
Commission Meeting

of

STATE HOUSE COMMISSION

LOCATION: Committee Room 1
State House Annex
Trenton, New Jersey

DATE: March 16, 2015
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Amy E. Melick, Chair
Senator Bob Smith
Senator Dawn Marie Addiego
Assemblyman Paul D. Moriarty
Assemblyman David P. Rible
Charlene M. Holzbaur
Robert A. Romano



ALSO PRESENT:

Robert J. Shaughnessy Jr.
Secretary

Gary A. Kotler
Counsel

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

STATE HOUSE COMMISSION
PROPOSED MEETING AGENDA

~ ~ March 16, 2015 - 9:00 AM ~ ~

Committee Room 1, First Floor
State House Annex, Trenton, New Jersey

CALL TO ORDER:

- ~ Amy E. Melick, Special Counsel, Governor's Office
(on behalf of Governor Chris Christie)
- ~ Robert A. Romano, Deputy State Treasurer
(on behalf of State Treasurer Andrew P. Sidamon-Eristoff)
- ~ Charlene M. Holzbaur, Director, Office of Management & Budget
- ~ Senator Gerald Cardinale
- ~ Senator Bob Smith
- ~ Assemblyman Paul D. Moriarty
- ~ Assemblyman David P. Rible

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DIVISION OF PENSIONS AND BENEFITS' REQUESTS:

1. Judicial Retirement System -  
Requesting Party: The NJ Department of the Treasury, Division of Pensions & Benefits

Terms: The SHC shall sit as the Board of Trustees for the Judicial Retirement System to approve the following:

1. Approval of the Minutes of the Meeting Held on October 23, 2014
2. Confirmation of Death Claims, Retirements & Survivor Benefits
3. Receive Financial Statements from July, 2014 to September, 2014
4. Readoption and Amendments to Regulations Pertaining to the Judicial Retirement System: N.J.A.C. 17:10
5. Honorable Service Review: Judge Stephen W. Thompson, Ret. #6-10-488

OLD BUSINESS:

2. Approval of the October 23, 2014 State House Commission Meeting (SHC)

Minutes – The verbatim record of the October 23, 2014 SHC meeting will serve as the official minutes.

3. RPR 09-16, Block 533A, Lot 4C, Woodbridge Township, Middlesex County

Requesting Party: The NJ Department of the Treasury, on behalf of the Department of Human Services, Division of Developmental Disabilities, requests approval to auction via internet auction for the updated appraised value of \$100,000, a former 3,544 square foot group home that has been declared surplus to the Department's needs.

Terms: The State House Commission previously approved this disposal at its June 11, 2009 meeting. The property was offered to the Township "as is" for the estimated value of \$190,000. The Township has no interest in purchasing the property and it was indicated that the original value was too high, which is why there was no interest. The property has been unattended and has become uninhabitable with major repairs being needed.

4. RPR 11-04, Hagedorn Psychiatric Hospital, Block 21, Part of Lot 24, Glen Gardner Borough, Hunterdon County

Requesting Party: The NJ Department of the Treasury, requests approval to lease a former employee apartment building consisting of 10,500 square feet of space and located on the grounds of the Hagedorn Psychiatric Hospital to Freedom House, Inc.

Terms: Freedom House, Inc. will operate a 41 bed in-patient and outpatient drug and alcohol rehabilitation facility. The lease will be for a term of ten years at an annual rent of \$50,000 with 2% annual increases based on the previous year's rent. The parties are discussing termination rights in favor of the State as part of the lease. Freedom House will be responsible for all necessary repairs and maintenance up to \$5,000 per year. If State or Federal grant funding is awarded for any repair or capital expense, that funding would be given first priority and could be used to satisfy the Lessee's \$5,000 deductible. Any grant money used for repairs or capital expenses would not be subject to rent abatement. Freedom House has leased this property since 1992, however, the original lease and all lease renewal options have expired.

5. RPR 13-16, Department of the Treasury Mill Hill Processing Center, 160 South Broad Street, Block 9501, Lots 17 & 17.01, Trenton City, Mercer County

Requesting Party: The NJ Department of the Treasury previously received approval by the State House Commission (at its meeting of December 6, 2012) to dispose of this property via internet auction with the minimum bid being appraised fair market value.

Terms: It has been determined that an auction is not suited to the disposition of the property due to complex economic development concerns within the City of Trenton. Therefore, it is now recommended that a modified sales approach, as set forth on the term sheet situated in the Members briefing material, would likely result in a more efficient disposal and cost savings to the State, as well as assist the City of Trenton in its economic redevelopment.

NEW BUSINESS:

DEPARTMENT OF TREASURY REQUESTS:

6. RPR 15-07, Teaneck Armory, Block 5301, Lot 1, Teaneck Township, Bergen County

Requesting Party: The NJ Department of the Treasury, on behalf of the Department of Military & Veterans Affairs, requests approval to grant an easement to PSE&G for the installation and maintenance of natural gas lines, as well as other related equipment and apparatus necessary to support a new facility that is being constructed at the Teaneck Armory. The easement area will consist of 8,617 square feet of land.

Terms: Since this project is necessary and directly benefits the State, the easement will be granted for \$1.00 and other good and valuable consideration.

7. RPR 15-10, Labor Building Parking Lot, Block 10701, Lots 1, 2, 3, Trenton City, Mercer County

Requesting Party: The NJ Department of the Treasury, requests approval to grant temporary construction and access easements to PSE&G for a site remediation project. The site previously housed PSE&G's South Warren Street Gas works and is now owned by the State and used for parking and a

lesser portion of the site is occupied by an underground water tank, landscaped areas and driveway access to the State Police helipad.

Terms: The recommended sale price is \$1.00 and other good and valuable consideration. PSE&G will be required to provide alternate parking for those displaced by the project. PSE&G will enter into an agreement with the City of Trenton to acquire parking spaces from an adjacent parking garage owned by the Trenton Parking Authority for so long as the project persists. PSE&G will be required to ensure that there is 24/7 unfettered access to the State Police helipad. PSE&G will also be required to restore the site to current codes and standards and restorations will include: repaving of the parking area, re-striping of the parking area, removal and replacement of light fixture, replacing all vegetation with like, as well as any other restorations or upgrades that the State deems necessary. PSE&G may also install monitoring wells as required by the Department of Environmental Protection as part of the remediation project.

8. RPR 15-11, Trenton Office Complex, 225 East State Street, Suite 5, Block 202, Lot 6, Trenton City, Mercer County

Requesting Party: The NJ Department of the Treasury, requests approval to lease 3,170 square feet of commercial space within the Trenton Office Complex to Community Health Law Project to be used for office space. Community Health Law Project is the current tenant of this space, however, the current lease has expired and a new lease must be approved.

Terms: The lease will be for a term of three years with no renewal options at an annual rent of \$57,000, negotiated, fair market value rent.

DEPARTMENT OF TRANSPORTATION (DOT) REQUESTS:

9. Project: Route 46, Section 15, Parcels VX86 & VX87, (Acquired as Parts of Parcels R147AY, R248 & 249 of Route 6, Section 7 and formerly known as Block 161.01, Lots 1.02 & 12), Lodi Borough, Bergen County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to sell by direct sale to the Borough of Lodi an area of land containing approximately 0.557 acres (24,302 square feet) for public purpose use, specifically redevelopment for commercial and retail uses.

Terms: The property will be sold directly to the Borough of Lodi for public purpose of redevelopment at the sale price of \$155,000, appraised value.

10. Project: Route 42, (Now Route 130), Section 12, Parcels VX8A2, V8C, VXR12H, VX91, VX92, VX93B1 & VX93B2, (Block 270, Part of Lot 12 & Block 222.02, Adjoining Lot 1), Gloucester City, Camden County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to auction an area of approximately 2.85 acres (124,148 +/-) square foot parcel of land) with a minimum starting bid price of \$559,000, appraised value.

Terms: Parcels VX8A2 & V8C are zoned "HC" Highway Commercial. Parcels VX93B1, VX93B2, VXR12H, VX91 & VX92 are zoned "RL" Residential Low Density. The stand alone recommended appraised value for the combined parcels is \$559,000.

11. Project: Route: A.R.R.O.W. Rahway Valley Railroad Project, Part of Parcel 13D, Part of Lot 1, Block 300, Union Borough, Union County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, is seeking approval to lease property which is part of the former Rahway Valley Railroad (which the DOT took over in 1992) to Dugono, LLC, (Michael Ciasulli, Sole Principal Managing Member), for use as additional storage and parking for its new cars. The DOT determined the property cannot be sold and can only be leased since it may be needed for future transportation needs.

Terms: The property is an irregular area totaling approximately 21,202 square feet. The recommended monthly lease amount is \$1,412 plus a \$532 municipal service charge for a total fair market rental of \$1,946 per month with an incremental rental increase of 5% per annum on the base rental. The lease will be on a month to month basis.

12. Project: Route 17, Section 4, Parcels VX131B & VX134C, Block 329, Lot 1, Wood-Ridge Borough, Bergen County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to auction a 0.335 acre or 14,593 square foot vacant lot currently in the "GB" General Business District zone.

Terms: The property will be sold at auction to an adjacent property owner. The recommended sale price is \$100,000, appraised value.

13. Project: Route 287, Section 21, Parcel VX155B, Block 1607.01, Adjacent to Lot 1.01, Franklin Lakes Borough, Bergen County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to sell by direct sale to 248 Pulis Ave, LLC (John Patrick Hunter, sole member), the only interested adjoining property owner, an approximately 0.483 acre or 19,079 square foot site adjacent to Lot 1.01 of Block 1607.01.

Terms: The property will be sold for the recommended sale price of \$31,000, appraised value. The property will be acquired for assemblage and to assist in the adjacent owner's ability to construct a garage.

14. Project: Route 31 Flemington Bypass, Section NA, Parcels VX11C & VX11D, Block 27.02, Lot 42, Raritan Township, Hunterdon County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to sell by direct sale to the only interested adjoining property owner, Black River & Western Corporation (Kean Burenga, Anker Winther, George Runyon) approximately 0.527 acre or 22,972 square feet of combined area for the two parcels in the I-2 Major Industrial zone.

Terms: The parcels will be sold for the recommended sale price of \$5,000, appraised value, and will be assembled to the adjoining owner's property for potential use in its railroad operations.

DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP) REQUESTS:

15. Project: Assunpink Wildlife Management Area, Block 1, Part of Lot 7, Upper Freehold Township, Monmouth County

Requesting Party: The NJ DEP, Division of Fish and Wildlife, requests approval to enter into a 20 year land lease for the operation of a navigational

aid for aircraft pilots. The leased premises consists of approximately 0.23 acres with the U.S. Department of Transportation, Federal Aviation Administration (FAA). The DEP has leased the premises to the FAA dating back to 1983. The most recent agreement expired in September 2013 and the FAA has requested a new lease agreement.

Terms: Included in the lease is the right to use the access road and a clear zone. The annual rental of \$1,503 per year with 2.5% annual increases. The annual rent is the minimum lease fee established by the NJ Interagency Land Lease Valuation Project for linear corridor projects associated with telecommunications. Total rent for the 20 year term will be \$38,389.

16. Project: Delaware & Raritan Canal State Park, Block 57, Lot 6, Hopewell Township, Mercer County, Block 27, Part of Lot 1, West Amwell Township, Hunterdon County

Requesting Party: The NJ DEP, Division of Parks and Forestry, requests approval to lease approximately 1.47 acres of land to 1850 River Road, LLC ("Tenant") to allow access to the Gold Nugget Antiques Flea Market and for the location of additional vendor tables and parking. The Tenant has leased the property since 2003 and the lease has recently expired.

Terms: The lease will be for a term of ten years with the option to renew for an additional ten years. Compensation is based on the flat rate lease fee of \$0.15 per square foot per year for private sector projects identified in the 2011 Interagency State Land Lease Valuation Panel Report for Linear Corridor Projects. The first year annual rent will be in the amount of \$9,605 with annual increases of 2.5%. Over the full 20 year term of the lease, the total rental will be \$245,356.

17. Project: High Point State Park, Block 24, Part of Lot 2, Montague Township, Sussex County

Requesting Party: The NJ DEP, Division of Parks and Forestry, requests approval to lease approximately six square feet of floor space and maintenance access space at High Point State Park to the United States of America, U.S.A. Customs and Border Protection for a fixed radio station/antenna for a term of 20 years. The United States of America has leased the area since 1994 and the previous Lease Agreement expired in 2008.

