
Commission Meeting

of

STATE HOUSE COMMISSION

LOCATION: Committee Room 3
State House Annex
Trenton, New Jersey

DATE: June 7, 2012
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Dominick DiRocco, Chair
Senator Bob Smith
Senator Gerald Cardinale
Assemblyman Paul D. Moriarty
Assemblyman David P. Rible
Charlene M. Holzbaur
Robert A. Romano



ALSO PRESENT:

Robert J. Shaughnessy
Secretary

Gary A. Kotler
Counsel

Meeting Recorded and Transcribed by
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DOMINICK DiROCCO (Chair): Good morning, ladies and gentlemen. Welcome to the June 7, 2012, meeting of the State House Commission.

Just a reminder -- we have, as you can see, a packed room with a busy agenda. There is a sign-in sheet. If you're interested in signing up, we'll put it on the table on the right side of the room. But, again, if you're interested in testifying and you haven't signed up, listen closely because on each item we'll open the meeting to the public and you will have an opportunity to raise your hand, come forward, and be heard.

Mr. Shaughnessy, can I have a roll call, please?

MR. SHAUGHNESSY (Secretary): Yes. Initially, let me read the Open Public Meetings Act notice, please.

In compliance with the Open Public Meetings Act, notice of this meeting was given by way of notice filed with the Secretary of State, delivered to the State House Press Corps, and posted at the Office of the State House Commission.

Now on to the call to order.

Senior Counsel DiRocco.

MR. DiROCCO: Here.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Here.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Here.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Here.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Here.

MR. SHAUGHNESSY: By the way, welcome, Assemblyman.

ASSEMBLYMAN MORIARTY: Thank you.

MR. SHAUGHNESSY: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Here.

MR. SHAUGHNESSY: And I neglected to call Senator Smith.

I'm sorry, Senator.

SENATOR SMITH: It's okay; present.

MR. SHAUGHNESSY: We have a quorum. Thank you.

I just want to, at the outset, before we start, indicate to everyone that there are two items that are going to be held for the moment. That is No. 4, which is the Freedom House lease matter; as well as No. 23, which is a DOT request in Woodbridge. So No. 4 and No. 23 will be held to a later time.

Thank you very much.

Under old business, No. 1: I'm seeking the approval of the March 15, 2012, State House Commission minutes.

Do I have a motion, second? (affirmative responses)

Thank you.

All in favor? (affirmative responses)

Any opposed? (no response)

Any abstentions?

ASSEMBLYMAN MORIARTY: Abstention.

MR. SHAUGHNESSY: Thank you very much.

Next we move on to discussion of residential lease increases, under old business.

MR. DiROCCO: If I could just jump in for one second, Bob.

We had a discussion at our last meeting about a significant number of residential leases being, perhaps, undervalued. And we had taken -- had a lengthy discussion about doing an analysis of those lease -- residential lease agreements and determining whether they should be changed in any way, shape, or form. And we had given Treasury the direction to go ahead and do that. And subsequently we had received a number of -- well, we became in the possession of a number of letters from lessees who had concerns about that process, and we have put them in the packet. And we wanted to have a discussion here today.

So I guess we open it to the members. If you looked at the letters, did you have any questions, concerns, or issues regarding the letters in the packet?

Assemblyman.

ASSEMBLYMAN MORIARTY: Thank you.

I don't know if this is working. (referring to PA microphone)

I did look at these letters. I wasn't present; I don't know the history behind the request to go back and review these. But some of the -- at least a couple of the letters were compelling to me. Particularly, there is a gentleman who is 77 years old, retired, living on Social Security who has lived in this house for 48 years, taken care of it. Apparently we do no cleanup or anything. And he's going from -- a \$675 a month increase. It seems pretty severe.

There's also another person who has lived in a house for 35 years, Vietnam War vet, disabled. The house is 900 square feet. It's a tiny, little thing and there are all kinds of problems with it. And we're asking for

a \$310 monthly increase at this time, even though there are many problems with the home, apparently, if these -- if what they say is true. And I don't know.

There is one other that didn't particularly sway me, but those were the two that did.

I'm sorry, there is one other -- the one from James Smith, I believe.

But anyway, I thought that they were worth discussion. I thought some of the rent increases would be the types of things that our own constituents would be calling us if a private landlord were to increase their rates to that level.

MR. SHAUGHNESSY: Assemblyman, these were-- Just very briefly, these were considered at the last meeting. But prior to that, we were directed to go out and get fair market value rental appraisals, which we did. The appraiser went out, looked -- familiar with the areas -- looked at the homes and came up with these fair market rental values.

That said, we consistently proposed leases at the fair market rental value. A handful of them went down, stayed the same maybe, and others went up. So we did consistently follow whatever the rental appraisal said. And then we're here today. We have gotten a number of the leases back signed, executed; and then we received these four letters.

ASSEMBLYMAN MORIARTY: All right. And I think I was struck by a lot of the same. And the process was, I think, played out well. Treasury did what we asked them to do, and we didn't have this anecdotal information in these letters when we met last time. And I was struck by some of the same concerns that the Assemblyman has raised. And I guess

the new concern is: How do we-- If we do have an appetite for revision, how do we address just these leases, just because we got these letters, and not address other leases where maybe the constituents didn't write to us? So it's an issue of consistency and parity, I think, that I'm kind of struggling with.

So I kind of just wanted to open it to the Commission and see if anyone had any thoughts on how we might handle this -- whether we leave it as it is or consider some sort of an amended process to deal with these issues.

MR. KOTLER (Counsel): Mr. Chairman, if I could just make a comment.

If the Commission is interested in reconsidering any of these leases, it's the recommendation of the Attorney General's Office that at this meeting -- that the matter only be taken under advisement and that the Commission does not make any determinations regarding any of the rights or leases, as the Commission first should and must develop policy of consistent and objective standards that can be applied to the tenants.

SENATOR SMITH: That's the problem. Consistent and objective is the problem.

SENATOR CARDINALE: May I?

MR. DiROCCO: Senator Cardinale.

SENATOR CARDINALE: I was going to say you have to be consistent. And my own personal evaluation of these, from my own personal experience as a landlord, is that these rents -- and an objective basis -- still seem to me, on average, very low for the premises that we are renting. We have two- and three-bedroom houses that rent for what I think

are, in some cases, less than the property taxes one would pay in many areas -- property taxes alone.

There are individual circumstances where individual people cannot afford the rent. And that seems to be the case that's being made here. There are any number of rental assistance programs which are available through various areas of both the Federal and State government. And perhaps these individuals who have an individual hardship paying the proper rent could receive assistance, and the State would still get its money. And we would remain consistent, and that's the direction I would advise we go -- have our staff advise them of these governmental programs of one or another type.

I know that I have maybe four or five tenants in buildings that I own who can't afford the rent. The rents are relatively low. They're in a rent-controlled town. They're not excessive rents by any means. But even those very low rents are very difficult for some people to meet. And they have, through the Housing Authority of the town, a rental assistance program which they can apply for. It gets evaluated and, in some cases, 80 percent of their rent is paid by a governmental agency. So I think that those programs exist. I can read these things and have the same kinds of feelings toward these tenants as you would. But that's, I think, the appropriate way for us to go.

SENATOR SMITH: Senator Cardinale is not Ebenezer Scrooge. He's a State Senator, and he's trying to do his job. Our job in the State House Commission is to make sure that the taxpayers of the state, the citizens of our state, are fairly compensated for their assets. And using fair market value as the standard should be the standard.

There's a saying in the law that bad cases make bad law, and that's the situation here. You have people who are in very humble circumstances who may have had life experiences or problems that are very difficult. But the flip side of that is, if you make an exception -- if you say, "Listen, when we have somebody in this circumstance, we need to reduce their rent--" the problem is: Where does that stop? How do you deal with all of the other situations where you're charging fair market value for rent? So I have to agree with Senator Cardinale. I don't think he's being unduly cold or harsh. We have to carry out our responsibilities as elected officials. And hopefully--

In fact, maybe one of the things we can do is to say to the State agency that's involved in the lease -- see if they can find any local assistance programs to help these people out or to see if there is a rent control ordinance, or some way, so that legally we're fulfilling our responsibility but at the same time trying to help the people who are involved. But I don't know how you can have a deviating standard. You just can't say, "You know what? We have a widow or an orphan. It has to change." You still have to get fair market value for the citizens.

ASSEMBLYMAN MORIARTY: I agree with everything that has been said, and I don't think anyone is Scrooge here. But I think that there are some times -- certain, unique circumstances that should be considered. And I don't know the porosity of these statements being made, but I have one letter in front of me that says that they live in a house that was taken from them by eminent domain -- I don't understand how that could be -- and that nothing was ever done to the property, and they were allowed to live there and they are now our tenant, and the place is falling

apart. And as landlords, we're not doing what we should be doing as landlords. And now we want to impose a 39 percent increase in rent or something.

