAIR LADY HIGGINS: Now, just a minute on that.

THE WITNESS: You can have a copy of it, if you want it.

CHAIR LADY HIGGINS: When Ford sold the property --

THE WITNESS: I beg your pardon, Mrs. Higgins?

CHAIR LADY HIGGINS: When Ford sold the property to Florida Lakes, Inc. - is that the one you are referring to, in 1959 - is that when the purchase was made?

THE WITNESS: That's right, Mrs. Higgins.

CHAIR LADY HIGGINS: Did you assume the mortgage there also?

THE WITNESS: I left the same mortgage on it. They agreed to it.

CHAIR LADY HIGGINS: And what did they pay for it privately.

THE WITNESS: Well, I didn't have no part in it. I don't really know, so I won't say anything. I think Ford got some cash, and stock in their company; but that's merely hearsay, I was not present.

CHAIR LADY HIGGINS: You couldn't give me any idea of the purchase price in 1959?

THE WITNESS: Oh --

CHAIR LADY HIGGINS: Was it near \$225,000.00?

THE WITNESS: No, no, it was more than that. I know that old bugger wouldn't let it go for that. It's probably closer to two seventy-five --

CHAIR LADY HIGGINS:
\$275,000.00?

THE WITNESS: Two hundred and seventy-five, or \$300,000.00.

CHAIR LADY HIGGINS: And you took over the \$200,000.00 mortgage?

THE WITNESS: Yes, we just stayed pat. We didn't get nothing out of it.

CHAIR LADY HIGGINS: And that's in '59?

THE WITNESS: Yes.

CHAIR LADY HIGGINS: And the state paid in 1962, how much for it?

THE WITNESS: Well, I didn't have no part in it. I didn't know anything about it.

ASSEMBLYMAN BATEMAN:
Three ninety-eight.

MR. FERRARA: At that time, your mortgage was paid off?

THE WITNESS: They paid it off.

MR. FERRARA: Okay, fine.
Go ahead.

ASSEMBLYMAN KEITH: When did you buy this property, the Florida Lakes property, Mr. Wehran?

THE WITNESS: Oh, I guess it was owned by the company for over fifty years.

ASSEMBLYMAN KEITH: By whom?

THE WITNESS: By the Ringwood Company, for over fifty years.

ASSEMBLYMAN BATEMAN: That's a long time.

THE WITNESS: Some of this

property has been in the company for the last two hundred years.

That's the way I feel, once in a while.

ASSEMBLYMAN KEITH: Mr. Wehran, one other question, if I may, please?

THE WITNESS: Sure.

ASSEMBLYMAN KEITH: How many properties have you owned, that you have sold either directly to the state, or that you sold to some other person, or corporation, who then sold it to the state?

THE WITNESS: Well, if you wait a minute, I'll dig that up for you.

Incidentally, would you be interested in my idea of what Mr. Wilson paid for that property?

ASSEMBLYMAN KEITH: No.

THE WITNESS: You wouldn't?

ASSEMBLYMAN KEITH: No, not at the moment, anyway.

CHAIR LADY HIGGINS: Well, we'd like to get this other information first.

THE WITNESS: Oh, you'd like

to get the other first?

CHAIR LADY HIGGINS: Yes.

THE WITNESS: I have it.

We sold, directly to the state, through Fish and Game, and subsequently Green Acres, a 15 acre tract in West Milford.

CHAIR LADY HIGGINS: Is there any identifying name of that tract?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: Is there any identifying name for that tract?

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: Was it referred to as something?

THE WITNESS: (No response.)

CHAIR LADY HIGGINS: You know, we are talking about the Florida Lakes property, which eventually the state bought?

THE WITNESS: Well, you can call that my folly.

However, to get down to facts, we'll call it the Wanague River tract.

CHAIR LADY HIGGINS: Was there a lake on this tract?

THE WITNESS: No, but it has a beautiful stream. The Wanaque River had a beautiful stream in the interior; supposedly the finest hemlock stand in the country --

CHAIR LADY HIGGINS: Mr. Welran, did you sell it direct, or did you sell it first to somebody else, or what?

THE WITNESS: No, no I sold this direct.

It was initiated through Dr. Underhill. And, he --

CHAIR LADY HIGGINS: What date was that sale?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: On what date was that sale?

THE WITNESS: Oh, gosh, that must have been five years ago.

I can't recall the date, but I can look it up.

ASSEMBLYMAN KEITH: Is that
the only sale that you made?

THE WITNESS: No, no.
I'll give you the rest of them.

ASSEMBLYMAN KEITH: May I
have a list, please?

THE WITNESS: Yes.
Actually, that was more or
less of a donation, that \$125.00 an acre price.

ASSEMBLYMAN KEITH: Mr.
Wehran, for the purposes of my question, I merely want a
list.

MR. WEHRAN: Okay, all
right. You'll get it.

CHAIR LADY HIGGINS: That's
\$125.00 an acre; that's what you sold it for?

THE WITNESS: That's right.

CHAIR LADY HIGGINS: All
right, thank you.

The next one?

THE WITNESS: Well, I see
about 5,000 acres here, in different parcels, that we gave
to the state.

CHAIR LADY HIGGINS: You gave it, Mr. Wehran?

THE WITNESS: Well, Ringwood Manor State Park, was 580 acres, that was sold at --

CHAIR LADY HIGGINS: Were you connected with the Ringwood Company at that time?

THE WITNESS: No; only to the extent of this 1,500 acres, which I regarded as a gift.

CHAIR LADY HIGGINS: In other words, with respect to the 5,000 acres, you were not a member, or owned Ringwood Company when you donated that land?

THE WITNESS: No, I wasn't.

CHAIR LADY HIGGINS: Thank you.

To answer Mr. Keith's question, on the property that you had, --

THE WITNESS: That's the only parcels that we sold -- that I personally had any hand in selling directly to the state. The 15 acre tract, and this here tract of 115 acres. All of the rest were indirect.

The indirect ones: We will

start with the Florida Lakes property. We were the mortgagee on that.

Let's see, I'll have to refresh my mind.

And of course, the Shepard transaction.

ASSEMBLYMAN TANZMAN:

Darlington?

THE WITNESS: Darlington.

I shouldn't forget that lovely little place.

CHAIR LADY HIGGINS: Mr.

Wehran, you referred in your letter to an 800 acre tract that was sold.

THE WITNESS: That was the one that Mr. Levine purchased.

CHAIR LADY HIGGINS: That's the Levine property?

THE WITNESS: Yes.

CHAIR LADY HIGGINS: He bought that from you, and that was sold to the State?

THE WITNESS: No, that was never sold to the state.

ASSEMBLYMAN BATEMAN: No,

that wasn't sold to the state.

CHAIR LADY HIGGINS: Oh,
that wasn't sold to the state?

THE WITNESS: No. They
should have bought that, though.

CHAIR LADY HIGGINS: Do you
have the mortgage on that property?

THE WITNESS: Yes.

MR. FERRARA: In regard to
that Levine piece, let me understand something.

Has there been any contract,
to your knowledge, with the state?

THE WITNESS: I beg your
pardon?

MR. FERRARA: Has anyone
contacted you --

THE WITNESS: I beg your
pardon?

MR. FERRARA: Has anyone
contacted you from the state on the Levine piece, any
appraisers?

THE WITNESS: (No response.)

MR. FERRARA: (Continuing.)

That you know of?

THE WITNESS: Not for a long time. There might have been something in the past, when we were looking over the whole area.

MR. FERRARA: You are not aware of an appraisal having been made on that property by the State of New Jersey?

THE WITNESS: When was that?

MR. FERRARA: I asked you whether you know? I think I have a date for you.

THE WITNESS: You mean of recent vintage?

MR. FERRARA: I don't know. Let me just look at it.

THE WITNESS: Give me the date.

MR. FERRARA: One minute. June 15, 1964, a year ago.

THE WITNESS: Well, it could be, if it was in with the past year.

MR. FERRARA: That was tied in with a 10 acre piece that you had.

THE WITNESS: Well, it could have been, it could have been.

MR. FERRARA: All right.

So that the Levine piece -- to your knowledge, of course, it hasn't been sold to the state yet, so it wouldn't be a sale.

THE WITNESS: No. You see, if that appraisal had been made, it wouldn't be made directly through me. We don't own it any more. And it would have been made through -- they might have been dickering with Mr. Levine.

MR. FERRARA: But there was a 10 acre parcel that you owned, in Block 222.

THE WITNESS: That was the 10 acre parcel.

MR. FERRARA: Right. That adjoins Levine, doesn't it?

THE WITNESS: No, it doesn't.

MR. FERRARA: Oh, all right.

THE WITNESS: It's a separate entity entirely.

CHAIR LADY HIGGINS: But it does adjoin the piece that they purchased of the hundred acres?

THE WITNESS: No, no. It doesn't adjoin anything they have, Mrs. Higgins. It just happens to be a piece that adjoins the state owned property; the dam, the outlet of Greenwood Lake, and it would give them more frontage and area.

MR. FERRERA: That's the reason why I see some confusion, Madam Chairman, between that map that we showed before, where it showed a hundred acres, and Mr. Wehran has testified to 110 to 115 acres. The 10 acres is in another location from the hundred acres immediately adjoining Shepard Pond.

CHAIR LADY HIGGINS: Mr. Wehran, you testified that Ringwood Company in the past, over the past years, has given about 5,000 acres to the State of New Jersey.

THE WITNESS: Yes.

CHAIR LADY HIGGINS: Of course we are aware of the fact that that's the site of the Ringwood National State Park; and that you at that time were not associated with Ringwood Company.

Since you have been associated with Ringwood Company, has any park land been turned over as a gift to the State of New Jersey?

THE WITNESS: Not in a direct sense of the word --

CHAIR LADY HIGGINS: Thank you.

THE WITNESS: (Continuing.) Except I'll reiterate, this 1,500 acre tract, I gave it to them at book value. Dr. Underhill asked me if I would donate the land, and I told him that we would come as close as we could to it.

CHAIR LADY HIGGINS: Mr. Wehran, I think Mr. Keith has a question for you.

ASSEMBLYMAN KEITH: I am not satisfied that you answered my original question.

THE WITNESS: All right, you repeat it, and I'll answer it.

ASSEMBLYMAN KEITH: I would like to know -- again I will ask you -- well, let's take it in two stages.

The properties that you, or the corporation that you were directly connected with, that sold land to the state; were there many others other than the 15 acres in West Milford, and 115 acres, those two, were there any more than those two?

THE WITNESS: I can't think of any at this minute. Maybe I am starting to get hungry.

Can you refresh my mind?

ASSEMBLYMAN KEITH: No.

THE WITNESS: No.

There seems to be something where after we sell it, the other people resell it.

CHAIR LADY HIGGINS: Did you hold the mortgages on them?

THE WITNESS: I beg your pardon?

CHAIR LADY HIGGINS: Go ahead.

ASSEMBLYMAN KEITH: Let's take the ones after you sold them.

THE WITNESS: Go ahead.

ASSEMBLYMAN KEITH: (Continuing.) The Florida Lakes, Shepard and Darlington; were there any others?

THE WITNESS: I can't think at this moment. If there are, I'll be glad to give it to you.