Terms: The approximately six square feet of floor space and maintenance access in the Equipment Building is for the placement of a fixed radio station, including duplexer, modem and telephone termination. The leased premises will support a U.S. Customs and Border Protection antenna site and includes an antenna and related equipment that is affixed to the New Jersey State Police tower. Compensation is based on the minimum lease fee of \$700 per year (with annual increases of 2.5%) as identified in the 2011 Interagency State Land Lease Valuation Panel Report for Linear Corridor Projects. The full 20 year term of the lease will amount to \$17,881.

18. Project: Capoolong Creek Wildlife Management Area, Block 26, Lots 7.02 and Part of Lot 8 and Block 28, Part of Lot 41, Franklin Township, Hunterdon County

Requesting Party: The NJ DEP, Division of Fish & Wildlife, requests approval to formalize access to a landlocked parcel adjacent to the Capoolong Creek WMA by executing an access easement with the neighboring property owners, Deirdre and Michael Kravec.

Terms: The Kravacs are the successors in title to an access easement that was first granted in 1891. The purpose of the proposed driveway easement is to clarify certain aspects of the easement, including its location, but not to expand the scope of the easement. Although the DEP has agreed to prohibit public access to the bridge that carries the driveway over the Capoolong Creek, any benefits to the Kravacs will be offset by the DEP's reduced liabilities and maintenance responsibilities for the bridge. The proposed driveway easement will supersede all previous easement rights across the WMA granted to the owners of Block 28, Lot 3 (the Kravec's). No additional compensation is proposed. All technical costs will be borne by the Kravacs.

19. Project: Unnamed Privately Owned Property Subject to Conservation Restrictions, Block 79, Lots 16.07 and 16.08, Branchburg Township, Somerset County

Requesting Party: The NJ DEP, on behalf of the Township of Branchburg ("Township"), requests approval to allow the diversion of approximately 0.102 +/- acre of privately owned property subject to Township held conservation restrictions. The diversion will allow the construction of a 42-inch diameter natural gas pipeline as part of the Leidy Southeast Expansion Project by Transcontinental Gas Pipe line Company, LLC ("Transco"). An additional

0.198 +/- acre of land subject to Township held conservation restrictions is needed by Transco on a temporary basis during construction.

Public hearings were held on March 14 and October 16, 2014. During the first public hearing, two people testified to express concerns over pipeline safety, effects of the Project on private property and replacement of Green Acres encumbered parkland. At the second hearing, one person asked questions about the proposed pipeline alignment.

Terms: To compensate for the diversion and temporary impacts, Transco shall pay \$66,500 to the Township for the acquisition of replacement lands to be located in the Township of Branchburg. The Township will need to acquire at least 0.204 acre of replacement land within two years of the start of construction.

In addition, this application is subject to the following:

- Issuance of a Certificate for the Project by the Federal Energy Regulatory Commission ("FERC"), for a pipeline route that crosses the conservation and drainage easement as described in the Township's application, prior to the start of construction in the conservation easement area.
- Issuance of DEP Land Use (freshwater wetlands and flood hazard area) permits for the Project.
- Issuance of any other Federal, State or local approvals required for the Project to commence construction.
- The use of any temporary work space within the Green Acres conservation easement area is subject to the provisions of N.J.A.C. 7:36-25.14, including provisions as to the length of the term of the use.
- The proposed replacement land must be acquired by the Township within two years of the start of construction and subject to Green Acres approval of the replacement land under the suitability and eligibility requirements of N.J.A.C. 7:36-26.10. In accordance with N.J.A.C. 7:36-26.10(k)2 iii, for good cause shown, the DEP may grant one six month extension of this deadline.
- The funds to be paid by Transco to the Township must be deposited into a dedicated account and expended only for the purchase of the proposed replacement land (including related technical costs). The Township may only use these funds for expenses that qualify as eligible project costs under the Green Acres rules, N.J.A.C. 7:36.

20. Project: Unnamed Parkland Owned by the Township of Montgomery and Unnamed Privately Owned Property Subject to Conservation Restrictions,

Block 4001, Lot 10.03, Block 15001, Lot 26, Block 16002, Lot 9.01, Block 26001, Lot 1.02, Block 27001, Lot 6, Block 33001, Lots 26.01, 26.02, 28.02, 18, 21, Montgomery Township, Somerset County

Requesting Party: The NJ DEP, on behalf of the Township of Montgomery ("Township"), requests approval to allow the diversion of approximately 4.628 +/- acres of Township owned parkland and privately owned property subject to Township held conservation restrictions. The diversion will allow the construction of a 42 inch diameter natural gas pipeline as part of the Leidy Southeast Expansion Project by Transco. An additional 15.709 +/- acres of parkland are needed by Transco on a temporary basis during construction for temporary construction areas and 0.43 +/- acre for temporary access roads during construction.

Public hearings were held on March 11 and October 13, 2014 with 32 members of the public attending the first hearing. Several members of the public expressed concerns over pipeline safety; construction methods used by Transco, including the horizontal directional drill method; effects of the Project on environmental resources within Green Acres encumbered parcels; effects of the Project on private property and public roads; and the type of rights being conveyed to Transco. One commenter stated her support for collocating the pipeline with Transco's existing pipeline. Seven members of the public attended the second hearing. Several comments were made on the record regarding pipeline safety concerns, the proposed compensation and the length of the pipeline construction process.

Terms: To compensate, Transco shall pay \$1,655,500 to the Township for the acquisition of replacement lands to be located in the Township of Montgomery. As required by N.J.A.C. 7:36-26.10(g), the Township will be required to acquire at least 9.256 acres of replacement land within two years of the start of construction. The proposed diversion will remove approximately 1,318 trees (331,724.9 square inches of total site basal area.) The replacement land acquired by the Township will be comparably wooded or the Township will plant trees thereon (or at a different location within the Township) pursuant to N.J.A.C. 7:36-26.10(c)4.

The approval of this application is subject to the following:

- Issuance of a Certificate for the Project by FERC for a pipeline route that crosses the Green Acres encumbered parcels as described in Montgomery Township's application prior to the start of construction in the Green Acres easement area.

- Issuance of DEP Land Use (freshwater wetlands and flood hazard area) permits for the Project.
- Issuance of any other Federal, State or local approvals required for the Project to commence construction.
- The use of any temporary work space on the Green Acres encumbered area is subject to the provisions of N.J.A.C. 7:36-25.14, including provisions as to the length of the term of the use.
- The proposed replacement land must be acquired by the Township within two years of the start of construction on referenced parcels, subject to Green Acres approval of the proposed replacement land under the suitability and eligibility requirements of N.J.A.C. 7:36-26.10. In accordance with N.J.A.C. 7:36-26.10(k)2iii, for good cause shown, the DEP may grant one six month extension of this deadline.
- The funds to be paid by Transco to the Township must be deposited into a dedicated account and expended only for the purpose of the proposed replacement land (including related technical costs). The Township may only use these funds for expenses that qualify as eligible project costs under the Green Acres rules, N.J.A.C. 7:36.

21. Project: Bloys Farm, Bouman-Stickney Farmstead, Burgher Farm, Lane Farm, Pleasant Run Greenway, Block 50, Lots 13, 14, 14.01, 41, Block 75, Lots 32 and 32.03, Block 76, Lot 3.01, Readington Township, Hunterdon County

Requesting Party: The NJ DEP, on behalf of the Township of Readington requests approval to allow the diversion of approximately 2.488 +/- acres of Township owned parkland and privately owned property subject to Township held conservation restrictions. The diversions will allow the construction of a 42 inch diameter natural gas pipeline as part of the Leidy Southeast Expansion Project by Transco. An additional 5.943 +/- acres of parkland are needed by Transco on a temporary basis during construction.

Public hearings were held on March 12 and October 14, 2014. Fourteen members of the public attended the first public hearing. Several members of the public expressed concerns over pipeline safety, impacts of alternative routes, effects of the Project on private property and replacement of Green Acres encumbered land. Twelve members of the public attended the final public hearing. Several comments were made on the record regarding pipeline safety concerns, the pipeline construction and restoration process, impacts to trails and maintenance of Transco's pipeline right of way.

Terms: To compensate, Transco shall pay \$522,000 to the Township for the acquisition of replacement lands to be located in the Township of Readington. The proposed diversion will remove approximately 153 trees (22,792.19 square inches of total site basal area.) The replacement land acquired by the Township will be comparably wooded or the Township will plant trees thereon (or at a different location within the Township) pursuant to N.J.A.C. 7:36-26.10(c)4.

This application is subject to the following:

- Issuance of a Certificate for the Project by FERC, for a pipeline route that crosses the Green Acres encumbered parcels as described in the Township's application, prior to the start of construction in the Green Acres easement area.
- Issuance of DEP Land Use (freshwater wetlands and flood hazard area) permits for the Project.
- Issuance of any other Federal, State or local approvals required for the Project to commence construction.
- The use of any temporary work space on the Green Acres encumbered area is subject to the provisions of N.J.A.C. 7:36-25.14, including provisions as to the length of the term of the use.
- The proposed replacement land (4.976 acres) must be acquired by the Township within two years of the start of construction on referenced parcels, subject to Green Acres approval of the proposed replacement land under the suitability and eligibility requirements of N.J.A.C. 7:36-26.10. In accordance with N.J.A.C. 7:36-26.10(k)2iii, for good cause shown, the DEP may grant one six month extension of this deadline.
- The funds to be paid by Transco to the Township must be deposited into a dedicated account and expended only for the purchase of the proposed replacement land (including related technical costs). The Township may only use these funds for expenses that qualify as eligible project costs under the Green Acres rules, N.J.A.C. 7:36.

22. Project: Bubbling Springs Park, Block 9001, Lot 11, West Milford Township, Passaic County

Requesting Party: The NJ DEP, on behalf of the Township of West Milford, requests approval to legalize the inadvertent sale of a 1.15 +/- acre portion of Bubbling Springs Park to the adjacent residential property owners. The former parkland parcel was sold by the Township in 1988 for \$12,500 and was used by the private landowners to expand their existing dwelling and driveway. In

order to compensate for the loss of dedicated open space, the Township has agreed to convey to the DEP, a 42.672 +/- acre parcel that is contiguous with State parkland known as Abraham S. Hewitt State Park.

Terms: Public hearings were held on November 13, 2013 and September 3, 2014. One commenter questioned the suitability of the replacement parcel. The commenter suggested that only property that is endangered by development should be considered as compensation. No other adverse comments to the proposed land exchange were received at the public hearings.

EXECUTIVE SESSION (as necessary)

OTHER BUSINESS (as necessary)

ADJOURNMENT

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MR. SHAUGHNESSY (Secretary): Good morning.

Welcome to the March 16, 2015, meeting of the State House Commission. It's about 9:20 a.m.

First, we'll have the Open Public Meeting Act notice.

In compliance with the Open Public Meeting Act, notice was given by notice filed with the Secretary of State, delivered to the State House press corps, and posted in the Office of the Commission.

Moving on to the call to order -- I'll call the roll at this point.

Special Counsel Melick.

**AMY E. MELICK (Chair):** Present.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Present.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Here.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Present.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Present.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Present.

MR. SHAUGHNESSY: And, I believe, Senator Addiego has joined us. Welcome; thank you very much, Senator.

SENATOR ADDIEGO: Thank you.

MR. KOTLER: You have a quorum.

MR. SHAUGHNESSY: We do have a quorum.

MS. MELICK: Okay.

Moving on to the agenda today we have, first, the Division of Pensions and Benefits matters -- requests.

I'm first going to need a motion to convene and sit as the Judicial Retirement System Board.

SENATOR SMITH: So moved.

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Motion and second.

All in favor? (affirmative responses)

MR. SHAUGHNESSY: Any discussion? Any opposed? (no response)

We are sitting as the Judicial Retirement System Board.

I would like to take a moment to introduce Deputy Attorney General Danielle Schimmel from the Division of Law, who is with us today to assist with the Judicial Retirement System matters.

First, may I have a motion to approve the minutes of the meeting held on October 23, 2014?

SENATOR SMITH: So moved.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed? (no response)

That matter is confirmed and approved.

Number 2: May I have a confirmation of the Death Claims, Retirements, Survivor Benefits, and Terminations?

Motion?

DEPUTY STATE TREASURER ROMANO: I'll move it.

MS. MELICK: Second.

MR. SHAUGHNESSY: Motion and second.

All in favor? (affirmative responses)

MR. KOTLER: It's a roll call vote.

MR. SHAUGHNESSY: Thank you, sir.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego.

SENATOR ADDIEGO: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

Next, for the receipt of the financial statements from July, 2014  
to September, 2014.

May I have a motion?

MS. MELICK: So moved.

MR. SHAUGHNESSY: Second?

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Motion and second.  
Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego.

SENATOR ADDIEGO: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

Moving on to No. 4 on the agenda, the Readoption and Amendments to the Regulations Pertaining to the Judicial Retirement System, N.J.A.C. 17:10. I believe they are scheduled to expire December 17 of this year. I also understand that we have someone from Pensions here who could highlight the amendments, and if the members have any questions with regard to this.