From my viewpoint, yes, we should be consistent and we have to look out for the taxpayer. But we also-- If we're going to be in the business of being landlords, we have to be landlords who take care of properties. And these people are claiming that there are serious problems with the properties that they're living in. They have asked the landlords, us, to take care of some of these problems. We have not been responsive to them. They've had to spend their own money to take care of them -- in one case put in a new furnace. I don't know -- I don't have the leases in front of me -- whether they're responsible for all of these things or not. They seem to think they are not. So I think that there are some unique circumstances in terms of our obligation as landlords. Maybe we have not been good landlords. And then we come and ask for a 39 percent increase in one year. So in my mind, I think it would be something that we should at least say -- direct whoever is the appropriate agency to go back and look into these individual cases and see if there is some responsibility that we have and whether the increase is not appropriate given the fact that we have not been responsible. That's all I would ask.

MR. DiROCCO: Assemblyman.

SENATOR CARDINALE: I'd like to add to that, if I may.

ASSEMBLYMAN RIBLE: I'll yield to the Senator.

SENATOR CARDINALE: There's nothing wrong with the Assemblyman's suggestion that we go back and look at whether we are living up to our responsibility.

But the question also occurs-- I think it was 40-some-odd years ago when it was taken by eminent domain, and the State has never done anything. It seems like the State exercised eminent domain in a different sense than I would expect eminent domain to be exercised. Maybe we have changed our minds. Maybe we don't need this property. And we should also look at whether maybe these properties should be returned to the original owners if the original owners still want them, since the State, obviously, is not using them. Or maybe there is a plan -- next week start to use them. I don't know what the situation is. But I think it warrants some investigation. And I think -- along with your suggestion -- I think it's a very good suggestion.

ASSEMBLYMAN MORIARTY: In this letter--

I'm sorry, through the Chair, the letter writer is asking-- They say, "I've been asking to buy the property back or have the property back for years, and no one has given me an answer. If you're not going to use it, give it back to me." So I think that because of those reasons it might be appropriate not to grant their requests but to go look at some of these.

SENATOR SMITH: Study.

ASSEMBLYMAN MORIARTY: Study them and see if there is some accommodation or whether what they say is not true. I don't know. I'm just going by a letter and photo.

SENATOR CARDINALE: I'd just like to-- I know this is your first time here. Some of us have been here longer than we care to have been.

SENATOR SMITH: We're not admitting it. (laughter)

SENATOR CARDINALE: There were, I don't know, some 50 or so of these -- round numbers -- over a period of time. And in most of the instances, the rents were nominal rent, and that's why we embarked on this program of fair market value.

The other side of the coin is, an awful lot of folks for many, many, many years have been enjoying rentals that were ridiculously low and we have finally, over the last couple of years, started to approach them.

I think you should know that. We're not (indiscernible)--

ASSEMBLYMAN MORIARTY: I do know-- I have been told the history and I think it's absolutely appropriate, because we are here for the public good and to make sure the taxpayer gets what they should. And I understand that there have been many, many of these rental units where people were basically living at a very reduced rate. So I think it's appropriate that we do this. Absolutely.

MR. DiROCCO: Assemblyman Rible.

ASSEMBLYMAN RIBLE: Chairman, how many leases were actually sent out? We have three letters of question.

MR. SHAUGHNESSY: Approximately 40, Assemblyman.

ASSEMBLYMAN RIBLE: Forty?

MR. SHAUGHNESSY: Yes.

ASSEMBLYMAN RIBLE: I think Assemblyman Moriarty has a good point that we look into this. And maybe, can the Commission ask someone to actually go visit these properties to see if the validity of these letters are true? I mean, they're saying, "My house is broken down because the State has never been there," and they're probably saying, "They're never

going to show up and look at it anyway.” I mean, some of these may be in good condition and they’re just trying to implore some--

I don’t know if we can do that, but--

MR. DiROCCO: So the question, I think, is: When is the execution deadline for these leases? Do we know that, Bob?

MR. SHAUGHNESSY: The execution deadline of the beginning of the leases is August 1.

MR. DiROCCO: So perhaps we could do one of two things: We could either, before then, ask -- I guess this is DEP, correct, since this is in connection with--

MR. SHAUGHNESSY: Well, they are DEP properties, but Treasury administers them on behalf of the DEP.

MR. DiROCCO: So perhaps we could ask for further analysis. If that timeframe is not appropriate, maybe we can extend the execution of the lease to a timeframe that is appropriate so that we can have the investigation done and then come back here. I don’t know if you guys have a sense if that timeframe would be workable.

SENATOR SMITH: Wouldn’t they be month-to-month at the exploration of the lease if it’s not renewed?

MR. SHAUGHNESSY: Yes. They’re hold-overs.

MR. DiROCCO: So maybe that’s how we handle it. Handle it as a hold-over situation until we--

SENATOR SMITH: Then we can look at this in September.

MR. DiROCCO: Does that seem reasonable?

MR. KOTLER: Well, we do have the number of leases that are executed.

MR. SHAUGHNESSY: About 75 percent of them have come back executed.

MR. KOTLER: I don't know if the State has execution as landlord.

MR. SHAUGHNESSY: I don't believe so.

MR. KOTLER: So if we hold off on that, then it would be month-to-month.

SENATOR SMITH: Right. And the ones that are executed -- if we haven't already gone forward on them, we should go forward on them, because obviously there's not an issue.

MR. DiROCCO: Agreed. Does that seem fair? Is everybody on board?

ASSEMBLYMAN RIBLE: Fine with me.

MR. SHAUGHNESSY: Okay. So for those that are executed, they'll proceed forward, and those that are not we'll investigate, and they'll continue on as they were.

MR. DiROCCO: Do we need to investigate all or only those we have receive anecdotal information with regard to?

SENATOR CARDINALE: I would say only those four, I think.

MR. DiROCCO: That's what I think.

SENATOR SMITH: Right.

UNIDENTIFIED MEMBER OF COMMISSION: I agree.

ASSEMBLYMAN RIBLE: I think the others know they got a good deal. That's why they signed it.

MR. DiROCCO: Thank you.

MR. SHAUGHNESSY: Okay. I appreciate the members' consideration of that.

Next, we're on to No. 3: RPR 12--

SENATOR SMITH: Mr. Chairman and Mr. Shaughnessy, let me ask a favor, if I might. This is on a Committee day. At 10:00 I have the Environment and Energy Committee, and we have eight bills, five of which are contentious. And I really would like to participate in today's meeting. The main event is item 18, which is Tennessee Gas Pipeline leaks. Would it be possible to move that up so we can begin talking about it so I might participate in it?

MR. DiROCCO: Yes, I think it's actually 16 through 20.

MR. SHAUGHNESSY: There are pipeline-related matters: 16 through 20. I think 16 through 19 are Tennessee Gas Pipeline matters, and the other one is a Spectra pipeline matter.

MR. DiROCCO: It makes sense to me.

Does anyone on the Commission have an objection to that? (no response)

So we will deviate from the agenda. We'll move from-- Finishing item 2, we'll move to item 16.

MR. SHAUGHNESSY: Okay.

As stated, 16 through 20 are related matters. We can discuss them collectively, but we'll vote them individually.

No. 16 is: The DEP, on behalf of the Passaic River Coalition, requests approval to allow the diversion of approximately 2.292 plus or minus acres of Waterview Park in order to accommodate the construction by Tennessee Gas of a 30-inch diameter natural gas pipeline as part of the

Northeast Upgrade Project. An additional 4.475 plus or minus acres of parkland are needed by Tennessee on a temporary basis during construction.

To compensate for the proposed diversion and temporary impacts, Tennessee proposes to pay \$400,000 to the Coalition for the acquisition of 9.45 plus or minus acres of a 16.541-acre property located in West Milford Township.

This application, as well as all these applications -- the terms and conditions are as specified in your agenda.

No. 17--

I'm just going to read these and put them in the record, and then discussion may be had on any or all of them.

No 17 is Ramapo Mountain Reservation, Block 1, Lot 54, Mahwah Township, Bergen County.

DEP, on behalf of the County of Bergen, requests approval to allow the diversion of approximately 1.415 plus or minus acres of Ramapo Mountain Reservation to accommodate the construction of a 30-inch diameter natural gas pipeline by Tennessee Gas Pipeline.

An additional 2.696 plus or minus acres of parkland are needed on a temporary basis during construction.

As compensation for the proposed diversion and temporary impacts, Tennessee proposes to pay the County \$700,000. The County proposes to set aside \$50,000 for the acquisition of at least 2.83 acres of replacement land and use the remaining \$650,000 for the implementation of Bergen County's Ramapo Mountain Management Plan.

No. 18 is High Point State Park, Montague Township, Sussex County; Long Pond Ironworks State Park, West Milford Township, Passaic County; Ringwood Borough, Passaic County; and Ringwood State Park, Mahwah Township, Bergen County; and Ringwood Borough, Passaic County.