Maybe if I add up the money, it will refresh my mind. I am always good at that.

MR. FERRARA: Can we --

THE WITNESS: Go ahead.

MR. FERRARA: Levine would be one, but at this point it has not been purchased, is that right.

THE WITNESS: No, Levine still owns it, and I don't know whether he'd sell it. He has had some good offers on that.

ASSEMBLYMAN TANZMAN: I have one statement. You made a statement the other day, and I'd like to ask you again if you feel the same as you did, and I'll read it to you verbatim.

Page 87, starting at the bottom of the page, and you say:

"Now, I don't know what the state has bought outside of that particular area, but if I take the 1,500 acres, and I take this property on Greenwood Lake, and Shepard Pond, and all, and average it up, they got it for a bargain; they really did. They couldn't possibly duplicate it today. And, I think some day it will be worth two or three times what they paid, besides accomplishing the

most important mission of all, getting it
while you can get it."

Does that statement that you
made still hold true?

THE WITNESS: If I say yes
without giving it a thought, you might turn around and say,
"You just bought something."

So, let's mull it over.

What properties does that
embrace?

ASSEMBLYMAN TANZMAN: Well,
you are including the 1,500 acres, and Shepard Pond.

THE WITNESS: The 1,500
acres and Shepard Pond?

ASSEMBLYMAN TANZMAN: Yes.
And, Greenwood Lake.

THE WITNESS: And Green-
wood Lake?

ASSEMBLYMAN TANZMAN: Yes.

THE WITNESS: I'd say I
was pretty near correct on that. Now, I'll tell you why.
You take the 1,500 acres at their cost of \$125,00 an acre,
and you take this Florida Lakes property, and Shepards Pond.

and give me the average price, and then I'll tell you how much.

CHAIR LADY HIGGINS: It's quite a bit different than the --

THE WITNESS: (Continuing.) I honestly feel that they obtained, on the average, excellent values. When you folks come up, let me point it out to you, and then you make your own decision. That's just one man's opinion.

ASSEMBLYMAN KEITH: Have you brought that around?"

THE WITNESS: Yes, nine six two seven thousand.

ASSEMBLYMAN KEITH: Have you --

THE WITNESS: I beg your pardon?

ASSEMBLYMAN KEITH: Have you purchased any properties in that area within the last year or two?

THE WITNESS: No. I haven't purchased any property for the last five or six years. I have property in Brazil, and Arizona, all over

the lot, and I just felt that I would like to liquidate it.

And, another reason is, we are in a tax situation. When we sell a piece of property, we don't realize too much. To give you an example, we sold a property to Levine for \$600,000.00. By the time we pay our taxes, there, we will be lucky if we get two hundred, or \$250,000.00.

MR. FERRARA: In this regard, Mr. Wehran, let me just pick that up.

The Levine piece is one that you sold for \$600,000.00, and I believe you had indicated that you had set up a cost of \$75,000.00 on it, on your return -- tax return.

THE WITNESS: Yes, I've got it right^o here.

MR. FERRARA: You had a profit of \$525,000.00 on the sale of that parcel to Levine.

THE WITNESS: Yes.

MR. FERRARA: And you took it back by way of a mortgage, of some \$500,000.00, or something of that sort, is that correct?

THE WITNESS: That's right.

MR. FERRARA: Now, I want

to take the three parcels together, and then I will ask you my question.

On the Greenwood Lakes piece, which is the Florida Lakes property, that is the one which you indicated that you sold for \$225,000.00, and you had a cost of \$25,000.00, and you had a profit of about \$200,000.00.

THE WITNESS: Yes.

MR. FERRARA: Again, reflecting a mortgage that you took back.

THE WITNESS: That's right.

MR. FERRARA: And in the Thunder Mountain piece, you had indicated previously that you had sold it for \$475,000.00.

THE WITNESS: That's right.

MR. FERRARA: And you had a cost of \$91,000.00 set up in some fashion.

THE WITNESS: That's right.

MR. FERRARA: And a profit of \$383,000.00.

THE WITNESS: That's right.

MR. FERRARA: Again represented by a mortgage of \$400,000.00, plus this other

mortgage in Lyndhurst you had taken back; is that correct?

THE WITNESS: That's right.

MR. FERRARA: Can you tell me, in the reporting of these properties, as a result of mortgages, is this a capital gain tax, or an Income Tax?

THE WITNESS: No. Ringwood Company is regarded as being in the real estate business. It's ordinary income. For instance, on the payment of the mortgage from Shepard, we have just concluded paying -- they paid us out, I think, \$370,000.00 -- over 60 per cent went out in taxes.

MR. FERRARA: All right.

So that even on mortgages it's ordinary income?

THE WITNESS: That is correct, that's right.

MR. FERRARA: Let me go back to the question Mr. Tanzman asked an hour ago --

THE WITNESS: Except that one property; that was Darlington. That I happened to have individually for many years.

MR. FERRARA: All right.

The option agreement that was

in the lease --

THE WITNESS: Yes?

MR. FERRARA: Why wasn't this exercised -- no, let me do it this way.

The sale to Wilson took place during the time that the option would have been exercisable by the country club. It was during the third year of the country club lease. And, according to the terms of the lease, they had an option to buy for \$500,000.00 -

THE WITNESS: That's right.

MR. FERRARA: (Continuing.)
Less any rent that they had paid.

THE WITNESS: That's right.

MR. FERRARA: Correct?

THE WITNESS: That's right.

MR. FERRARA: Now, why wasn't that option being exercised by Mr. Wilson, or the country club, if you know?

THE WITNESS: I'll answer that,

MR. FERRARA: If you know.

THE WITNESS: Yes, sir.

In the first place, the

syndicate that owned and operated the Ringwood County Club seemed to disintegrate. Carol Loven happened to be a member of that club. Carol Loven was in the deal. Of course, he built the pavilion. And, being a very nice person, and believing a lot of people, he personally guaranteed the construction cost.

MR. FERRARA: Carol Loven was the architect that you got the letter from before that indicated what the cost was?

THE WITNESS: That's right.

MR. FERRARA: He built it?

THE WITNESS: That's right.

He guaranteed payment to everyone.

And, like other deals happen, they got quarreling among themselves, and they finally reached the stage where they couldn't pay any more rent to me. And, several months went by, and Carol Loven paid a couple of them personally. But, several months went by, and he said, "Fred, I feel terrible. This is just making a nervous wreck out of me."

MR. FERRARA: How much rent was paid by the country club?

Did you ever answer Mrs.

Higgins before?

THE WITNESS: Yes, I did.

Fifteen thousand the first
year --

MR. FERRARA: Well, how
much was paid ultimately?

THE WITNESS: Oh, ultimately?

MR. FERRARA: Yes.

THE WITNESS: I guess they
paid me about -- maybe forty or fifty thousand, something
like that. Of course, I am not giving you exact figures,
this is just a guess.

MR. FERRARA: Forty or fifty
thousand was paid by the country club?

THE WITNESS: That's right.

MR. FERRARA: Now, under
the terms of the option, if it were exercisable, they would
have been able to take credit against the purchase price
for that rent, is that right?

THE WITNESS: That's right.

But, it became a total
default. Now, I had one alternative. I could have
written a little note to them, and terminated the lease.

The leave provided for that. But, I did not want to do it. I have never foreclosed, or taken advantage of anyone that way. I just didn't want to do it.

About that time, they come along with Mr. Wilson as a candidate to take over their lease.

MR. FERRARA: Right.

THE WITNESS: Well, that was the first time I met Wilson. He came up to me at the office, and after I got talking to him for a while -- I said, "Mr. Wilson, I don't think you can assume that lease. You have to pay them and you have to pay me. I don't think you can make the grade."

I said, "I'll give you an especially favorable proposal to buy the property, below its market value, on very easy terms, if you will agree to execute a second mortgage in favor of these people who have invested all that money in the property."

MR. FERRARA: As a result of that, he bought from you, at a figure of \$75,000.00, the land, and he bought from the country club, for something like \$230,000.00, the buildings and so forth, on top of them, gave back to you a mortgage for \$475,000.00, which

was the full purchase price, and gave back to the country club a mortgage for \$220,000.00; correct?

THE WITNESS: Well, with one modification. He gave -- when we reached that stage, low and behold Mr. Wilson run fresh out of money, even with all these favorable deals.

MR. FERRARA: He didn't have any cash into it yet, at this point.

THE WITNESS: No, except he had put \$5,000.00 on the line, with a lease take-over deal, which I realized he couldn't handle. So, I finally wound up taking this \$75,000.00 mortgage, on his copper --

MR. FERRARA: Have you ever received any payments on that?

THE WITNESS: No, but it's in pretty good shape. I hedged a little bit. Learned counsel here, Mr. Sevrin, took it for granted that I would. However, I did have the property appraised, and I felt that if he flopped on that, I'd be in the restaurant business, but okay.

MR. FERRARA: Well, what did you appraise that at -- I think the last time you indicated that the Lyndhurst property, when you fixed this

mortgage, you figured it to be between one hundred and fifty and two hundred thousand dollars.

THE WITNESS: That's right, and I got an appraisal on it. It was a little more. I figured it could go a little more. That's the reason I took the mortgage.

MR. FERRARA: But there were mortgages on it totalling nearly \$200,000.00.

THE WITNESS: That's right, including mine.

MR. FERRARA: Including yours.

THE WITNESS: That's right.

MR. FERRARA: Maybe more than \$200,000.00 in mortgages?

THE WITNESS: Close enough.

MR. FERRARA: All right.

So that mortgage was taken as part of the consideration --

THE WITNESS: That's right.

MR. FERRARA: (Continuing.)

When actually you received no money on it.

THE WITNESS: That's right,

no money.

MR. FERRARA: Up to this date.

THE WITNESS: That's right.

I gave him -- and I took back the first mortgage from him, without interest.

MR. FERRARA: Why wouldn't you have taken back a \$475,000.00 mortgage on your own property that you were selling?

THE WITNESS: Well, if you don't get something down on a property, it's liable to wind up sour. Which, even though the mortgage wasn't very good, he may be kept thinking about it.

MR. FERRARA: Well, he put the mortgage on himself. His corporation put it on his own corporation.

THE WITNESS: I made sure it was put on proper.

MR. FERRARA: So, it was a paper mortgage.

THE WITNESS: It was a paper mortgage, but to me it had that much equity, because I was in a position to take the property over, if necessary.

MR. FERRARA: But, Mr.

Wilson didn't put any more cash into it, as a result of that mortgage, did he?

THE WITNESS: No. I

think he put ten thousand cash, and assumed five thousand on some unpaid taxes. Two thirty-five --

ASSEMBLYMAN KEITH: That's

all the money he put into it?

THE WITNESS: That's all the

cash.

There has been a lot of discussion on how much he invested in it, and I have some figures here, if you want it.

MR. FERRARA: Were you contacted by the State Appraisers in regard to Shepard Mountain, and as to the value of the -- or the selling price of that property for tax purposes, or otherwise; the State Tax Department?

THE WITNESS: I don't think

so. I heard the one appraiser mention that he spoke to me about determining its value, and I am very reluctant to express an opinion to anyone that is going to buy a piece of property.