Sir, if you wouldn't mind identifying yourself for the record, please.

**HENRY MATWIEJEWICZ:** My name is Henry Matwiejewicz; I'm the Acting Secretary for the Judicial Retirement System.

And the readoption of the Code are just provisions to bring in line procedures that are already in place with the Division. The amendments are required to get them lined up with the current procedures. There's nothing substantial in the amendments to the Code; they're just administrative in nature. For example, the loan requirements we must comply with, Internal Revenue Service regulations -- they make reference to the Internal Revenue Service Code. So there's nothing substantial in the amendments to the Code.

MR. SHAUGHNESSY: Do any members have any questions or comments with regard to this? (no response)

Hearing none, then may I have a motion, please?

DEPUTY STATE TREASURER ROMANO: So moved.

MR. SHAUGHNESSY: Second?

MS. HOLZBAUR: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego.

SENATOR ADDIEGO: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Those are approved.

Next, we have No. 5, on the matter of the Honorable Service Review of Judge Stephen W. Thompson.

Do we have any introduction to this matter?

MR. MATWIEJEWICZ: I can summarize the situation for the Commission members.

Retirement System member Stephen Thompson, in 2003, was brought up on State child pornography charges. And at the time the charges against him were made, he was suspended from his position as a Superior Court judge; and at the same time he submitted his application for retirement from the Judicial Retirement System.

So in 2003, as is the case with any type of situation where a member of the State-administered retirement system was brought up on charges, prior to the retirement application being approved, statute requires that they go in front of the Board and an Honorable Service Review is required, and the Commission members have the option of forfeiting all or part of the individual's pension, based on statute, supplemented by Administrative Code.

At the time the matter was brought in front of the Commission, in 2003, the Commission decided to hold in abeyance any decision until the charges were resolved.

Subsequent to that, in 2005, Federal charges were brought against Stephen Thompson, and he was convicted on one count and found not guilty by reason of insanity on the other count. And as a result of the

conviction he was incarcerated for 10 years. So the pension-- He never was in receipt of a pension; and the matter never went in front of the Commission since 2003.

He was released from prison in June of 2014, and at that time he submitted his request to start receipt of his pension. So prior to a pension being paid -- and would be effective July 1, 2014, payable on August 1, 2014 -- and based on his years of service at the time, he was eligible for an early retirement pension from the Judicial Retirement System. To be eligible for that you need at least 5 years of consecutive judicial service and 25 years of aggregate public service. At the time he filed for his application in 2003, Mr. Thompson had 13 years and 10 months of judicial service, and 13 years of other public service -- for aggregate service of 26 years, 10 months.

The early retirement incentive benefit is calculated based on 2 percent for each year of service up to 25; and 1 percent for each year of service over 25. So that would have equated to a benefit for him of 51.833 percent of his final salary, which was \$141,000. But at the time he applied for retirement he was under age 60; he was 56 years, 9 months of service (*sic*). So there was an actuarial reduction, and that brought the percentage -- his percentage down to 36.82 percent, which would have entitled him to an annual allowance of \$51,916.20.

MR. SHAUGHNESSY: Okay. Thank you.

At this point, I think I need to go into some of the factors that the Commission must consider.

This is with regard to the Honorable Service of Stephen W. Thompson, Membership No. 6-614, Judiciary. The fund is the Judicial Retirement System, or the JRS.

New Jersey Statute annotated 43:1-3 establishes 11 factors for which the Board is to consider in balance and view of the goals of the pension statutes when determining whether forfeiture or partial forfeiture is appropriate, taking into account the goals to be achieved under the pension laws. These factors are as follows.

One: Member length of service. Judicial service, 13 years, 10 months; nonjudicial service, 13 years. Total service: 26 years, 10 months.

Two: Basis for retirement. On May 28, 2003, the Division received Judge Thompson's letter of intent to retire on an early retirement. The effective retirement date was set for June 1, 2013.

Three: Extent to which the member's pension has vested; includes effective date of retirement. Judge Thompson is vested because he has more than 5 -- he has 5 or more consecutive years of judicial service and 10 or more years, in the aggregate, of public service.

Four: Duties of the member. Superior Court Judge in Camden County.

Five: Member's public employment history and record covered under the retirement system. Includes the date of the last pension contribution. Judge Thompson was enrolled in the Judicial Retirement System on July 7, 1989, as a result of his appointment to the position of Judge of the Superior Court.

Six: Any other public employment or service. At the time of his enrollment in the JRS, Judge Thompson had accumulated 13 years of

pension service credit for various public positions he held prior to his enrollment in the JRS. These other positions were covered by the Public Employees Retirement System, or PERS. The 13 years of PERS service included the purchase of 42 months of active duty military time served from November 6, 1968 to May 10, 1972. Judge Thompson elected to transfer his PERS service into the JRS at the time of his enrollment in the JRS.

Seven: Nature of misconduct or crime, including the gravity or substantiality of the offense and whether it was continuing or isolated. On April 30, 2003, Judge Thompson was arrested on State pornography charges. He was suspended from his judicial duties on the same date by the State Supreme Court. On August 20, 2003, a criminal complaint was filed against Judge Thompson in the United States Criminal Court. He was indicted on Federal charges in violation of the following two counts: Count One: 18 U.S.C. Section 2251(a), Exploitation of Children (*sic*); and Count Two: 18 U.S.C. Section 2252A, (a)5B: Knowingly possessing, or accessing with intent to view, child pornography.

On September 20, 2005, in the U.S. District Court, Judge Thompson was found guilty of Count One, and not guilty by reason of insanity on Count Two. Judge Thompson's sentence included 10 years of incarceration -- the minimum required sentence under Count One. It appeared the offenses were continuing and not isolated, and the crimes committed were grave.

Eight: Relationship between the misconduct and the member's public duties: Direct. Additionally, a judge is held to a high degree of responsibility to respect and uphold the laws.

Nine: Quality of moral turpitude to the degree of guilt or culpability, including the member's motives and reasons, personal gain, and similar considerations. Judge Thompson was found guilty on count one, and not guilty by reason of insanity on count two. It is suggested that the guilty verdict demonstrates a high degree of culpability. Judge Thompson addressed his personal reasons at his sentencing hearing on April 20, 2006.

Ten: Availability and adequacy of other penal sanctions. Judge Thompson was sentenced to 10 years, the minimum sentence under the Federal guidelines.

Eleven: Personal circumstances relating to the member which bear on the justness of any forfeiture. Judge Thompson argued that he suffered serious injuries while serving in the military in Vietnam. Judge Thompson testified that his injuries led to his improper and illegal behavior.

His counsel has submitted documentation in support of Judge Thompson's arguments regarding the justness of forfeiture.

With that said, I don't know if any member has any comments or questions at this point.

SENATOR SMITH: I have a question.

MR. SHAUGHNESSY: Okay; one second, sir.

Okay -- first, I don't know if counsel or Judge Thompson are here; and, if so, do they have anything that the Judicial Retirement Board will consider -- any personal statements, etc.

**B R I A N P E L L O N I, Esq.:** (off mike) (Indiscernible) here, and we would like to address the Commission.

MR. SHAUGHNESSY: Please do so.

MR. PELLONI: Thank you.

MR. SHAUGHNESSY: Kindly identify yourself for the record, and your representation.

MR. PELLONI: Good morning, Commission. My name is Attorney Brian Pelloni; I'm here from the law firm of Hornstine and Pelloni, LLC, on behalf of the pension applicant before you today, former Judge Stephen Thompson.

I would like to briefly address the Commission. Obviously before you is a question today as to whether or not my client is entitled to collect his judicial pension, and whether or not he performed honorable service to the State of New Jersey.

As you've already heard, my client had over 26 years of service to the State of New Jersey prior to his conviction, ultimately, on the charges that you heard about today. Part of that service-- I would like to note that my client started out as a municipal prosecutor; he worked his way up through the system. He became a municipal court judge in multiple municipalities, including Haddon Township and Haddon Heights. After that time, he was appointed to be an administrative law judge, which he served as for a number of years and, ultimately, was appointed to the Superior Court of New Jersey in 1989.

Throughout that time I think the record is fairly clear, and the Commission will see that there were no questions of my client's performance of his duties during that period of time. There was never any discipline taken against him until the very end, in 2003, when the charges were brought by the State. And I would like to note that those State charges ultimately did not proceed; it was Federal charges that my client was ultimately convicted of.

And throughout the entire time there was never any finding by the Judiciary or any other Commission that there was dishonorable service during that time; and no disciplinary action was ever taken against him during that time.

With respect to the factors that were elaborated before the Commission, I just would like to address two of those. I believe they were adequately addressed by Mr. Shaughnessy, and I believe that the only two that I would like to address are factor number 8, which has to do with the relationship between the misconduct and Mr. Thompson's public duties. And I think the record is also clear from the standpoint that there was no overlap between the two. This is an unfortunate situation where we have an individual who was essentially leading two separate lives. And his life on the bench and his actions as a judicial member were in no way affected by his personal life -- which was, again, totally separate. His actions were certainly deplorable; there's no question that what he did in his personal life did not make him a very popular person, nor did it reflect well on him. However, his actions on the bench were certainly commendable and he did provide honorable service to the State. In fact, he was one of the first -- I apologize -- the first judge to do the Drug Corp program within the State of New Jersey. And as many of you may know, that program has now expanded to every single county, and he was instrumental in getting that pushed through in the State. And the actions, again, in his personal life had no effect on his judicial performance.

With respect to factor 11 -- I'm sorry -- factor 10, the availability and adequacy of other penal sanctions: In addition to his 10 year sentence, which he served, I would also note that there was imposed

significant fines on former Judge Thompson. He was fined \$25,000 through the Federal court that he did pay, and has been in full compliance with every portion of his sentence since that time. So there has been a significant financial sanction against him as well.

And I believe that looking at all of the factors and balancing those factors -- which is obviously the job of the Commission today -- I would suggest that he is entitled to collect the full amount of his pension for the 26-plus years of service that he provided to the State of New Jersey.

In addition, I believe that he would like to address the Commission very briefly to give them more insight, if possible, into his thoughts and actions at the time.

MR. SHAUGHNESSY: Please.

**J U D G E   S T E P H E N   W .   T H O M P S O N :** I would like to thank the Commission for this opportunity to be present.

My offenses were a cumulation of a long history of events that I believe the Commission needs to know in order to understand why I did what I did. And I am in no way justifying or minimizing my conduct; I know they were deplorable.

But you have to have a little bit of a background to put this in context. I grew up in a very close-knit family -- a lot of love. A sense of duty was given to me early on -- because my father served in World War II -- that you have an obligation to your country.

I went to college; as I was graduating college the Vietnam War was at its height. I wanted to enlist; I wanted to serve my country. At first I thought I wanted to go in the Navy because I had been around boats most

of my life. But there was too long of a waiting list. And when you're young, you're impatient, and you want to do things.

So I went to the Army recruiter; I was accepted into the Officer Candidate School and was sent, in the summer of 1968, to attend Officer Candidate School -- Infantry Officer Candidate School at Ft. Benning, Georgia.

From there I was assigned to the Ranger Training Command, and seven months later I was in Vietnam as a platoon leader in charge of 20 men.

On July 29-- And in the back of my mind, growing up in this close-knit family, I always wanted to be married, have children, raise a family. That was the most important to me.

On July 29, all that changed. I was involved in hand-to-hand combat with a North Vietnamese soldier. As a result, I sustained 20 rounds of automatic fire at point-blank range. It traumatically amputated my testicles; it eviscerated my penis and my bladder; and the wounds were so extensive my right leg -- they had to cut off my right leg at the hip. I was rushed to the surgical field hospital where I took 32 units of blood before they could stabilize me.

And I did not know this until we were preparing for trial and got the medical records from Walter Reed Hospital, but they were about to give up because I was bleeding faster than they could pump in the blood. But, thanks be to God, I was saved.

They transferred me to Japan and put me in intensive care. When I arrived there, the attending physician wrote to my parents saying, "When Steve first arrived here, he appeared to be terminal." And things got

worse from there. I contracted malaria, I was having seizures, I had encephalitis, jaundice, pneumonia, my lung was so filled with fluid they were going to remove my right lung -- but they knew if they removed my right lung, I would die.

After approximately four months in intensive care they transferred me to Walter Reed Hospital where I underwent a long rehabilitative process. I was in Walter Reed, in and out, for almost three years. At that time, they tried to reconstruct my penis -- to no avail.