DEP requests approval to lease, for 25 years, approximately 19.536 plus or minus acres of land within High Point State Park to Tennessee Gas Pipeline Company for the purpose of constructing, installing, operating, and maintaining two 30-inch diameter natural gas pipelines to be constructed parallel to and connected to existing 24-inch diameter natural gas pipeline, as part of Tennessee's Northeast Upgrade Project. An additional 75.751 plus or minus acres of State land are needed by Tennessee on a temporary basis during construction for temporary work space and access roads.

With regard to this, the compensation for the proposed conveyances and temporary impacts, the DEP has negotiated a combination of ground rental, replacement land, and other mitigation measures valued at more than \$12.5 million, including mitigation required by DEP permits and the Highlands Council.

Then there is the next one, which is 19: Borough Hall Park, Block 601, Lot 7, Ringwood Borough, Passaic County. DEP, on behalf of the Borough of Ringwood, requests approval to allow the diversion of approximately 0.375 plus or minus acres of Borough Hall Park to accommodate the construction by Tennessee Gas Pipeline of a 30-inch diameter natural gas pipeline. An additional 1.159 plus or minus acres of the park are needed by Tennessee on a temporary basis during construction.

To compensate for the proposed diversion and temporary impacts, the Borough proposes to dedicate 4.285 plus or minus acres of land as Green Acres encumbered parkland. In addition, Tennessee will pay the Borough \$128,000 to be used for park improvements.

Finally, No. 20: Liberty State Park, matter is various blocks and lots, Jersey City, Hudson County.

The DEP requests approval to lease, for 20 years, approximately 0.93 acres of land within the western edge of Liberty State Park to Texas Eastern Transmission, L.P., a wholly owned subsidiary of Spectra Energy Corporation, for the purpose of constructing, installing, operating and maintaining a 30-inch diameter underground pipeline.

As compensation, the applicant will pay the DEP cash compensation totaling approximately \$2.279 million.

Those are the matters that are up for discussion. If any members have any comments, questions, please look to be heard.

MR. DiROCCO: Senator Smith.

SENATOR SMITH: Chairman, I'd appreciate if Texas -- I'm sorry, if Tennessee Gas representatives -- if they're present -- if they'd come forward.

MR. DiROCCO: Good morning. Please state your name for the record and let us know your title.

G E R A L D C R E E L: Yes, I'm Jerry Creel. I'm the Engineering Project Manager for the Tennessee Gas Pipeline project.

SENATOR SMITH: There is no management representative here?

MR. CREEL: Yes, I'm the pipeline Project Manager. I'm the Manager of the pipeline project.

SENATOR SMITH: Okay. I would have expected a different representative, but I'm happy that you're here.

MR. CREEL: We have a number of people here, Senator, in case there are questions about environmental or engineering issues, or anything like that.

SENATOR SMITH: I have basically two questions: What is the total capital cost of the project in New Jersey?

MR. CREEL: The total capital cost of the project, in total, is now estimated at \$440 million. But that's Pennsylvania and New Jersey. I'd have to--

SENATOR SMITH: Okay. Do you have any idea of what the breakdown is?

MR. CREEL: It's more in New Jersey than in Pennsylvania, so maybe 60 percent.

SENATOR SMITH: Sixty percent.

MR. CREEL: But I'm just guessing, Senator.

SENATOR SMITH: You're talking about a quarter of a billion dollars, roughly -- \$250 million.

MR. CREEL: Yes.

SENATOR SMITH: Okay. I assume that the Company did an economic model of the potential return from the construction of the pipeline. Did they do that?

MR. CREEL: Yes.

SENATOR SMITH: All right. What is the annual return for Texas -- I'm sorry, I keep on saying Texas -- for Tennessee Gas?

MR. CREEL: Tennessee Gas Pipeline.

SENATOR SMITH: Yes.

MR. CREEL: I can't answer that myself. I don't know what the internal rate of return is.

SENATOR SMITH: Would you get one of the representatives who can answer that question?

MR. CREEL: Does anyone have that? (no response)

We don't have that. We can certainly provide that.

SENATOR SMITH: You're not saying that you're going ahead with a quarter of a billion dollar project and you have no idea what the return is.

MR. CREEL: The Company certainly knows what the internal -- the rate of return on the investment will be. And at the level of expenditure required for the project, it has determined that it's appropriate to go ahead with the project.

SENATOR SMITH: What's your normal rate of return?

MR. CREEL: I have seen rates of return between 9 percent and 12 percent on various projects.

SENATOR SMITH: All right, let's call it 10 percent. So at a quarter billion dollars, you're talking, in New Jersey -- just the New Jersey portion -- at least \$25 million a year in terms of profit to Tennessee Gas. Is that a fair statement or am I out of line?

MR. CREEL: Well, you're quicker on the calculation than I am, Senator. But that's-- We're going to make a decent return on the project, yes.

SENATOR SMITH: This is America, and capitalism works. I understand that completely. But I'm trying to get some ballpark figure of what the value -- what the profit is to the company and the value to the company.

This is, I believe, a 25-year lease?

MR. KOTLER: Twenty-five years, yes.

SENATOR SMITH: So we're talking about \$625 million at a minimum, 25 times 25. I remember my times tables. (laughter) So it comes out to about \$625 million for that period of time, at a minimum.

And this is more a question for whoever is responsible in State government for the interagency memo on valuation. Do we have anybody willing to deal with that in State government?

MR. DiROCCO: I believe that was mostly a DEP report, correct? Do we have a DEP representative who would be able to speak to the report?

UNIDENTIFIED SPEAKER FROM AUDIENCE: The DEP has (indiscernible) here. We'll go.

MR. DiROCCO: Thank you.

SENATOR SMITH: By the way, I do appreciate the staff putting the interagency memo in the binder. It's item 28 in the binder if anybody hasn't had a chance to look at it.

MR. DiROCCO: We have that on as a discussion item later, but we can--

SENATOR SMITH: It's going to fit into this discussion. I just point to it as a reference.

BENJAMIN B. WITHERELL: Good morning.

MR. DiROCCO: Please state your name for the record.

MR. WITHERELL: I'm Benjamin Witherell, from the Department of Environmental Protection.

MR. DiROCCO: Thanks, Ben.

SENATOR SMITH: Mr. Witherell, you're familiar with the interagency memo?

MR. WITHERELL: Yes, I am.

SENATOR SMITH: All right. How is it that pipeline easements are valued?

MR. WITHERELL: The recommendations in the report were to value easements on a square-footage basis.

SENATOR SMITH: Fixed price.

MR. WITHERELL: Fixed price with an escalator for consumer price fluctuations.

SENATOR SMITH: You're talking about in the lease.

MR. WITHERELL: In the lease.

SENATOR SMITH: Two-and-a-half percent.

MR. WITHERELL: Correct.

SENATOR SMITH: Upgrade every year.

And by the way, in this lease, is that the (indiscernible)?

MR. WITHERELL: Pardon?

SENATOR SMITH: In this lease, is that a part of it?

MR. WITHERELL: Yes.

SENATOR SMITH: Okay. Why is it that the agencies involved decided on this \$0.15 per square foot number? What was the justification for that?

MR. WITHERELL: The rationale between the \$0.15 per square foot value is based on an analysis we did looking at several factors related to the way State government leased their land for private use. So part of that analysis included looking at several other states, both in the northeast region as well as nationally, and looking at their protocol and the way that they leased their property for similar types of projects. We also looked at what had been done in the past in New Jersey, and we also looked at property values generally in the State of New Jersey.

SENATOR SMITH: And by the way, let me just -- by way of complement say-- Because there is a comparison in the -- in that exhibit 28 of what past leases would have been had this interagency memo been in effect. And the State of New Jersey does better in all cases. So kudos on that end of it.

Senator Cardinale and I have legislation in the hopper to say that the valuation of these leases should be based on the fair market value, not on a fixed price. Now, when I look at the compensation in these cases, based on the \$0.15 per square foot, it seems as though the taxpayers aren't doing so well. I mean, we're doing a lot better than we were. We previously had been giving away the land. Now we're giving it away cheaply, in my view. We did a little sample calculation that the profit potential for the pipeline in New Jersey -- New Jersey portion -- is \$625 million. What is the State of New Jersey receiving for the leases over the 25 years? What is the total number?

MR. WITHERELL: I don't have that with me, but I believe it was--

Judeth, do you have it? (affirmative response)

Ms. Yeany says about \$4 million.

SENATOR SMITH: Is that \$4 million over the 25 years, or \$4 million--

MR. WITHERELL: Over the 25 years.

SENATOR SMITH: Four million for a \$625 million benefit? Does that sound like a fair valuation or fair compensation for the citizens of the state?

MR. WITHERELL: Based on land value and leases of land, yes. Based on profit of the pipeline, that's something that we're not addressing.

