

**HARDING TOWNSHIP COMMITTEE
MONDAY, NOVEMBER 18, 2019
EXECUTIVE SESSION at 5:30 PM
REGULAR MEETING at 7:30 PM
Kirby Hall, Blue Mill Road, New Vernon, New Jersey
MEETING MINUTES**

CALL MEETING TO ORDER – Mayor Yates

Mayor Yates called the meeting to order at 5:34 pm.

ADEQUATE NOTICE of this meeting of the Harding Township Committee was sent to the Observer Tribune on November 12, 2019 and published in the Observer Tribune on November 14, 2019.

Mayor Yates announced that Adequate Notice of the Harding Township Committee Executive Session meeting was called in accordance with the Open Public Meetings Act.

ROLL CALL – Municipal Clerk

Ms. DiTosto, Mr. Jones (via telephone), Mr. Modi, Mr. Platt,
Mr. Yates

Mrs. Sharp called the roll. All Township Committee members are in attendance. Let the record show that Mr. Jones joined the meeting via telephone.

RESOLUTIONS – (NON-CONSENT – REQUIRING SEPARATE ACTION)

Mrs. DiTosto read Resolution TC 19-208 in its entirety.

Resolution TC 19-208 – Resolution to Congratulate the Harding Township School Girl's Field Hockey Team for Winning the Morris County Tournament

WHEREAS, the Harding Township School Girls' Field Hockey Team has twelve (12) members (11 players on the field in regular game play and only 1 substitute), a Head Coach, and an Assistant Coach; and

WHEREAS, during the Harding Township School Field Hockey Season, the Harding Township Girls' Team played in a total of eight (8) regular season games and three (3) tournament games; and

WHEREAS, the Girls' team won ten (10) games this season of the eleven (11) Field Hockey Games that were played; and

WHEREAS, on October 30, 2019, the Morris County Girls' Field Hockey Tournament was held in Boonton, New Jersey; and

WHEREAS, the Harding Township School Girls' Field Hockey Team and The Peck School Field Hockey Team were the two remaining teams that would compete for the Morris County Championship; and

WHEREAS, the Harding Township School Girls' Field Hockey Team scored three (3) goals, with the winning goal in double overtime; and

WHEREAS, the three (3) goals scored by the Harding Township Girls' Field Hockey Team was a decisive victory.

BE IT RESOLVED, by the Township Committee of the Township of Harding in the County of Morris and State of New Jersey that the Harding Township School Girls' Field Hockey Team demonstrated that dedication and commitment are at the core for success and achievement; and

BE IT FURTHER RESOLVED, that the Harding Township Committee recognize the dedication and commitment of every member of the Girls' Field Hockey Team and the outstanding coaching staff; and

BE IT FURTHER RESOLVED, that the members of the Harding Township Committee extend their congratulations to an outstanding group of young people for their achievement and representing Harding Township in a very positive and professional manner.

CONGRATULATIONS TO THE TEAM AND COACHES!!!!

Jocelyn Monti (Captain)
Ally Brosie (Captain)
Payton Martins
Chloe McMillan
Sophia Modi
Quinn Walters
Alana Flynn
Leah Gottsegen
Caitlyn Piotrowsky
Alex Modi
Penelope Muirhead
Bailey Walters
Ashley Petrozzo (Head Coach)
Ann Pierce (Assistant Coach)

Mr. Modi read each name as listed above and provided each player and coaches with a certified copy of Resolution 19-2018. Two players read prepared statements. Mr. Modi commented that this is something you all should be very proud of. You showed initiative and grit. It was unbelievable.

Mayor Yates asks Committee Member Modi to proceed with Resolution TC 19-208 listed on the Non-Consent agenda.

Committee Member Modi made a motion to approve the resolution placed on this evening's Non-Consent Agenda by consent of the Township Committee, seconded by Township Committee Member DiTosto.

Mayor Yates asked the Municipal Clerk for a Roll Call: *Mrs. Sharp called roll as follows:*

Vote on Resolution:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	2 nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	1 st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MOTION TO RECESS INTO EXECUTIVE SESSION

Mayor Yates asked for a motion to recess into Executive Session. Upon a motion made by Mrs. DiTosto, seconded by Mr. Modi, and with a roll call vote of all ayes, Resolution TC 19-209 was accepted and the meeting recessed into Executive Session at 5:46 pm.

Resolution TC 19-209– Resolution to Recess into Executive Session

BE IT RESOLVED, by the Harding Township Committee that it shall adjourn into executive session to discuss the following subject matter(s) without the presence of the public in accordance with the provisions of R.S. 10:4-12b; and

BE IT FURTHER RESOLVED, the matter(s) discussed will be made known to the public at such time as appropriate action is taken on said matter(s), and when disclosure will not result in unwarranted invasion of individual privacy or prejudice to the best interests of the Township of Harding provided such disclosures will not violate Federal, State or local statutes and does not fall within the attorney-client privilege. The Township Committee will return to public session after this Executive Session.

Personnel:

1. DPW Hire – Tracy Toribio
2. Police Hire – Chief Heller
3. 2020 Employee Salaries – Bob Falzarano

Contracts:

1. Professionals – Mayor Yates
2. The Farm – Mayor Yates
3. Diversion – Dev Modi / Tim Jones
4. Property Acquisitions – Tim Jones / Mark Roselli

Vote on Resolution:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	1 st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	2 nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RECONVENE INTO PUBLIC SESSION – Mayor Yates

Mayor Yates asked for a motion to reconvene into public session at 7:35 pm. Upon a motion made by Mr. Platt, seconded by Mr. Jones, and with a roll call vote of all ayes, the public session is now open.

ROLL CALL – Municipal Clerk

Ms. DiTosto, Mr. Jones (via telephone), Mr. Modi, Mr. Platt,
Mr. Yates

Mrs. Sharp called the roll. All Township Committee members are in attendance. Let the record show that Mr. Jones joined the meeting via telephone. There are fourteen members of the public in attendance.

PLEDGE OF ALLEGIANCE – Mayor Yates

Mayor Yates led the Township Committee and members of the public in the pledge of allegiance.

ADEQUATE NOTICE of this meeting of the Harding Township Committee was given as follows: Notice was sent to the *DAILY RECORD* and the *OBSERVER TRIBUNE* on January 7 2019, and published in the *OBSERVER TRIBUNE* on January 10, 2019; Notice was posted on the Bulletin Board in the Township Municipal Building on Blue Mill Road in Harding, NJ on January 7, 2019, and Notice was posted on the website and filed with the Municipal Clerk on January 7, 2019.