MR. FERRARA: My question, Mr. Wehran, was, also was there anyone from the Local Property Tax Bureau, the Division of Taxation, that contacted you regarding the sale of this property?

THE WITNESS: Well, they always send me a long form, like the inquisition of France four hundred years ago, and I don't send it out. Once in a while, I do. I figure, why should they know all my personal business.

MR. FERRARA: And did they ever contact you personally?

THE WITNESS: Oh, yes. If you don't send the form in - he calls himself the Treasury - he will call you on the 'phone and say, "Now Fred, how about this?"

MR. FERRARA: All right. What information did you give him regarding the sale, or the sale price of the property?

THE WITNESS: Precisely what it was, as I have given it to you.

MR. FERRARA: Let me show you the SR-1-A form, which indicates that there was a

selling price of \$250,000.00 that was given to them by the field representative, by you. The sheets you are seeing, are the forms the state uses.

Now, did he receive that information from you?

THE WITNESS: Who gave this information out?

MR. FERRARA: This is the division of Local Property Tax Bureau, the field representative from Passaic County.

THE WITNESS: Yes.

MR. FERRARA: I received it directly from Trenton.

THE WITNESS: Well, he didn't contact me. He took it off the -- he took it off the deed. He's got a whole record of the deed on here.

MR. FERRARA: Mr. Wehran, in addition to the deed, the bottom part of it, there is an indication of personal contact.

ASSEMBLYMAN KEITH: Do you see where it says "verified"?

THE WITNESS: Well, he could say it's verified --

ASSEMBLYMAN KEITH: There is your name, Fred Wehran?

THE WITNESS: (No response.)

ASSEMBLYMAN KEITH: (Continuing.) Or, your attorney.

THE WITNESS: Oh, wait a minute. This looks like Garrett C. Houman signed it, not Fred L. Wehran. He was the attorney in the deal.

MR. FERRARA: He was your attorney?

THE WITNESS: That's right.

MR. FERRARA: And the indication was \$250,000.00 at settlement?

THE WITNESS: There was two hundred and -- just a minute. I think I've got the closing statement on that.

MR. FERRARA: On the sale, we have a copy of the closing statement.

THE WITNESS: You have?

MR. FERRARA: Yes.

THE WITNESS: Then, you will note there that the revenue stamps of \$250,000.00 was put on the deed. That's just the -- that's the prerogative

of the purchaser. Sometimes they don't want to reveal the full purchase price, so that don't mean anything. You've got to look further than that. We gave them the stamps. There was no part of any schemes, or any damn thing. They got all the revenue stamps. They should put them on. I am not beholden to them.

MR. FERRARA: Mr. Wehran, please.

THE WITNESS: I have enough brothers to keep now.

MR. FERRARA: Mr. Wehran, as far as the revenue stamps go, it's the seller's obligation to supply the stamps.

THE WITNESS: Yes, we did.

MR. FERRARA: Now, as to whether or not they go on the deed, I am not going to go into whose responsibility it is to put them on the deed.

The revenue stamps have indicated a \$250,000.00 selling price. Let me get to something more direct.

What cash did you receive from Mr. Wilson on the sale; did you receive?

THE WITNESS: No, nothing.

MR. FERRARA: Okay.

Did you sell the liquor license -- was the liquor license yours, or the country clubs?

THE WITNESS: Country clubs.

MR. FERRARA: You received the full consideration by way of Wilson, was by mortgages, two mortgages?

THE WITNESS: Yes, sir. Seventy-five thousand, and four hundred.

MR. FERRARA: And in fact, you laid out \$5,000.00 for the taxes.

THE WITNESS: I did. Didn't even have the taxes paid on that old copperhead.

MR. FERRARA: All right.

I have one last question regarding the Florida Lakes property.

The principal of Florida Lakes -- did you sell that to Florida Lakes, or did you sell that in between to Mr. Ford; was that your testimony before?

THE WITNESS: Yes.

MR. FERRARA: All right.

THE WITNESS: To Mr. Ford;
no relation to Henry, either.

MR. FERRARA: When the mortgage was taken over by Florida Lakes, did you have to give any consideration or approval of that transfer, and assumption of mortgage?

THE WITNESS: No. I had a certified copy of what had transpired, when we agreed with this new setup, Florida Lakes property, that they would pay us back the interest we had coming, and the taxes, and we would not foreclose the mortgage; we would let it ride for a few more years.

MR. FERRARA: So, you did have to give your approval for continuation of the mortgage.

THE WITNESS: Yes, and I have a copy of it. If you want it, you can have it.

MR. FERRARA: No.

THE WITNESS: You bring them all down, and nobody wants them.

CHAIR LADY HIGGINS: Mr. Keith has a question.

ASSEMBLYMAN KEITH: Mr.

THE WITNESS: Yes, sir?

ASSEMBLYMAN KEITH: After you sold the property to Florida Lakes, the Shepard, Darlington, Levine; did either you, or any members of your family, own any shares of stock, or have any interest in any of those corporations after they were sold?

THE WITNESS: No, sir, not a su-ma-kee, not one penny.

MR. FERRARA: In each instance, Mr. Wehran, the only interest you had on the indirect sales, was the mortgages you had taken back?

THE WITNESS: Just the way I represented it. I've got all the papers here to prove it. We had no indirect connection. We got no kickback, comebacks, nothing.

MR. FERRARA: Just a minute, Mr. Wehran. Nobody asked you that.

ASSEMBLYMAN KEITH: When did you buy the Levine property?

THE WITNESS: That was part of the Ringwood Company, as far as I know, and it's been in there for a hundred years - the same age as I am.

MR. FERRARA: One last

question.

THE WITNESS: Yes, sir?

Fred Ferber?

MR. FERRARA: Do you know Mr.

THE WITNESS: Yes, I know

Fred Ferber.

MR. FERRARA: Have you had any transactions with Fred Ferber to purchase or sell land in this general area?

THE WITNESS: Yes. I sold him a tract of about 59 acres over in some area -- I don't know whether it was in the Wawayanda area -- it was buried. I couldn't find it. I couldn't find the roads. I called it Orphan Annie, so I give it to him for a bargain.

MR. FERRARA: That's over by Wawayanda you say?

THE WITNESS: I would have given him a bargain no matter what. I didn't know how the title was. I said, "Fred, you've got all this land around here. If you want it, take it."

CHAIR LADY HIGGINS: Is this part of the Wawayanda tract that was sold to the state?

THE WITNESS: No, he still

has that.

I don't know, Mrs. Higgins,
about that Wawayanda tract.

CHAIR LADY HIGGINS: Well,
it was referred to by many of the appraisers, and I thought
maybe you knew.

THE WITNESS: I heard them
talking about it. It looks nice. I flew over it.

ASSEMBLYMAN KEITH: You
say that all these properties were owned by the Ringwood
Company for fifty or a hundred years?

THE WITNESS: Yes.

ASSEMBLYMAN KEITH: Do you
know what the Ringwood Company paid for all of this
property when they bought it?

THE WITNESS: Boy, that's a
lulu.

ASSEMBLYMAN KEITH: If you
don't know, just tell me.

THE WITNESS: Well --

ASSEMBLYMAN KEITH: Let
me explain why I asked the question.

THE WITNESS: Yes.

ASSEMBLYMAN KEITH: After you testified you had fixed the amount of money you paid for the Levine property, that you paid for the Shepard property, now how did you fix those costs?

THE WITNESS: Well, I'll tell you how we fixed them. Over a period of time, as we started to sell these properties, we had to establish a value on our books for Internal Revenue purposes. So, the accountants and the Internal Revenue got together, and they figured well, you got so much land here, and this is what we will establish as your cost.

That's the way it happened.

ASSEMBLYMAN KEITH: Thank you.

CHAIR LADY HIGGINS: Anything further?

ASSEMBLYMAN MANDELBAUM: I have one.

CHAIR LADY HIGGINS: Mr. Mandelbaum?

ASSEMBLYMAN MANDELBAUM: As a last question, assuming that we had the power to give you back the property today for the million three, would

you think it would be a good buy for a private individual?

THE WITNESS: Boy, that's a \$64.00 question.

ASSEMBLYMAN MANDELBAUM:

That's why I asked it.

THE WITNESS: You know, that would depend. As I said before, I work on the law of averages. Now, if you said, "I will buy -- will you buy all of the property that Green Acres have acquired in the past year?"

I might say, "Yes."

I think they got some terrific buys. That's just one man's opinion.

But, to pin me down on something like this, I think -- let's put it this way: I think that property could be resold for what they paid for it, and maybe more. That's just my opinion, but I've sold a lot of land. I still think well of it. You don't have to hold me to it. You folks do what you want.

CHAIR LADY HIGGINS: Well, I don't think anyone is questioning the acquisition of the land, as far as its use as Green Acres, that hasn't been part of this hearing.

THE WITNESS: Well, I --

CHAIR LADY HIGGINS: Well,
we are going to recess.

Mr. Wehran, thank you so
much for your being with us.

Unless there are any further
questions, I don't think we will need to have you stay
after lunch.

We will recess now for a
half hour for lunch, because we are trying very hard to
finish up by 3:00 o'clock this afternoon, and we have
several other witnesses.

THE WITNESS: Well, Mrs.
Higgins, thank you. And, if you want me, or any of the
records, you are more than welcome to them.

CHAIR LADY HIGGINS: Thank
you very much, Mr. Wehran.

(A half hour luncheon recess
was taken at this time.)

CHAIR LADY HIGGINS: Good
afternoon. We hope you all had a rapid and good lunch.

We have had a Committee
meeting during the recess, and for the purpose of those who

are here, I'd be happy to announce that we have decided due to time limitations that we will have to have another hearing; and we will have the next hearing on July 14th, for the purpose of hearing Mr. Brown, and the Commissioner, if it's convenient with the Commissioner. We do understand the pressures that he is under, and we were hoping that this will be convenient with him. This will be 9:00 A. M., on July 14th.

We are hoping that this will be the final public hearing on the subject matter of Thunder Mountain.

Today we intend to hear the testimony of Mr. Stephen Dudiak, of Passaic County, who has asked for the opportunity to come before us.

Mr. Dudiak?

S T E P H E N D U D I A K,

being first duly sworn, testified as follows:

BY MR. FERRARA:

Q Mr. Dudiak, you have listened to the hearing this morning?

A Yes.

Q And also for the fact that this is the first public hearing --

MR. FERRARA: I'd like to call attention to the fact that Mr. Dudiak was before the Committee in executive session back in December.

Q (Continuing.) There was certain information, Mr. Dudiak, that you were going to gather for the Committee at that time, and supply us; and also you had requested of the Chairman the opportunity to come back in public session perhaps for clarification, and further testimony, possibly.

A Yes.

Q And I think for the sake of the record, again, we ought to have some indication of what your business qualification, or what your business is, as to possibly support some of the things you may say later on.

A I have been in the real estate business for thirty years. I have been in the construction business for thirty-five years. I have developed residential land, garden apartments --

Q Speak up a little.

A (Continuing.) Shopping centers, high rise apartments, also industrial land.

I carry a real estate broker's license.