SENATOR SMITH: Well, see, that's the problem. We're taking widows and orphans and we're talking about their homes and saying the rent has to be fair market value. But for pipeline companies, we're saying, "We're going to give you a flat fee of \$0.15 per square foot." And the crude calculation -- and I will admit it's crude -- the crude calculation is that the state taxpayers are being compensated to the extent of \$4 million for the rights to build these pipelines through our State forests when the profit for the pipeline company is \$625 million.

Senator Cardinale and I are right in our legislation. And I don't -- I'm not trying to get off the topic. But fair market value should be the standard for everyone, not just the widows and orphans, but also the big corporations. We are-- Our taxpayers are taking a hosing on this deal. We're taking a hosing.

And by the way, unintended consequences-- Do you know what the unintended consequences are? It's always going to be cheaper to go through a state forest than it is to go through private property. So in effect, by having this fixed fee per square foot, we're pushing any American corporation, who has to worry about the bottom line, for the cheapest possible route. And as long as we're not asking for proper compensation, the cheapest possible route will be through a state forest.

What's wrong with us? We are not doing our job by seeing to it that our assets are being properly compensated for it. And this is not dealing with any of the environmental aspects -- whether this is a good or bad project, whether it has anything to do with fracking or not with fracking. I'm just suggesting that our taxpayers are taking a beating. We should have fair market value as a standard for everyone. Maybe I'm off base, but--

MR. DiROCCO: Thank you, Senator.

Any other comments?

Senator Cardinale.

SENATOR CARDINALE: As a co-sponsor of the bill, I share a great deal of the thoughts that Bob Smith has put forward.

But I'd like to ask a couple of additional questions to get a better feel for this. Is this pipeline only on State land?

MR. WITHERELL: No.

SENATOR CARDINALE: It's on other lands as well?

MR. WITHERELL: Yes, it is.

SENATOR CARDINALE: What are you paying for the other lands?

MR. DiROCCO: This is to the Tennessee representative.

MR. CREEL: Yes, our land agent is here.

Dan, could you tell us more about that?

MR. DiROCCO: Could you state your name for the record?

DANIEL GREDDVIG: Daniel Gredvig, the spelling is G-R-E-D-V--
I-G. I'm the Director of Right of Way for Land Projects East.

The valuation that we use to determine value for the private landowners is based on a market analysis of the value of the land that is being crossed. So we did a snapshot appraisal, to begin with, of properties that were in the area that were sold and what those values were of those properties. Then we assigned-- That was a per-acre value. So based on a per-acre value, we established a right-of-way payment for that compensation for the right of way. Then we also used a portion of that compensation to establish the temporary workspace and access road compensation. And then on top of that, the impacts to -- whether it be timber, forest land, crop, or what other impacts we might have. So we have a total compensation package that was used to evaluate that property.

As we have gone through our process, if we were successful in those negotiations, that was the method that we used. If we weren't successful in that process then we went to a fair market analysis of using an appraiser -- an MAI appraiser -- that, in turn, deemed what the appropriate compensation was for the right of way. And then we have offered that valuation to those landowners for that compensation.

We've also done the same thing for the State lands, in a process early on before the valuation process started. We established -- or we went out and had an appraisal done, not knowing that the new valuation policy--

So along the Ogden-Rooney process, we did an appraisal. And that appraisal -- we've got -- and provided that to the DEP as well. But that is less than the value that is being assessed today based on the valuation policy of the \$0.15 per square foot.

SENATOR SMITH: I don't think he answered your question.

SENATOR CARDINALE: In your total compensation-- Now, I understand that there are lands that you're buying, and substituting, and so forth. And there is a cost of that. But in your total compensation -- not just the lease compensation for the State lands, as opposed to your total compensation to private landowners -- what is the comparison? Do you have a number?

MR. GREDVIG: I don't have that broken down to give you. I can tell you that our overall right-of-way budget for the entire project for Pennsylvania and New Jersey is \$25 million, or approximately \$25 million. But that includes right-of-way acquisition, that includes right-of-way acquisition costs, that includes mitigation that we need to do. And of that \$25 million, we are, over the course of the life of this project, paying the \$4-some million of that to the State of New Jersey.

SENATOR CARDINALE: What proportion of the total project involves State of New Jersey lands?

MR. GREDVIG: May I get--

MR. CREEL: (speaking from audience) Dan, it would be about a half of the New Jersey piece -- or a quarter of the whole project.

MR. GREDVIG: Yes, about a quarter of the whole project.

SENATOR CARDINALE: So a quarter of the whole project, if you have \$25 million -- a quarter of that is--

MR. DiROCCO: If I could just jump in, it seems like in sheer numbers the State is being compensated -- and, again, this is not a thorough analysis -- but just in the sheer numbers presented, the State is getting more in terms of dollars in total compensation than the private landowners. But the State's portion -- the State's piece of the prize is about 25 percent of the private -- of the total land acquisition. Is that correct, or am I obfuscating that?

MR. GREDVIG: The value that we're paying to the State -- offering to the State, at \$0.15 a square foot over the -- with the escalator -- over the 25 years, is in excess of what we're -- appraised value -- and of what we're paying a large percentage of the landowners that we're crossing.

SENATOR SMITH: What happens if a landowner says no?

MR. GREDVIG: We try to continue to work with them to try to address their issues.

SENATOR SMITH: What if they continue to say no?

MR. GREDVIG: We continue to work with them and try to address their issues, and ultimately (laughter) -- I understand your question, Senator -- ultimately our -- we would rely on our Federal authority that we're granted from the Federal Energy Regulatory Commission.

SENATOR SMITH: Does that permit you to condemn the property?

MR. GREDVIG: It does.

SENATOR SMITH: Okay. The ultimate hammer.

Can you condemn State of New Jersey property?

CHRISTINE ROY, ESQ.: Yes, we believe--

I'm Christine Roy; I'm Counsel for Tennessee Gas.

Our position is, if we could not get approval--

ASSEMBLYMAN MORIARTY: Could you say it again so it's on the record, on the tape?

MS. ROY: Sure. Christine Roy, R-O-Y; attorney for Tennessee Gas.

I think the position right now is that we absolutely have to consider -- if we didn't get approval today -- condemning the State. It's not something we want to do. It would be a case of first impression for the State. But we would be left with no other recourse.

SENATOR SMITH: When you deal with homeowners, and you tell them in the nicest possible way that at the end of the day, if they don't agree, "We can condemn--"

MS. ROY: Right.

SENATOR SMITH: What's the reaction in terms of the negotiations?

MS. ROY: Most settle, Senator.

SENATOR SMITH: I would guess that they would.

MS. ROY: Yes.

SENATOR SMITH: If you have to condemn, what is the standard of the condemnation proceedings for the valuation of the land?

MS. ROY: It's market value. (laughter)

SENATOR SMITH: End of story.

MS. ROY: Based on an appraisal.

SENATOR SMITH: I understand that.

MS. ROY: Which is far less than what the valuation policy is here. So usually what happens with Tennessee Gas when they make an

offer to landowners, it is higher than what the market value is. So that's why people are better off, in our view, settling.

SENATOR SMITH: Taking the offer.

MS. ROY: And because we can deal with other issues -- when we need to move a fence, we need to-- You know, we can deal with some restoration issues, things like that.

SENATOR SMITH: And if they don't ultimately agree, you can still condemn.

MS. ROY: We have to build our federally (indiscernible) project.

SENATOR SMITH: The problem is that at the Federal level -- if you have to go through the condemnation, the ultimate hammer, the standard is fair market value.

MS. ROY: Correct.

SENATOR SMITH: New Jersey has set a \$0.15 per square foot number as the standard.

Pulling it out of the air -- and I mean that in the most respectful way. You've looked at other states to see what they do. But this is a project that has at least a \$625 million profit potential. It strikes me that \$4 million over 25 years is very poor compensation for our taxpayers.

MS. ROY: If I may, Senator.

SENATOR SMITH: Sure.

MS. ROY: The only thing I'd like to point out with the fair market value here -- with the appraisals that we did -- was something less than \$300,000. So in comparison, the \$0.15 per square foot is a huge -- I

don't want to call it a *windfall* -- but is a huge discrepancy unrelated to fair market value. So it's a much, much greater number.

SENATOR SMITH: I understand what you're saying. On the other hand, who hired the appraiser?

MS. ROY: We used a Green Acres-approved appraiser, an MAI who's on the approved list.

SENATOR SMITH: Okay. Did you have your own appraisal done?

MS. ROY: We used--

SENATOR SMITH: Did you have your own appraisal in-house done?

MS. ROY: No, we used an appraiser-- We actually hired two appraisers at DEP's request to appraise the property, and then that stopped when the valuation policy came out. But we did finish the appraisals. But, yes.

SENATOR SMITH: The problem, of course, is that we've adopted a policy that shortchanges our taxpayers. So the appraisers, I think, are going to necessarily undervalue the property.

With that being said--

That's not my issue, Mr. Chairman. I don't want to beat the dead horse, but it seems to me that we're not doing our job and not getting fair compensation for our taxpayers. It should be fair market value, just like it is in Federal condemnation.