Mayor Yates announced that Adequate Notice of the Harding Township Committee meeting was called in accordance with the Open Public Meetings Act.

RESOLUTION TC 19-210 -- RESOLUTION TO ADOPT TOWNSHIP COMMITTEE MEETING MINUTES

BE IT RESOLVED, by the Township Committee of the Township of Harding that the minutes from the following meeting(s) are approved as prepared and shall be filed as a permanent record in the Municipal Clerk's office: October 21, 2019.

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Harding that the minutes from the following Executive Session meeting(s) are approved as prepared and shall be filed as a permanent record in the Municipal Clerk's Office: October 21, 2019.

Mayor Yates asked for a motion to accept the Township Committee minutes from October 21, 2019. Upon a motion made by Mr. Platt, seconded by Mr. Modi, and with a roll call vote of all ayes, none opposed, the October 21, 2019 Township Committee meeting minutes were accepted.

ANNOUNCEMENTS/PRESENTATIONS/REPORTS/CORRESPONDENCE – Mayor Yates

There were no announcements, presentations or correspondence.

DISCUSSION ITEMS

1. Master Plan Revision – Dev Modi

Mr. Modi commented that L. Sharp circulated a memorandum from Mr. Peter Saulnier, Chairman of the Planning Board, requesting comments from the Township Committee with respect to the examination that the Planning Board is now conducting with regard to reviewing the Master Plan. At the December 9th Township Committee meeting Mr. Modi asked for feedback from the Township Committee that can be submitted it back to the Planning Board. Mr. Modi asked the Township Committee to review and come prepared with your specific

comments to discuss at the next meeting. Mayor Yates asked what the Planning Board's goal to adopt the Master Plan is. Mr. Modi commented late first quarter or early second quarter of 2020.

2. The Farm – Mayor Yates

Mayor Yates commented t--the Township Committee has been in discussion from about March/April with regard to the possibility of selling the Farm. The presentation this evening will go through different aspects of The Farm and the sale of The Farm. A copy of the presentation will be appended to these minutes.

Mayor Yates presented a slide presentation on The Farm. This presentation is an analysis that was prepared using the numbers Harding Township has been using in their capital projections and modeling results of the Farm in the future. Unlike most presentations that the Township Committee makes, there is not consensus on every element in this presentation. There are numbers that you will see that are forecast into the distant future. With any forecast the farther you go the less precision you have. As this has been discussed, these are just projections. The apartments are in a stage where appliances are wearing out, flooring is an issue, the life of the roof is approaching as well as several other bigger ticket items.

The following discussion is based off the slide presentation:

The deficit shown on page 5, (year 2015-2018) is made up using transfers from the Township's budget. As a point of reference \$200,000 is approximately one tax point (is one penny per tax rate).

Mayor Yates commented that the proposal is to sell The Farm to L&T Affordable Housing Urban Renewal Corporation. It is a wholly owned subsidiary of HQM Properties. The sale price is \$950,000 with repairs prior to the sale of \$49,400 (already done) bringing the net proceeds to \$900,600. Harding Township will contribute \$325,000 to L&T toward the construction of two additional units, which is required due to our Affordable Housing Settlement.

L& T will construct an additional two (2) unit at its own cost for which Harding Township will seek to receive credit in the next round of affordable housing mandates, for a total of four (4) additional units. The projected cost to construct four additional units is \$1,058,500 or \$264,625 per unit. Mayor Yates commented that three years ago when the Township Committee started working toward this round of the Affordable Housing Settlement, Nanette DiTosto and I on the Affordable Housing Subcommittee met with the Engineer who had worked on the Farm originally and the Engineer stated it was about \$250,000 for each unit. That was three years ago which matches up with the construction budget from L&T for these units. Harding's contribution of \$325,000 is 61% of the construction cost. Harding is saving about \$200,000 on the cost of construction as part of this transaction. L&T will finance the remaining cost of constructing four (4) units with a grant from the State, which is not available to municipalities, it is only available to non-profits. L&T has already been awarded a \$750,000 grant from one of the State agencies.

The buyer is L&T Affordable Housing Urban Renewal Corporation, which is a special purpose entity, a subsidiary of HQM Properties, Inc., which was formerly known as Madison Affordable Housing Corporation. L&T as an entity will solely provide affordable housing in Harding in this project and potentially future projects. They will have an office on site, they will have a maintenance person on site, and the L&T management office will be on site. There will be full time maintenance and management at the Farm.

The value of the Farm was established by a negotiation, not by auction or an appraisal. Since the use of the property will be deed restricted in perpetuity for affordable housing, the property has no value as a redevelopment property. It can only be used for affordable housing and in fact if the property is not used in accordance with this limitation in terms of the contract, deed restriction, and state law, title of the property reverts back to Harding Township. No redevelopment value can ever accrue to L&T or a successor. In doing

this analysis, there is no true real estate value for this property. The value is determined theoretically by what is generating in free cash. Using the projections in the L&T proforma they provided, a twenty year DCF valuation was performed using a terminal value in year 20. The L&T cash flows include the benefit of the rents from the four additional units.

Mayor Yates read the Discounted Cash Flow Valuation table on page 10 in its entirety. A discounted cash flow valuation was not conducted using Harding's projections due to the Township's projections show a negative cash flow from the period 2020 to 2040.

The Township Administrator will be appointed, next vacancy, to the L&T parent company Board of Directors. L&T will exclusively own and operate affordable housing properties in Harding and will never own properties for any purpose in any other town. No change to density or any kind of redevelopment can occur without approval of the Township Committee. The Township Committee will approve the contract before its execution.

Mayor Yates discussed in length the proforma for Harding Township to continue to own and operate the Farm for the period 2020-2028 (Pages 12 -14) and explained the following line items.