I have been an advisor to many builders, and some institutions, as far as the value of land is concerned.

We own various -- we bought various tracts from the State of New Jersey, all over the state, developed them, bought and sold land.

Our building experience: We built about 10,000 units in the past fifteen years, or so.

Q All right.

Now, Mr. Dudiak, are you familiar with the area of Thunder Mountain, and Shepard Lake, in Passaic County?

A Yes, I am.

Q Are you familiar with the particular land in question?

A Yes, I am.

Q Have you walked the land, or gone onto the land?

A Yes, sir, I have.

Q All right.

Now, one of the things you had indicated to us at the last hearing was that the front foot value that was placed on this property by the appraiser, was completely out of line.

A Yes.

Q Would you indicate to us why so?

ASSEMBLYMAN TANZMAN: Do you want to read this statement?

THE WITNESS: Well, I'll add to that, since I've heard some of the statements here, and since I've seen --

ASSEMBLYMAN TANZMAN: Is this letter going into the record?

THE WITNESS: Yes, I wish it would go into the record.

MR. FERRARA: All right.

I see that the letter has just been given to the members. Possibly I will direct my questions and try to cover the areas you have in the letter.

(An off-the-record Committee discussion takes place.)

MR. FERRARA: All right.

Q Mr. Dudiak, the Committee has indicated that at the moment they feel the best way to proceed, and the quickest way to proceed, to make your statement in the fashion that you have just given to them, the written statement, and then we'll

direct some questions to you.

Now if I may, Mr. Dudiak, for the sake of the record here, for the stenographers, if we supply them with a copy, they won't have to take it down in shorthand.

A I have copies.

(An off-the-record Committee discussion takes place.)

Q Mr. Dudiak, instead of your reading it into the record - my original intention was not to have you do it, we are going to mark that into evidence as an Exhibit, your statement as an exhibit, and then I would like to ask some questions, and the Committee will probably want to ask some questions about it.

I have some questions that I would be directing towards this, and maybe areas -- not covering every item of your letter here. But, in the area that you feel that you have to elaborate on, please do.

MR. FERRARA: We will mark the Exhibit Dudiak-1, and indicate it as a letter or memorandum addressed to the Chairman of this Committee, consisting of eight pages.

CHAIR LADY HIGGINS: Let the record show that this is a letter that was written to

me as Chairman to supplement the testimony that was given on December 14th, 1964, and to provide the additional information that was requested at that time.

(The above referred to and described document is received in evidence and marked Dudiak-1.)

BY MR. FERRARA:

Q Now, I want to direct your attention, Mr. Dudiak, to the front foot values, which you have heard testimony made today by the various appraisers, and you've heard reference made to 125 feet, and 175 feet."

Now, in your opinion, as a builder, what can you tell us, in your opinion, as to the values that have been placed by these gentlemen?

A Well, in the first place we question the fact of whether you can get this land subdivided to be able to build residential property. That's the number one question.

Q All right, that's the area.

You say you question whether it can be subdivided?

A Yes.

Q Why do you raise that question?

A There is no access from Ringwood, from the Borough itself, into the land, other than going through New York State,

and from there down Shepards Pond Road, into the property.

Q Would that prevent Ringwood from giving you a subdivision of this land, in your opinion?

A In my opinion, yes.

We have been in the construction business for a number of years, and have subdivided very much land, and we have never been able to subdivide land anywhere unless we had access from the town to where the land was located.

There is no street entering into this piece of property.

Q No street entering into it from the town, is that what you are saying?

A Yes.

Q All right.

Now, let's go --

THE WITNESS: If I may, I'd like to support that statement. I have here an official map, and also a letter from the Mayor, and I'll read the letter to you.

"Dear Mr. Dudiak;

This letter is to advise you that there is no public highway leading into Thunder Mountain lodge through the Borough of Ringwood. Morris Road, which

is a Borough road, ends at the entrance of Shelton College, and does not protrude to the Thunder Mountain lodge. The only access to Thunder Mountain lodge by public road, is the Eagle Valley Road, which is Orange County, New York."

That's signed by the Mayor.

MR. FERRARA: I think we'd like to mark that.

Are you ready to surrender that to the Committee?

THE WITNESS: I have sent copies to you.

MR. FERRARA: I have a set. I've got what I received from you a week ago. Is this the same information?

THE WITNESS: The same information.

MR. FERRARA: All right, I have it. Where we vary, I'll ask that it be marked into evidence.

BY MR. FERRARA:

Q So therefore, based upon the fact that there was no access, you feel that this is not a subdividable piece of land?

A That's right.

Q Now, what is the significance? If it is not subdividable, what does that mean by way of appraisal? What's the effect that it has on the value?

A Well, actually, as far as the value goes, I think Mr. Tanzman should know very well -- you take an option on a piece of land, wait until it's subdivided, before you close title. In this particular case, if you brought it either before the Planning Board, or the governing body in Ringwood, for them to accept this as a subdivision -- I think the Zoning Board of Adjustment would tell you that it would practically be prohibitive, unless you had a road into it. So, it wouldn't be subdivided, and you wouldn't have land that could be developed for housing.

Q All right.

Now, assuming, because we have had conflicting testimony in this regard -- assuming that Ringwood would develop -- permit a subdivision of this land.

Now, we realize that your opinion is that they would not, or could not, or whatever the opinion may be.

Assuming they would permit a subdivision of the land;

have you any opinion as to the improvement costs, or the appraised value that these fellows -- these appraisers have put on the property, as to the front feet of the lot?

Start with the lake frontage, if you would.

A Well, actually -- I have a map here that I'd like to show, with topography, as far as the -- as far as some of the lake property is concerned. But, in order for me to give you a figure on what I feel a front foot would be worth, I would use comparables which we could accomplish in other areas as a base.

Q All right, but before you give that to me -- I'd like to see the map. I am quite sure I have never seen a topography map.

Do you want to do that first, and then give me these comparables?

ASSEMBLYMAN KEITH: Excuse me, but I'd like to ask the witness a question. I noticed in reading your statement over, you make reference to a half dozen more exhibits. Is this one of those exhibits you are referring to?

THE WITNESS: This is an additional exhibit that I was going to enter in the record and bring up.

ASSEMBLYMAN KEITH: Thank you.

MR. FERRARA: Let me see, if you would, and explain to us what this topography map is, then you can give us the comparables.

THE WITNESS: I have on here --

Can I bring it up there?

MR. FERRARA: Yes. You bring it up here, Mr. Dudiak, and we will fix the record up as best we can.

CHAIR LADY HIGGINS: Let the record show that we are examining the topographical map of the area prepared by Mr. Dudiak.

THE WITNESS: This is a map that is 200 linear feet to an inch.

In this area here, that borders New York, you have a 25 per cent grade.

Here, at this particular point, you have --

MR. FERRARA: I am going to interrupt you for just a second, so that for the record we can show what you are looking at, and what you are discussing, Mr. Dudiak.

When you refer to the property

on the New York side, this is boundary line of the property on the northeasterly side of the property?

THE WITNESS: That's right.

MR. FERRARA: And you say there is a 25 per cent grade from the lake down, is that the idea?

THE WITNESS: At this point.

MR. FERRARA: All right.

Let's go to another point.

Another point, a little further south, and also on the east shore of Shepard Pond, what is the grade?

THE WITNESS: The grade there is a 50 per cent grade.

MR. FERRARA: A 50 per cent grade?

THE WITNESS: Yes.

MR. FERRARA: All right.

The next point?

THE WITNESS: This point here, is going further south on the map --

ASSEMBLYMAN MANDELBAUM:

This is not a topographical map, and he is not an engineer.

THE WITNESS: This is taken from a topographical map.

MR. FERRARA: All right, okay. Go ahead, Mr. Dudiak.

ASSEMBLYMAN MANDELBAUM: It is not admissible.

CHAIR LADY HIGGINS: I was careful to point out in the beginning that this was Mr. Dudiak's topographical map.

ASSEMBLYMAN MANDELBAUM: I have no objection, but I am just telling you that it is not admissible, it is not a topographical map and Mr. Dudiak is not an engineer.

THE WITNESS: At this point we have an 18 per cent grade.

MR. FERRARA: And you are indicating the easterly part of the lake.

Do you have another point?

THE WITNESS: You have another one with an 18 per cent grade.

Here you have within 200 feet a 40 per cent grade at this point.

MR. FERRARA: And now, Mr.

Dudiak, in arriving at these grades, and topos, I see that there is another map available.

Was this information taken from that topographical map?

THE WITNESS: From this aerial topographical map, yes.

MR. FERRARA: From the aerial topo?

THE WITNESS: Yes.

MR. FERRARA: You can go back and sit down now, Mr. Dudiak.

BY MR. FERRARA:

Q Mr. Dudiak, when you were referring to this map, and to the grades that had been taken from the geodetic map, what was the significance of you raising the question of topography around the lake? Does this affect the development of the lake frontage?

A It affects the development of the lots around the lake itself, where the highest and best appraisals existed. Some of this land -- for instance, you can't build a road behind the houses, you must build it in front of them, and your slope is so steep, that it's almost unuseable.

Q All right.

How much of the lake frontage in your opinion, could be developed for housing purposes?

A I would say about 60 per cent.

Q Sixty per cent of what is a total?

A I think they have 4,000 feet total, I never checked it further.

Q Well, we had testimony that there was 6,000 feet around the lake, which was acquired by the state. And, I think the testimony was that about 4,000 -- somebody testified - was useable of the 6,000. I want your opinion.

Assuming 6,000 feet around the lake, that was acquired by the state, how much of it would be useable, 60 per cent?

A I could measure that off for you in a second, here, with a ruler.

Q Approximate it.

A I'd say about 40 per cent could not be used.

Q Forty per cent could not be used?

A Yes, that's right.

Q All right.

So that out of 6,000 linear feet around the lake, approximately 60 per cent you would say would be useable for development purposes?

A I don't agree with the 6,000 feet.

Q Oh, I am sorry.

A I don't agree with it to begin with.

Q How many linear feet do you say there is there?

A One of your appraisers says 4,000 feet, and one says 6,000, so maybe there's 5,000.

Q What do you say?

A I would say approximately 5,000 feet.

Q And there is about 60 per cent of that that is useable?

A Yes.

Q For development purposes' at this residential development, is that the idea?

A Yes.

Q All right.

Now, so that of the five or six thousand feet, that's something like 3,000, 3,600 feet of useable frontage.

What would you attribute, in your opinion, to a front foot value to that, or are you able to do that?

A Well, I don't think I'd attribute a front foot value on that, because to begin with, before we'd attribute any value at all on this land, we would have a survey, a topo made.

We would have some idea of what our road costs would be.

How much cutting we've got to do. How much filling we would

have to do. How much water would cost. How much a sewer plant would cost, and so on. I think this is the very basis of it, and I think that that's the number one thing before we would buy the land.

Q Could you estimate at all, either on a per lot basis, or on a per acre basis, or a total basis, how much it would cost for this type of an improvement that you are talking about?

A Well, Mr. Ferrara, I can give you the costs of the improvements under normal conditions. As far as the cost of the lot is concerned, or the purchasing of land, I would have to use comparable land purchases, what I can buy somewhere else, in order to match it up. So that the price of the land itself, wouldn't make any difference in that instance.

