

Mayor and Council of the Borough of Allendale
Work Session Meeting Minutes
July 12, 2018

PRESENT: Mayor Elizabeth White and Councilmembers Ari Bernstein, Liz Homan, Edward O'Connell, Steve Sasso, Jim Strauch (arrived at 7:36 p.m.) and Amy Wilczynski

ABSENT: None

ALSO PRESENT: Borough Attorney Ray Wiss
Municipal Clerk Anne Dodd

A Work Session Meeting of the Mayor and Council of the Borough of Allendale was held in the Municipal Building at 500 West Crescent Avenue, Allendale, NJ on July 12, 2018. The meeting was called to order at 7:32 p.m. by Mayor Elizabeth White who asked that the Municipal Clerk read the open public meetings statement:

"In compliance with the Open Public Meetings Act, the notice requirements have been satisfied. The meeting dates for the year are confirmed at the Annual Meeting, are posted on the public bulletin board in the Municipal Building, published in the Record within the first 10 days of the New Year, and copies are sent to the Ridgewood News and Star Ledger."

Presentations:

Recognition of Allendale Fire Department Members – July 3, 2018 Water Rescue

Mayor White announced that the governing body has the honor of recognizing members of the Allendale Fire Department who played an important role in the water rescue that took place on July 3rd. The firefighters who were honored were as follows:

Chief of Dept - Ryan Shute
Asst. Chief of Dept - John Rubino III
Ex Chief Gregory Andersen
Ex Chief Denis Murphy
Firefighter Joseph Burns
Firefighter Misael Cortez
Firefighter Michael Dillon
Firefighter James Shultz

Mayor White noted that first responders are expected to step up to the plate during emergencies such as this one and they always do. She expressed that the Mayor and Council are so proud and grateful to all involved. She read the following letter of appreciation into the record which was presented to each firefighter together with a certificate of commendation:

"On behalf of the Mayor and Council of the Borough of Allendale, I would like to take this opportunity to formally recognize and thank you for your heroic efforts during the water rescue that took place on July 3, 2018. You went above and beyond to bring the individual in need of assistance to safety and to adequately express our gratitude is impossible.

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We understand the importance of your efforts, not only during this rescue, but throughout the year. By volunteering as a member of the Allendale Fire Department, you sacrifice your personal time for the greater good of this community. The governing body extends its sincere appreciation for the invaluable service that you provide to the residents of Allendale.”

Correspondence:

Curbelo/Murphy/Shaw – Re: Purchase of 220 & 230 W. Crescent Avenue

Mayor White explained that a letter from Carolina Curbelo, Brian Murphy, and Maureen Shaw was emailed on July 3rd to the members of the governing body. This letter was written to the State Comptroller with copies sent to the US Attorney, the NJ Acting Attorney General, the acting Bergen County Prosecutor, the Director of the Department of Community Affairs and the members of the governing body, calling for an investigation and alleging that the Borough inappropriately acquired the properties at 220 W Crescent Avenue and 230 W Crescent Avenue.

Mayor White questioned why Ms. Curbelo did not appear before the governing body at the numerous public hearings that were held regarding the Borough’s acquisition of these properties in order to learn the facts prior to writing this letter. As this letter appeared on Ms. Curbelo’s campaign website after it was received by the governing body, Mayor White expressed her opinion that this act was politically motivated rather than in the best interest of Allendale.

She noted that Mr. Murphy had not moved into Allendale until after the properties were acquired and Ms. Shaw is new to town so she may not be familiar with the operations of the Borough’s governing body. Mayor White explained that residents were invited, at various times and events, to join a Vision Committee, and she noted that none of the authors of this letter requested to join this committee.

Mayor White expressed her disappointment that neither Ms. Curbelo, Mr. Murphy, or Ms. Shaw requested to meet with their elected officials in order to learn more on this matter prior to writing this letter which she expressed mischaracterized what had transpired. In order to address the content of this letter, Borough Attorney Wiss was requested to prepare a responsive letter to the State Comptroller which was mailed today. Mayor White stated that she also emailed Ms. Curbelo to advise her that her letter would be listed as an agenda item under Correspondence on the Work Session agenda. Mayor White announced that she invited the Borough Auditor, Charles Ferraoili, to attend this evening and requested that Borough Attorney Wiss read the Borough’s response letter into the record.

Borough Attorney Wiss read the following letter into the record:

“Dear Comptroller Degnan:

Please be advised that this office represents the Borough of Allendale (the “Borough” or “Allendale”). In that capacity, we are writing to you by way of response to the July 3, 2018 letter (the “Letter”) sent to you by Carolina Curbelo, Brian Murphy and Maureen Shaw (collectively, the “Candidates”).

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At the outset, we note that the Letter was clearly transmitted to you by the Candidates for political purposes in the context of a local political election. Given the context of the Letter, it is not surprising that the same contains significant misstatements and distortions of fact which the Borough feels compelled to respond to.

The issue of transparency is one which the Borough takes very seriously. As this letter will demonstrate, the process associated with the Borough's acquisition of 220 and 230 West Crescent Avenue (the "Properties") has taken place over an extended period of time with due deliberation and in an open and transparent manner.