I got together my physical life. I was able to, fortunately, attend Rutgers Law School, graduate, become -- appointed a municipal prosecutor. But the dreams of having a family and being able to raise children were shattered. Although I could deal with the physical side, the emotional devastation was overwhelming. And that led me to go in to looking at child pornography -- not to have sex with these individuals; I wanted to *be* those individuals. I wanted to go back to where I was, intact. Because my body was so revolting to myself, I couldn't even stand it. I'd perform my functions as a judge during the day, come home and have to look at all the scar tissue -- a massive body of scares. I went from 5-foot-10 to 5-foot-2; I have a severe case of osteoporosis, which I haven't been able to treat.

But despite that, I volunteered as a ski instructor -- an amputee ski instructor on the weekends. I obtained my certification in scuba. I obtained a private pilots license and flew my own plane. I think this was trying to substitute for what I couldn't have.

You have to understand -- and this is very important for the Commission to understand -- this was not about having sex with these children. This was about *being* those children.

Now, should I have sought advice? Yes, absolutely. But my military training taught, "You are tough. You deal with your problems on your own." And that's what I was trying to do, and unsuccessfully.

When I was arrested, I didn't want to bring further embarrassment to the Judiciary. I resigned almost immediately. I had clear conduct in prison. I was elected Administrative head of the church at Park City, Arkansas. I complied with all the rules of probation. And they ordered me to see this psychologist; and I hope you've all read the report of Dr. John White (phonetic spelling). This is not somebody who I hired; this was the government's psychologist who wrote this report.

I would be glad to entertain any questions the Commission members may have. And again, I thank you. I was very brief, and I'm sorry to have taken so much of your time. I know you have a busy agenda.

Thank you.

MR. SHAUGHNESSY: Thank you very much.

Anything else, Mr. Pelloni?

MR. PELLONI: No, thank you.

MR. SHAUGHNESSY: Any members have any questions or comments at this point?

SENATOR SMITH: Have we ever had a similar situation with a Judicial Retirement -- to anybody's knowledge?

MR. SHAUGHNESSY: Not that I recall, Senator Smith--

SENATOR SMITH: Okay.

MR. SHAUGHNESSY: --of this type.

SENATOR SMITH: If the Commission decided to not allow a pension, would the Judge receive back his contributions from his salary?

MR. KOTLER: Senator, you may have not been here at the beginning. My colleague Danielle Schimmel, from the Division of Law, is here. And it might be appropriate, for that sort of question, to go into Executive Session to discuss the legal ramifications.

SENATOR SMITH: Okay. I have to run out to the Judiciary Committee. The judges who I am involved with are up, currently. I will be back; I assume that we've heard our testimony, all right?

MR. KOTLER: That is correct, but on this matter--

SENATOR SMITH: You have to be physically present?

MR. KOTLER: Right. There will be no leaving of the votes. But you have to do--

SENATOR SMITH: I'll run over, and I will run back.

MR. KOTLER: We still have a quorum to hear this.

MR. SHAUGHNESSY: Any other questions?

Assemblyman Rible.

ASSEMBLYMAN RIBLE: According to our documents, this is -- correct? -- the third time this has been before the State House Commission -- this application?

MR. SHAUGHNESSY: I believe it's been in front of the Commission twice before 2003, and that was for consideration when the matter began. There was an application; and I think at that point the decision, based upon the law, was to let the criminal proceedings proceed. So there wasn't any ruling at that time with regard to these factors.

ASSEMBLYMAN RIBLE: Okay.

MR. SHAUGHNESSY: Because we did not know how the criminal proceedings would play out.

ASSEMBLYMAN RIBLE: Yes, I saw those documents-- I was confirming that those were the only two other times.

MR. SHAUGHNESSY: Correct.

ASSEMBLYMAN RIBLE: Okay.

MR. SHAUGHNESSY: Any other questions? (no response)

Okay. At this point, do I have a motion to move into Executive Session to receive advice from the Division of Law with regard to this matter?

ASSEMBLYMAN RIBLE: So moved.

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed? (no response)

The motion carries.

We will now move into Executive Session.

MR. KOTLER: The matters discussed here will remain confidential until the need for confidentiality ends. So if we could ask everyone to wait out in the hall for a few minutes.

**(Commission convenes Executive Session, 9:49 a.m.)**

**(Commission returns from Executive Session, 10:16 a.m.)**

MS. MELICK: I'd like to make a motion regarding Mr. Thompson's pension.

While Mr. Thompson's served the country as a veteran, and we appreciate that, we believe -- I believe that in his role as a judge, and the heinous crime he committed, that his pension in the Judicial Retirement System should be totally forfeited.

MR. SHAUGHNESSY: We have a motion.

Do we have a second to that motion?

SENATOR ADDIEGO: Second.

MR. SHAUGHNESSY: I'll call the roll.

Any further discussion? (no response)

I'll call the roll.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego.

SENATOR ADDIEGO: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That motion is approved.

I also have one other procedural motion. I would need a motion to authorize the JRS to submit the appropriate documentation regarding this matter to the OAL, in the event the member determines to request a hearing in front of the OAL.

Do I have a motion?

MS. MELICK: So moved.

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Motion and second.

Any discussion?

SENATOR ADDIEGO: I just want to make a note that we did carefully look at all of the criteria that was outlined to us before we made this decision.

MR. SHAUGHNESSY: Thank you, Senator.

With regard to the second motion, I'm going to call the roll.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego.

SENATOR ADDIEGO: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That motion is approved as well.

Thank you very much for your time and consideration.

May I now have a motion to reconvene and sit as the State House Commission?

SENATOR SMITH: So moved.

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Okay; all in favor? (affirmative responses)

Okay, next on the agenda--

SENATOR SMITH: Just before we get to the next-- I'm going to run up to see Ms. Hochman on the matter that we discussed before.

MR. SHAUGHNESSY: Yes, sir.

SENATOR SMITH: I'll be affirmative on all matters except the three that involve the Transco Pipeline. I want to check that out with Ms. Hochman, and I will be back. But I'd like the vote recorded for the others, because I know I'm going to miss a couple of matters while I'm trying to catch up with her.

MR. SHAUGHNESSY: Okay.

SENATOR SMITH: All right?

MR. SHAUGHNESSY: Thank you for your affirmative votes.

SENATOR SMITH: I intend to return.

MR. SHAUGHNESSY: And those three, you're going to be held in abeyance on, until you finally make--

SENATOR SMITH: Until I find out-- Right.

MR. SHAUGHNESSY: Thank you, Senator.

SENATOR ADDIEGO: Excuse me; I have to leave as well.  
Can I leave my votes?

MR. KOTLER: The problem is--

MR. SHAUGHNESSY: We need five.

MR. KOTLER: So we'd be okay.

MR. SHAUGHNESSY: Yes.

MR. KOTLER: Yes, you can leave your votes, per your instructions.

SENATOR ADDIEGO: That's fine; I'm voting yes on everything else.

MR. SHAUGHNESSY: Okay.

MR. KOTLER: For the remaining members, the minimum quorum requirement is five members available by phone or in person. Anything less than that will cause the meeting to end.

ASSEMBLYMAN MORIARTY: I can stay here about 40 more minutes--

MR. SHAUGHNESSY: Great; okay.

ASSEMBLYMAN MORIARTY: --before I have to leave; hopefully Senator Smith will be back by that time. (laughter) But I have to chair a Committee that I already moved from 10 a.m. to 11 a.m. So--

SENATOR ADDIEGO: If there's a problem, call me. I'm up in caucus; I'll be back. I can come back down.

MR. SHAUGHNESSY: Okay, thank you.

ASSEMBLYMAN RIBLE: I'm staying. I'm not going anywhere. (laughter)

MR. SHAUGHNESSY: Thank you.

If I may, now that we're sitting as the State House Commission -- two quick announcements, please: No. 5 on the agenda -- I believe it is under *New (sic) Business* -- Mill Hill Processing Center is being held. This means no action will be taken at this meeting.

And another note: The Commission is in receipt of an e-mail dated March 12, 2015, from Barbara Sachau, commenting on several items. It's been handed to the members of the Commission and will be incorporated into the Commission records.

No. 2, under *Old Business* -- may I have a motion to approve the October 23, 2014, State House Commission meeting minutes?

MS. MELICK: So moved.

MR. SHAUGHNESSY: Second?

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Any opposed, abstentions? (no response)

The matter is approved.

No. 3: RPR 09-16, Block 533A, Lot 4C, Woodbridge, Middlesex County.

Treasury, on behalf of the Department of Human Services, Division of Developmental Disabilities, requests approval to auction, via Internet auction, for the updated appraised value of \$100,000, a former group home that has been declared surplus to the Department's needs.

The property was originally offered to the Township as is for the estimated then-value of \$190,000. The Township considered it, but had no interest in purchasing the property, and it was indicated that the original value was too high. The property has been unattended and has become uninhabitable, with major repairs being needed.

Requesting approval of this matter.

May I have a motion?

DEPUTY STATE TREASURER ROMANO: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: All in favor?

MR. KOTLER: No -- roll call.

MR. SHAUGHNESSY: Oh, roll call; pardon me.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego is in the affirmative.

Senator Smith in the affirmative as well.

Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 4: RPR 11-04, Hagedorn Psychiatric Hospital, Block 21, part of Lot 24, Glen Gardner, Hunterdon County.

Treasury requests approval to lease a former employee apartment building, located on the grounds of the Hagedorn Psychiatric Hospital, to Freedom House, Inc. The lease will be for a term of 10 years at an annual rent of \$50,000, with 2 percent annual increases based on the prior year's rent.

Any members have any questions or concerns with this matter?

(no response)

Any member of the-- Oh, sorry.

Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes, I want to thank the Department for coming back with the actual amount of square footage -- from our last meeting; that's helpful. But it only makes me feel that we are not getting enough money -- over 10,500 square feet, and an annual rent of \$50,000, and we're on the hook for any repairs over \$5,000. I don't think that's a good deal, so I will be voting no.

MR. SHAUGHNESSY: Yes, I believe we have someone from Freedom House here who may be able to help out. And we also may have someone from Treasury here.

So anyone from Freedom House here?

**GALINDO KING:** (off mike) Yes.

MR. SHAUGHNESSY: Thank you. Please step up, sir, and identify yourself.

MR. KING: Galindo King, from Freedom House.

MR. SHAUGHNESSY: Good morning, sir. Could you please indicate what Freedom House does at this facility, and speak to the rent at all?

MR. KING: Yes. Freedom House is a nonprofit organization. We are an adult male halfway house; we have transitional living help for women and children. The facility at the Glen Gardner location is a halfway house for adult males with substance abuse disorders.

ASSEMBLYMAN MORIARTY: Is your microphone on? Thank you.

MR. KING: The Freedom House is a nonprofit organization. The Glen Gardner location that we have there is used to serve adults males with substance abuse disorders. We've been in existence for probably about 28 years now.

As far as the rent: It's probably increased over the years. I know when we first started out it was, like, \$1 a year. And so now, I guess, there's a need to raise the rent. We pretty much barely -- have a hard time keeping the doors open now. We service everyone throughout the State of New Jersey. And we're very concerned about keeping our doors open. As you know, there's a heroin epidemic in the State of New Jersey, and young men, especially, and women in Hunterdon County -- our local County -- and Warren County are actually dying from heroin use. And we're struggling to keep the doors open. We'd like to see the place remain open.

Last year we were threatened to close -- excuse me, two years ago -- because Hagedorn closed, and the facility has a water-sewage that's much larger than the capacity that we use at Freedom House. So what happened was we had the Veterans Affairs -- they opened up, so the

Governor came to our facility and said he was going to try to keep us open. And as a result, you know, we stayed open. But Treasury took the building over from the Veterans. So now we're trying to get a lease signed.

MR. SHAUGHNESSY: Okay. Any--

MS. MELICK: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Do you get insurance from the people who are there? Or do you get grants, or-- How do you create revenue?

MR. KING: Well, we do get some State funding; some county--

ASSEMBLYMAN MORIARTY: How much?

MR. KING: Probably-- We are on a fee-for-service rate, and that fee-for-service rate is probably -- I think it's \$57 a day. As far as the total amount, I don't have those figures with me, but we rely largely on some County funding, which is-- State funding would be Drug Court; we take Drug Court clients in. We do do a lot of fundraisers. What it costs to put someone through treatment, and what we get from the State -- it's nuts, it's not enough. So we have to do -- we do a lot of fundraising, our Development Department.

ASSEMBLYMAN MORIARTY: Do any of the clients have insurance that you're able to charge?

MR. KING: Well, because it's long-term residential, insurance companies will not pay us. Because it's hard enough now-- If you try and put someone through treatment, you can barely get them in a 30-day program, or get them in a detox for 7 to 10 days. And you have to fight to keep them in the program for 30 days. So we're long-term residential.