- * Revenue – took Harding Township's rental projections that the Township has been using, added the two units Harding Township is adding*
- * M/O is Maintenance and Operations*
- * Admin – Mayor Yates explained he broke out the Administrative Fee which is the fee that the Township pays to a company that manages all the affordable housing compliance work and everything that goes on at the Farm. The fee includes the addition of two (2) additional units.*
- * Personnel – As previously mentioned there is unallocated labor; the Administrator's time, Clerk's time, DPW's time, BOH Secretary, Finance Department's time, work that is not billed to the Farm, it is billed out of the Township's operating budget. Mr. Falzarano, Township Administrator, has spent some time trying to quantify this; using 15 hours per week at \$55.00 an hour gives the \$42,900, with an increase each year at 2%.*
- * Debt Service – is fixed which is determined by the bond.*
- * Insurance – Mayor Yates commented that we spoke to the Township's Joint Insurance Fund for the Town and had them break out the charges associated for the Farm which is; Property, Casualty, Liability, and Worker's Compensation.*
- * Capital – Mayor Yates commented that the total amount of capital that is projected was taken over this horizon, spread the number out evenly over every year in the forecast, with the cost to build two (2) units was added in 2020- \$525,000.*

The numbers have been adjusted over the years using inflation, except for capital which is flat and a forecasted number. The capital number could be higher or lower. Mayor Yates commented that you will note that it never shows a positive cash flow. Also note, that our rental projections are conservative. The State adjusts the rental numbers every five to ten years.

Mayor Yates commented on the L&T proforma (pages 15 -17. L&T is more aggressive in their rental income forecast and they show a benefit of four (4) units instead of two (2). Their Administration fee is higher.

Chris Allyn, resident – commented do they show capital in their proforma. Mayor Yates explained L&T has a staff of people; one on site and staff from the Madison Housing Authority. For example if they have to add a roof, they will send their employees to put the shingles on. Salaries are included in L&T's maintenance and operations line item. For Harding Township to put a new roof on those buildings, the Township would have to put out an RFP and the State requires the Township to use prevailing wage. L&T can do all this work at a significant lower cost than Harding. A discussion ensued regarding L&T expenses.

Wendy Miller, resident - commented on the personnel line, is this Harding Township's employees. Mr. Falzarano explained that the Farm was never staffed when the Farm was built. The staff that was here was basically here and left to manage it. What has happened over the years is the Farm has taken priority over other things and things gets put to the side, where they may get accomplished or delayed. Mayor Yates commented that the employees in this building will go back to doing their jobs. W. Miller commented if the costs are real costs in the personnel line. Mayor Yates commented that we tried to allocate what the actual costs to own and operate the Farm on an annual basis. We wanted to allocate all the expenses, this is why the expenses have never been seen before.

David Dietz, resident – commented if Harding Township will have any control on the quality of work or if the maintenance work is getting done. Mayor Yates commented the Township will not have control with what they are doing inside the apartments. Mr. Roselli, Township Attorney, commented that the Township has the ability to do inspections and they have to comply with the U.H.A.C. rules. The Township can continue to have oversight as a governmental entity and the State has over sight as it is governed by U.H.A.C. D. Dietz commented in ten years from now, the finances do not meet projections and the maintenance is not getting done is there a liability to the Township. Mr. Roselli explained there is a reverter provision, if it ceases to be utilized as affordable housing, it will be reverted back to the Township. There will be a reserve account that L&T will have to maintain for any excess revenues that they create or receive and revenues can only be used for the maintenance of the site itself. It can only be used for capital expenses and this will be part of the transaction.

A question was asked how protected is Harding with regards to a lawsuit. Mr. Roselli explained it is an at arms transaction, L&T is incorporated, they are a not for profit with NJ Statues, if there is corruption Harding would not be held accountable, it would go back to L&T.

Nanette DiTosto – commented since the Township Administrator has a seat on the Board what happens if the Board is named in a lawsuit. Mr. Roselli stated, if the Township Administrator is on the Board and the Board is named in a lawsuit, the non-profit should have a policy for their members and the Township Administrator would fall under that policy. Having the Township Administrator as a Board member will enable the Administrator to have the ability to ensure that the parent company does not let the Farm fall in disarray.

David Dietz – commented that the Township's proforma shows two units and L&T shows four units, can Harding Township do four. Mayor Yates commented that Harding Township could do four units if the Township wanted to spend a million dollars. Mr. Dietz commented that he thought we were limited to two units. Mr. Roselli explained a minimum of two. Mayor Yates explained the Township agreed to do two units. Mrs. DiTosto mentioned the original plans show two units. Mayor Yates stated L&T says they can do a total of four additional units. Mayor Yates explained that the building that looks like a small barn where the waste cans are located, this building will be removed and replaced with an office and four apartments. Mr. Dietz commented for comparison purposes, should the Township's proforma use four units. Mayor Yates commented we could, but the Township has committed to doing two units. Mr. Roselli explained if the Township cost out what it would be for the Township to do four units, the cost would be excess of a million dollars due to prevailing wage. There is a big cost differential and the Township committed under our Settlement Agreement to do a minimum of two. Mayor Yates commented that there is a variety of ways to look at the numbers.

The total amount that Harding has spent at the Farm from inception through December 31, 2019 is \$1,749,663 and the remaining debt service is \$2,203,875 for a total cost of the Farm \$3,953,538. Mayor Yates explained page 18, page 19, and page 20. A discussion ensued regarding the cash analysis and affordable housing cash forecast through 2028.

***Chris Allyn** -- commented why the Farm is a bad deal if it has \$472,600 in the Farm Account. Mayor Yates explained because we have been adding capital each year and explained the section "if the Farm was retained" on page 19. In Mayor Yates opinion, for the Town to spend one more dollar at the Farm is a waste of tax payer resources. The Farm was built to give the Township 24 Affordable Housing credits. Once the 24 credits have been created, it does not accrue any benefit to Harding. In Mayor Yates opinion, the best decision for Harding is to sell the property and take the resources that can be generated through the sale and help the Township deal with the next round of affordable housing. The Township has been actively planning for the next round of affordable housing for the past several months. We are committed as we approach the next round that we have done everything possible to put Harding in the best position to meet whatever the requirement will be. The sale of the Farm has been percolating for a while. The Farm delivered the Township with affordable units at a reasonable price in 2005.*

***Mr. Tim Jones** -- commented that the idea that the Farm was a success or a failure, it was definitely a success. The round that we were in it bought the Town the ability to say we are going to control the development of Harding Township. It bought the ability to not have the open pay day for a developer to come in and do their 20% set aside. The notion that the Town could run it, the Township had to run it for a period of time to find out if the Town could be a landlord. What the numbers and data demonstrates, is that the Township need's to hand over the Farm to an entity that can run it the best way possible while keeping the controls the Township is keeping.*