In addition to the transparency associated with the acquisition process, the facts will demonstrate, contrary to the apparently ill-motivated distortions of the Candidates, that the acquisition of the Properties was achieved by the Borough upon favorable economic terms, and in the best interests of the residents and taxpayers of Allendale, and in full compliance with all applicable laws and regulations.

A. N.J.S.A. 52:15C-10 et seq. is not applicable to the acquisition of the Properties.

While the Letter makes reference to N.J.S.A. 52:15C-1, et seq., we note that said statute specifically provides that "The State Comptroller's review is not for the purpose of reviewing the contracting unit's decision to undertake the procurement or to otherwise supplant the contracting unit's authority to create or implement public policy". Such review is limited to a determination as to whether public contracting laws, rules and regulations have been adhered to. As will be reflected below, the referenced statute has no application to the acquisition by Allendale of the Properties.

The referenced statute contemplates notification to the State Comptroller when a procurement process is undertaken by a public entity. More particularly, Section (b)(1) provides that notification is to be provided "no later than the time the contracting unit commences preparation of: any bid specification or request for proposal; concession offering; proposal to purchase, sell, or lease real estate; or other related activities and contracts." The acquisition of the Properties was not undertaken as a part of the procurement process described in the statute, but rather, resulted from the settlement of a litigation i.e. an eminent domain proceeding initiated by the Borough. As such, the purchase of the Properties was wholly outside of the ambit of the statute.

On April 7, 2016, at an open public meeting, Allendale adopted Resolution 16-130 which provided as follows:

Now, therefore, be it resolved that the Mayor, Borough Attorney, the Borough Chief Financial Officer, and the Borough Clerk, be and hereby are authorized to take any and all necessary steps, including, without limitations, the filing of a appropriate legal proceedings, to effectuate the acquisition of the Properties by Allendale.

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At the same open public meeting, Allendale adopted Resolution 16-131 which provided as follows:

Now, therefore, be it resolved by the Mayor and Council of the Borough of Allendale that Raymond R. Wiss be and hereby is appointed as counsel to represented Allendale in connection with the matters set forth above.

(Copies of the Agenda for the April 7, 2016 public meeting, the public work session minutes, the public regular session minutes, and Resolutions 16-130 and 16-131 are enclosed herewith as **Exhibit "A"**.)

Pursuant to the foregoing authorizing resolutions, on April 8, 2016, Allendale served notice on the prior owner of the Properties that it was initiating formal proceedings pursuant to the Eminent Domain Act of 1971. The service of such letter is a statutory precondition to the filing of a formal complaint in the Superior Court.

(A copy of the April 8, 2016 Eminent Domain notification letter is enclosed herewith as **Exhibit "B"**.)

Subsequent to service of the notification letter, the Borough was advised that the owner of the Properties (Black Millwork Co., Inc.) had transferred title to its tenant (West Crescent Realty, LLC). The Borough was advised that the tenant had previously purchased the operating assets of Black Millwork Co., Inc. and that the tenant had a contractual right to acquire the Properties as part of the previous asset sale.

Given the transfer of ownership as aforesaid, on July 8, 2016, the Borough served a statutory eminent domain notification upon the new owner of the Properties.

(A copy of the July 8, 2016 eminent domain notification letter is enclosed herewith as **Exhibit "C"**.)

Subsequent to the commencement of formal eminent domain proceedings, as reflected above, a series of settlement meetings took place between representatives of the Borough and representatives the new owner of the Properties, West Crescent Realty, LLC. As a result of such meetings, and in order to avoid extended litigation and costs incident thereto, a settlement was reached. The terms of the settlement were reduced to writing in a Letter of Intent ("LOI").

At a public meeting conducted on November 1, 2016, the LOI was approved by the adoption of Resolution 16-269.

(A copy of Resolution 16-269 and the LOI incorporation by reference therein are enclosed herewith as **Exhibit "D"**.)

Subsequent to execution of the LOI by the Borough and the owner of the Properties, a contract of sale was prepared. At a public meeting conducted on December 8, 2016, Resolution 16-299 was adopted authorizing Mayor White to execute the contract of sale.

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(A copy of Resolution 16-299 is enclosed herewith as **Exhibit “E”**).

In addition to conducting all activities relating to acquisition of the Properties in a public forum and in accordance with any and all legal obligations, the funding for the acquisition was conducted in like manner. On January 12, 2017, the Borough introduced Ordinance 17-02 for the purpose of funding the acquisition of the Properties. Such introduction included a formal summary which was prepared by the Borough in consultation with its Bond Counsel and Auditor. Said bond ordinance was adopted by Allendale at a public meeting conducted on January 26, 2017.

(A copy of Ordinance 17-02 and accompanying bond ordinance statement and summary are enclosed herewith as **Exhibit “F”**)

In summary, the foregoing sequence of events demonstrates that the acquisition of the Properties was the direct result of a litigation (eminent domain) settlement, and not the result of the procurement process contemplated by N.J.S.A. 52:15C-10 et seq. Accordingly, no notification to the State Comptroller was required.