What we do is take the clients who are multiple-relapsers and put them through treatment, and basically get them back into the workforce -- instead of them being tax burdens, they became taxpayers.

I went through the program myself back in 1990. And I was in and out of jail; I was former military personnel and then my career came to an end because of heroin use. I was able to go through the program successfully myself, and I've done everything there as far as driving, becoming a counselor. I went back to school and got my master's degree, and then became the Clinical Director. And last year I was promoted to Executive Director. So when I came onboard, we had been struggling with this lease problem for the last -- I'd say the last three or four years, not having a lease. And we're starting now to get turned down for grants and funding because we don't have a lease.

ASSEMBLYMAN MORIARTY: Thank you very much.

MR. SHAUGHNESSY: Any further questions from members?

(no response)

Any members of the public want to be heard? (no response)

Do I have a motion?

DEPUTY STATE TREASURER ROMANO: So moved.

MS. MELICK: Second.

MR. SHAUGHNESSY: Okay, motion and second.

I'll call the roll.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego is a yes.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes. And let me just say something.

This is why it's so important. The last time we were here, we had no information, we didn't know how many square feet, there was no one from the actual organization present. So this is important -- to put a face on this and to hear this story -- and this story has swayed me, and I'm now a yes.

MR. SHAUGHNESSY: Thank you, sir.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Okay. That matter is approved.

MR. KING: Thank you.

MR. SHAUGHNESSY: Thank you very much for your time.

No. 5 has been held.

And I'd just like to quickly-- With the Chair's permission, I'd like to mention that Jean Corrigan, who has administered the State House Commission for over 17 years, I believe now, is going to be retiring. And I just want to take a brief-- (applause) I just want to take brief moment to say that, as many of you know -- and I don't think I'm speaking outside of the Commission -- but Jean's interaction with the Commission members, Jean's

interaction with departments and agencies in the State of New Jersey, and Jean's interaction with the public has always been of the highest professional quality and exemplary.

So Jean, we want to thank you very much for your long and professional service to the State House Commission. And we wish you well in your retirement, and you'll be sorely missed.

MS. CORRIGAN: Thank you very much.

MR. SHAUGHNESSY: Moving onto *New Business*, No. 6 is RPR 15-07, Teaneck Armory, Block 5301, Lot 1, Teaneck, Bergen County.

Treasury, on behalf of the Department of Military and Veterans Affairs, requests approval to grant an easement to PSE&G for the installation and maintenance of natural gas lines, as well as other related equipment and apparatus necessary to support a new facility that is being constructed at the Teaneck Armory. The easement area will consist of 8,617 square feet of land.

Since this project is necessary and directly benefits the State, the easement will be granted to PSE&G for \$1.

Any discussion on that matter? (no response)

Any member of the public have any comments? (no response)

Hearing none, may I have a motion?

ASSEMBLYMAN RIBLE: Motion.

MR. SHAUGHNESSY: Second?

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego, yes.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Next is another PSE&G-related matter. No. 7: RPR 15-10, Labor Building Parking Lot, Block 10701, Lots 1, 2, 3, Trenton, Mercer County.

Treasury requests approval to grant temporary construction and access easements to PSE&G for environmental site remediation project. The site previously housed PSE&G's South Warren Street Gas Works, and is now owned by the State and used primarily for parking; and another portion of the site is occupied by an underground water tank, landscaped areas, and driveway access to the State Police helipad.

The recommended price for the easement is \$1 and other good and valuable consideration. PSE&G will be required to provide alternate parking, at its sole cost and expense, for those displaced by the project. PSE&G will be required to ensure that there is 24/7 unfettered access to the State Police helipad. PSE&G will also be required to restore the site to current codes and standards, and restorations will include repaving the parking area, re-striping of the parking area, removal and replacement of the

light fixtures, replacing all vegetation with like, as well as other restorations or upgrades that the State deems necessary. PSE&G will also install monitoring wells as required by the DEP as part of the remediation project.

Does anyone have any comments or questions on this matter?

Yes, Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: I guess I should have asked this of the last one as well. When we say *other good and valuable consideration*, what do we generally mean by that?

MR. SHAUGHNESSY: Well, since it's being transferred for nominal consideration, the *other good and valuable consideration* are the other things appurtenant, if you will, to it. So, for instance, there will be, here, parking provided, there will be a complete restoration of at least the quality that was existing before. So there are a lot of things being provided by PSE&G besides the remediation.

ASSEMBLYMAN MORIARTY: Thank you.

MR. SHAUGHNESSY: Any members have any questions or comments? (no response)

Any public members want to be heard? (no response)

Hearing none, may I have a motion on this project?

MS. MELICK: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 8: RPR 15-11, Trenton Office Complex, 225 East State Street, Suite 5, Block 202, Lot 6, Trenton, Mercer County.

Treasury requests approval to lease 3,170 square feet of commercial space within the Trenton Office Complex to the Community Health Law Project to be used for office space. The lease will be for a term of three years, with no renewal options, at an annual rent of \$57,000, negotiated, fair market value rent.

Does anyone have any question or comments about this? (no response)

Any members of the public here to be heard? (no response)

Hearing none, may I have a motion?

ASSEMBLYMAN MORIARTY: I'll make that motion.

MR. SHAUGHNESSY: Second?

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

Next, on to the DOT requests.

No. 9, Project: Route 46, Section 15, Parcels VX86 and VX87.

This is in Lodi, Bergen County.

DOT requests approval to sell, by direct sale, to the Borough of Lodi an area of land containing approximately 0.557 for public purpose use, specifically redevelopment for commercial and retail uses.

The property will be sold directly to the Borough of Lodi for public purpose of redevelopment at the sale price of \$155,000, the appraised value.

Any members have any comments or questions? (no response)

Any public members here to be heard? (no response)

Hearing none, may I have a motion?

DEPUTY STATE TREASURER ROMANO: Move it.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has left a vote in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 10: Route 42, Section 12, Parcels VX8A2, V8C, VXR12H, VX91, VX92, VX93B1, and VX93B2, Gloucester City, Camden County.

DOT requests approval to auction an area of approximately 2.85 acres with a minimum starting bid price of \$559,000, the appraised value.

Any questions or comments with regard to this project?

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Okay, Senator Smith; please.

SENATOR SMITH: The background material says that the property will be sold at auction to the highest bidder. The parcel could be commercially developed with a variance. And the recommended appraisal price is \$559,000.

Does the appraisal contemplate the value of the property with the variance, without the variance; is there a land-use contingency in the auction, or not?

MR. SHAUGHNESSY: I believe we have representatives from DOT here to better answer that question.

Please come up and identify yourself.

Thank you, Mr. Kook.

**DAVID KOOK:** My name is David Kook. I am Manager of Bureau Technical Support. To be honest, this is not one of the cases I had pulled out to look at. If you'll give me a moment.

SENATOR SMITH: You know, the law is that whatever case you haven't looked at is the one we're going to have questions about.  
(laughter)

MR. KOOK: That's usually what I suspect, but--

MS. MELICK: Perhaps we could move on to other business, and come back to this one?

SENATOR SMITH: Sure.

MR. SHAUGHNESSY: To keep moving.

MS. MELICK: Just to keep the process moving.

SENATOR SMITH: Absolutely.

MR. SHAUGHNESSY: So No. 10 -- we're pending a question on this; just held for the moment.

No. 11, Route: A.R.R.O.W. Rahway Valley Railroad Project, Part of Parcel 13D, part of Lot 1, Block 300, Union Borough, Union County.

DOT is seeking approval to lease property, which is part of the former Rahway Valley Railroad, to Dugono, D-U-G-O-N-O, LLC, for use as additional storage and parking for its new cars. The property is an irregular area totaling approximately 21,202 square feet. The recommended monthly lease amount is \$1,412, plus a \$532 municipal service charge, for a total fair market rental of \$1,946 per month; with an incremental rental increase of 5 percent per annum on the rental. The lease will be for month-to-month.

Any questions or comments on that one? (no response)

SENATOR SMITH: So moved.

MR. SHAUGHNESSY: Okay.

ASSEMBLYMAN MORIARTY: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego is in the affirmative.  
Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 12: Project is Route 17, Section 4, Parcels VX131B and VX134C, Block 329, Lot 1, Wood-Ridge Borough, Bergen County.

DOT requests approval to auction a 0.335 acre vacant lot. The property will be sold at auction to an adjacent property owner; and I assume that's the only adjacent interested property owner, or the only adjacent property owner. The recommended sale price is \$100,000, appraised value.

Does anyone have any questions on that matter?

MS. MELICK: I do.

MR. SHAUGHNESSY: Okay.

MS. MELICK: Although this says the recommended sale price is \$100,000, it's going to be-- It's sold at auction. And I would like the \$100,000, perhaps, to be the minimum, rather than just say, "This is the value, but we'll just auction it."

MS. HOLZBAUR: I think it is.

SENATOR SMITH: Good catch.

MR. SHAUGHNESSY: Is DOT okay with that?

**J A M E S A. D A R R A R:** (off mike) Yes, that's how we bracket it, (indiscernible).

MS. MELICK: Okay.

MR. SHAUGHNESSY: Great.

Okay, any other members' comments? (no response)

Public comments? (no response)

Motion?

MS. MELICK: Assemblyman Moriarty.

MR. SHAUGHNESSY: Oh, I'm sorry, Assemblyman.

ASSEMBLYMAN MORIARTY: He always misses me.

(laughter)

MR. SHAUGHNESSY: Yes, I'm sorry.

ASSEMBLYMAN MORIARTY: How many adjacent property owners are there? It looks like not many.

MR. DARRAR: James Darrar, from the DOT.

There are two adjoining owners, and we're auctioning it off. Normally we wouldn't -- we just say *auction off*, but we have two owners and we don't want to have a situation where someone might come and bid on something that can't be developed. So it's only the two adjoining owners.

ASSEMBLYMAN MORIARTY: Wouldn't that be on that person, if they bought something that couldn't be developed? I mean, they'd be crazy, but if they wanted to--

MR. DARRAR: Well, I think it was one of these -- the Committee (*sic*) here -- that they suggested that when we had two adjoining owners, they didn't want us to auction something off that could create, like, a nonconforming lot that somebody could go to the municipality and get, like, a break. So now when we come back to you when we have two competing owners-- In this case, we have one who wants it, and one we couldn't identify, and so we auction it off.

ASSEMBLYMAN MORIARTY: Okay.

MR. DARRAR: So we're not creating a situation where we have a lot that's not developable, and they try to go get some relief from the township. And that came out of a meeting that we had here many sessions ago.

ASSEMBLYMAN MORIARTY: Okay.

MR. DARRAR: That was a condition that was put on by the Committee, so now we just take that and go forward.

ASSEMBLYMAN MORIARTY: I understand; thank you.

MR. SHAUGHNESSY: Thank you, Assemblyman.

Any other questions? (no response)

Any member from the public want to be heard? (no response)

Hearing none, may I have a motion?

DEPUTY STATE TREASURER ROMANO: So moved.

MR. SHAUGHNESSY: Second?

MS. HOLZBAUR: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

Senator Smith is here and present, but has noted he's marked in the affirmative. (laughter)

Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Okay, No. 12 is approved.

Mr. Kook, do you have anything on No. 10--

MR. KOOK: Yes.

MR. SHAUGHNESSY: --with response to Senator Smith's question?

MR. KOOK: Yes. Thank you for--

MR. SHAUGHNESSY: We're moving back to No. 10, which was held for the moment.

MR. KOOK: Thank you for your patience.

When we started this out, it originally was appraised based on its residential value because another part was not being considered. We subsequently looked at that and realized that by combining the residential area, which has frontage, with a piece of commercial zoned across the *paper street* would allow it to be combined. We talked to the town about the possibility of there being commercial zone, and they were in favor of it.

So, as with everything we do, we try and do this based on the person who's getting the best use out of it, regardless of who asks us for it. And if they're asking for the house and want to pay the commercial value of it, then, you know, they can buy it for that.

SENATOR SMITH: So the appraisal is based on getting a variance for commercial use?

MR. KOOK: Correct. The town seems to be very favorable to it, and we're making that assumption. It might be a little high, because people don't like to buy things at risk; but--

SENATOR SMITH: High is better than low. (laughter)

MR. KOOK: Okay.

SENATOR SMITH: So, question two: When this is sold, is it sold with the land-use contingency -- meaning that, if they don't get the variance, they don't have to go through with the sale; or they buy it, and it's theirs no matter what happens?

MR. KOOK: We might be able to bring in more money if we had a contingency--

SENATOR SMITH: Right.

MR. KOOK: --but we really don't have anything that seems to let us do that. So it's just based on: we assume, but don't guarantee, any kind of commercial use, and you bid at your risk and it's yours.

SENATOR SMITH: Great. Thank you for the answers.