***Rita Chipperson, resident** -- commented there are no exterior maintenance requirement in the contract. Mayor Yates commented that the contract has not been developed to date. L&T does a good job in management their properties. Mr. Platt mentioned that Mr. LaRiccio mentioned that the color, ambiance and lighting will stay the same. They did not add anything that they were going to change. Mr. Platt commented that he believes we could add some type of deed restriction or architectural review aspect in the contract so the character of the Farm does not change. R. Chipperson asked if a provision could be added with regard to safety. Mr. Roselli commented that this would fall under the reverter clause. Under the Statue that allows a transfer, in addition to utilization of the property for utilization of affordable housing, they have to provide the services that the Township sold the property to them. If they fail to do this, the Township would implement the reverter clause and it would come back to the Township.*

***Rich Clew, resident** -- commented the Farm is an entry point into Harding. Some effort to ensure that the site is maintained in an attractive way should be made. Is there any advantage to the Town in the eyes of the Affordable Housing community being an owner of the property rather than a non-owner? Mr. Roselli stated no. It is rare that the Municipal entity is the owner/operator. Most municipal projects, town owns the land, they enter into an agreement and sell to an entity that develops affordable housing, they build it and then rent it. Municipal governments are not set-up for this purpose. There have been four to five evictions at the Farm since I have been Township Attorney. There are unrecovered rents that are not reflected in the numbers. A private entity can operate much quicker if a tenant needed to be evicted. R. Clew asked if L&T builds four (4) units, does Harding receive credit for four (4) units. Mr. Roselli responded the Town would receive two (2) credits as two (2) units are already accounted for. Mayor Yates explained that Affordable Housing is not meant to be permeant housing for someone, it is meant to be a bridge. The resident would move in for a period of time and then move on to some form of market rent. Private operators are more aggressive in nature. The Township cannot move people quick.*

Mary Prendergast, resident – commented there have been five evictions over the fourteen years. Mr. Roselli responded no in the last four years since he has been the Township Attorney. A discussion ensued regarding social resources.

David Dietz, resident – commented when they build the four (4) units will they be required to come before the Planning Board. Mr. Roselli responded yes.

Mr. Platt -- commented that he agrees with Mrs. Chipperson and Mr. Clew regarding the maintenance architectural review.

MEETING OPEN TO THE PUBLIC FOR PUBLIC COMMENT

NOTICE OF PUBLIC COMMENT TIME LIMIT

Hearing of citizens during the Public Comment section of the Agenda is an opportunity for any member of the public to be heard about issues which are/are not topics scheduled for Public Hearing tonight. To help facilitate an orderly meeting, and to permit all to be heard, speakers are asked to limit their comments to a reasonable length of time.

Wendy Miller, resident – commented if the farm is being sold, can it be used for a future model. Mayor Yates responded that the Township's objective would be to partner with L&T going forward where the Township provides the space and they provide the building. The Township was not able to do this in this round. W. Miller asked if it could be done for Hurstmont. Mayor Yates responded no because we do not own the property.

Chris Allyn, resident – can you comment on the October 31, 2019 hearing with the court. Mr. Roselli explained that we are in a process with working with the Special Master and Fair Share Housing to see if the Township can come up with a process for a final compliance. The Township has not gone back to Court. The deadline was not missed, the Township communicated with the Special Master and Fair Share Housing. C. Allyn asked what the timeline is. Mr. Roselli explained there is not a timeline. The timeline will be set by the Court. Mayor Yates commented that the order required the Township to have a redevelopment plan and concept plan and redevelopment agreement. The final element is a redevelopment agreement.

Wendy Miller, resident – Are we under obligation to provide affordable housing units if we do not have any land. Mr. Roselli explained that we provide the opportunity with the overlay zone. The process is complicated. When you look at what is available, there are different mechanisms that are utilized on how the zoning is done. Mayor Yates commented if every square inch of Harding was covered by a building, your obligation still has to be met.

Rich Clew, resident – commented that he encourages you all to vote for certainty here and lock in what appears to be financial benefit to the Town while continuing to provide 24 affordable units for residents and eliminating uncertainty for future rent payments, future flaws in the buildings that would require remediation, a long hot summer that will require air conditioning units to be replaced and all other areas of maintenance that will come along with maintaining a physical plant. In Mr. Clew's opinion this is a no brainer.

Rita Chipperson, resident – commented that she agrees with Mr. Clew. The Farm will now have someone on site that they can go to. Mrs. Chipperson was surprised to learn that the Township employees were having to deal with these issues as they are not trained for this. Having someone specialized in this would be helpful on both sides.

David Dietz, resident – two comments on Resolution 19-212 and 19-214. Of the \$80,000 being spent on the redevelopment attorney are these bills being separated between the Diversion and Redevelopment. Mr. Falzarano commented that the bills are separated. The diversion is separate from the redevelopment. Hurstmont has set up an escrow since July 1, 2019 to pay the professionals but the Township has to authorize the ceiling by resolution. Hurstmont is paying for the Planner, Special Counsel, and Township Engineer. Thirty thousand in the resolution is for the Diversion/Disposal.

With regard to Resolution #19-214, are these the only tax appeals done this year. Mayor Yates explained that the Township has settled other tax appeals that are a reduction in value or a refund, less than \$5,000 annually. D. Dietz asked for a status on the revaluation. Mayor Yates explained they are in the process of finishing their visit to all properties. A preliminary valuation of the tax book should be done by mid-December. A letter will go out to every tax line in the book with here is your proposed valuation. The revaluation company will have hours in the Municipal Building where the resident can have a discussion with the appraiser. The numbers will be finalized in March of 2020. The higher valued properties are probably too high on the books and the lower properties are probably too low. Harding Township deferred doing the revaluation for three years and the County ordered the Township to do this.

With no further comments, Mayor Yates closed the public hearing at 9:05 pm.

ORDINANCES FOR SECOND READING: NONE

ADD-ON RESOLUTIONS - NONE

RESOLUTIONS REMOVED FROM THE CONSENT AGENDA FOR DISCUSSION AND VOTE

CONSENT AGENDA

The following items are considered to be routine by the Harding Township Committee and will be enacted by one motion. There will be no separate discussion of these items unless a Township Committee Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

RESOLUTIONS TC 19-211 THROUGH RESOLUTION TC 19-216 HAVE BEEN PLACED ON THE CONSENT AGENDA

CONSENT AGENDA VOTE:

Mayor Yates asks Committee Member DiTosto to proceed with the Resolutions listed on the Consent agenda. Resolutions TC 19-211 through TC 19-216. *Let the record show that Mr. Modi and Mr. Platt abstained from voting on Resolution TC 19-213.*

Committee Member DiTosto made a motion to approve the resolutions placed on this evening's Consent Agenda by consent of the Township Committee, seconded by Township Committee Member Platt.