B. Allendale did not exceed the notification threshold set forth in N.J.S.A. 52:15C-10

As noted above, the acquisition of the properties is outside of the ambit of the referenced statute. However, assuming arguendo that the statute was applicable, the acquisitions in question consisted of securing title to two discrete parcels.

The notification obligation under the statute is only triggered when the procurement process involves an expenditure of \$10,000,000 or more. While the aggregate purchase price paid by the Borough for the Properties was \$13,750,000, it should be emphasized that the Agreement of Sale and Purchase (the “Agreement”) executed by the Borough specifically contemplated and set forth a separate purchase price for 220 West Crescent Avenue and 230 West Crescent Avenue. More specifically, the Agreement provided as follows:

The Purchase Price for the Properties is allocated as follows:

220 West Crescent Avenue	-	\$4,250,000
230 West Crescent Avenue-		\$9,500,000

Additionally, while the Properties shared a common owner (West Crescent Realty, LLC), the titles to 220 West Crescent Avenue and 230 West Crescent Avenue had not merged, and they remained, at all relevant times, separate and distinct lots. For this reason, it remains the position of the Borough that, even if the statute was applicable, the aggregation of the purchase price is not appropriate and notification was not required.

While a single Deed of Conveyance was utilized for the purpose of transferring ownership to the Borough, the funding for the acquisition clearly reflected a discrete purchase of each of the two parcels at amounts less than the specified statutory threshold.

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The discrete nature of the acquisition of the two parcels is also reflected in the financing related to acquisition of the same. At a public meeting conducted on April 27, 2017, the Determination and Award Certificates relating to the acquisition financing for the Properties were included on the agenda and discussed publicly. As reflected on such Certificates, a separate bond was issued for each of the two parcels, each of which was for less than the \$10,000,000 statutory notification threshold.

(A copy of the April 27, 2017 public work session agenda and the Determination and Award Certificates for each of the parcels are enclosed herewith as **Exhibit "G"**).

C. The public record was transparent in duly reflecting the public purpose for the acquisition of the Properties

During the period of time when negotiations for the acquisition of the Properties were conducted, Allendale, like every municipality in the State of New Jersey, was involved in a lawsuit involving the Fair Share Housing Council ("FSHC") regarding the obligation of Allendale to provide low and moderate income housing. In this regard, FSHC had asserted an obligation on the part of the Borough to construct 503 low and moderate income housing units.

As noted in the public comments made by Mayor White at the April 7, 2016 public work session at which eminent domain proceedings were authorized, the initiation of litigation to acquire the Properties was a part of a thoughtful process engaged in by the Mayor and Council to comply with the decision of the Supreme Court concerning low and moderate income housing, while maintaining the character of the community. (In this regard, see Exhibit "A", which includes Mayor White's comments).

Absent acquisition of the Properties by the Borough, Allendale faced the realistic prospect of (i) more than 200 condominium units being constructed on the Properties, including 50 low and moderate income units (using the traditional 20% set aside); or (ii) other unwanted and community changing development. By acquiring the Properties, Allendale will only be constructing 20 housing units on the 220 West Crescent Avenue site, consisting of 4 low and moderate income housing units; 13 senior citizen housing units; and 3 emergency responder housing units. At the same time, through a recently approved Redevelopment Ordinance, the 230 West Crescent Avenue site can be marketed/sold through a Solicitation of Interest, with Allendale being able to assure that any resulting development is consistent with existing zoning.

In short, the acquisition of the Properties has materially assisted the Borough in addressing a part of its low and moderate income housing obligation and in achieving a settlement of same, which has now been approved by the Superior Court. Such settlement resulted in a significantly reduced obligation on the part of the Borough, and has assured Allendale and its residents of a "period of repose" from Builders Remedy Litigation through 2025.

The Letter from the Candidates also makes reference to the fact that the Properties were

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privately sold in August 2016 for \$9,500,000. What the Candidates failed to disclose is that the referenced sale was apparently conducted pursuant to a tenant's contractual right of first refusal. As the Borough was advised, said tenant/purchaser (West Crescent Realty, LLC) had earlier purchased the business of the landlord/seller (Black Millwork Co., Inc.) and was then exercising its purchase option for the Properties. It is the Borough's understanding that the price paid by the tenant had nothing to do with the fair market value of the Properties, unlike the subsequent acquisition of the Properties by the Borough, through the eminent domain process. However, irrespective of any right of first refusal which may or may not have existed in connection with such prior sale in August 2016, the Borough was negotiating with a different seller in the context of announced eminent domain proceeding in which the true fair market values of the Properties would ultimately (absent a successful negotiation of the purchase prices) be imposed upon such acquisition.

What is perhaps most disingenuous in the "request" being made by the Candidates to your office is the fact that they were specifically advised by the Borough in an open public session of the Governing Body of the circumstances surrounding the Borough's efforts to determine the value of the Properties, and the due diligence undertaken by the Borough regarding the same. More specifically, the Candidates, via a response to an OPRA request apparently made on their behalf, and in a subsequent discussion at a public meeting, were advised that the Borough had retained the services of Maurice J. Stack, MAI, to undertake appraisals of the Properties as part of an eminent domain proceeding which Allendale had initiated. Such appraisals were to be separately undertaken with respect to each of the two parcels the Borough was seeking to obtain.