MR. SHAUGHNESSY: Any other Commission questions? (no response)

Anyone from the public want to be heard on this matter? (no response)

If not, may I have a motion?

SENATOR SMITH: So moved.

ASSEMBLYMAN MORIARTY: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 10 is approved.

Okay, we've completed No. 11, we've completed No. 12; and now we have No. 13: Route 287, Section 21, Parcel VX155B, Block 1607.01, Franklin Lakes, Bergen County.

DOT requests approval to sell, by direct sale, to 248 Pulis Avenue, LLC, the only interested adjoining property owner, the subject property of approximately 0.483 acres. The property will be sold for the recommended sale price of \$31,000, the appraised value.

Any questions or comments on this from the members of the Commission? (no response)

Hearing none, any members of the public want to be heard?

**BARBARA SACHAU:** (off mike) Yes, I want to be heard.

MR. SHAUGHNESSY: Okay, please come on up and identify yourself for the record.

MS. SACHAU: My name is Barbara Sachau, and I have concerns about the low values assigned both No. 13 and No. 14, because the taxpayers need to be getting the best amounts they can for these properties that are owned by the taxpayers.

And I know this issue has been before the members of this Commission at prior meetings as a concern, and I do think we need to pay more attention to this issue in properties such as No. 13 and No. 14.

Thank you.

MR. SHAUGHNESSY: Thank you.

Any other public members want to be heard? (no response)

Okay, now with regard to No. 13, do I have a motion?

MS. MELICK: So moved.

MR. SHAUGHNESSY: Motion. Second?

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 14, Project: Route 31, Parcels VX11C and VX11D, Block 27.02, Lot 42, Raritan, Hunterdon County.

DOT requests approval to sell, by direct sale, to the only interested adjoining property owner, Black River and Western Corporation, approximately 0.527 acres. The parcels will be sold for the recommended value of \$5,000, the appraised value.

Any members have any questions or comments? (no response)

Ms. Sachau, you've been marked as commenting on No. 14 as well. Your comments are noted.

Any other members of the public want to be heard on this? (no response)

Hearing none, may I have a motion?

SENATOR SMITH: So moved.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 14 has been approved as well.

Now, I think finally we're moving on to the Department of Environmental -- DEP requests.

No. 15: Assunpink Wildlife Management Area, Block 1, part of Lot 7, Upper Freehold, Monmouth County.

DEP requests approval to enter into a 20-year land lease for the operation of a navigational aid for aircraft pilots. The annual rental is scheduled to be \$1,503 per year, with 2.5 percent annual increase. The annual rent for the 20-year term will be \$38,389.

Do any members have any questions or comments about this?

(no response)

Any members of the public want to be heard on this? (no response) Hearing none--

Oh, there's a gentleman; please come on up.

**R O B E R T M O S S:** Good morning.

MR. SHAUGHNESSY: Good morning.

MR. MOSS: Is that working?

MR. SHAUGHNESSY: Yes.

MR. MOSS: My name is Robert Moss. I'm a bit flustered; the place where I usually look for the agenda on the website was not there, as of Friday. I can't tell you that URL right now, but if somebody were to give me an e-mail address I could look it up when I get home.

I was actually here for something else and stumbled across this meeting. I'm the Green Acres Issues Coordinator for the New Jersey Chapter of the Sierra Club. We believe that any of these conveyances -- whether it be fee simple or lease, a lease for a period of -- especially for a period of years such as this -- should be compensated for with substantially equivalent replacement land. We believe this is the mandate of the Bond Acts and the successor programs -- the Garden State Preservation Trust and, now, the dedication of the Corporate Business Tax.

And unless I -- hurriedly going through this -- misunderstood, this is a rental, but a 20-year term. Twenty years is a long time, and we don't know what's going to happen then. We need replacement land for these long-term leases. And my remarks for some of the ones coming up will be very similar.

So thank you for your time.

MR. SHAUGHNESSY: Thank you, Mr. Moss.

Anyone else from the public want to be heard? (no response)

Any questions or comments from the members? (no response)

Okay, hearing none, may I have a motion? (no response)

Motion?

ASSEMBLYMAN MORIARTY: So moved.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 15 has been approved.

Moving on to No. 16: Delaware and Raritan Canal State Park, Block 57, Lot 6, Hopewell, Mercer County; Block 27, part of Lot 1, West Amwell, Hunterdon County.

New Jersey DEP requests approval to lease approximately 1.47 acres of land to 1850 River Road, LLC. The lease will be for a term of 10 years, with the option to renew for an additional 10 years. The first year annual rent will be in the amount of \$9,605, with an annual increase of 2.5 percent. Over the full 20-year term of the lease, the total rental will be \$245,356.

With regard to No. 16, any member questions or comments?

(no response)

Any member from the public wishing to be heard?

Mr. Moss.

MR. MOSS: Yes, Robert Moss, Green Acres Issues Coordinator, Sierra Club.

And I just want to-- My remarks for the previous one apply here. So I just wanted to formally have that on the record.

MR. SHAUGHNESSY: Thank you.

Any other questions or comments from the members? If not--

MS. SACHAU: (off mike) Yes, Barbara Sachau.

MR. SHAUGHNESSY: Oh, yes -- Ms. Sachau -- please.

MS. SACHAU: Barbara Sachau.

I wanted to be on record as agreeing with Mr. Moss on that. And I also think that his comment before, about trying to put aside land whenever you're using open space land, is a very important issue that needs to be taken care of and needs to be considered on every single application like this.

Thank you.

MR. SHAUGHNESSY: Thank you, Ms. Sachau.

Do I have a motion?

ASSEMBLYMAN MORIARTY: I'll make that motion.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 17, High Point State Park.

ASSEMBLYMAN MORIARTY: Excuse me.

MR. SHAUGHNESSY: Yes, sir?

ASSEMBLYMAN MORIARTY: May I?

I have to get to a meeting that I have to Chair. So I think you have enough for a quorum. I would just like to leave my votes: I vote yes on the remainder of the agenda.

MR. SHAUGHNESSY: Okay; is that okay, Counsel?

MR. KOTLER: Yes. Yes, we have the minimum -- five.

ASSEMBLYMAN MORIARTY: Thank you very much.

MR. KOTLER: Thank you.

MR. SHAUGHNESSY: Thank you for your participation today.

No. 17: High Point State Park, Block 24, part of Lot 2, Montague Township, Sussex County.

DEP requests approval to lease approximately 6 square feet of floor space and maintenance access space at High Point State Park to the United States of America, U.S. Customs and Border Protection, for a fixed radio station/antenna for a term of 20 years. The 6 square feet of floor space and maintenance access is for the placement of a fixed radio station, including duplexer, modem, and telephone termination. The leased premises will support a U.S. Customs and Border Protection antenna site, and includes an antenna and related equipment that is affixed to the New Jersey State Police tower. Compensation is based upon a minimum lease fee of \$700 per year, with an annual increase of 2.5 percent. The full 20-year term of the lease will amount to \$17,881.

Any members have any questions or comments about No. 17?  
(no response)

Any member of the public want to be heard? (no response)

Hearing none, may I have a motion?

SENATOR SMITH: So moved.

MR. SHAUGHNESSY: Second?

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: Thank you.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty has indicated his affirmative vote.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

Next, on to No. 18: Capoolong Creek Wildlife Management Area, Block 26, Lots 7.02 and part of Lot 8; and Block 28, part of Lot 41, Franklin Township, Hunterdon County.

DEP requests approval to formalize access to a landlocked parcel adjacent to the Capoolong Creek WMA by executing an access easement with the neighboring property owners, Deirdre and Michael Kravec. The Kravacs are the successors in title to an access easement that was first granted in 1891.

The purpose of the proposed driveway easement is to clarify certain aspects of the easement, including its location, but not to expand the scope of the easement. Although the DEP has agreed to prohibit public access to the bridge that carries the driveway over the Capoolong Creek, any benefits to the Kravacs will be offset by the DEP's reduced liabilities and maintenance responsibilities for the bridge.

Any questions or comments about that matter? (no response)

Any member of the public want to be heard on that matter? (no response)

Hearing none, may I have a motion?

ASSEMBLYMAN RIBLE: So moved.

MR. SHAUGHNESSY: Thank you; second?

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Motion and second.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty is listed in the affirmative.

And Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Okay; that's No. 18.

SENATOR SMITH: Before you go on to the next one, Mr. Shaughnessy--

MR. SHAUGHNESSY: Yes, sir?

SENATOR SMITH: I will recuse myself from No. 19, 20, and 21. All three involve Transco Pipeline. And by the way, for members of the Commission: If you need an emergency ethics consultation, you can do that -- because I ran upstairs to see Marci Hochman. I realized on the way down that, in reviewing this agenda, that Transco is one of the utilities -- if they're on a utility list in a town, they have to be notified. I'm a land-use attorney; that's how I make my living. So I'm frequently noticing Transco. And then-- By the way, that in itself would not be enough of a thing to be in conflict. But I actually have a client in Middlesex County who needs permission from Transco to put landscaping in part of their easement. And when I presented that to Ms. Hochman, she said it was kind of borderline, "but it's there and you really should recuse yourself."

So I'm recusing myself from No. 19, 20, and 21.

MR. SHAUGHNESSY: The three related matters.

SENATOR SMITH: All three have Transco-- Although I have nothing to do with-- I don't even practice in these towns, and whatever. Normally it's just a notice issue; but I do actually have a matter in front of them where we are -- on behalf of my client, we're requesting permission to be in one of their easements. And Ms. Hochman always takes the position *better safe than sorry*.

MR. SHAUGHNESSY: I appreciate your due diligence. Thank you, Senator.

SENATOR SMITH: All right.

MR. SHAUGHNESSY: Where does this leave us then, Counsel?

MR. KOTLER: Yes, we can proceed with the six-- Senator Smith, you're staying here, correct?

SENATOR SMITH: I'll stay so you can conduct business.

MR. KOTLER: Right. So we have a quorum; we have two other members who have left their votes, which gives us the necessary five if needed.

MR. SHAUGHNESSY: Okay. So we're now discussing the matters of 19, 20, and 21 on the agenda. We're going to consider them globally, or generally together, but we will vote individually on them.

Ms. Yeany, would you like to come up and introduce the matters?

**J U D E T H P I C C I N I N I Y E A N Y, Esq.:** I'm Judeth Yeany, Y-E-A-N-Y; I'm with the Green Acres Program at the DEP.

And Mr. Shaughnessy, were you going to read the captions before I give the update?

MR. SHAUGHNESSY: I will, and I appreciate that. (laughter)

MS. PICCININI YEANY: Okay.

MR. SHAUGHNESSY: And then-- Let me read them, the three together, as a group. And as I said, we will vote on them individually.

So No. 19 is Unnamed Privately Owned Property Subject to Conservation Restrictions, Block 79, Lots 16.07 and 16.08, Branchburg Township, Somerset County.

DEP requests approval to allow the diversion of approximately 0.102 +/- acres of privately owned property, subject to Township-held conservation restrictions. The diversion will allow the construction of a 42-inch diameter natural gas pipeline as part of the Leidy Southeast Expansion

Project by Transcontinental Gas Pipe Line Company, LLC. An additional 0.198 +/- acre of land, subject to Township-held conservation restrictions, is needed by Transco on a temporary basis.

With regard to this matter, to compensate for the diversion and temporary impacts, Transco shall pay \$66,500 to the Township for the acquisition of replacement lands to be located in the Township of Branchburg.

With regard to No. 20, that being Project: Unnamed Park Owned by the Township of Montgomery, and Unnamed Privately Owned Property Subject to Conservation Restrictions, Block 4001, Lot 10.03; Block 15001, Lot 26; Block 16002, Lot 9.01; Block 26001, Lot 1.02; Block 27001, Lot 6; Block 33001, Lots 26.01, 26.02, 28.02, 18, 21, all in Montgomery, Somerset County.

DEP requests approval to allow the diversion of approximately 4.628 +/- acres of Township-owned parkland and privately owned property, subject to Township-held conservation restrictions. An additional 15.709 +/- acres of parkland are needed by Transco on a temporary basis during construction for temporary construction areas, and 0.43 +/- acre for temporary access roads during construction.

To compensate, Transco shall pay \$1,655,500 to the Township for the acquisition of replacement lands to be located in the Township of Montgomery. The Township will be required to acquire at least 9.256 acres of replacement land within two years of the start of construction.

And with regard to No. 21, that's Project: Bloys Farm, Bouman-Stickney Farmstead, Burgher Farm, Lane Farm, Pleasant Run Greenway,

Block 50, Lots 13, 14, 14.01, 41; Block 75, Lots 32 and 32.03; Block 76, Lot 3.01, Readington, Hunterdon County.