Mayor Yates asked the Municipal Clerk for a Roll Call: *Mrs. Sharp called the roll as follows:*

Vote on Resolution:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	1 st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	2 nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

APPOINTMENTS: NONE

CONTRACTS:

Resolution TC 19-211 – Resolution To Increase the Contract Holder Amount for Office Concepts and – Change the Name of the Auto Contract Holder and to Increase the Contract Amount

WHEREAS, the Township of Harding, pursuant to N.J.S.A. 40 A: 11-12a and N.J.A.C. 5:34-7.29(c), may by resolution and without advertising for bids, purchase any goods or services under the State of New Jersey Cooperative Purchasing Program, the Morris County Cooperative Pricing Council, Union County Cooperative Purchasing and the National Cooperative – WSCA-NASPO to purchase goods or services, the Somerset County Cooperative Pricing System and the Middlesex Regional Educational Services Commission Cooperative Pricing System for any State or County contracts entered into on behalf of the State by the Division of Purchase and Property in the Department of the Treasury, the Morris County Cooperative Pricing Council, the Somerset County Cooperative Pricing System and the Middlesex Regional Educational Services Commission Cooperative Pricing System as approved by TC 19-049; and

WHEREAS, the Township of Harding has the need to change the named vendor for the purchase of a 2020 DPW Ford F450 Truck under the Morris County Cooperative Purchase Contract 15F as follows:

RT. #23 Automall – Morris County Cooperative – Not to Exceed \$75,000.00,
and

WHEREAS, the Township of Harding has the need to increase the authorized amount for Office Concepts a contract holder with the Morris County Cooperative as follows:

Office Concepts – Morris County Cooperative – Not to Exceed \$32,000 Cumulatively

BE IT RESOLVED, by the Township Committee of the Township of Harding in the County of Morris and State of New Jersey, that the Township of Harding authorizes the Purchasing Agent to purchase certain goods or services from Union County Cooperative Purchasing and the National Cooperative – WSCA-NASPO pursuant to all conditions of Q 11-18-2019

the individual State, Morris County, Somerset County and Middlesex Regional Educational Services Commission Cooperative Pricing System Cooperative contracts; and

BE IT FURTHER RESOLVED, that the Township Committee of the Township of Harding pursuant to N.J.A.C. 5:30-5.5(b), the certification of available funds, shall either certify the full maximum amount against the budget at the time the contract is awarded, or no contract amount shall be chargeable or certified until such time as the goods or services are ordered or otherwise called for prior to placing the order, and a certification of availability of funds is made by the Chief Financial Officer; and

BE IT FURTHER RESOLVED, that the duration of the contracts between the Township of Harding and the Union County Cooperative Purchasing and the National Cooperative – WSCA-NASPO Contract Vendors shall be from January 1, 2019 to December 31, 2019.

Resolution TC 19-212 – Resolution to Increase the Contract for Greenbaum Rowe Smith & Davis LLP - Redevelopment Attorney and for the Property Disposal/Diversion for the Township of Harding

WHEREAS, at the March 18, 2019 Township Committee meeting, the Township of Harding awarded a contract for a redevelopment attorney from the firm Greenbaum Rowe Smith & Davis LLP for redevelopment purposes for the Township, in the amount not to exceed \$5,000.00; and

WHEREAS, at the May 13, 2019 Township Committee meeting, the Township Committee authorized an additional \$5,000.00 for the services of Greenbaum Rowe Smith & Davis LLP, under their professional services contract; and

WHEREAS, at the June 24, 2019 Township Committee meeting, the Township Committee authorized an additional \$30,000.00 for the services of Greenbaum Rowe Smith & Davis LLP, under their professional services contract; and

WHEREAS, at the July 15, 2019 Township Committee meeting, the Township Committee authorized an additional \$10,000.00 from account #25-9999-1110-0170-2-00037; and

WHEREAS, it is necessary to increase the authorization for the services of Greenbaum Rowe Smith & Davis LLP, under their professional services contract to perform redevelopment tasks; and

WHEREAS, the Chief Financial Officer for the Township of Harding has certified that additional monies are available in the amount of \$30,000.00 from account number #05-5000-0000-0155-2-00000; and

WHEREAS, the total amount shall not exceed \$80,000.

BE IT RESOLVED, by the Township Committee of the Township of Harding in the County of Morris and State of New Jersey that the following contract is hereby awarded for a one year period:

Redevelopment Attorney	Greenbaum Rowe Smith & Davis LLP	1/1/2019 to 12/31/2019
	75 Livingston Avenue, Suite 301	Not to Exceed \$80,000.00
	Roseland, NJ 07068	25-9999-1110-0170-2-00037
		05-5000-0000-0155-2-00000

FINANCE:

Mr. Modi and Mr. Platt abstained from voting on this resolution.

Resolution TC 19-213 Bill List

WHEREAS, vouchers for payment have been submitted to the Township Committee by various municipal departments.

BE IT RESOLVED, by the Township Committee of the Township of Harding that all vouchers approved by the Finance Chairman be paid subject to the certification of the availability of funds by the Chief Financial Officer.

Resolution TC 19-214 – Resolution Authorizing Tax Appeals

WHEREAS, appeals of the real property tax assessments of the following properties have been filed in the Tax Court of New Jersey:

PROPERTY OWNER	BLOCK	LOT	ADDRESS
Werring, John	16	18	30 Featherbed Lane
Davino, Salvatore	7	3	93 Blue Mill Road
Waran, Sandy P/Shantha P	4	14.07	602 Van Beuren Road
Gross, David R & Wegryn, Heidi	50	7	29 Lindsley Road
Clark, Stuart & Anne Flugstad	4	14.02	592 Van Beuren Road

; and

WHEREAS, the Township's Tax Assessor and Township Special Tax Attorney have reviewed the appeals and recommended a settlement reducing the assessment on the property for the years under appeal; and

WHEREAS, the property owner and the Township of Harding have further agreed that the refund resulting from the settlement shall be made within sixty (60) days of the date of entry of Judgment by the Tax Court of New Jersey; and

WHEREAS, the property owner has agreed to waive pre-judgment interest due on any refunds payable as a result of the proposed settlement provided that the refund is made within sixty (60) days of the date of entry of Judgment by the Tax Court; and

WHEREAS, the settlement of this matter, as set forth herein, is in the best interest of the Township of Harding and is recommended by the Township Special Tax Attorney and Assessor and should, therefore, be settled pursuant to the terms set forth herein.