After Mr. Stack had assembled the relevant information for use in preparation of his report, he advised Allendale that the combined fair market value of the two parcels was not less than \$14,000,000, i.e. was greater than both the price the Borough was then discussing with the Seller, and for which it ultimately was able to acquire the Properties. For this reason, Mr. Stack was asked to not reduce his conclusions to writing regarding the fair market value of the Properties. This is the reason no written appraisals of the Properties exist. However, to suggest, as the Candidates do, that the Borough acquired the Properties without first obtaining fair market valuations from a licensed appraiser is false and intentionally misleading.

(A copy of the Certification of Mr. Stack dated July 11, 2018 confirming the foregoing is attached hereto, as **Exhibit "H"**).

It is unfortunate that the Candidates have chosen to politicize and misrepresent the facts concerning these serious matters which affect the residents of Allendale. Nevertheless, this office and the Borough are available to provide you with any other or further information regarding the above matter."

Borough Attorney Wiss then read the certification of Maurice J. Stack into the record:

"I, Maurice J. Stack, II do hereby certify as follows:

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1. I am, and have been since 1992, licensed under the laws of the State of New Jersey as a real estate appraiser. A copy of my curriculum vitae is attached hereto.

2. In June 2016, I was retained by the Borough of Allendale (“Allendale”) to prepare separate appraisals for two (2) separate parcels of real estate within Allendale commonly known as 220 West Crescent Avenue and 230 West Crescent Avenue (collectively the “Properties”). The purpose of Allendale’s retention of my services was to support Allendale’s good faith offers to acquire the Properties in accordance with New Jersey statutes regarding Eminent Domain.

3. In addition to such valuation services, I agreed to assist Allendale, as part of eminent domain proceedings, to develop a strategy to utilize in any negotiations with the Owner/Seller of the Properties for mutually agreeable purchase prices for the Properties.

4. My fee for the two (2) appraisals was agreed upon with Allendale to be \$15,000.

5. In furtherance of the agreed upon proposal for such services, I commenced my efforts to arrive at the valuation for the Properties, which efforts included a personal visit to same.

6. In approximately October or November, 2016, I had completed the work necessary for me to (1) form an opinion as to the separate valuations of each of the Properties and (2) to prepare a written appraisal report reflecting such valuations, and the bases upon which they were based.

7. At that time, and prior to my preparation of any written appraisal report, I verbally advised representatives of Allendale that it was my professional opinion that the then present fair market value of 220 West Crescent Avenue was not less than \$3,000,000 and the then present fair market value of 230 West Crescent Avenue was not less than \$11,000,000. I further advised that, in an eminent domain proceeding, there was a substantial likelihood that an award of greater than \$3,000,000 and \$11,000,000, respectively, for the Properties could result.

8. Further, I advised that if the acquisition ultimately occurred by way of a taking by eminent domain, Allendale would be required by law to pay relocation expenses to the tenant in the building at the Properties, and that such expense could reasonably be expected to be run well into the six figures. Such relocation expenses would have to be paid in addition to the monies for fair market values of the Properties.

9. At the time I verbally advised Allendale of the foregoing opinions, I was advised by the representatives of Allendale that there were ongoing negotiations with the then current owner of the Properties, West Crescent, LLC (the “Seller”) whereby the Properties would be acquired by Allendale via contract at mutually agreed upon prices, rather than by eminent domain. More particularly, I was advised that the aggregate figure which appeared likely to be agreed upon was less than \$14,000,000.

10. The representatives of Allendale advised me at that time that they recognized that the fair market valuations of the Properties I had arrived at were more than what they strongly believed the Seller and Allendale could consensually agree to. Therefore, I was instructed not to reduce my conclusions as to the Properties’ valuations to writing. More particularly, I was advised that if

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Allendale was not successful in arriving at mutually agreeable purchase prices for the Properties and, therefore, the eminent domain proceeding would move forward, Allendale did not want to enter into negotiations/litigation with the Seller within the formal eminent domain process itself with written reports showing aggregate valuations of no less than \$14,000,000.

11. I fully agreed with the decision of Allendale in this regard, and so advised its representatives.

12. Ultimately, I was advised that Allendale had reached an agreement with the Seller to purchase 220 West Crescent Avenue for \$4,250,000 and 230 West Crescent Avenue for \$9,500,000. Such purchase prices were less than (1) what I had concluded was their then fair market value, and (2) the valuation I believe that would likely be imposed by a court in an eminent domain proceeding, and I so advised Allendale at that time.

13. In light of the fact that I ultimately had only issued to Allendale a verbal opinion as to the Properties' fair market valuation, and not a written opinion as to same, I suggested to Allendale that the fee to be paid me as per the written proposal be reduced 50% from \$15,000 to \$7,500 in full. Allendale agreed with my proposal, and I was paid the \$7,500 in full.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment."