DEP, on behalf of the Township of Readington, requests approval to allow the diversion of approximately 2.488 +/- acres of Township-owned parkland and privately owned property, subject to Township-held conservation restrictions. An additional 5.943 +/- acres of parkland are needed by Transco on a temporary basis during construction.

Finally, to compensate, Transco shall pay \$522,000 to the Township for the acquisition of replacement lands to be located in the Township of Readington.

So that's by way of a brief introduction to matters No. 19, 20, and 21.

And I appreciate that, Ms. Yeany, and please go ahead.

Thank you.

MS. PICCININI YEANY: Yes, thank you.

I wanted the opportunity to give the Commission an update on events that have transpired with this project since Commissioner Martin first approved the applications and referred them to the Commission.

The Commissioner signed off on the applications on December 19, 2014, at which point we sent it over to the Commission. One of the contingencies associated with the application was that the project needed to obtain what's called a *Certificate of Public Convenience and Necessity* from the Federal Energy Regulatory Commission. That's a necessary element of all these natural gas pipeline projects -- the interstate projects. And generally we don't like to act ahead of the certificate, but sometimes the timing of the

project is such that it can't be helped, in which case we make it a contingency.

In this case, it turned out that the Federal Energy Regulatory Commission actually issued the certificate on December 18, the day before the Commissioner approved the applications -- but we were unaware of that fact.

When it became apparent that the Commission was not going to meet in December or January, and was going to postpone this meeting until March, the company actually filed condemnation complaints against a number of property owners, including the three towns that filed these diversion applications. That takes place in Federal court.

So we're actually in the middle of those condemnation proceedings, at this point; the company has taken possession of the properties through the Federal court proceedings. But value has not been established under that process.

So at that point, when this meeting was scheduled, we consulted with the Attorney General's Office about the role the Commission would play in determining that value. And we determined that we should leave the applications on the agenda and let this process play out, since value has not been established in the court.

The other development, that just occurred last Thursday, is that a Federal court -- the D.C. Circuit -- actually issued a stay of the certificate and of an order that had been issued to Transco that would have allowed certain aspects of construction to start. So technically, the certificate is suspended right now for the project; the issues before the D.C.

Circuit are being briefed. But it is likely that those issues will be resolved before the Commission meets again in June.

So we feel it is appropriate for the Commission to act on this question of the value associated with these diversion applications; and that will only then come into play for this project if the certificate is reinstated.

We do have representatives of Transco here who can answer any questions you have about the project.

I also need to mention one more issue, which is that we've had one of the towns ask us about the compensation dollars that they expect to receive from Transco. And they asked if they are able to purchase the required replacement land for less money than was anticipated, they wanted guidance on how the rest of the funds could be used -- whether they would be required at that point to acquire additional replacement land, or whether they could use the money for what's called *park improvements* -- to make improvements either on that property or other properties.

So if the Commission would like to give us guidance on that point, we'd appreciate it.

I should mention that all three of these applications were voluntarily filed by the towns; they went through our normal process, they passed resolutions supporting the applications. And we feel the amounts that they negotiated with Transco will allow them to purchase the required replacement land in the two-year period that's required by our rules. So we do feel the compensation is fair.

MR. SHAUGHNESSY: Okay. Thank you for that update.

ASSEMBLYMAN RIBLE: So just to confirm--

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Thank you.

Just to confirm -- they're going to need these approvals anyway from us, so we're going to-- I'm comfortable proceeding forward to give these approvals, because they're going to need them eventually anyway with or without these certificates

MS. PICCININI YEANY: Yes. We wanted the Commission to understand that possession of the property has changed hands because of the condemnation complaints. But we are trying to honor our application process to the extent we can. And we feel that the Commission's ruling on the value issue would have weight, still, at this point.

ASSEMBLYMAN RIBLE: And from looking at the notes, I mean, we hear all the time about the values. I feel, whether -- between the towns and the applicants, it seemed like it was a very good negotiation, if you will. It seems like the values at least got doubled from what the Green Acres recommendations are.

MS. PICCININI YEANY: We feel the company did make quite a bit of effort in trying to satisfy our requirements, and to address our concern that the towns have enough money, at the end, to purchase this land on their own, and to not be out of pocket for any technical costs or other transactional costs.

ASSEMBLYMAN RIBLE: Thank you.

MR. SHAUGHNESSY: Any other members have any questions or comments? (no response)

Any member of the public want to heard on this matter?

Ms. Sachau.

MS. SACHAU: Yes.

As stated by Ms. Yeany -- Ms. Judeth Yeany, she says it's likely the issue will be approved by the Court; but we don't know that. She stated that the issue is in the Courts, and it was suspended. So at this point we really don't know that for a fact.

And also, as far as the open space -- there seems to be lots of information here that is not clear to the public about exactly what's happening with these applications. Also, we're putting these pipelines through open space; and, you know, the open space monies on the town level, the county levels, State level, and the Federal level were there to save nature. It wasn't there to provide land for pipelines. So, you know, the taxpayers who are putting money into this idea of protecting nature seem to be getting, instead, land that's used for pipelines, and transmission lines, and so many things that are not what we are spending our money for.

So anyway, when you put these pipelines through these open spaces, we have millions of oil spills around and all those kinds of explosions from gas lines and everything. And so we're taking on a lot of danger when we allow these pipelines too, which seem to be sloughed over.

And so, anyway, once you contaminate land, it's contaminated for a long time. It's very expensive to clean it up. So you have to think very carefully about allowing these things. The safety of pipelines is a real issue for many people in New Jersey, especially in this congested state that we live in -- where's there more people than anyplace on earth living so close to one another (*sic*). And the people of this congested state cannot continue this endless giving over of our land to pipelines.

And I noticed that you put that not many people come out to speak about these issues. That doesn't mean they don't care about them.

The fact of the matter is, I mean, people who work -- they get maybe three hours at night to try to work on what the government is up to. But, you know, again we have local issues, county issues, State issues, and Federal issues to keep track of. And if they're not showing up in great numbers, it doesn't mean they don't care.

Thank you very much.

MR. SHAUGHNESSY: Thank you.

Any other members of the public want to be heard?

Please.

MR. MOSS: Hi. Robert Moss, Green Acres Issues Coordinator, New Jersey Sierra Club.

So this is a variation on what I've -- some of the ones that came before -- these pipelines. The New Jersey Chapter, of course, recognizes that the pipelines themselves -- where they are going to be -- is beyond the scope of this Commission. But we are concerned about replacement land. It's too easy to say there's so many dollars for replacement land. And, again -- since I didn't know about this meeting ahead of time, I was scrambling through the agenda here and I see -- it looks like Nos. 19 and 20 specify a specific amount of acres that is going to be replaced. I don't see that for No. 21.

But we believe that the entire Green Acres Program is premised not only on the basis of increasing the amount of open space, as long as we have a source of funding which we do at the moment; but also not losing the quality of open space. And we are very concerned when we don't know ahead of time what acres -- what the replacement acres, the replacement land is going to look like. We've seen many cases where we do know what

it is, and it's inferior. There are cases when there are more acres being offered than are being diverted -- and this is true in Stafford Township. But the land -- the new configuration was so fragmented that the value of the open space was declined. So we don't know that here. It's possible this information is available; and I'm retired, I can go -- I can look at tax maps online, I can go visit these places. But when we don't know ahead of time, that's just not possible.

I do want to point out that any linear facility, such as a pipeline -- also power lines and roads -- if it goes through protected land will bisect it, or, if not exactly, will fragment it in one way or another. A valuable piece that's cut in half or divided up -- one-third, two-thirds -- and then replaced by small parcels scattered around, is simply-- The total result at the end is not going to be as valuable as what we had. And the Chapter believes that Transco -- this is Transco, right? -- yes -- should actually be required to line up these parcels themselves before it gets approval. Then the public knows whether we are upholding the program -- the Green Acres Program -- of maintaining the quality and, in this case, at least not losing the amount of land. At least a commitment -- I mean, we don't have to close on things -- but a commitment from sellers. "And here's the parcels we're going to buy; it's all lined up, the details have to be done out." Everybody can look at it, see if this is a good configuration to make up for what's being lost, and then proceed.

I just want to make another general statement, though; and, again, you have less control over this because you can't, as a Committee (*sic*), stop the pipeline. However, New Jersey is near build-out. You've heard-- Some of you have heard this from me before; you're going to hear it

again, probably. The concept of replacement land is becoming less and less effective every year to protect our open space. There's just not that much available. On the average-- Common sense tells us that the average quality of what's available is going to decline. The good places are already taken. And with so little open space left to be purchased, we are competing against new acquisitions. We have a source of funding; it's not stable in the sense, every year now, the Legislature will say, "How much is acquisitions?" But we do have a source of funding.

And it's not just the State Green Acres Program; it's not just the Corporate Business Tax. The counties-- Most of the counties, if not the -- many of them, if not the majority -- and the same for municipalities -- have their open space taxes. These are also important factors in our open space inventory for the whole state. They're all going to be competing for land. And we're at the point now where replacement land -- buying land as replacement land may represent land that -- good quality land, if you find it -- but it can't be acquired as new acquisitions. So we're still losing.

And I'd like the Commission to keep this in mind: Transco has the money. I personally believe -- I don't want to speak for the Chapter on this -- the Sierra Club -- I personally believe they have enough money to buy good quality replacement land.

Thank you.

MR. SHAUGHNESSY: Thank you, Mr. Moss.

Anyone else want to be heard on these three related matters?

**A L I X B A C O N:** Hi.

MR. SHAUGHNESSY: Hi. Please identify yourself.

MS. BACON: I'm Alix Bacon; I work for New Jersey Conservation Foundation.

I'm here because I'm extremely concerned about the numerous pipelines that are planned to be put through New Jersey, and the effect they're going to have on our preserved open space.

I'm particularly disturbed by the idea that we -- that the Commission would be going through the diversion process after this stay has been issued in D.C. It seems like it would be logical to respect the stay and see what comes of that.

I also am disturbed by the fact that we would be going through the diversion process before all the permits for the pipeline have been issued. Shouldn't we let these things play out in real time before such important decisions are made, such as diversions?

And aren't we -- isn't it preemptive permitting, so to speak? Aren't we putting the cart before the horse? Let's wait and see if this a viable project before we go through the diversion process.

And also I'd like to bring to the Commission's attention the fact that there are numerous pipelines coming down the pike, so to speak; and numerous diversions such as this will be coming before the Commission. So I think how you act today is very important, because there will be cumulative impacts. If you look at the PennEast Pipeline, which is in the pre-application process, which threatens to ask for diversions on many, many acres of land, and also threatens to take many, many acres of preserved farmland-- We need to look at all of these pipelines together and plan for the future so that each of these pipeline companies doesn't get to do their own private road. We should all be planning for this so that we

don't go willy-nilly with spaghetti pipelines underneath the State of New Jersey, taking our open space that our taxpayers have invested in.

Thank you.

MR. SHAUGHNESSY: Thank you.

I think there's one other gentleman. Please step up.

**MICHAEL L. PISAURO Jr., Esq.:** Thank you very much. My name is Mike Pisauo; I'm the Policy Director for the Stony Brook-Millstone Watershed Association. And on behalf of them, we have some great concerns over this process.

Ms. Yeany indicated it was likely that the stay was going to be lifted. I don't know; I haven't read the briefs, but one of the hallmarks of getting a stay is normally that you are likely to succeed on the merits. So one would think that the D.C. Circuit Court would not have issued a stay unless there was some substance. And the appeal was not only for the-- Actually, it was two things: one, Transco had asked for permission from FERC to remove trees. The New Jersey Department of Environmental Protection -- my group and others had opposed that application because DEP had not issued the permits. DEP had not issued the Letter of Interpretation on where the wetlands were, and the streams were, so how can you tell where the encroachments are that you have to stay out of?

But also, the stay was of the actual issuance of the Certificate of Need. So I wonder what the status of the actual condemnation is if the authority under which the eminent domain action was filed is now stayed?

But that being said, I think whether we can do anything about this, on these particular properties, I think the State of New Jersey needs to set forth policy. The law -- the Natural Gas Act law requires that the

applicant receive all of the permits before the actual issuance of the Certificate of Need; practice has been far different. And I think that's important because now, what happens, you have your Certificate of Need; you rush to court, get your condemnation suit going. You have your permit applications at DEP, and one of the conditions for these diversions is that you get your permits from DEP. Now all the pressure is on DEP to issue the permits because I have my Certificate of Need; I've condemned the property; you can't tell me no. We see this time and time again in land use applications. "Well, the town said I can do it; DEP, you can't tell me no," or vice versa.