MR. DiROCCO: Understood. Thank you, Senator.

Any other members have any questions, comments?

Senator Cardinale.

SENATOR CARDINALE: From the rough numbers that you've given me in terms of the overall cost of acquisition and the proportion in New Jersey, it seems that if New Jersey was treated as all the other landowners were being treated-- And I understand that there are differences -- maybe a little less expensive in Pennsylvania, a little more somewhere else -- it would seem that we would be entitled, if we just had a straight proportion, to \$6 million rather than the \$4 million.

Now, in addition to the \$4 million in rent, what other costs are you incurring in New Jersey in terms of mitigation costs?

MS. ROY: If I may, again--

ASSEMBLYMAN MORIARTY: Mr. Chairman, can we insist that we get the microphones on? I think this is important testimony.

MR. DiROCCO: Sure. We really need to get this on the record, and it's only going to be recorded if the microphones are on just for everybody. So please try to use the microphone.

MS. ROY: If I may, the one thing I'd like to point out--

MR. DiROCCO: Speak directly into it. I'm sorry, is it working?

MS. ROY: I'm not sure how I know if it's working.

SENATOR CARDINALE: There should be a red light on if it's working.

MR. DiROCCO: Mine is off. Is everybody's off?

SENATOR CARDINALE: Mine went off.

SENATOR SMITH: I'm off.

MR. DiROCCO: We're all off.

SENATOR SMITH: Red means go in Trenton. (laughter)

MS. ROY: It looks like it may be on.

HEARING REPORTER: They're not going on.

MR. DiROCCO: They're not going on.

All right, our bad. I'm sorry. We apologize. After that admonition, it turns out--

Thank you.

MS. ROY: The point I was trying to make-- The rents for the permanent is about \$4 million, but we are paying rent for temporary workspace as well -- and I don't want that to get lost in the shuffle here -- which does end up to be about \$1.23 million. So in total, for temporary workspace and permanent--

SENATOR CARDINALE: So it's \$1.23 million, plus-- Now, are there mitigation costs?

MS. ROY: Yes, the mitigation costs -- the estimated value of the mitigation costs is \$6.344 million.

SENATOR CARDINALE: So your total costs are well in excess of the \$6 million.

MS. ROY: Correct. I mean, part of the compensation is a 4 to 1 ratio of land replacement, which is in addition -- on top of the valuation policy of \$0.15 per square foot, which would be on top of -- as was the 300 Line -- on top of the fair market value for the right. So that's another benefit to the State of New Jersey. Obviously we're going to be purchasing land replacement at the ratio of 4 to 1. And with that there is no cap. I know that was a question. There is no cap on that. That was a total of \$12 million. And we were working with DEP on the replacement parcel. They

gave us a wish list, and we were working to get the top priority property on their wish list, known as the ILAC property.

SENATOR CARDINALE: Thank you.

MR. DiROCCO: Any other questions?

Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Thank you.

Thanks for the clarification on the land compensation. I had originally thought there was some cap on the per-acres. There is no cap, as I understand it today. So that's good.

I guess I'd like to hear from the DEP -- I'd like to hear, on the record, what they believe is the public benefit that's so overarching here.

MR. DiROCCO: All right. So you have Ben, and I guess Judeth, as well, who will be able to speak to that.

Good morning.

JUDETH PICCININI YEANY, ESQ.: Good morning.

I'm Judeth Yeany from the Green Acres Program.

When we evaluate these natural gas pipeline projects, one of the things we have to keep in mind is that they do require a certificate from the Federal Energy Regulatory Commission, and that's called a *certificate of public convenience and necessity*. And basically it is a Federal agency that is determining the need for the project and, to some extent, the route for the project. And everything we do flows from the issuance of that certificate. So when we first proposed to enter into this lease with Tennessee Gas, it was in the context of: If the project gets a certificate, we need to be prepared to decide whether we're going to lease these lands with the

backdrop, as you just discussed, of whether potentially an eminent domain action could be brought against the State at some future point in time.

So I do feel that we do treat these projects differently than we do some of the utility projects, as far as how we approach them and what our constraints are. Beyond that, we try to negotiate a compensation package that, while it may not rise to the level of the bill that's pending, we think was a significant improvement over the last project.

SENATOR SMITH: It is an improvement.

MS. PICCININI YEANY: And it has components that are specifically designed to address the impacts of the projects. We are proposing a 25-year lease. There is ground rental associated with that. But we asked for land compensation because we recognize that that pipeline is not necessarily going away after 25 years. And that has a significant impact on the public lands that it's going to cross. We also have other mitigation measures associated with the project that have a cost to the company but are designed to address the on-the-ground impacts of the project.

So one of the things we said when we had public hearings on this was, "We're a landowner in the path of this project like any other landowner, and we're trying to get the best deal we can for the public."

ASSEMBLYMAN MORIARTY: I want to ask again though, what do you see as the public benefit to the residents of New Jersey? From New Jersey's perspective, is there a public benefit?

MS. PICCININI YEANY: Well, I think the FERC certificate discusses, and there's certainly been other discussions of, the impact that bringing more natural gas into the market will have on the available supply for New Jersey residents and overall prices. I know there is some concern

about gas passing through the state as opposed to serving residents. But we've been told by the company that it serves both purposes.

ASSEMBLYMAN MORIARTY: Is there a shortage of natural gas at this time?

MS. PICCININI YEANY: I think you have to ask--

ASSEMBLYMAN MORIARTY: Because my gas prices are pretty low. Is there a shortage of natural gas; and is there a commitment that all gas that goes along this pipeline will stay in this country and this state, this region?

MS. PICCININI YEANY: I can't answer that question, but I can get up if you'd like them to.

ASSEMBLYMAN MORIARTY: Have they given you any-- Has anyone asked the question on behalf of the state and gotten answers?

MS. PICCININI YEANY: I believe that's what FERC does. They evaluate those issues as far as the need for the project in the overall market. But the Company can answer those questions.

ASSEMBLYMAN MORIARTY: Okay. Is there someone from the Company who can answer those questions?

Thank you, sir.

MR. CREEL: This is Jerry Creel again, Project Manager.

Tell me again exactly the question you were asking.

ASSEMBLYMAN MORIARTY: First of all, is there a shortage of natural gas?

MR. CREEL: I think there is not a shortage of natural gas as currently reflected in the market for natural gas prices. The prices have been going down, and it's gone down as a result of increased domestic

production of natural gas, which has really positively influenced the price of gas in terms of what the consumers pay for it, including New Jersey customers.

ASSEMBLYMAN MORIARTY: Great. So what would you say the public benefit of this project is for the residents of New Jersey?

MR. CREEL: Well, there are several. In fact, we commissioned a study. Rutgers University, the Bloustein School, did an economic impact study. I believe from a labor market perspective -- for people working on the job directly and indirectly -- there was about a \$35 million benefit to the state.

ASSEMBLYMAN MORIARTY: Over how long?

MR. CREEL: For the year.

ASSEMBLYMAN MORIARTY: For the what?

MR. CREEL: For the year.

ASSEMBLYMAN MORIARTY: One year.

MR. CREEL: For the year of construction, yes. And that will be 2013.

In addition to--

ASSEMBLYMAN MORIARTY: So, number one, the public benefit would be employment for one year to the tune of \$35 million.

MR. CREEL: Directly and indirectly, based on the economic study.

ASSEMBLYMAN MORIARTY: Okay. That is a good benefit.

MR. CREEL: Okay. There's an estimated additional \$2 million in ad valorem taxes. Of course supplying -- providing additional

supply for natural gas for everyone brings everyone's -- tends to bring everyone's price down.

ASSEMBLYMAN MORIARTY: But if there is no shortage of natural gas, what's going to be flowing down that line is just going to be sitting in there if there's no need for it. Is that correct?

MR. CREEL: No. The capacity on the pipeline is fully subscribed by our customers. And that is actually the thing that justifies with FERC the need for the project -- is the fact that the market is there for the gas.

ASSEMBLYMAN MORIARTY: Is there a commitment from the Company that the gas that will go down this pipeline will stay in this region?

MR. CREEL: Tennessee Gas Pipeline is a natural gas transmission company. We're a transportation service. We provide that transportation service to our customers. In this case, our customers have subscribed for 20-year contracts for the gas. It is our customers who will sell and determine the market for the gas. We're not involved in that aspect.

ASSEMBLYMAN MORIARTY: So could some of the natural gas that goes down this pipeline -- could it eventually go out of this country?

MR. CREEL: I suppose, if there were the infrastructure associated with doing that.

ASSEMBLYMAN MORIARTY: So if I wanted to develop a port facility somewhere and turn it into liquefied natural gas, I could export it to another country I guess?

MR. CREEL: Yes, you could.

ASSEMBLYMAN MORIARTY: And then once I send this gas overseas and create a worldwide market, would the price of gas, you think, still stay low in this country?

MR. CREEL: Well, you've gotten over my pay grade there. I wouldn't know the answer to that.