As the time required Council to commence the Regular Session, on a motion by Councilman Bernstein, second by Councilwoman Homan, and unanimously carried, the meeting was adjourned at 8:00 p.m.

On a motion by Councilman Bernstein, second by Councilwoman Wilczynski, the Work Session was reopened at 8:01 p.m.

Mayor White requested that Charles Ferraioli speak on the financing aspect of the purchase.

Mr. Ferraioli explained that, when the governing body was first considering this purchase, he was contacted to determine whether it could be done with little or no impact on the tax rate. He noted that the property is generating rental income and there will be a great reduction in debt service in 2022 which enabled a plan to be devised that took into consideration future capital projects without increasing taxes. He explained the process that was involved in financing this project which included adopting a resolution to authorize an emergency appropriation in December 2016 to provide for the down payment, amending the temporary capital budget in 2017, and then providing for the capital expenditure for the acquisition in the 2017 budget. Both the resolutions and the 2017 budget were sent to the Department of Community Affairs (DCA) for review and approval. He noted that the 2018 budget was also sent to and approved by the DCA as well as the 2017 Audit which included the capital section that shows the adoption of the bond ordinance providing for the acquisition of the properties. In addition to sending the proper documentation to the DCA, he advised that the Borough also consulted Standard & Poor's, the Borough's credit rating agency. He noted that S&P was very happy with the Borough's plan for the financing of this acquisition and moved to maintain the Borough's AAA credit rating, the highest possible rating one can receive. He

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advised that the financing has started with the issuance of a Bond Anticipation Note which is a one-year term and will be rolled over until such time that the Borough can take advantage of its debt reduction to permanently finance this project without an impact on taxes. He noted that any additional revenue from this property would be used to reduce the amount of the future bond sale.

Councilwoman Homan advised that, during her 23 years in Allendale, she has been involved in many organizations and became involved in local government as a concerned citizen regarding development that was taking place as a result of a builder's remedy lawsuit. She commented that it became clear that Allendale needed to be proactive with respect to COAH obligations in order to prevent developers from dictating the development that would take place within the Borough. She provided the example of the proposed plan to place twenty-four condominium units on the corner of West Orchard and Franklin Turnpike and how the Borough, instead, purchased this property, using innovation and foresight to build special needs housing at this location. She expressed her opinion that all residents should be proud of the Borough's acquisition of 220 and 230 W. Crescent Avenue as it presents many opportunities such as allowing for the settlement with the Fair Share Housing Center as well as providing for emergency responder housing. She noted that the governing body takes the trust that they are given very seriously and are open to resident input.

Councilman Sasso inquired what percentage of municipalities are AAA-rated. Mr. Ferraioli expressed his belief that the percentage may be 5% but noted that this number may be high. Councilman Sasso advised that he is currently in his second term on Council and currently serves on the Land Use Board as the Council Representative. He stated that he had previously served as a Citizen of the Municipality prior to becoming a member of the governing body and commented that he cannot remember a time when these properties were not discussed. He advised that particular focus was placed on this location during the Reexamination of the Master Plan as residents had raised concerns regarding truck traffic. He expressed his opinion that this purchase was a true win-win for this community.

Councilman O'Connell explained that he experienced the other side of this issue when he was on the Council in Wanaque as a builder's remedy lawsuit resulted in unwanted development in this town. He noted that he served on the Vision Committee and this acquisition was always viewed as two separate purchases. He requested that Mr. Ferraioli explain the benefits of having a AAA bond rating.

Mr. Ferraioli advised that the Borough receives a lower interest rate when borrowing money as a result of having this rating.

Councilman Strauch expressed his opinion that it is unfortunate when people make accusations without having all of the facts. He expressed his disbelief that anyone would be shocked by this purchase as these properties have been on the Borough's radar for many years. He remarked that the governing body has done its best to be transparent in all aspects of this process and continue to strive to improve in communicating information to the public.

Councilwoman Wilczynski advised that she has lived in Allendale for 23 years and expressed that it is well known within the community that 220 and 230 West Crescent Avenue is an extremely desirable piece of property. She explained that this location had been identified in the Master Plan

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as a critical piece of property for the Borough to acquire. She noted that COAH was one of the considerations in purchasing this property as there was not a settlement in the COAH litigation matter at the time of the acquisition. With respect to use of this property for Borough Hall, she explained that there were attempts to try to reconfigure the current offices as well as expand the building but it was determined that it would be too costly and would not provide the space that is needed. She further advised that the new property will allow for a senior center which has been desired for quite some time. She expressed her opinion that the purchase of Black Millwork was bold and forward-thinking. She commended Mayor White for leading the negotiating committee through this process, noting that it was done without having to go through eminent domain which would have had many added costs and was purchased under the appraised value. She also noted that, due to the redevelopment process, the Borough will be able to receive proposals from prospective developers and will be able to decide how this property will be developed. She ended by commenting that all members of the governing body are approachable, and if a resident ever has a question or concern, she encouraged them to contact the governing body.