Q All right, we've got --

A (Continuing.) But the improvements itself would cost somewhere between twenty-five and thirty dollars a foot.

Q Twenty-five and thirty dollars a foot?

A Yes.

Q A front foot for improvement?

A Yes.

Q All right.

You talked about comparables, do you have comparables?
Can you give us comparables?

A Yes, sir.

Q You have?

A Yes, sir.

Q Could you please tell us in a general nature, some of them, or what were they?

A We have a number of comparables in the area. Do you want me to read all of them off for you?

Q Well, once again, once again, though I was taken to task before, I would like to keep them in the general area first.

A Yes.

Q Are they comparable acreage lands?

A Yes.

Q They are?

A Yes.

Q But first of all, the comparables that you are talking about, are on acreage?

A Yes.

Q All right.

And you have some on lots, also, do you?

A I think I have one or two on lots, yes.

Q Now, in these comparables, what are they based upon, are they based upon offers to sell, or are they based upon deeds, records, revenue stamps; what are they based upon,

the ones you are going to give us the value on?

A Well, they are based on a willing seller to a willing buyer. These offers come to us --

ASSEMBLYMAN TANZMAN: Excuse me.

Are these bona fide sales, or are they offers to sell?

THE WITNESS: They are offers to sell.

ASSEMBLYMAN TANZMAN: Then they are not admissible, "and of no value.

MR. FERRARA: Wait a minute, Mr. Tanzman, if you will.

I am not going to start getting into what -- an offer to sell, to me, has value. An offer to buy is another story.

ASSEMBLYMAN TANZMAN: As an expert testifying in Court, you cannot testify on the basis of offers to sell, they must be bona fide transactions.

THE WITNESS: I am sure I have some bona fide transactions here.

ASSEMBLYMAN TANZMAN: If you have those, let's have them.

MR. FERRARA: Just a minute.

I am sure that if I were handling this as a condemnation matter in Court, Mr. Tanzman, I would handle it one way. However, I think we are a Committee trying to determine some basis for this information; and I think that the comparables that we have had so far, have been in many instances offers, and in some cases, sales.

ASSEMBLYMAN MANDELBAUM: We never had any offers.

ASSEMBLYMAN TANZMAN: We have never had any offers up to this time.

CHAIR LADY HIGGINS: Pardon me, Mr. Tanzman, but it seems to me that we aren't, as Mr. Ferrara pointed out, a condemnation commission. We are listening to Mr. Dudiak give his opinion on the land.

ASSEMBLYMAN TANZMAN: I have no objection.

CHAIR LADY HIGGINS: We listened to Mr. Wehran give his opinion on land.

ASSEMBLYMAN TANZMAN: I have no objection to listening to Mr. Dudiak, as long as it is clearly set out that these are opinions, and they are not bona fide sales.

CHAIR LADY HIGGINS: I want to point out also - you, I know are familiar with this, because you are an appraiser - but offers to sell do present the ceiling in effect.

ASSEMBLYMAN TANZMAN: That's not so.

CHAIR LADY HIGGINS: (Continuing.) It can be so used.

ASSEMBLY/^{MAN}TANZMAN: That is definitely not so.

MR. FERRARA: All right, let's move along.

ASSEMBLYMAN TANZMAN: I would like to make one other point first, Mr. Ferrara.

When Mr. Dudiak was here back in December, he advised us that he was going to give us a map with these comparables on them, which we never received. So, we have had no opportunity to determine the comparability of these sales. Now, we'll have to take them, and then investigate them afterwards, before we are able to determine the extent of their comparability.

CHAIR LADY HIGGINS: Just as we had to do with Mr. Daly's testimony.

THE WITNESS: Well, Mr. Tanzman, are you questioning my judgment in this?

MR. FERRARA: No, he is not.

ASSEMBLYMAN TANZMAN: I am not, I am only summing up, and pointing this out.

ASSEMBLYMAN MANDELBAUM: Assuming that you are going to rule that we will hear his testimony, can we divide up his testimony between actual sales, and offerings, so at least we will be able to differentiate between the two?

MR. FERRARA: No question about that.

CHAIR LADY HIGGINS: Mr. Mandelbaum, may I point out to the Committee, for the purpose of helping out the poor reporters, will you direct your questions to the chair, and I will recognize you?

BY MR. FERRARA:

Q Mr. Dudiak, in giving any of these comparables, I certainly want you to notice the difference - that's why I asked you the question - between sales reflected in deeds, and those which were offers to sell, or listings.

A All right.

Q Make a distinction for us, so that we know, and keep them

in the same category.

A All right.

Q Now, do you have any sales that have taken place?

A Yes.

I'll give them to you one by one.

Comparable number one, 1964, a sale. Stephens to Cole. The tract is located in West Milford, adjoining Wynnewood.

Q What are the names again?

A Stephens.

Q Stephens?

A S-T-E-P-H-E-N-S.

Q To who?

A Cole, C-O-L-E.

Q Go ahead.

A (Continuing.) The Deed is recorded in book W-50, page 625, Passaic County Register of Deeds.

Q How much land is involved?

A 259 acres.

Q 259 acres?

A Yes.

Q And how much was it?

A \$57, 000.00.

Q \$57,000.00?

A Right.

Q And that's a sale you are talking about?

A Yes.

Q And what was the date?

A 1964. I haven't got the month.

Q Oh, all right.

A You have a copy of each one of these in your file.

Q Of these sales?

A Yes.

Q All right.

A Comparable number two --

Q All right, another sale, if you please.

A A sale in the last two years, the purchaser is Sweetman, S-W-E-E-T-M-A-N. The property abuts Route 23 in West Milford. It's 59 acres, which has a lake, \$63,400.00.

Q Now, that's a 59 acre tract with a lake?

A Yes.

Q For \$63,400.00?

A Yes.

Q All right.

Are there any -- do you have any other sales?

A I have.

Q Item nine on the list looks like a sale.

A I have here a sale, of course, that was brought up this morning, the 816 acres of land, for \$560,000.00.

Q And that's the sale from Ringwood to Levine?

A Yes, Levine. That's comparable number 7.

Q All right.

And how much was that?

A That was \$560,000.00.

Q And how many acres?

A That was 860 acres.

Q All right.

Did you make any calculation as to the per acre cost on that?

A Approximately \$600.00 an acre.

Q All right.

A That also has a 40 acre lake.

Q That has a 40 acre lake.

A It also has approximately four and a half miles of finished roadway around it.

It also has water to it, fire hydrants and water.

CHAIR LADY HIGGINS: On the property?

THE WITNESS: On the property.

Q How would you say this compares to Shepard Pond?

A Well, in my opinion, for development purposes, this is more desirable.

Q This Levine piece?

A Yes.

Q All right.

Are there any other sales that you have as comparables?

A I have this other sale, also, the 1,400 acres, for \$250,000.00, Ringwood to the State of New Jersey.

Q That's the 1,400, or 1,500 acres of land that Mr. Wehran referred to this morning, and I think he said it sold for \$250.00 an acre?

A That's right. That was 1958. And, that has 17,200 feet of road frontage.

Q 17,200 feet of road frontage?

A Yes.

Q Has it any lake frontage, that piece?

A No. It has a brook, or trout stream running through it.

Q And that was a 1958 sale?

A Yes.

CHAIR LADY HIGGINS: Mr.

Dudiak, you said that was \$250.00 per acre, and I thought Mr. Wehran testified it was \$125.00 an acre.

THE WITNESS: Well, the sale is \$250,000.00. I have supporting documents for this. I can give you that. Here is the page and book number, the 1,400 acres. I have the supporting documents here photostated.

MR. FERRARA: Let me just check that a minute.

I think the answer to that, is there is a slight variation in the number of acres that were purchased.

THE WITNESS: 1,400 acres is in the deed, here.

MR. FERRARA: All right, let's go on.

Q Do you have any other sales that would be comparable?

A A recent sale - I haven't got the book and page number - Ringwood to J. I. Kislak Company.

Q Speak up a little bit.

A I have a recent sale, Ringwood to J. I. Kislak Company, approximately 900 acres, for \$500,000.00.

Q All right.

Now, that was a recent sale. I believe that sale was consummated within the last year.

ASSEMBLYMAN TANZMAN: You didn't permit sales this morning that were subsequent to the date of the appraisal.

CHAIR LADY HIGGINS: Mr. Tanzman, through me, if you don't mind.

May I also point out to you, that in questioning the appraiser for the state, he gave his appraisal on a certain date, and we didn't permit him to testify as to sales after the date of his appraisal, because for the purposes of our hearing we were questioning him on the appraisal. As far as Mr. Wehran was concerned, he referred to sales after the date of purchase --

ASSEMBLYMAN TANZMAN: No, he didn't.

CHAIR LADY HIGGINS: Well, he referred to the one he made three months ago.

And I think for the purpose of our hearing, we are trying to find out from Mr. Dudiak his opinion.

ASSEMBLYMAN TANZMAN: I have no objection to that.

MR. FERRARA: We realized that the sale has relationship to the time the appraisal was

made, and that's one thing for appraisal purposes.

BY MR. FERRARA:

Q Here is a sale that you say is as recent as several months ago, the end of last year. This sale took place for 900 acres, \$500,000.00. But, is there any lake involved in that property?

A No.

Q Is there road frontage involved in it?

A Yes.

Q There are roads?

A Yes.

Q All right.

Is there any other sale that you have?

THE WITNESS: If I may, Mr. Ferrara, for a moment say something that I think is very pertinent here - and I think Mr. Tanzman must realize this. I understand what he is saying, but I want to direct this directly to him.

As far as the Thunder Mountain sale is concerned - I direct this to you, Mr. Tanzman -- the sale of Thunder Mountain had created a higher value for properties in the complete area. So, any place you got after that, was much higher than you could get before that. Now, the fact that

a real estate broker, such as even your firm, Alexander Summer, J. I. Kislak, Garibaldi, comes to you with an offer of land, that's a legitimate transaction. I believe it's something that should be part of the record.

I don't see where it makes any difference, if I can buy a piece of land today, offered by a legitimate broker, or whether a sale existed.

MR. FERRARA: All right, Mr. Dudiak. Stay with me a moment, please.

I want to distinguish between the actual sales - and I am sure that we all have differences of opinion as to the value of an offer to sell - you have heard different opinions given. If you had no other sales of property, then I would be willing to take at this point at least any bona fide offers to sell, not offers to buy, now, offers to sell. That is to say, the seller says, "I will take, if you will pay me."

A Yes.

Q Do you have any such offers?

A Yes.

Q Do you have any other sales, for us?

A Well, I don't think so. I could go through them one by

one, and you could pick the sales apart.

Q No, I want them together, Mr. Dudiak, because this Committee is going to try to read this testimony, and try to put it altogether.

A You have a copy of this in your file.

Q All right.

Now, will you please tell us the offers to sell, if they were bona fide offers, and how you can support them, if you can support them.

A March of 1964. The tract consisted of 2,100 -- 104 acres, located in Ringwood, West Milford, was placed on the market. The asking price was \$1,000.00 per acre. A photo copy of this letter is enclosed, and note paragraph 2, on page 2, --

Q Let me ask you, I see a letter here, and I want to make sure it's the right one, from Alexander Summer Company, addressed to you.