And the application that Transco submitted to DEP was severely deficient because they wanted to cross streams -- Category I streams, including the Stony Brook exceptional resource wetlands. And under the regulations, you have to show there was no alternative. There was a complete lack of discussion of why horizontal direction drilling -- direct bore and other alternatives -- could not be used to avoid consequences to these resources. And I bring that up because under the Green Acres, you have to show that there was no other alternative.

I submit to you that if their application for the Freshwater Wetlands permit and the Flood Hazard Area permits were like what they submitted for the Green Acres, it was completely deficient.

So I think whether you deny this application or not, I think the State should really start to look forward and ask FERC to follow the laws, get the permits ahead so that there is not this pressure upon DEP and other agencies to issue permits when they have not met the standards.

So we ask, especially in light of this stay, that you deny this application. Wait for the stay to work out, and then you will have another opportunity to weigh in.

Thank you.

MR. SHAUGHNESSY: Thank you.

I see a couple more; whoever wants to come up first--

**J E F F T I T T E L:** (off mike) I'll be brief.

Two issues-- Jeff Tittel, Director, New Jersey Sierra Club.

The two issues that we -- that I think are critical when you look at a diversion, is that one of the reasons they target open space is because it's cheaper -- that lands that were bought, even at very high market values and then set aside, now, when they're sold or diverted, go for the open space price. And you're bringing in an industrial use, but you're not charging industrial commercial prices for that land, and so you do not get an appropriate amount of funding.

The second point is -- on the court case -- which is, the Sierra Club, last year, won a very important court case at the same court in D.C. on another pipeline, the Tennessee Gas pipeline. There, the court ruled that the segmentation of the pipeline through multiple different processes -- each looping, like, 10 or 12 miles -- violated NEPA; that what happened was that there was not an overall look at cumulative and secondary impacts. And I think that's also part of what's happening here. Because again, when you look at this project coming before the State House -- there's a part they did in Clinton, and then Montgomery, and it'll be Princeton -- and again they're segmenting it. And I think that's part of the problem. And we

think you should hold off until there's a clearer picture coming out of the courts.

Thank you.

MR. SHAUGHNESSY: Thank you, Mr. Tittel.

**PATTY CRONHEIM:** Hello, and thanks for having this hearing.

My name is Patty Cronheim, and I'm a citizen. I'm the Coordinator for Hopewell Township's Citizens Against the PennEast Pipeline.

The PennEast Pipeline -- that's not the Leidy pipeline. Why am I here? Well, I'm here because it's part of a larger picture. They're all part of the same picture -- all of these pipelines. New Jersey is currently undergoing an onslaught of pipelines. We are literally under attack by pipelines. And the citizens who are unfortunate enough to live in the towns and the counties where this is occurring are very, very much aware of that.

Our citizens' group is just one; we have about a thousand members. But there are citizen groups all up the pipeline, all the way up to Holland Township. And there are citizens groups in the Pilgrim pipeline, the Southern Reliability pipeline, the Leidy pipeline; and were all speaking with one voice and saying New Jersey needs to have a plan. We need a plan.

Let me just say for the record that our research has shown that there is no shortage of gas in New Jersey; that New Jersey exports a large percentage of gas; and according to the U.S. Environmental (*sic*) Information Administration, by 2017 the United States will be a net exporter of natural gas.

So there is no urgency for you all to make decisions on this -- on this today, or anytime in the near future. The only urgency is profit driven by the pipeline companies, to get gas to market. That's the urgency; it's corporate based.

FERC, the Federal Energy Regulatory Commission, wants us all to look at one pipeline at a time. They say we only look at one pipeline at a time; that's what FERC says. We look at one pipeline at a time; we judge it by its merit, by need -- and that's what they do the environmental impact studies on: one pipeline at a time. And they say, "Just look over here; it's just a couple of acres over here. It's just one C-1 stream over here."

Well, I'm here to say this is not true; FERC does not look at one pipeline at a time. They have a plan. They have a very, very, very, very complete plan and agenda -- and I have documents here I'd like to give you that show not only the FERC plan of the increase of natural gas, but it also states all of the pipelines in graph form that are already under application, that are going to be under application, and the ones on the horizon in the future.

So may I pass these out to you now?

MR. SHAUGHNESSY: Sure.

MS. CRONHEIM: Or at the end? Okay.

MR. SHAUGHNESSY: Thank you.

MS. CRONHEIM: Oh, thank you.

And you can see by looking at these that FERC is clearly aware of what's going on. FERC is of the gas industry, by the gas industry, for the gas industry. So it's very hard; it's not a level playing field, and it's very hard for citizens' groups like the one that I'm a member of to actually even

have a voice. So we are looking to New Jersey to create a comprehensive plan for pipelines. These pipelines will affect thousands of people with the threat of eminent domain, violating their very basic civil rights to own property. These pipelines are environmentally destructive, and they leak, and they're a potent, potent global warmer. Methane is an 80 percent more potent greenhouse gas, over 20 years, than CO2.

And the way the infrastructure is going, they're going to make gas the mainstay -- not the bridgefield that we were promised it would be on the way to renewables. And this is not what New Jersey has planned for, and this is not what the New Jersey Global Warming Response Act dictates that the State does.

So what we're asking is that -- we're asking for New Jersey to assert its authority and take control of its own energy future. We're asking for a moratorium on all new pipelines and pipeline infrastructure until New Jersey can evaluate our energy needs and create an energy plan that's in alignment with the New Jersey Global Warming Response Act.

Thank you.

MR. SHAUGHNESSY: Thank you.

**C H R I S T I N E A. R O Y, Esq.:** Hello.

MR. SHAUGHNESSY: Good morning.

MS. ROY: My name is Christine Roy; I'm from Watson, Stevens, Rutter and Roy, and I am New Jersey Counsel for Transco.

I just wanted to update you about a couple of other things -- supplement what you've heard today so far.

We went through the negotiations with the three townships starting more than two years ago. And Transco has every intention of living

up to the commitments it's made in terms of the compensation it agreed to pay in connection with the diversion applications.

So even though we had to resort -- our last resort being condemnation, because of the timing of the approvals, or finishing or completing the diversion, Transco is going to live up to the commitment. We've relayed that to the three townships -- that that's what we'll be doing: we'll be paying. So the value, in other words, of the easements we condemned has already been predetermined. We've already reported to the Federal Court that we have settlements on these three condemnations -- that they went through a Green Acres diversion process. We explained that all in our pleadings. So I just wanted to make that clear -- that the valuation is not really in question because we've reported settlements to the court on the compensation being paid for the easements that we're going to -- that we just condemned. So that was one point.

The other point I just wanted to make was that we had filed condemnations in January; we received orders from the court on February 20. So we have court orders that did grant possession of the easements we condemned. We recorded those orders. So now we would be going through an evaluation hearing; but we're not, because we're hoping we're going to complete the settlements with the three townships and dismiss the condemnations actions. So I just wanted to make it known where we really stand behind the condemnations, in terms of what is going to happen next. So we're hoping to complete the settlements and go forward once the stay is lifted. I should mention that we do know there's a stay, obviously, so right now everything has been suspended in court -- so that is true.

I didn't know if you had any other questions for me.

MR. SHAUGHNESSY: Any questions from members? (no response)

MS. ROY: Okay, thank you.

MS. MELICK: Thanks.

MR. SHAUGHNESSY: Anyone else want to be heard on this matter? (no response)

Hearing none--

ASSEMBLYMAN RIBLE: Make a motion?

MR. SHAUGHNESSY: Motion; thank you, Assemblyman.

MS. MELICK: Do we have to do them individually, or can we--

ASSEMBLYMAN RIBLE: Oh, that's right; I'm sorry.

MR. SHAUGHNESSY: Yes, I'm sorry. As previously stated--

MR. KOTLER: You should do them individually.

MR. SHAUGHNESSY: Thank you very much.

So we're going to move on to No. 19 -- I believe is the first of these three related matters.

On No. 19, do I have a motion?

ASSEMBLYMAN RIBLE: Motion to move No. 19.

MR. SHAUGHNESSY: Motion; second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Motion and second.

Any further discussion? (no response)

Hearing none,

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

MR. KOTLER: Recused.

SENATOR SMITH: Not voting.

MR. SHAUGHNESSY: Oh, pardon me. I forgot.

SENATOR SMITH: Abstention.

MR. SHAUGHNESSY: Thank you very much. It's on the record.

Assemblyman Moriarty -- yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Okay, No. 19 has been approved.

With regard to No. 20, may I have a motion?

ASSEMBLYMAN RIBLE: Moved; motion to move No. 20.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Motion and second.

Any further discussion? (no response)

Okay, on No. 20; Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith is recused.

Assemblyman Moriarty, affirmative.

And Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: On to No. 21.

May I have a motion on that matter?

ASSEMBLYMAN RIBLE: Motion to move No. 21.

MR. SHAUGHNESSY: Second?

MS. MELICK: Second.

MR. SHAUGHNESSY: Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith has recused.

Assemblyman Moriarty in the affirmative.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved as well.

Last, but not least, I believe it's No. 22. The project is Bubbling Springs Park, Block 9001, Lot 11, West Milford, Passaic County.

DEP, on behalf of the Township of West Milford, requests approval to legalize an inadvertent sale of a 1.15 +/- acre portion of Bubbling Springs Park to the adjacent residential property owners. To compensate for the loss of dedicated open space, the Township has agreed to convey to the DEP a 42.672-acre parcel that is contiguous with State parkland, known as Abraham S. Hewitt State Park.

Do any members have any questions or comments on No. 22?

(no response)

Any members of the public want to be heard?

Mr. Moss, yes.

MR. MOSS: Yes, I grabbed the agenda earlier and flipped through quickly to find the Green Acres--

MR. SHAUGHNESSY: Let me just respond to that quickly. With regard to the agenda, there was a computer glitch; it's normally found on the State House Commission website. And fortunately, Ms. Corrigan noticed it and it was quickly remediated, I think. But there was a period of time when it was not present on the website.

MR. MOSS: Yes, I'm quite sure I checked Friday; and the latest one there was last October -- for the agendas.

MR. SHAUGHNESSY: Yes. But it may have been Friday, as you say. So there's no disagreement there. But we did comply with the Open Public Meeting Act notice and all other facets.

MR. MOSS: Right.

MR. SHAUGHNESSY: So with regard to No. 22 -- Mr. Moss, please go ahead

MR. MOSS: So again -- Green Issues Coordinator, New Jersey Sierra Club.

This is a variation on the theme. We are running low in open space, as I have noted. Here we have -- and it's come up before -- a suspiciously high ratio of replacement land to diverted land. And I do recall this being -- seeing the notice -- not for this meeting, but the notice for the public meetings that were held. And I do recall looking this up, and getting the tax maps for West Milford. Of course, I didn't prepare again today.

That parcel is a desirable parcel; but there's another problem that the Sierra Club would like to be addressed.

Again, keeping with the goal of the Green Acres Program -- to preserve our open space, to increase the amount, preserve the quality -- there are municipalities that are holding on to land for no clear reason. And there's an appearance that some of this is being banked in case replacement land is needed. We believe -- the New Jersey Chapter believes that unless the land is in the -- I'm sorry, what do you call it? -- the master plan, the municipal master plan as having something in the future that is a goal for that land, or unless there's some other specific indication that the municipality needs this land or has some use for it other than open space -- in the absence of those factors, we believe there should be a rebuttable presumption that it is being held as open space *de facto*, if not in name.

And this was just too easy. It's a big ratio -- it's 42 to 1, which is good -- but we believe that that land -- the replacement land should already have been in the open space inventory, and should not be eligible as

replacement land. This is just another way where our open space can be frittered here and there, and there's all kinds of -- I'll use the word *tricks*; I'm not specifically accusing somebody of trying to trick. But there's all these ways that come up where land that would seem to be open space is suddenly not, because it's not officially open space. And then that enables a diversion of land.

Thank you very much.

MR. SHAUGHNESSY: Thank you, sir.

Anyone else? (no response)

Hearing none, any other members have any questions or concerns? (no response)

Okay, may I have a motion, please?

ASSEMBLYMAN RIBLE: Motion to move No. 22.

MR. SHAUGHNESSY: Yes; second on No. 22?

MS. MELICK: Second.

MR. SHAUGHNESSY: Okay.

Special Counsel Melick.

MS. MELICK: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Addiego has been marked in the affirmative.

Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty has been marked in the affirmative.

And Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Thank you. I believe that concludes the Commission's-- Is there any other business coming before the Commission? (no response)

If not, may I have a motion to adjourn?

ASSEMBLYMAN RIBLE: So moved.

MR. SHAUGHNESSY: Second?

DEPUTY STATE TREASURER ROMANO: Second.

MR. SHAUGHNESSY: All in favor? (affirmative responses)

Thank you very much for your time and efforts today.

**(MEETING CONCLUDED)**