Councilman Bernstein commented that he was born and raised in Allendale and is currently serving his fourth term on Council. He noted that he was on the Planning Board when Black Millwork was specifically identified. At that time, the significance of the property to the entire Borough due to its size and where it was situated was discussed. As Chair of the Administration, Finance, and Human Resources Committee, he spoke to the extreme financial impact that residential development on this property would have on the Borough. Should there have been commercial development, Councilman Bernstein expressed that it could have changed the complexion of Allendale for many years to come. He remarked that, by safeguarding this property from unwanted development, the character of community will be maintained and the future of the community will be within Allendale's control. He advised that he sat on the Vision Committee along with Mayor White and many residents who were of all political backgrounds. Discussion took place in an open forum where thoughts and ideas for the future of Allendale and this property were expressed. A consensus was reached that housing for both emergency responders and senior citizens should be constructed to help address the Borough's COAH obligations as well as to serve the needs of the senior citizen community who face financial burdens. It was also agreed that a senior center should be placed on this property. Councilman Bernstein finished by commenting that Mayor White has given her heart and soul to the residents of Allendale and this project and he expressed his appreciation for all that she has done.

Public Comment:

Chris Kunisch, 175 Park Avenue, read the following letter into the record on behalf of Vince Barra, Mayor Emeritus:

“Initially let me offer my apologies for not attending this meeting in person but I have a family matter that I needed to attend tonight in south Jersey. I have asked Chris Kunisch to read my statement into the record.

I am saddened to be addressing the slanderous statements made by the Democratic Party candidates about Black Millwork and your Mayor and Council. We should be addressing the incredible opportunity that lies before us in repurposing this site for a better Allendale.

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Over the last 12 years, Allendale has been the envy of our neighbors for our fiscal foresight and years of ZERO tax increases. Allendale was a beacon of social progressiveness throughout the state for its Special Needs housing and the manner in which its governing body operated with professionalism and respect.

THIS IS NO LONGER THE CASE!

For the first time in many years the Democratic Party has fielded a slate of candidates. Instead of focusing on issues, the Democratic candidates have sunk into the cesspool of dirty politics. Instead of focusing on how the Black Millwork site could improve Allendale, they have hurled scurrilous statements about the actions of our Mayor and Council. I know the Mayor and Council members and have worked with them over the years. They are good, decent and honorable people. There has never been a more dedicated, hardworking group that has only one agenda in mind, making and keeping Allendale the best it can be.

The Black Millwork site has been a prime target of developers for years. When I was Mayor the Planning Board was approached to develop over 300 apartment units on the site. We all made it quite clear that such a development was not in the best interests of Allendale. Later Mayor White advised the Black Millwork owners that if a sale was contemplated they should talk to the town first. However, the owners secretly sold the property for a disclosed amount and we can only speculate about what other considerations may have been involved.

When the Mayor and Council learned of this and the possible dire consequences of what might be placed on the site, the Council passed a condemnation Ordinance to secure the property for Borough use. Rather than proceed with protracted and costly litigation on both sides, the owners and the Borough agreed to a negotiated price. Industrial properties such as Black Millwork had been rising significantly and continue to rise. Based on all market information available at the time, the purchase price was well within prevailing market values.

Instead of being wrongfully criticized, the Mayor and Council should be commended for one of the most courageous and visionary actions in a generation. Those of us who have been here for many years will recall such prior visionary actions in purchasing Crestwood Lake and the Celery Farm.

Candidates should be talking about who they are, what they have done for Allendale and their vision for the future. Not sink into the gutter of dirty politics.

We are better than that!

I would ask that my statement be placed into the record and made available to the residents of Allendale.”

Mr. Kunisch then read his own statement into the record:

“I echo Mr. Barra’s words, and would like to add a few myself, if I may?”

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I am glad the democrats have a slate in the upcoming election. Competition is good, competition keeps us on our toes.

But competition like this, tactics such as these, these types of letters are far from good and very far from what Allendale is about, and always has been about.

My children are 5th generation Allendale residents, my family has owned a business in downtown Allendale for 83 years. I don't mention this to brag or boast – but I offer it as proof that I have a pretty good idea of what the pulse is in the town and what our tax payers are saying and thinking.

And I can say...with the utmost confidence, on behalf of a vast majority of our residents – that we appreciate you – our mayor and our town council. We appreciate your due diligence in EVERY decision you have made on our behalf. We appreciate your honesty. Ad above all – we thank you and are grateful for your integrity and your vision for our wonderful town of Allendale.”

Stan Brach, 25 Pine Road, advised that he has been a resident for 25 years and noted that he attended the Vision Committee meetings. He expressed his opinion that there was transparency in all meetings as they were open to all who wished to attend and all options were presented as well as questions answered and ideas exchanged.

Catherine Shaw, 143 Green Way, expressed that she is speaking in support of the governing body and this purchase. She noted that she is the President of the Library Board of Trustees and this purchase allows for the potential expansion of the library which will allow the library to better meet the needs of the community. Although she has only lived in Allendale for 6 years, she commented that she has dealt with all members of the governing body and has found them all to be approachable and open to discussion. She expressed her belief that the same strategic and forward thinking of this governing body was the same mentality of the governing body at the time of the purchase of Crestwood Park and the Celery Farm.