MR. DiROCCO: You're making some good points, Assemblyman.

I think the question really is: Do you have immediate plans to do anything with this gas other than keep it serving your customers here in this region?

MR. CREEL: Deliver it to our customers here domestically, yes.

ASSEMBLYMAN MORIARTY: Of course, Tennessee Gas is being acquired by another company. Is that correct?

MR. CREEL: Kinder Morgan, yes. We are now-- In fact, the transition has -- the transaction has been consummated, and we're all Kinder Morgan. Tennessee Gas Pipeline is still the pipeline entity and is a subsidiary, or wholly owned by Kinder Morgan. But the parent company is Kinder Morgan as opposed to El Paso.

ASSEMBLYMAN MORIARTY: Has that taken place already? You're already Kinder Morgan?

MR. CREEL: Yes, we are Kinder Morgan.

ASSEMBLYMAN MORIARTY: As of what date?

MR. CREEL: Actually it was May 24.

ASSEMBLYMAN MORIARTY: Okay. So we may not know all of what's in their mind now that they've acquired this.

Let me just get back to this. So you're \$35 million for jobs for one year. How many jobs will that be? Do you know?

MR. CREEL: Four hundred and fifty is the number that -- on the last project -- the 300 Line project. We're very similar. Actually we have a little more work to do this time. And we had about 450 jobs during the construction activity. And those are direct jobs.

ASSEMBLYMAN MORIARTY: That \$35 million, is that all salaries?

MR. CREEL: That is salaries, and it is also indirect benefits for others who will be impacted by the fact that we have those people working -- the benefits to local suppliers, restaurants, hotels. All of those factors are included in the study.

ASSEMBLYMAN MORIARTY: In that study and in that model that you've come up with, how much is impact to the community and how much is actual jobs out of that \$35 million?

MR. CREEL: I would have to pull the study out to get those numbers for you, but it's in the report.

ASSEMBLYMAN MORIARTY: Do you have a ballpark figure?

MR. CREEL: I couldn't quote that number. I'm not that familiar with the breakdown.

ASSEMBLYMAN MORIARTY: Would it be a third to the-- Okay. I won't push it.

And then \$2 million in taxes. Are there any other benefits, that you want to announce here, to the public benefit?

MR. CREEL: Well, I mean, again, there is a-- Any additional access to cheaper domestic supplies of gas has an impact on the price that everybody pays. And so as you've seen over the course of the last couple of years with the proliferation of domestic gas sources, the price of natural gas has gone down. And this will provide availability access to lower-cost domestic gas production.

ASSEMBLYMAN MORIARTY: Here is what I don't understand -- and I'm not an economist, so maybe I'm way off base. But if I had a product that I was making, and the price kept dropping on it because I had more product than I had demand, perhaps -- that's what makes a commodity go down, I guess -- why would I want to make a whole lot more of it? What would be my incentive to make a whole lot more of a product with a price that's going down so that I could lower the price even more? Why would I invest money to make more of a product and drive the price down? Please explain that to me. I'm not that bright. But there must be an explanation.

MR. CREEL: I can't go beyond Econ 101 as far as supply and demand, and what is the impact that it has on the price.

ASSEMBLYMAN MORIARTY: Well, is there someone here who can answer that for me? Because I'm just missing the idea here.

And thank you, Chairman, for your indulgence here.

MR. DiROCCO: No, I understood. And you make-- Certainly you make great points. And if we can get some clarification, we'd appreciate it. We have-- Obviously the day is getting long. We all have committee meetings to get to. But to the extent that we can sort of synopsise your answer it would be helpful.

S U S A N K I N G: Good morning, Commissioners, members.

My name is Susan King. I'm with the Public Affairs department of the newly acquiring company, Kinder Morgan. And I think we've met with a number of you.

A couple of things: The triggering point for this particular project from New Jersey's perspective was the decrease in supply of Canadian gas coming in through New York that was available into New Jersey. And that is due to the fact that a number of the Canadian power plants are switching from coal to natural gas, as well as using gas sacrificially to drill for additional, more cost-valuable oil.

Additionally, the supplies from the Gulf of Mexico that traditionally came up through the Tennessee system into the northeast, and New Jersey in particular, was lost or shuttered in as a result of Hurricanes Rita and Katrina. That has been offset by the supply from the Marcellus Shale gas development, and then countered by about a 2 percent growth demand per year to New Jersey residents.

So to the Assemblyman's point, there is -- there are two factors that are needed: One was the replacement of the gas that is no longer coming into the region. Second is accommodation of the new demand in New Jersey for gas. PSEG is one of our customers, Elizabethtown Gas, Rockland. So when we can bring this pipeline into the northern tier of New Jersey, all of the interconnects come and serve all of the New Jersey residents.

Even this week there was an article citing PSEG saying that there is a 30 percent reduction in energy costs in New Jersey as a result of the newly imported and developed natural gas that's domestic. So to

virtually every citizen and business in New Jersey -- as a result of the project that we just completed last November, that the other companies are bringing in -- is a defensible and verifiable cost in energy reduction.

In addition to the benefits that Jerry mentioned from the labor standpoint, we'll pay about \$4 million per year during the construction to the State for goods and services taxes, as well as the ad valorem taxes as well.

ASSEMBLYMAN MORIARTY: I'm sorry. I know that you attempted to answer that, and maybe I'm still missing the point here. Has the price of natural gas gone up in New Jersey?

MS. KING: No, it has gone down.

ASSEMBLYMAN MORIARTY: Okay. So that's my point. The cost of natural gas is going down. At the same time, there is a claim that there is not enough gas, that we've lost gas. You would think the price would go up.

Now, I'm not an economist, but I still don't understand why you would want to bring a whole lot more gas at the same time gas prices are falling. That's what I don't understand. Unless there is some other plan down the road from people who want to use this pipeline to send gas overseas, or do something else and be able to create a worldwide market where prices would rise. There's nothing wrong with making money. I understand that. But I don't understand why you make more of a product-- If I was making beer -- which I would like to do for a living (laughter) -- and I had all this beer, and it was \$3 a six-pack, I don't think I'd make three times as much so it would sit on shelves and drive the prices down.

MS. KING: Well, just for point of clarification, the function of the Tennessee Gas Pipeline is to transport gas.

ASSEMBLYMAN MORIARTY: Right. I understand.

MS. KING: So we're basically the Federal Express. Somebody puts the gas in at one end, and somebody else -- or multiple people take it out at the other end. Those would be the customers in New Jersey.

One of the things--

ASSEMBLYMAN MORIARTY: Okay. Well, let me just-- Let's use another analogy. If I was Federal Express and people weren't sending as many packages, I wouldn't go out and buy 500 new trucks and make a bigger fleet unless I knew there was something coming down the pipeline.

MS. KING: I think what-- And I'm sure you have better things to do than to read a lot of the gas activities that are occurring naturally. As I mentioned, some of it is we're replacing decreased supply coming in from other sources. That has had the added benefit of having gas more locally so that it drives the rate costs down.

In addition, you may have noticed that as the prices continue to drop, it's not that it will be exported on the East Coast. There's no intention of that. There are no plans. As you can imagine, it would be very difficult to even site such a facility. But what you're starting to see is a decrease in well production. So some of the companies, as that threshold gets leveled -- as to whether the supply, versus the demand, versus price -- what's decreasing is the drilling capability in some of the companies. So that's starting to have a levelizing effect.

So the summary of the benefits are jobs, revenue to the State, stable and cost-effective gas, and serving the customers of the local distribution companies of New Jersey.

If I've answered your question-- And if not, I'm happy to try again.

ASSEMBLYMAN MORIARTY: Thank you. Thank you very much.

I won't go any further. I appreciate it. My main interest is the public benefit, and that's why I think we're here to determine whether the public benefit is being served.

Thank you for your answers. I appreciate it.

MS. KING: Did I answer your question adequately?

ASSEMBLYMAN MORIARTY: To the best of your ability, I guess, and to the best of my limited ability to understand.

Thank you very much.

MR. DiROCCO: Thank you.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Just for clarification, let's see if I'm right. Basically, you're supplying the customers. So, for example, if PSEG orders *X* amount of gas, you don't know what PSEG is going to do with that gas. They're just ordering the gas and you're delivering it, correct?

MS. KING: Correct.

ASSEMBLYMAN RIBLE: So I think that's-- They're delivering it. And whatever that warehouse is doing with that gas they're doing, and you have no knowledge of it.

MS. KING: Correct. We do not have control over what they do with their gas.

MR. DiROCCO: So I think we have a lot of people who have signed up to testify. We also have about 25 other items on our agenda. So we have a need to really keep our testimony brief, concise, and not duplicate, and not have everyone in the room speak if they're just going to be duplicating efforts.

Ben.

MR. WITHERELL: Mr. Chairman, if I may, before you move on, I think there are two key aspects of the new lease policy that haven't been addressed but relate to this project, and some of the others you're going to hear about today. So I just want to very briefly cover those two points.