BE IT RESOLVED, by the Township Committee of the Township of Harding in the County of Morris, State of New Jersey, as follows:

1. The settlement of the following tax appeals filed at the Tax Court of New Jersey is hereby authorized as follows:

PROPERTY OWNER	YEAR	ORIGINAL ASSESSMENT	PROPOSED SETTLEMENT
----------------	------	---------------------	---------------------

Werring, John	2012	\$2,435,800	\$1,575,800
Werring, John	2013	\$2,435,800	\$1,500,000
Davino, Salvatore	2017	\$4,915,400	\$4,350,000
Davino, Salvatore	2018	\$4,915,400	\$4,300,000
Waran, Sandy P/Shantha P	2012	\$3,049,100	\$1,880,000
Gross, David R & Wegryn, Heidi	2013-2018	\$1,860,200	\$1,400,000
Clark, Stuart & Anne Flugstad	2017-2018	\$4,504,000	\$4,064,000

2. Upon receipt of the Tax Court Judgment, the Township Tax Collector is hereby authorized to refund the amount due and to be paid within sixty days of the issuance of the Judgment by the Tax Court of New Jersey.
3. The Tax Assessor is hereby authorized to allocate the new total assessment between land and improvements in a manner he deems appropriate, and to make all other adjustments or corrections to the Township's tax records which may be necessary or desirable to effectuate this settlement.
4. This settlement is based upon the specific facts relating to this property, and is made without prejudice to the Township's interest in any other pending or future tax assessment appeals.

Resolution TC 19-215 – Transfer of Funds – November 2019

WHEREAS, there appears to be insufficient funds in certain accounts listed below to meet the demands thereon for the balance of the Current Year; and

WHEREAS, there appears to be a surplus in certain accounts listed below over and above the demand deemed to be necessary for the balance of the Current Year.

BE IT RESOLVED, (not less than two-thirds of all the members thereof affirmatively concurring) that in accordance with the provision of N.J.S.A 40A:4-58, part of the surplus in the accounts listed below be and the same are hereby transferred to the accounts listed below to meet the current demands; and

BE IT FURTHER RESOLVED, that the Treasurer be is hereby authorized and directed to make the following transfers:

<u>Current Fund Budget</u>			
FROM:		TO:	
Snow Removal – Other Expenses	\$10,000	Vehicle Maintenance – Other Expenses	\$10,000
Electricity – Other Expense	\$ 5,000	Clerk – Salary & Wages	\$ 3,000
		Planning Board – Salary & Wages	<u>\$ 2,000</u>
TOTAL	<u>\$15,000</u>		\$15,000

PERSONNEL:

Resolution TC 19-216 – Resolution Appoint Mr. David Griffith as a Part-Time Tax Collector

BE IT RESOLVED, by the Township Committee of the Township of Harding in the County of Morris and State of New Jersey that effective November 19, 2019, David Griffith is hereby appointed as a part-time Tax Collector for the Finance Department at a salary of \$15,000.

ORDINANCES FOR FIRST READING

Mark Roselli, Township Attorney commented that Ordinance 15-2019 has two minor changes as follows: first page, eighth "Whereas" the word purposes should be "purpose" and page two, first "Whereas", third sentence the word "two" new units should be "four" new units. Mrs. Sharp will amend the Ordinance.

ORDINANCE #15-2019 - AN ORDINANCE OF THE TOWNSHIP OF HARDING, COUNTY OF MORRIS, NEW JERSEY, AUTHORIZING PRIVATE SALE OF TOWNSHIP OWNED REAL PROPERTY MORE COMMONLY REFERRED TO AS BLOCK 2, LOT 16 TO L& T AFFORDABLE HOUSING URBAN RENEWAL CORPORATION PURSUANT TO N.J.S.A. 40A: 12-21

Mayor Yates asked Township Committee Member Platt to introduce Ordinance TC #15-2019.

Township Committee Member Platt introduced Ordinance TC #15-2019 by title as follows:

**TOWNSHIP OF HARDING
ORDINANCE #15-2019**

AN ORDINANCE OF THE TOWNSHIP OF HARDING, COUNTY OF MORRIS, NEW JERSEY, AUTHORIZING PRIVATE SALE OF TOWNSHIP OWNED REAL PROPERTY MORE COMMONLY REFERRED TO AS BLOCK 2, LOT 16 TO L& T AFFORDABLE HOUSING URBAN RENEWAL CORPORATION PURSUANT TO N.J.S.A. 40A: 12-21

Township Committee Member Platt explained the purpose of the Ordinance and moves for introduction on first reading.

Township Committee Member Platt read the following:

WHEREAS, the above ordinance was introduced and read by title at this Township Committee meeting held on November 18, 2019.

BE IT RESOLVED, that at the Township Committee meeting to be held on December 9, 2019 at 7:30 p.m. prevailing time, at the Kirby Municipal Building, the Township Committee will further consider this ordinance for a second reading, public hearing, and final passage; and

BE IT FURTHER RESOLVED, that the Municipal Clerk is hereby requested to publish the proper notice thereof, including this ordinance, post the ordinance, and make copies available to members of the general public.

*Township Committee Member Platt offered Ordinance #15-2019 as amended and moved its introduction.
Township Committee Member Jones seconded the motion.*

Mayor Yates asked the Municipal Clerk for a Roll Call: *Mrs. Sharp called the roll as follows:*

Vote on Introduction:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	2 nd <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	1 st <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORDINANCES FOR FIRST READING

ORDINANCE #17-2019 – 2020 Salary Ordinance

Mayor Yates asks Township Committee Member Modi to introduce Ordinance TC #17-2019.

Township Committee Member Modi introduced Ordinance TC #17-2019 by title as follows:

TOWNSHIP OF HARDING ORDINANCE #17-2019

AN ORDINANCE OF THE TOWNSHIP OF HARDING, COUNTY OF MORRIS, STATE OF NEW JERSEY – 2020 SALARY ORDINANCE

Township Committee Member Modi explained the purpose of the Ordinance and moved for introduction on first reading.

Township Committee Member Modi read the following:

WHEREAS, the above ordinance was introduced and read by title at this Township Committee meeting held on November 18, 2019.