Bob Herndon, 71 W. Maple Avenue, advised that he has lived in Allendale his entire life and served on the Allendale Police Department for 41 years, and prior to retirement, served as Police Chief. He further advised that he served on the Allendale Planning Board beginning in 1980 and commented that, as part of the reexamination of the Master Plan and in consideration of the Mt. Laurel decision, vacant properties were studied. He noted that Black Millwork was always one of the properties on the Planning Board's radar for possible housing and a recreation center. He expressed that he is proud of what the governing body has accomplished and commented on the countless hours that they spend in serving this community.

Jose Diaz, 95 Myrtle Avenue, advised that he is representing Caroline Curbelo who could not attend this evening due to a prior work commitment. He read her statement into the record,

“You wouldn't buy a house without an appraisal, and no bank would give you a mortgage without one. In early 2017 the Borough of Allendale borrowed more than \$14 million to buy the Black Millwork industrial property at the intersection of West Crescent and Myrtle Avenues – the biggest purchase in the Borough's history. We were troubled to discover the Mayor and Council bought the property without a written appraisal. They paid \$13,750,000 for the site even though it sold for

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\$9,500,000 a few months earlier in a private sale. Apparently the Borough could have stepped in to stop that sale, but instead chose to let it happen. We wonder if that was a mistake, one that cost all of us \$4,250,000.

Little information has been shared regarding the purchase or future plans for the site. We present our findings here so residents can understand what questions we've asked and see for themselves what answers we received.

1. April 7, 2016 and prior. During the Work Session of the 4/7/16 Mayor and Council meeting, Mayor White read a statement announcing that the Borough would buy the Black Millwork site. This was the first public mention of the purchase and was not on the meeting agenda. We have found no documented discussions of the purchase in open or closed (to the public) meetings of the Council prior to this date.
2. April 7, 2016. During their regular meeting, the Council unanimously voted to "Authorize [an] Acquisition of Property." The item was listed on the second page of the meeting agenda among a group of things the Council had already agreed to support. This agenda was posted to the Borough's website and on the bulletin board in Borough Hall the day before the meeting. It was the only public notice given that this issue would be raised. An audio recording of the meeting is not currently available on the Borough's website; the Council does not record or broadcast video of their meetings.
3. April 28, 2016. During a closed (to the public) meeting of the Council, the Mayor "discussed the proposed condemnation" of the Black Millwork site using eminent domain laws. (The minutes of these closed sessions are not available on the Borough's website even though pending matters are long settled. We obtained them via Open Public Records Act requests).
4. May 26, 2016. During a closed (to the public) meeting of the Council, the Council was informed that the Black Millwork site was about to be purchased by a private party and that the Borough had decided to "allow the closing to take place."
5. June 9, 2016. The Council voted to retain a real estate appraisal firm after considering several candidates.
6. June 14, 2016. The Black Millwork property was sold to a private party for \$9,500,000.
7. October 13, 2016 and October 27, 2016. A pending appraisal report was referenced in closed (to the public) meetings of the Council.
8. October 31, 2016. The Borough signed a letter of intent to purchase the property for \$13,750,000.
9. On or about March 10, 2017. The Borough of Allendale paid the appraisal firm \$7,500.
10. May 18, 2018. We asked the Borough if we could see the appraisal reports for the property.
11. May 30, 2018. We were told "there are no records pertaining to your request."
12. May 30, 2018. In an email to the Borough Clerk and Borough Attorney, we sought to clarify whether or not there had in fact been an appraisal. We did not receive a reply.
13. June 14, 2018. During the Mayor and Council meeting, Brian Murphy asked if there had been an appraisal report completed on the property and was told by Mayor White that there was no written appraisal report. The Borough Attorney offered the same answer and additional background on why there had been no final appraisal. Here is the exchange as shown in the minutes of that meeting.

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Before raising it publicly, we privately spoke with numerous municipal administrators, attorneys, financial officers, and elected officials – Democrats and Republicans – all of whom were astonished that Allendale’s Council borrowed \$14 million to buy property without first documenting its valuation. Many municipal and county governments and state agencies require one, and sometimes two, written appraisals on property purchases above a certain amount money. This is done to safeguard taxpayers from the many downside risks that come with owning commercial real estate, particularly industrial sites.

Allendale should be proactive in charting its destiny, as it did when it bought Crestwood Lake, the Celery Farm, and the Crescent and Orchard Commons properties. Towns buy all kinds of property for all kinds of reasons all the time – it’s an important part of what municipal government can and should do, and something we fully support.

But we believe these actions should anticipate opportunities and be guided by prudence and common sense. More than two years have passed since this purchase was first discussed in public. It is long past time for the Borough to convene a town hall to disclose what plans are being considered for the site, to answer questions and solicit suggestions, and to create a public committee that will hold public meetings to chart a robust and sustainable future for this new property that we now own at the center of our community.”

Susanne Lovisolo, 180 Schuyler Road, inquired whether the governing body was unable to share the information presented this evening prior to tonight.

Borough Attorney Wiss explained that the portions of the letter that were specifically referenced as being conducted at an open public meeting were disclosed. He noted that the closed meetings referenced in the previous statement pertained to the negotiations taking place with the owner of the property, commenting that it would not be prudent to publicly disclose that the appraised value would have been more than the proposed purchase price.