MR. DiROCCO: Sure.

MR. WITHERELL: One is that when we looked at what other states often do to lease linear corridors -- pipelines, power lines, etc. -- they do it on a linear-foot basis. That way of doing business and renting the State's land does not provide an incentive for the private companies to shrink their environmental footprint. That's one of the main reasons why we wanted to move to a square-footage basis. By doing it on a square-footage basis, it provides an incentive to the companies to shrink their environmental footprint overall for their project. And, indeed, that was one of the cases with the Tennessee Gas project. Once we instituted our new policy, they came back and said, "You know what? I think we can actually shrink our footprint," because they realized they were going to be able to

save money by doing that. The benefit for New Jersey is a smaller environmental footprint from that project.

The second key aspect that we touched on a little bit but didn't really cover adequately, I think, is that the square footage basis starts at \$0.15 a square foot, and then it increases every year after that by 2.5 percent to essentially keep abreast of inflation. That value for most parts of New Jersey is above what would be considered fair market value by the appraisal industry. In addition, there's a part of the lease policy that says in areas of the state where the land is of significantly more value than that \$0.15 a square foot, we will go back to an appraisal method, direct for that parcel, and use a higher than \$0.15 a square foot value for that property or that parcel.

So those are the two things I wanted to make sure we covered.

MR. DiROCCO: Thank you, Ben.

So at this time we will open the meeting to the public. Again, please keep your comments concise.

Anyone from the public wishing to be heard just come forward.

Mr. Tittle.

J E F F T I T T E L: I'll be quick because I have to run to meetings too.

Thank you very much.

I just wanted to touch base on a couple of items, and I know other folks will touch on things.

A couple of things: When we talk about fair market value, we're basing it on open space, not on commercial value. So when they're going through industrial or commercial property, there's a higher value and we're not getting our fair share. This is now industrial land. It is no longer

open space. The State of New Jersey has invested billions of dollars in these properties along this right of way. And when I say that, I know it for a fact because I live at 167 Snake Den Road, Ringwood. I know the Wanaque Reservoir, the Monksville Reservoir. I was head of the road association when the Monksville Reservoir got built. I worked on acquiring, with different State and public agencies, and nonprofits, virtually every property that's being crossed today -- from the Muscarelle Tract, to the Waterview property, to the Wabash (phonetic spelling) property -- who is a friend of mine. I'll go down the list.

And, quite frankly, we're being cheated by this deal. And the reason we're being cheated by this deal -- and I'll give you some numbers. In the Ramapo Mountain Reserve, when Bergen County -- and I worked with them -- bought Camp Todd, it was \$104,000 an acre. I think it's listed for \$6,500 an acre in this -- the land next to it, where the pipeline is going is \$6,500 an acre.

The value of the water out of the Wanaque Reservoir alone -- our largest reservoir system in the state -- is more than \$2 billion a year. When they put part of this pipeline through part of Lake Lookout, they're still dealing with contamination up there. And we have a reservoir they want to drill through.

On the issue of eminent domain: No judge is going to side with a gas company in drilling through a reservoir if the State of New Jersey doesn't want it, because it looks ridiculous in court. And, quite frankly, if you go to court-- Every time there has been an eminent domain case, they pay through the nose much higher than they negotiate because judges do not like eminent domain.

Another point I wanted to make -- and I think it's really important -- is that when you look on your agenda, you'll see they're paying six times more per acre for the Spectra Line than they're paying for this line; yet this is going through the biggest reservoir system in the state, where the State of New Jersey has invested, under current values -- because the cost of building that system would be well over \$40 billion today in replacement costs. So when you think about the value that this is impacting--

This is the largest block of forested woodlands in the State of New Jersey. In the Pinelands you have the pines. But up in the broadleaf woods, this is the largest spot we have, and we're going through every one of those major tracks that are up there and right through the middle of a -- right through a reservoir.

The final point that I really want to make is that the mitigation property is in the wrong watershed. It's over on the Rockaway, and that's two watersheds away. And for the area that's being -- that's going through by High Point State Park, it's basically in the wrong basins, because those basins are the Delaware and Hudson.

So we think that the State of New Jersey is not getting adequately compensated; that fair market value should be based on the industrial value of the land, not the open space value; and the State of New Jersey, in the long run, is being cheated by this process.

And when they did a lease, AT&T -- and going through New Jersey Turnpike Authority land -- they paid \$0.85 a square foot.

Thank you. (applause)

MR. SHAUGHNESSY: I don't believe that Mr. Tittel needs any introduction, but if anyone else comes up, please introduce yourself on the record.

Thank you so much.

MR. TITTEL: Sorry about that.

K A T E M I L L S A P S: Kate Millsaps from the Sierra Club. That's why I jumped up here with him.

I think it's very ironic that Spectra is also coming before you today basically with a value of \$360,000 per acre, whereas we're looking at \$65,000 (*sic*) per acre for the Tennessee Gas Pipeline, pretty much underscoring the fact that this DEP interagency report is not correctly valuing our State lands if the Spectra lease is looking at the fair market value.

Just to go back to what Jeff said, when Green Acres does appraisals they look at it as deed restricted. No development can occur on there. And we're preparing these appraisals so that development can go forward on that land. The appraisals should be looking at the property in an industrial -- or valuing the property in an industrial sense.

Just a couple of points on what Tennessee Gas spoke to earlier: The contracts are all supply driven. They're not required to figure out the demand side of it. They can't look at it until 60 days before the project is completed, and they have to have that sured up 30 days prior to the project going into service. But it's all supply-side speculative.

And basically, as Senator Smith was saying, we need a higher bar for our State lands. When Tennessee Gas was told they would need an act of Congress to go through the Delaware Water Gap National Recreation

Area following their current pipeline, they suddenly found a way to avoid that land. They found a route that goes over the northern portion of the part, and they do not have to go before Congress now. We need a similar system in New Jersey that does not target our public lands; that makes it so that the private lands are where we're going, especially in the Highlands region where we constantly complain about lack of landowner compensation. These are the types of projects that can generate the funds for landowner compensation by using that property.

And I just want to point out that DEP itself has noted that no condemnation cases ever have been brought against the State. So we should be looking at that as an option, as Jeff said, with the reservoir lands.

And I just wanted to clarify. There is only a portion of the mitigation parcel that is being bought, not the entire mitigation parcel. Is it going to be the portion that has the Susquehanna-Roseland power lines going through it? There's an existing right of way through that property.

MR. DiROCCO: I'm sorry, are you asking a question of the DEP?

MS. MILLSAPS: Yes. I was asking--

MR. DiROCCO: Is there a DEP--

Thank you, Judeth.

MS. PICCININI YEANY: We included a map, and we provided you a copy of it yesterday, of the portion of the property that the company is targeting for acquisition. It's part of a larger parcel. I actually don't know if it's the part that contains the PSEG right of way.

MS. MILLSAPS: Okay. Because I would just like to note that that is a project that will be coming before you again in a few months to ask

to widen that right of way; and you're considering approving a deal to purchase that land, only to be leased out by another utility company within the next two to three years if that project is approved.

MS. PICCININI YEANY: Actually, if I could respond to that-- PSEG has not proposed to widen the existing right of way. They're looking to replace the towers within the existing right of way without widening it to accommodate an additional line. So we have no expectation that, even if PSEG is in that parcel, we're going to have to come back to widen it.

MS. MILLSAPS: Okay. But they would need temporary workspace.

MR. DiROCCO: Thank you, Judeth.

Ms. Millsaps, anything further?

MS. MILLSAPS: We still object to the 10-foot give-back because it's not permanent easement, it's land that they're currently leasing. So in addition to taking away from their mitigation commitments, they're going to reduce their future leasing values.

Thank you.

MR. DiROCCO: Thank you. Thank you very much.

Is there anyone else from the public who wishes to be heard on this? (affirmative responses)

Sir, again, please try to keep it brief. Thank you.

State your name for the record.

ELLIOTT RUGA: My name is Elliott Ruga. I'm the Senior Policy Analyst for the New Jersey Highlands Coalition.

Thank you, Mr. Romano and members of the Commission.

Nobody is looking at the ecological value that these lands provide in the Highlands to filter our water in the Highlands, which as we all know provides almost -- more than half the state's population and their largest industries with a water source. You can look at the New Jersey Highlands as the world's largest Brita water filter. And when you fragment these forests, the mitigation is-- It's not even known if you can actually replace or mitigate the value that is lost.

Nobody is looking at the cumulative impacts of this project along with TGP's other pipeline projects in the Highlands, the Susquehanna-Roseland project. And at what point are we diminishing and degrading the ability for these forests -- which are owned by the people of New Jersey -- to provide a water source to replace that. At what point do we start tangibly, calculably diminishing the value for them to be able to provide this water resource functioning, that they currently -- which we have preserved for this specific purpose?

Thank you.

MR. DiROCCO: Thank you.

Sir.

We can do two at a time.