A Yes.

Q Is that the one we are referring to?

A Yes.

Q And there was an offer to sell at a thousand dollars an acre?

A Yes..

Q What property was this, or can you identify it in relationship to our particular property in Thunder Mountain?

A Well, it's within a very short distance from this property.

Q Three miles, one mile, five miles?

A Yes, I'd say that, within a couple of miles.

Q Within a couple of miles?

A Yes.

Q Did it have any lake frontage?

A No.

Q Did it have road frontage?

A It had some road frontage, yes.

Q All right.

And, you say you wanted to note some particular paragraph, too, do you want to read that?

A It says here --

Q Let me paraphrase it.

Are you referring in this letter to -- which appears here -- it appears here that the person sending this letter to the real estate company, Alexander Summer, in offering \$1,000.00 per acre, said:

"There is no doubt in my mind that this price is higher than it would have been before the recent sale of Thunder Mountain was announced.

They brought that sale into our discussions, with comments on a \$2,500.00 per acre sales price..."

Is that what you are referring to?

A Yes.

Q Is that your statement, the statement you just made, that said because of the purchase price -- because of the purchase price of the land, surrounding lands have gone up?

A That's right.

Q All right, we understand that.

Tell me any other comparables that you have?

A I have another comparable.

Q Again, is this an offer to sell?

A It's an offer to sell.

Q Go ahead.

And is the land in the general area?

A This land happens to be in New York, but borders New Jersey.

Q How far would you say --

A Well, it practically borders it. The road goes in -- this Thunder Mountain land borders New York. This is practically adjoining, but it happens to be in New York.

Q All right.

How large a parcel is it?

A In February of 1964, a tract consisting of 1,000 acres was

offered for \$300.00 an acre. The tract is located in Warwick, New York, in the immediate vicinity of Thunder Mountain.

A copy of the letter is also enclosed.

Q Is that also a letter that I see you have got included in this group - I am sorry I didn't get to read these things. I did have them probably a week - from Alexander Summer Company also?

A Yes.

Q Are there any other comparable offers to sell?

A We have a comparable number six.

In July of 1964, a tract consisting of 500 acres in Wanaque, adjoining Ringwood, was offered at six sixty per acre.

A copy of this letter is also enclosed.

That's \$660.00 per acre.

Q All right.

And comparable number seven on this exhibit you have already referred to, I believe.

What is comparable number eight? That looks like a lake lot.

A These are lots that are in Skyline Lakes.

Q Skyline Lakes?

A Yes. There are a number of lots that are available.
I have a letter on that here, at \$3,000.00 a piece.

Q All right.

That's the extent of the comparables that you had, Mr. Dudiak?

A Yes.

Q All right.

And based upon this information, which you have indicated here in going through this list, you say your conclusions are what? That the per acre value of this land has been what?

A (No response.)

Q Do you have an average figure? Do you suggest a thousand dollars an acre?

A In my opinion, a thousand dollars an acre is the top price for the land.

Q All right.

I see in this letter report that you have submitted here, you made some reference to the leases that are on Shepard Pond; what's the significance of that?

A Well, this morning -- I'll see if I can get myself straightened out here.

CHAIR LADY HIGGINS: Under

your testimony that you gave us in Exhibit No. 4, I think it was --

THE WITNESS: If I may, I'd like to show the Committee where this land is located on the map, that at least -- and also, the infringement, the distance of infringement, of the ski slope on the skeet shoot.

Q Let me ask you this, Mr. Dudiak.

We heard the Attorney General say this morning that as of now - the Deputy Attorney General. I'd like to raise him to the position to Deputy Attorney General - and that this matter has now been resolved, the differences between the overlaps of the leases. But, is there any question in your mind as to the extent of that?

The Attorney General indicated that it was a relatively small piece that overlapped.

A I think it's very significant to the area that it's in if you were going to develop the land. I think you should see that part of it.

Q Oh, you mean the relationship of the lease land to the entire parcel?

A Yes.

Q Oh, I didn't understand you. I'd like to see that.

A Here it is.

Q All right.

Can you tell us, by looking at the same map that we looked at earlier, and referred to earlier in the testimony, where is the leased land, how is it designated?

A The land purchased is from this point --

Q No, answer my question, please.

I see the lines of purchase on this map. Where is the land that is the subject matter of the leases?

A The leases encompass the red area.

Q There is a red designation on the map, which I am informed encompasses the leased land; is that right?

A Right.

Q What is the blue designation, Mr. Dudiak?

A This is the ski slope.

Q So that the overlapping of these two pieces is the overlapping we were talking about before, according to your information?

A That's right, and according to the leases themselves.

Q Oh, all right.

According to the descriptions in the two leases, is that what you are referring to?

A Well, this marking is in the lease. The complete thing

is on the back of it here.

Q All right.

In the copy of the lease - which we all have a copy of now, we were supplied yesterday with it - there is the same area we are talking about showing the leased land, is that right?

A That's right.

Q And it's the same as this map here?

A That's right.

Q Do we have any other copies, or in these papers you gave to me, has this been delineated, this coloring?

A No, I will give you this map.

Q All right, that's fine.

This will indicate that there was an overlap on the two leases.

A Right.

CHAIR LADY HIGGINS: Mr.

Dudiak, on this map, in relationship to the skeet land, preserved by the lease, if I am correct, where is the club property?

THE WITNESS: The lodge is in here.

CHAIR LADY HIGGINS: And

right in here, that means it would be how many feet from there?

THE WITNESS: I'd say within 600 feet.

CHAIR LADY HIGGINS: In other words, this is the beach front property, and it's on what part of the lake? What would you call this?

THE WITNESS: This is the west side of the lake.

MR. FERRARA: That's the west side all right.

CHAIR LADY HIGGINS: And this is where the beach front is?

THE WITNESS: Yes.

CHAIR LADY HIGGINS: All right.

Now, to go around the other part of this map, where we have the leaseholds, how close is this to this lake front road that was given as the appraisal - I mean, mentioned by one of the appraisers?

THE WITNESS: I wish I had a ruler, and then I could give it to you very easily. From the scale, I would presume it's 450 feet.

MR. FERRARA: It's approximately two inches, or two thumbs, about 400 feet?

CHAIR LADY HIGGINS: To the lake front itself.

THE WITNESS: Yes.

MR. FERRARA: (Continuing.) From the area which is the subject matter, or the skeet shoot reserve area.

THE WITNESS: Right.

MR. FERRARA: It's not necessarily where the actual shooting range is, but where the reserve area is.

THE WITNESS: Yes.

MR. FERRARA: All right.

CHAIR LADY HIGGINS: I only ask that question, because at one time we had testimony that the skeet shoot wouldn't affect the development of the lake front property, and if the lake front property is only within a few hundred feet, it gets a little close.

BY MR. FERRARA:

Q We have made reference at the moment to these two leases, and the land that was leased. Were you going to express an opinion as to what the effect on the value these two

leases had, is that what you were going to do?

A Yes. Naturally, this lease provides for payments of -- it starts at \$3,500.00 the first year, thirty-three twenty the second year --

Q This lease, which lease are you referring to?

A The skeet shoot lease.

Q The skeet shoot lease; okay.

We have a copy here. We received it yesterday.

A Yes.

Q It has a rental that varies over a ten year period, with a ten year option.

A It has an option of ten years at \$5,000.00, or an average of \$4,700.00 a year for twenty years.

Q All right.

A (Continuing.) So, as far as the value of the land is concerned on that particular piece, and using income as a base, you would normally say, "Well we want 10 per cent return."

But, if you deduct the expenses, the road maintenance that has to be maintained for you to be able to use this property; if you took off even \$250.00 a year, or \$200.00 a year, that would bring that down to forty-five. The value of the land would be \$45,000.00, this 55 acres, based

on investments, with a return of 10 per cent.

ASSEMBLYMAN TANZMAN: Well, let me ask one question through you, counsel.

Did you analyze the ski lease in the same manner, Mr. Dudiak?

THE WITNESS: Well, the infringement --

ASSEMBLYMAN TANZMAN: Forget the infringements now. There are 5 acres leased to the ski operator, 5 acres.

CHAIR LADY HIGGINS: Where did you get that information from?

ASSEMBLYMAN TANZMAN: I just read the lease. It's right here.

5.9 acres to be exact --

THE WITNESS: You have 60 acres altogether, right?

ASSEMBLYMAN TANZMAN: I just want to know -- you've analyzed the first 55 acres for us, so I want you to analyze the 5.9 acres.

THE WITNESS: You have a hundred thousand dollars rental for ten years, right?

ASSEMBLYMAN TANZMAN: That's

correct.

THE WITNESS: You also have use of the parking lot and the building.

ASSEMBLYMAN TANZMAN: How much is that?

THE WITNESS: It goes further than the land itself, you are going into the building.

ASSEMBLYMAN TANZMAN: What I am driving at is, you took the income flow from the skeet shoot, and you took off a nominal amount for the maintenance of the road --

THE WITNESS: Yes.

ASSEMBLYMAN TANZMAN: You capitalized it at 10 per cent. Even though I disagree with your rate of capitalization, that's a separate matter.

THE WITNESS: Yes.

ASSEMBLYMAN TANZMAN: Now, let's take the hundred thousand dollar flow of income for ten years, take off your nominal expenses, and give me the value of that 6 acres.

THE WITNESS: I am trying to tell you, Mr. Tanzman. This involves more than the ski slope, it involves also some of the buildings.

ASSEMBLYMAN TANZMAN: Give me the value, please.

THE WITNESS: If you want me to read it to you, it's in the lease.

ASSEMBLYMAN TANZMAN: I read the lease. I have an analysis I made of the lease right here.

THE WITNESS: Well, what do you separate for the use of the building?

ASSEMBLYMAN TANZMAN: Mr. Dudiak, I am not testifying, you are.

You analyzed the skeet shoot, and you came up with an income flow, and you capitalized it at 10 per cent. Now, give me the same income flow, take off your expenses, and capitalize this 6 acres.

THE WITNESS: I will have to take into consideration the buildings --

ASSEMBLYMAN BATEMAN: Mr. Tanzman, maybe I can help straighten what Mr. Dudiak is trying to say out.

ASSEMBLYMAN TANZMAN: I know, but let give you my point.

The point is, if you take one,

you have to take the other. You just can't take the 55 acres, and take an income flow, and then ignore the 6 acres, and not take the income flow. If you are going to take the income, then take the income of both, don't take the worst.

CHAIR LADY HIGGINS: Gentlemen, may I remind you to direct your questions through the chair.

Mr. Bateman, you have a question?

ASSEMBLYMAN BATEMAN: Yes, I am sorry.

The significance, if there is one, is that on the property of the skeet shoot, they have constructed their own lodge. They have their own lodge facilities and very nice ones incidentally.

I think the point that Mr. Dudiak is making, is that they have that desirability in there. They are not only getting the use of the slope, they are getting the value of the --

ASSEMBLYMAN TANZMAN: I have no objection to that, Ray. I have no objection to him taking into consideration what it costs to maintain that,

but all I want him to do is to capitalize this \$10,000.00 per year, as he has done with the thirty-seven hundred.