BE IT RESOLVED, that at the Township Committee meeting to be held on December 9, 2019 at 7:30 p.m. prevailing time, at the Kirby Municipal Building, the Township Committee will further consider this ordinance for a second reading, public hearing, and final passage; and

BE IT FURTHER RESOLVED, that the Municipal Clerk is hereby requested to publish the proper notice thereof, including this ordinance, post the ordinance, and make copies available to members of the general public.

*Township Committee Member Modi offered Ordinance #17-2019 and moved its introduction.
Township Committee Member DiTosto seconded the motion.*

Mayor Yates asks the Municipal Clerk for a Roll Call: Mrs. *Sharp called the roll as follows:*

Vote on Introduction:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	2 nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	1 st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RESOLUTION TO ADJOURN INTO EXECUTIVE SESSION

Mayor Yates asked for a motion to adjourn into Executive Session. Upon a motion made by Mrs. DiTosto, seconded by Mr. Modi, and with a vote of all ayes, none opposed, the meeting adjourned at 9:15.

Resolution TC 19-217– Resolution to Adjourn into Executive Session

BE IT RESOLVED, by the Harding Township Committee that it shall adjourn into executive session to discuss the following subject matter(s) without the presence of the public in accordance with the provisions of R.S. 10:4-12b; and

BE IT FURTHER RESOLVED, the matter(s) discussed will be made known to the public at such time as appropriate action is taken on said matter(s), and when disclosure will not result in unwarranted invasion of individual privacy or prejudice to the best interests of the Township of Harding provided such disclosures will not violate Federal, State or local statutes and does not fall within the attorney-client privilege. The Township Committee will not return to public session after this executive session.

Contracts:

1. Diversion
2. Property Acquisitions
3. Professionals
4. The Farm

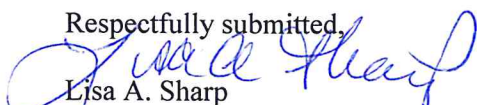
Vote on Resolution:

	MOTION	FOR APPROVAL	AGAINST APPROVAL	ABSTAIN	ABSENT
Ms. DiTosto	1 st	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Jones	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Modi	2 nd	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Platt	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mr. Yates	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ADJOURNMENT – Mr. Yates

The meeting adjourned into Executive Session at 9:15 pm. No action will be taken in Executive Session.

Respectfully submitted,


Lisa A. Sharp
Municipal Clerk

The Farm at Harding

Sale Analysis





Background

Located at the intersection of Woodland Avenue and Kitchell Road

Planning and community consultation initiated

Construction started on August 4, 2005

Residents began moving in in 2006

24 rental units, 12 of which are moderate income and 12 are low income

\$3,800,000 was bonded in 2008 for acquisition and construction costs

\$2,203,875 is the debt outstanding

\$244,875 is the annual average debt service

Financial Results

	2015	2016	2017	2018
Rental Income	\$253,708	\$275,278	\$270,892	\$258,087
Operating Expenses	110,551	103,481	117,617	127,623
Net before debt service	143,157	171,797	153,275	130,464
Debt service	270,362	268,925	269,457	263,831
Net results	(127,295)	(97,128)	(116,182)	(133,367)

Note: One tax point is about \$200,000

Sale of The Farm to L&T Affordable Housing Urban Renewal Corporation, L&T is a wholly owned subsidiary of HQM Properties.

Sale price \$950,000

Repairs prior to sale 49,400

Net sale proceeds \$900,600

Note: Harding will contribute \$325,000 toward the construction of two additional units.

Affordable Housing Contribution

Harding will contribute \$325,000 for the construction of two additional units, the construction of which is the requirement in Harding's affordable housing settlement, and Harding will waive permit fees.

L&T will construct an additional two units at its own cost for which Harding will seek to receive credit in the next round of affordable housing mandates, for a total of four additional units.

The projected cost to construct four additional units is \$1,058,500, or \$264,625 per unit.

Harding's contribution is 61% of the construction cost for the two required units, representing a savings for Harding taxpayers of \$204,250.

L&T will finance the cost of construction of the four units with a state grant, Harding's contribution and a small amount of additional mortgage debt.

Who is the buyer?

The buyer is L&T Affordable Housing Urban Renewal Corporation, which is a wholly owned subsidiary of HQM Properties, Inc (formerly known as Madison Affordable Housing Corporation.)

L&T, pursuant to its Certificate of Incorporation is a Nonprofit corporation and urban renewal corporation. As such and pursuant to state law (NJSA 40A:12-21 and NJSA 40A:20-1 et seq.), this allows L&T to purchase the Farm and Harding to sell the Farm, without offering the subject property for sale by way of public auction. The L&T Board agreed that it (L&T) would only own and operate affordable housing in Harding Twp.

L&T is not owned by the Madison Housing Authority. L&T will have an office on site and there will be a maintenance person on site. The L&T Director's office will be located on site.

Harding negotiated directly with L&T for the sale of the Farm which allowed Harding to negotiate the specific control provisions identified later in this presentation. This also means that the value of the Farm was established via negotiation and not by auction or appraisal.

What is the Value of The Farm?

What is the appropriate valuation methodology? Since the use of the property will be deed-restricted in perpetuity for affordable housing, the property has no value as a development property. If the property were not used in accordance with this limitation, under the terms of the contract, deed restriction and state law, title to the property reverts to the township so no development value can ever accrue to L&T or a successor.

The appropriate valuation approach is a discounted cash flow valuation. Using the cash flow projections provided in the L&T pro forma financial statements a twenty year DCF valuation was performed, using a terminal value in year 20.

The L&T cash flows include the benefit of the rents from the four additional units.

Discounted Cash Flow Valuation

Assumptions:

- Cash flows are projected for 20 years, through 2039
- A terminal multiple of 10 was applied to year 2039 cash flow
- No income or property taxes have been assessed
- The discount rate varied from 3% to 10%

There is no value using Harding's pro forma cash flows since the value is negative.

Discount Rate	Valuation Using L&T Cash Flow Projections
3%	\$271,133
4%	239,194
5%	212,135
6%	189,122
7%	169,477
8%	152,641
9%	138,159
10%	125,625

Important Agreed Contract and Deed Terms

The township administrator will be appointed, next vacancy, to the L&T parent company board of directors.

L&T will exclusively own and operate affordable housing properties in Harding. It will never own properties for any other purpose or in any other town.

No change to density or any kind of redevelopment can occur without approval of the township committee.