Ms. Lovisolo questioned whether she could she have come to either the Borough Attorney or Mayor White for further information should she have had questions during the negotiation process.

Borough Attorney Wiss advised that, once the acquisition had been negotiated, the process could have been discussed. He explained that most aspects of the process including the letter of intent, the contract that resulted from the letter of intent, and the financing of this acquisition were all approved at public meetings.

Mayor White added that the members of the public did approach the governing body at various times to ask questions about the purchase and the governing body members were always happy to discuss this matter. An invitation to join the Vision Committee was placed in the newsletter and anyone who expressed an interest prior to the commencement of committee meetings was permitted to become a member.

Ms. Lovisolo advised that, as soon as she heard about the Vision Committee, she requested to join. She noted that she became involved with the Fell House through an advisory committee that was formed by Mayor Barra. She noted that open communication between the governing body and

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residents is what is so vital about Allendale and she thanked the governing body for always being so approachable.

Mayor White stated that none of the authors of the letter reached out to anyone on the governing body.

Michael Dillon, 58 E Crescent Avenue, advised that he is a public servant in the Borough and a law enforcement professional. He commented that this letter makes accusations that a professional has debunked this evening and expressed his opinion that it does not make sense to continue to stand on the platform that due diligence was not done. He expressed his opinion that sending a letter to the State Comptroller was not the proper way to handle this issue.

Tom Smith, 260 W. Allendale Avenue, advised that he was a member of the Vision Committee and stated that there was a lot of spirited discussion regarding the use for this property. He explained that he advocated for first responder housing as it is difficult younger members to remain in Allendale after graduating from college.

Mark Savastano, 22 Vreeland Place, noted that he has come before the Council many times and although at times, he has disagreed with the Council, he has also commended them for being open and honest and maintaining a civil discourse. He commented that, although he is satisfied with most of the responses that he has received to his inquiries, there are times that there has been opposition to other ideas. He expressed his opinion that this meeting was very informative and was good information for all residents to know. He requested that the Borough Attorney's letter be posted to the website. Mayor White confirmed that it would be available on the website tomorrow.

Councilwoman Wilczynski asked for an example of an idea that Mr. Savastano presented that the Council disregarded.

Mr. Savastano commented that he feels that many ideas that are brought to the Council level have a preordained conclusion. He expressed his belief that the use of this property as a storage facility had already been decided when the ordinance to allow for this use came before the governing body.

Mayor White responded that, when it is time for Council to take action, the members need to be prepared. She noted that a lot of research is done beforehand and countless hours are spent in committee so that intelligent and well-informed decisions can be made for the betterment of Allendale.

Mr. Savastano suggested that Council meetings be recorded and broadcasted for those who are unable to attend.

Mayor White advised that all audio recordings of the meetings are available on the Borough website. She noted that there is a financial burden associated with broadcasting meetings that would need to be explored and commented that they like residents to attend meetings so that there is an open dialogue.

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Mr. Savastano explained that he brings his ideas forward for the betterment of Allendale and without political motivation.

Councilman Bernstein commended Mr. Savastano for attending meetings, not only today, but in the past as well, and commented that this type of discourse between residents is how the governing members grow and move forward.

Mayor White advised that the agenda together with the backup is also posted to the website prior to the meetings. She also noted that the governing body is available should there be questions or concerns.

Joanne Hart, 96 Dale Avenue, detailed her involvement in the Borough and noted that Allendale has been faced with many difficult decisions over the years with respect to property acquisitions. She expressed her opinion that it is important to always look to the future while knowing the Borough's past. She remarked that, even with the proactive approach that the Council has taken with respect to COAH, hundreds of units have still needed to be built. As such, she expressed her opinion that any property that the Borough can acquire is a positive move. She ended by stating that it is a resident's job to elect the governing body and place trust in the elected officials to look out for the best interest of the residents.

Michael Sirico, 64 Berkshire Place, requested confirmation that the Master Plan and budget are adopted at public meetings. Mayor White confirmed this statement and noted that only one resident was in the audience the night that this year's budget was adopted. Mr. Sirico then expressed his opinion that the vision of the governing body should be trusted, commenting that this decision was the right one and expressing his belief that the governing body will continue with the openness that they have displayed all along.

Mayor White responded that this decision was based on the community's vision for Allendale and input has been sought and welcomed from many different sources.

Administration:

A. Agenda Review

Due to time constraints, this agenda item was not addressed.

B. Mayor's Report

Due to time constraints, this agenda item was carried to the Regular Session.

C. Council Reports

Due to time constraints, this agenda item was carried to the Regular Session.

D. Staff Reports

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Due to time constraints, this agenda item was carried to the Regular Session.

Adjournment

There being no further business to come before the Mayor and Council, on a motion by Councilman Bernstein, second by Councilman Sasso, and unanimously carried, to adjourn this meeting. The meeting was adjourned at 9:09 p.m.

Respectfully submitted

Anne Dodd, RMC
Municipal Clerk