CHAIR LADY HIGGINS: Well, did you say you did it?

ASSEMBLYMAN TANZMAN: Well, I used a different rate than he did.

THE WITNESS: Actually, Mr. Tanzman, I believe that in order to capitalize it, I would have to take into consideration the lodge itself, the use of the lodge itself, and not just pin it down to the acreage itself.

If you will listen to me for a moment -- and if you are trying to get me to say that this is capitalized on 6 acres alone, I can't say that.

ASSEMBLYMAN TANZMAN: I don't want you to say anything.

THE WITNESS: The lease calls for a certain portion of the lodge, consisting of the men's locker room, staff rooms, together with easements, right-of-ways --

MR. FERRARA: Easy, Mr. Dudiak. We are trying to understand what you are saying, and we also want to get it down on the record.

You are referring to something
in the lease?

THE WITNESS: That's right.

MR. FERRARA: Which
indicates --

Which lease are you reading
from?

THE WITNESS: The lease
from Park Avenue, the ski slope.

MR. FERRARA: What page of
the lease, can you tell me?

THE WITNESS: I am on page
1.

MR. FERRARA: You are on
page 1?

THE WITNESS: Yes.

MR. FERRARA: And you are
indicating that it includes certain other rights, is that
what you are saying?

THE WITNESS: Yes.

MR. FERRARA: You said the
lodge, and so forth?

THE WITNESS: Yes.

MR. FERRARA: Without trying to read it, because it's very hard to hear --

ASSEMBLYMAN TANZMAN: I have no argument about that.

THE WITNESS: It also has the parking area, and there is a charge for parking --

MR. FERRARA: All right.

THE WITNESS: (Continuing.)

On the lot.

MR. FERRARA: Mr. Tanzman's question, Mr. Dudiak, was, "did you attempt to capitalize the income from the ski slope?"

THE WITNESS: Well, I can capitalize it, but I must capitalize it against something.

MR. FERRARA: Well, take a figure, make an allowance, if you can - if you can't, let's pass on to something else - I don't want to --

ASSEMBLYMAN TANZMAN: If he didn't do it, he didn't do it.

MR. FERRARA: Right.

If you didn't do it, let's not go into details on it.

THE WITNESS: I didn't do it.

but I can do it for you.

CHAIR LADY HIGGINS: Let's

go on, then.

MR. FERRARA: Let's go on

to something else, then.

BY MR. FERRARA:

Q Did you want to tell us anything about the overlapping, the effect on the value? That's what my question was, when we got into income.

A (No response.)

Q (Continuing.) The overlapping.

A Well, the overlapping.

Q I believe you showed it to me.

A (Continuing.) The overlapping, I believe, is approximately 400 feet, that's the overlapping.

Q Four hundred feet?

A Yes, of overlapping.

Q Is there any effect, in your opinion, on the appraised value of the land?

A There could be an effect, as far as somebody getting hurt is concerned.

Q No, no, no, no. The mere fact that it was an overlap at the time - we know it's been resolved today - was there

any effect, in your opinion, on the appraisal if there was an overlap?

A There would be an effect on the appraisal, certainly. At the time of purchase, the state could have been responsible for either \$125,000.00 --

Q Let me see if I have the significance of what you said correct, and see if I am correct.

Because of the overlap that was involved at the time of the purchase, the state could have possibly been forced to pay for the termination of one of the leases, is that right?

A Yes.

Q All right. Let's go on. We understand that.

THE WITNESS: That amounts to \$125,000.00.

ASSEMBLYMAN TANZMAN: I want to ask a question.

CHAIR LADY HIGGINS: Mr. Tanzman has a question.

ASSEMBLYMAN TANZMAN: Mr. Dudiak, in your report that you gave us, on page 6, you have a note that this deed is for 436 acres, not 536 acres, and I would like to clear this up while the Attorney General

is still with us. And, if you would like to, I will ask him the question --

We have evidence that confirms the fact that the state has since gotten 536 acres. However, if you would like, we will put the Attorney General back on the stand and clear this point up. I think we should.

THE WITNESS: I would appreciate the opportunity to explain that myself.

CHAIR LADY HIGGINS: All right, Mr. Dudiak.

THE WITNESS: The Deed actually has 440 acres in it.

ASSEMBLYMAN TANZMAN: That's right.

THE WITNESS: You do have that.

ASSEMBLYMAN TANZMAN: That's right.

THE WITNESS: We had asked for a survey, or that there was a question of how this came about, where there was 440 acres of land in the deed. In reading the regulations of the Green Acres, all leases drawn

must have metes and bounds, and then they must be drawn from a survey. We had requested a survey. We finally got this map here - which I had three of the best engineers in the City of Clifton trying to compute it, and they can't compute it, because the survey was never made.

I don't agree with this
536 acres here today.

ASSEMBLYMAN TANZMAN: Then, I think we ought to put the Attorney General back on, and let him answer that question.

MR. FERRARA: Wait a minute, wait a minute. Let me get something clear.

ASSEMBLYMAN BATEMAN: When he is finished, we can do that.

MR. FERRARA: Yes.

BY MR. FERRARA:

Q Mr. Dudiak, what you are saying, in answer to Mr. Tanzman's question, is that even though we have had testimony that there was 536 acres, and even though we have received a corrected letter of some sort from the Attorney General that the deed has been re-recorded, corrected, do you say still that this plots out to the 536 acres, is that what you are saying?

A. Well, we can't compute it to that, as it is here, but we can't close this deed either. The metes and bounds don't meet here.

Q. Stay with me, please.

How far -- or, could you tell us -- have you attempted to tell us, or can you tell us, how much difference you think there is?

ASSEMBLYMAN TANZMAN: Well, I just want to say here that he makes an allegation that we are a hundred acres short.

THE WITNESS: I didn't make the allegation, the deed shows that.

ASSEMBLYMAN TANZMAN: Well, there has since been a correction.

THE WITNESS: Well, what we are trying to do here, is see whether the survey can tally up to the 536 acres.

ASSEMBLYMAN TANZMAN: That's all we are trying to do, to clear the air.

THE WITNESS: But, we haven't got a survey to do it from.

ASSEMBLYMAN TANZMAN: Well, we'll put the Attorney General back on, and hear what he

has to say about this.

MR. FERRARA: Okay.

BY MR. FERRARA:

Q At this point, your only statement - and I want to crystalize it - is that you are still questioning the actual amount of acreage involved in this land, even though this might have been a typographical error in the deed; is that what you are saying?

A I am questioning not only that, but the negligence as far as the deed is concerned, and the negligence as far as accepting -- no title company would accept this for closing.

I don't think anybody buys a piece of property anywhere, unless they have a survey with it, where the metes and bounds, and the description meet.

Q All right.

You are questioning procedurally whether or not the state had a survey at the time they made the deal.

A I am questioning the negligence as it is.

ASSEMBLYMAN KEITH: Madam

Chairman?

CHAIR LADY HIGGINS: Mr.

Keith?

ASSEMBLYMAN KEITH: The

Deputy Attorney General has asked that this question be asked of Mr. Dudiak. I think in fairness, I'd like to ask it.

CHAIR LADY HIGGINS: Go ahead and ask the question.

ASSEMBLYMAN KEITH: The question is, Mr. Dudiak, whether or not the property that was purchased by Kislak, is posted as dangerous property?

THE WITNESS: I didn't say that about the Kislak property.

MR. FERRARA: The Ringwood Company mine property, is what they are talking about.

THE WITNESS: I didn't say dangerous.

ASSEMBLYMAN KEITH: Well, the question is, is it posted as dangerous?

THE WITNESS: Well, I wouldn't think so.

ASSEMBLYMAN KEITH: Pardon me?

THE WITNESS: I wouldn't think so. There is some work that has to be done there, but I wouldn't think it was dangerous.

ASSEMBLYMAN KEITH: Well, do you know of your own knowledge whether or not it is posted, whether there are any signs on it, that say it's dangerous?

THE WITNESS: You are talking about posted signs there?

ASSEMBLYMAN KEITH: Yes.

THE WITNESS: Well, that could be . . .

ASSEMBLYMAN KEITH: It could be?

THE WITNESS: Yes.

ASSEMBLYMAN KEITH: Is this area that was formerly mines?

THE WITNESS: Yes.

ASSEMBLYMAN MANDELBAUM: I have a question.

MR. FERRARA: All right, you go ahead.

ASSEMBLYMAN MANDELBAUM: I'd like to ask the following questions: You said that you couldn't run a road behind the lots on the Shepard Lake property; why would that be?

THE WITNESS: Well, actually, Mr. Mandelbaum, from the rise of the property, it is such that if you wanted to put the road in front of the -- if you wanted to put the road in the back, and your house facing the lake, at a 200 foot depth from the lake itself, your rise would be anywhere from 40, to 50, to 60 feet higher than the land at the bottom. Not only would the rise be there, but the slope of the land would cut in -- you'd have to cut in, and build retaining walls, and put a road in at that level.

ASSEMBLYMAN MANDELBAUM:

And if you put the road in in front of the lots, instead of behind the lots, wouldn't this in your opinion reduce the value of the lots?

THE WITNESS: It would.

ASSEMBLYMAN MANDELBAUM: All right.

Were you present when Mr. Wehran testified this morning?

THE WITNESS: Yes.

ASSEMBLYMAN MANDELBAUM: Did you hear him testify as to certain sales under oath at \$150.00 a front foot?

THE WITNESS: He was talking about improved lots.

ASSEMBLYMAN MANDELBAUM: No, I believe he was talking about raw lots.

THE WITNESS: Subdivided lots, improved lots. That's what I heard.

MR. FERRARA: There were combinations.

THE WITNESS: Subdivided and improved.

ASSEMBLYMAN MANDELBAUM: Now, do you do appraisal work as part of your real estate practice?

THE WITNESS: No. I do advise in appraisals for many institutions, many builders, and so on.

MR. FERRARA: I have one question on the taxes.

BY MR. FERRARA:

Q Part of the documents that I have got in this file, and I think it's part of your report here also -- yes, you refer to an Exhibit 14.

You made some reference to the effect on the taxes, or the taxability, or assessed value of property up there;

is there any significance in that, Mr. Dudiak?

A Well, actually, I believe if you read that paragraph here.

Q That's the last paragraph. Is that paragraph 8, is that the idea?

A Yes.

Q What's the significance of it?

A The significance of it is, when this land was purchased, the Passaic County Board of Taxation directed Ringwood to raise its assessment on the subject land to meet the state's purchase price.

Q That is, the County Board of Taxation directed the Assessor of Ringwood to raise his assessed valuations on the state's property, because of the purchase price?

A Right.

Q In other words, he had it assessed at some other figure, lower?

A Yes.

Q And he had to put the assessment here to one million and eighteen thousand and something; is that the idea?

A Yes, the sales price, one million three hundred and sixteen thousand.

Q Right.

Now, what is the significance of that?

A Well, I am going to read this, if you will permit me to.

Q All right, go ahead. If that's the way you can best explain it, go ahead.