The property's use will be deed-restricted for affordable housing in perpetuity.

The property cannot be sold without the consent and approval of the township committee and then only to an entity that operates affordable housing projects.

If the property ever ceases to be operated for affordable housing and to provide said services as agreed upon with the Township, title to the property will revert back to Harding Township.

Excess cash will be placed in a Replacement Reserve Account for use at The Farm. The cash cannot be removed or used for any other purpose.

At a minimum these terms will be included, in addition to others required by the Township in the contract and the deed, as appropriate.

The Town Committee will approve the contract before its execution.

Pro forma for Harding Continuing to Own and Operate the Farm
2020 to 2028

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	289,135	289,135	289,135	289,135	289,135	289,135	289,135	289,135	289,135
M&O	125,832	125,776	125,717	125,657	125,595	125,531	125,464	125,395	125,324
Admin	18,000	18,630	19,282	19,957	20,655	21,378	22,127	22,901	23,703
Personnel	42,900	43,758	44,636	47,365	48,312	49,279	50,264	51,269	52,295
Debt service	245,164	246,438	247,516	245,306	244,130	243,803	244,184	244,021	243,313
Insurance	6,448	6,577	6,708	6,843	6,980	7,119	7,261	7,407	7,555
Capital	648,307	119,127	119,199	119,274	119,352	119,432	119,515	119,601	119,690
Total Expenses	1,086,705	560,361	563,114	562,623	563,210	564,693	566,930	568,673	569,920
Surplus/Deficit	797,516	271,171	273,923	275,267	275,889	277,407	279,680	281,459	282,745

Pro forma for Harding Continuing to Own and Operate the Farm
2029 to 2037

	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	289,135	289,135	294,439	294,439	299,849	299,849	305,367	305,367	310,995
M&O	125,324	125,250	125,173	125,094	125,012	124,927	124,839	124,748	124,654
Admin	24,532	25,391	26,279	27,199	28,151	29,137	30,156	31,212	32,034
Personnel	51,269	52,295	53,341	54,408	55,496	56,606	57,738	58,893	60,070
Debt service									
Insurance	7,706	7,860	8,017	8,178	8,341	8,508	8,678	8,852	9,029
Capital	119,783	119,878	119,977	120,079	120,185	120,294	120,407	120,525	120,646
Total Expenses	328,614	330,673	332,787	334,957	337,185	339,471	341,819	344,229	346,704
Surplus/Deficit	39,479	41,539	38,450	40,519	37,336	39,623	36,451	38,863	35,438

Pro forma for Harding Continuing to Own and Operate the Farm
2038 to 2040

	2038	2039	2040
Revenue	310,995	316,736	316,736
M&O	124,557	124,456	124,352
Admin	33,435	34,605	35,816
Personnel	61,272	62,497	63,747
Debt service			
Insurance	9,209	9,394	9,581
Capital	120,772	120,902	121,036
Total Expenses	349,244	351,854	354,533
Surplus/Deficit	38,250	35,118	37,796

Pro forma for L&T
2020 to 2028

	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	271,864	279,400	286,116	293,013	300,032	307,238	314,615	322,167	329,899
M&O	138,714	142,875	147,162	151,577	156,214	160,808	165,632	170,601	175,719
Admin	55,500	57,165	58,880	60,646	62,466	64,340	66,270	68,258	70,306
Debt service	71,576	71,576	71,576	71,576	71,576	71,576	71,576	71,576	71,576
Total Expenses	265,790	271,616	277,618	283,799	290,166	296,723	303,478	310,435	317,600
Surplus/Deficit	6,074	7,784	8,498	9,214	9,866	10,515	11,137	11,732	12,299

Pro forma for L&T
2029 to 2037

	2029	2030	2031	2032	2033	2034	2035	2036	2037
Revenue	337,813	345,915	354,208	362,698	371,388	380,285	389,121	398,713	408,254
M&O	180,990	186,420	192,013	197,773	203,706	209,817	216,112	222,595	229,273
Admin	72,415	74,587	76,825	79,130	81,504	83,949	86,467	89,061	91,733
Debt service	71,576	71,576	71,576	71,576	71,576	71,576	71,576	71,576	71,576
Total Expenses	324,981	332,583	340,414	348,479	356,786	365,342	374,155	383,232	392,582
Surplus/Deficit	12,832	13,332	13,794	14,219	14,602	14,943	14,966	15,481	15,672

Pro forma for L&T
2038 to 2040

	2038	2039	2040
Revenue	418,021	428,019	438,251
M&O	236,151	243,236	250,533
Admin	94,485	97,320	100,239
Debt service	71,576	71,576	71,576
Total Expenses	402,212	412,133	422,348
Surplus/Deficit	15,809	15,888	15,903

Construction and Operating Cost of the Farm

If the Farm is sold on December 31, 2019

Total amount spent from inception through December 31, 2019,
 net of rents received
 Remaining debt service
 Total cost of the Farm

\$1,749,663
 2,203,875
 3,953,538

If the Farm is retained through December 31, 2040

Total amount that will be spent, net of rents received, from inception
 Spent from inception through December 31, 2019
 Funding required over the term through December 31, 2040

\$5,223,582
 1,749,663
 3,473,919

Incremental cost to retain the Farm through 2040 to be funded
 by taxes

\$1,270,044

Cash Analysis

	If Sold	If Retained
Current debt balance	\$2,203,875	\$2,203,875
Sale proceeds	900,600	
Affordable Housing Trust	282,864	282,864
Capital funds to be released	345,000	345,000
Sewer capital to be released	150,000	150,000
Farm account balance	472,600	472,600
Contribution for 2 units	325,000	529,250
Other funds receivable	800,000	800,000
Total sources of funds	\$2,626,064	\$1,521,214
Pro forma balance of affordable housing funds after debt payoff	\$422,189	

Affordable Housing Cash Forecast Through 2028

Cash balance assuming Farm sold and debt paid off	\$422,189
Expected COAH fees through 2028	900,000
Expected COAH expenses and fees	250,000
Net cash available December 31, 2028	\$1,072,189

Cash balance	\$1,521,214
Operating reserve	200,000
Expected COAH fees through 2028	900,000
Expected COAH expenses and fee	250,000
Cost to fund the Farm deficit through 2028	\$3,015,055
Net cash available December 31, 2028	\$1,043,841

2028 is the midpoint of the next round of COAH requirements
COAH fees are estimated at \$100,000 per year.