A "Now, however, if this action --"

ASSEMBLYMAN KEITH: Excuse me, but does this have any materiality?

MR. FERRARA: That's what I am trying to find out from Mr. Dudiak, what the significance is. He made a point of it in one of his exhibits here. It doesn't appear to be very much, from what I can see.

Go ahead.

A (Continuing.) " Now however, if this action is followed through and all similar properties within the Borough are assessed accordingly the result will be chaos. The Boroughs proportionate part of County Taxes will skyrocket, while landowners in the Borough will be taxed off their land. Tax Appeal upon Tax Appeal, at every level, can be anticipated. I believe, all of this is unwarranted and unnecessary, and merits the Committees full consideration in its final recommendations."

Q All right, if I may -- maybe I can't interpret it, but

apparently the effect you feel in having one piece of property in the town raised, causes all of the other properties in the town to be raised, but it doesn't affect the tax breakdown within the town, because the rate will be adjusted accordingly, but it does affect the taxes paid to the town; is that the idea?

ASSEMBLYMAN TANZMAN: I just have one question.

MR. FERRARA: Let me just get a yes or no from him on this.

ASSEMBLYMAN TANZMAN: Oh, I am sorry. I thought you were through.

A It affects the fact that on the 100 per cent assessment that went into effect, that this establishes value in an area. An Assessor would have to use this as a base for the assessment of other properties.

Q But that only affects, Mr. Dudiak, the taxes that are paid by a town to the county.

A (No response.)

Q It has nothing to do with the taxes within the town, because that's balanced out.

A (No response.)

Q I am sure if you had time to analyze it out, Mr. Dudiak, you

would agree that the effect of this is only on the proportionate share of taxes which Ringwood would pay to Passaic County - and it might be serious. I am not questioning that.

A We don't quite agree with that, but it's all right.

Q All right --

ASSEMBLYMAN TANZMAN: Just one question.

CHAIR LADY HIGGINS: All right.

Mr. Tanzman?

ASSEMBLYMAN TANZMAN: Mr. Dudiak, you have been extremely critical of this transaction, and I just want to ask you one question.

Is your criticism of this transaction based upon your feeling that the Department was lax in the way that they handled it, or because you feel that there was wrongdoing involved in the sale?

THE WITNESS: I believe the Department was lax. As far as wrongdoing is concerned, I think that's for you to judge.

ASSEMBLYMAN TANZMAN: I asked you a question, and I want your answer.

CHAIR LADY HIGGINS: Well,

he answered it.

ASSEMBLYMAN TANZMAN: In other words, you don't claim that there was any wrongdoing, you think the Department was lax?

THE WITNESS: I never said that.

ASSEMBLYMAN TANZMAN: Okay, that's all.

CHAIR LADY HIGGINS: Mr. Dudiak, the time has come that we have set to close the hearing today. However, I think we would be remiss if we didn't allow you time to make a final remark, but we would appreciate it if you made it very brief. And if you feel you did not have enough time, we will be very happy to let you come back; but, we must close within the next two minutes.

THE WITNESS: I would appreciate very much if all these exhibits that I have submitted to the committee, plus this, be made a part of the record; and also, I will submit into the record, the lease on the ski slope.

CHAIR LADY HIGGINS: We have copies of that.

all that.

map --

will leave it with us.

I will leave with you now.

any more to say.

you very much, Mr. Dudiak.

satisfied?

questions from me.

anyone else have a question?

well, thank you, Mr. Dudiak.

MR. FERRARA: Yes, we have

CHAIR LADY HIGGINS! Yes.

MR. FERRARA: We have the

No, we don't.

We do want that map, if you

THE WITNESS: Yes, the map

That's all. I don't have

CHAIR LADY HIGGINS: Thank

Is everyone on the Committee

MR. FERRARA: No more

CHAIR LADY HIGGINS: Does

(No response.)

CHAIR LADY HIGGINS: Very

(An off-the-record Committee

discussion takes place.)

CHAIR LADY HIGGINS: Mr.

Sevrin, before we close the hearing, would you mind coming back and giving us some further testimony?

H E N R Y S E V R I N,

being previously sworn, retakes the stand for further testimony.

CHAIR LADY HIGGINS:

Specifically, you have heard Mr. Dudiak's testimony, and we have information from you that there was a typographical error discovered in the deed --

THE WITNESS: That's right.

CHAIR LADY HIGGINS: (Continuing.) And that has, now been corrected.

THE WITNESS: Right.

CHAIR LADY HIGGINS: Mr. Dudiak raised the question, and as I understood it in his testimony, of whether there was actually a survey connected with the deed at the time of closing; was such a survey obtained?

THE WITNESS: Well, not at the time of closing. At my recommendation, a plotting was made.

Let me take one minute and explain that in rural areas, if it plots out, and if it closes, as it did here, a survey is usually not made, because surveys are not honored after they are five years

old. Monuments disappear.

Buildings: If you are going to build a building on the property, or you are going to subdivide it, then you make a survey right away.

I made a plotting of this with the title company, and it closed. It showed 541 acres for one tract, with a 5 acre exception, making a total of --

CHAIR LADY HIGGINS: Well, it was .9, wasn't it?

THE WITNESS: No, I think it's 5.24.

CHAIR LADY HIGGINS: Oh.

THE WITNESS: (Continuing.) And it comes to 536 acres as actually being included in the metes and bounds description.

When we checked the deed, we were very careful to check the metes and bounds description, and the various restrictions and the easements set up.

MR. FERRARA: Let me ask a question on the metes and bounds.

BY MR. FERRARA:

Q Against what did you check them?

A I checked that against the plotting that I had made, and I have here.

Q And what did you make the plotting from?

A From the metes and bounds description, and an engineer's plotting made in 1961, with the title company.

Q Oh, all right.

There was a plotting made by an engineer --

A Right.

Q (Continuing.) By the title company --

A Right.

Q (Continuing.) Which did not constitute a survey for some reason?

A No, it did not constitute an actual land survey.

Q All right.

And this was prior to the purchase by the state?

A Prior -- and, I got it, and checked it out and then - let me explain the error.

In the deed, at the top of the page, which was folded over, there was contained approximately 440 acres. This original description -- this original recital was not in the mete and bound description by the title company. It was not in the mete and bound description originally with the property to be conveyed. Originally it was dictated

to contain 540 acres in the contract. When they put it in the deed, they put it at the top of the page. It had a backing on it which folded over, and I didn't check it. It's my error for not pulling it up, and pulling it over. But, I was interested in checking the mete and bound description, and checking all of the deed recitals.

CHAIR LADY HIGGINS: Well, we appreciate your explanation.

MR. FERRARA: Just one more question.

A (Continuing.) So, it was my --

MR. FERRARA: Oh, excuse me. Go ahead.

A (Continuing.) With all this harrassment about it, a survey was made, actual land survey, and completed. And, I understand that the Department of Conversation has it, and is ready to give it to this Committee.

BY MR. FERRARA:

Q Has it been given to us yet, do you know?

A Well, I don't think so --

Q There was one sent up to us that was supposed to be a survey.

ASSEMBLYMAN TANZMAN: Maybe he knows what it says.

Do you know what the survey shows?

THE WITNESS: 536 acres.

ASSEMBLYMAN TANZMAN: Can you get a copy of it?

THE WITNESS: Yes, sir.

CHAIR LADY HIGGINS: In other words, to be accurate, at the time of the closing there was not a survey, but there now is one in existence because we have asked about it?

THE WITNESS: Which confirms the land.

Now, may I make one other statement about what Mr. Dudiak put in his letter?

(No response.)

THE WITNESS: (Continuing.) He put in there that there are various easements and restrictions. In one sentence I can explain this.

These restrictions -- these easements pertain to rights to use roads between the various parties --

CHAIR LADY HIGGINS: Yes, we have had other testimony to show that, thank you.

THE WITNESS: (Continuing.)

We have the right, under those easements, to use the adjoining property.

CHAIR LADY HIGGINS: Yes, thank you. In fact, one of them goes back to the original owner, and goes back as far as --

THE WITNESS: 1892.

CHAIR LADY HIGGINS: Yes.

ASSEMBLYMAN TANZMAN: Just one question.

There was a point brought up about an easement which gave Shelton College the right to use the lake; are you aware of that?

THE WITNESS: No. Shelton College never had the right to use the lake. Those water rights were given to three people, Waldren, Bangs - I think it is, Loomis, and I think one other, for household purposes, and their guests, but not to be transferred or assigned, unless consented to by Hewitt. We are now Hewitt. There is no consent on record.

I might say that this came up in 1961, and I picked it up in the records accidentally, with St. Marys. They were using the lake for boating. And, when it came up in 1961, they stopped them, and they made

them sign a release of rights which were terminated, because when conveying, one of the parties conveyed the property, and he had no right to assign the roads.

CHAIR LADY HIGGINS: That's Sr. Marys, Mr. Servin.

Mr. Tanzman was referring to the fact that I read into the record at a previous hearing that Shelton College had written a letter, saying -- I might mention also, that our deeds supply certain water rights along the lake, including the boat dock. And that is the testimony --

THE WITNESS: It does not, because they must have --

ASSEMBLYMAN TANZMAN: Is it your contention that they do not have such rights?

THE WITNESS: They do not have it.

ASSEMBLYMAN TANZMAN: And can you give us proof that they do not have it?

THE WITNESS: I have the search records --

ASSEMBLYMAN TANZMAN: Will you send us a record of your title policy in this matter?

MR. FERRARA: Wait a minute, wait a minute. Let's look at the deed, and let's explain the deed. As long as we've gone into this area - and I want to respect your opinion on this - but we did go through last time certain restrictions in the agreement, and one of them came to -- I am just going to confine myself to the restriction to the water - there are annual membership rights of approximately 60 persons for the use of the lake for fishing, and approximately 50 to 60 families to use the premises for picnic purposes.

THE WITNESS: Which terminated on April 15th, 1964.

MR. FERRARA: Yes.

But at the time of the conveyance to the state, that was --

THE WITNESS: That was an existence for another month.

MR. FERRARA: I don't think there were any other ones. The other one was St. Marys --

THE WITNESS: If you have the deed down there, you will find, subject to easement in D-10, 280 and 289.

MR. FERRARA: Right.

CHAIR LADY HIGGINS: Well,
thank you, Mr. Sevrin.

THE WITNESS: These deeds
are the ones that transfer the water rights, the rights to
the lake, but not to be conveyed or transferred without Mr.
Hawitt's express consent.

MR. FERRARA: All right.

CHAIR LADY HIGGINS: Thank
you.

(An off-the-record Committee
discussion takes place.)

CHAIR LADY HIGGINS: Mr.
Dudiak submits --

You put it in the record, Mr.
Ferrara.

MR. FERRARA: Mr. Dudiak submits
certain documents referring to the easements, and in the
ways which are in the deed, to attempt to explain the effect
of these things on the subject property.

Put it in evidence as
Dudiak-2

(The above referred to
documents are received in evidence and marked Exhibit

Dudlak-2.)

CHAIR LADY HIGGINS: Well,
at this time we will adjourn today's hearing.

Thank you all very much for
coming.

(Whereupon this hearing
is adjourned until July 14th, 1965.)