Sir, thank you. Again, please state your name for the record.

J I M W A L S H: My name is Jim Walsh. I'm the New Jersey State Director for Food and Water Watch.

I'm here today to urge the State House Commission to vote against the Spectra Energy Corporation's expansion project and the Tennessee Gas Pipeline projects -- northeast upgrade.

It's very clear that the Department of Environmental Protection and the Federal Energy Regulatory Commission really have their heads buried in the sand -- looking at only narrow segments of these pipeline projects and willfully ignoring the impacts of these pipelines -- that virtually allows them to ignore the broader impacts that fracking is having on New Jersey, the region, and the globe. It allows them to virtually ignore other pipeline projects, even those connected to this pipeline in question. It allows them to ignore plans to export gas overseas.

The DEP went as far as to say that they would not accept comments on fracking at a hearing in Liberty State Park -- diversion. And it has become a standard agendum to hearings on pipelines to refuse to hear comments on the source of this gas that's coming through these plans. It's extremely relevant where this gas is coming from.

Water contamination from fracking is well-documented. And besides fleecing the taxpayers, as we've heard here today from other speakers, these are public lands in the cross hairs of this pipeline. We buy public lands. A major part of that strategy is to protect drinking water sources. That is a major reason we purchase public lands in this state -- to protect drinking water resources. And this is going through that, impacting the Monksville Reservoir directly.

In the Spectra Pipeline case, DEP specifically lists a 20-year lease is proposed for that instead of 25. The amount of land is 20 acres -- I'm sorry, less than one area, which means that they don't have to look at this as a conveyance that would require broader public input and participation in the process. This is very important. This hearing only got two weeks notice. If they would have had to follow other rules, if they

would have increased the size slightly -- or it needed a 25-year lease -- it would have had whole other responsibilities for public input on this project, which have now been lost for the opportunity for the public to weigh in and have a full picture of this project.

We're sitting here today at a crossroads for our energy future. This pipeline is part of that. These investments, at best, will be abandoned when the public has the power to stand up and oppose these gas and oil giants who are threatening the health and well-being of our state.

I hope that you reject this proposal today and look at the full picture. Don't allow your heads to be put into the sand like DEP and the Federal Energy Regulatory Commission on this project. It's not too late to protect our state from this pipeline and the dangers of fracking associated with it.

And to Assemblyman Moriarty's questions about the export of gas-- The Energy Information Agency has stated that the export of gas through liquefied natural gas facilities will absolutely increase the cost of gas to consumers. So this talk of cheap gas, while there is a major plan underway to export gas to foreign markets, is dubious at best. We are locking us into a gas-based economy that will cost consumers tremendous amounts of money down the road after we've constructed coal plants -- I'm sorry, gas plants, pipelines, and other infrastructure that the industry is working to put in place. We will be locked into that and be required to pay higher prices because of that.

Thank you.

MR. DiROCCO: Thank you, Mr. Walsh.

Sir.

R O G E R E L L I S: Good morning.

MR. DiROCCO: Good morning.

MR. ELLIS: My name is Roger Ellis. I am the Government Affairs Representative for Laborers Local 472.

And we're here this morning to testify in favor of both projects. The Assemblyman mentioned public benefit. Well, public benefit in this project -- both projects -- are the many tens of thousands of work hours that these jobs will provide for our members, members who, in some cases, haven't worked this year, like the fellows who are in the back of the room. We've hemorrhaged jobs over the last three to four years with up to 30 percent unemployment, not just in my Local but locals in the building trades.

These pipeline projects are among the best that we can ever get, providing us with 12 hours a day, 7 days a week. We desperately need these jobs. These are good-paying jobs with benefits. I don't want to take a lot of your time. I think you understand how important these jobs are to us and the building trades. So I just respectfully urge you to move this project -- these projects forward.

Thank you.

MR. DiROCCO: Thank you, Mr. Ellis.

Ma'am, you've had your hand up for a while.

Sir.

Again, please state your name for the record.

W I L M A E. F R E Y: Good morning.

My name is Wilma Frey, F-R-E-Y. I'm here from the New Jersey Conservation Foundation, which is a statewide environmental and land trust group.

I'd like to state that while we do see some improvement in the response to the Tennessee Gas Pipeline in terms of the package that DEP has created -- it is a little bit better than the last time the pipeline project came through -- nevertheless we ask the Commission to please vote no today on these diversion requests -- because among many other reasons, the compensation package remains totally insufficient to compensate the State and its citizens for the detriment the project will cause to the parkland values that are held in the public trust.

We ask you to consider the following points. We have done some calculations on other projects that the Commission is considering today. Agenda No. 17: the Ramapo Mountain Reservation project in Bergen County. The County has secured a much better deal with TGP than the State. The County will receive \$700,000 in cash, which equals \$170,000-plus per acre for the total acreage. The State-- What the-- Let's see-- And then there's also Liberty State Park in Hudson County. Texas Eastern is going to pay \$2.45 million per acre. That is 19 times as much per acre as the State would get for the line going through High Point, Long Pond Ironworks, and Ringwood State Park. So the State-- Clearly there are some ridiculous discrepancies in here in what is -- what the State is going to get for giving up its -- basically its public trust in this case.

In addition, the proposed settlement with Tennessee Gas -- the actual cash is only a part of it. It's a package that relies on the estimates of values that are very difficult to assess.

These mitigation measures: What are they specifically? How will they be implemented? If it's tree-planting, are the trees going to be taken care of? Are they going to be monitored? What's going to be the long-term success of this "mitigation" which is more than -- well more than half of the package. I believe that the cash value is something like \$5.5 million for the leasing. And the rest -- it's, like, up to \$12.5 million for the total value of the package. And there are really problems with knowing whether the -- whether this money is actually going to accomplish what it even is supposed to accomplish.

In terms of the land replacement that's been agreed to, we strongly urge that all of the land, both the temporary impact land -- "temporary impacts" -- those will not be temporary impacts on the construction sites. Those will be impacts that could last for generations. All of the compensation lands should be at the 4 to 1 ratio, not just the "permanent impacts."

And finally, the 10-foot-wide "give-back" to the State is totally ridiculous. This land will be a negative for the State. It is going to be a liability for the State because it is going to have -- according to the ecologist -- Ph.D. ecologist in our office, Dr. Emile DeVito -- it is going to actually become more of a source of invasive species because it is not being maintained any more by the gas company. The gas company should simply maintain that right of way that they're maintaining right now. That would be better. And besides which, the Company is nickeling and diming to try to reduce the square footage of the footprint by "giving" it back to the State and then reducing what it actually has to pay in terms of mitigation. I

think it's not a small -- a large part. It's something like \$170,000 or \$150,000. But nevertheless, it is totally a ridiculous part of this package.

So we really urge this board to vote no and to get the State DEP to go back and redo the interagency report, which we've heard something about today. The whole way that's constructed right now -- it is going to not give the citizens what they deserve in terms of value if we release this land which should not, basically, be released. But if it should be released, the State's public needs to be compensated fairly for this.

Thank you.

MR. DiROCCO: Thank you.

Sir.

ROBERT STEVRALIA: My name is Robert Stevralia. I'm a Business Representative for Heavy and General Laborers Local 472.

My area that I represent the members in is Bergen and Passaic County.

I'm just here to say, look, you have a full room here. There are lots of people. This is nothing compared to what our hiring halls look like right now -- us, the operating engineers, and the teamsters. We desperately need these jobs. I have men with me today who haven't worked all year. Normally, they're solid citizens. I guess you're not taxpayers anymore because you're not working.

It's been devastating.

I also want to remark that the pipeline has been there. This is adjacent to the existing right-of-way of a pipeline that we built -- Local 472 -- in the '50s. You're not-- It's not a big part that some would like you to believe. It's a little piece of ground along side of the pipeline. The Pipeline

is a good neighbor, along with being a very good employer, a very safe place for the men to work, a good payer. They're a good neighbor too. If there's something wrong they will fix it. When a man goes to work on the pipeline -- you ask these guys -- they're told, "You leave this place looking better than when you started here." That's what they say, and they will pay until it gets done. That's another point I'd like to make.

Public benefits are the jobs, gas-fire power plants and things like that that are in the future so we can stop breathing all this polluted coal fire air that we have here. That's the biggest problem in the environment that I know of in the State of New Jersey and maybe the country -- is air pollution. Coal (*sic*) burns clean. We're not going to stop using our electrical stuff. You're not going to shut off your computers and your coffee makers. So why don't you power that with some good, clean energy?

There was mention about mitigation and is it being tracked. It most certainly is, even though the project is long-completed. I do have members up in the area working nursery-type work and landscaping-type work at this time. So yes, it is.

MR. DiROCCO: Thank you, sir.

Anyone else from the public?

Again, I just caution you, please don't repeat what we've heard. We've heard a lot of the same discussion.

B E V B U D Z: I'm Bev Budz, and I'm one of the Northjersey Pipeline Walkers, and I have some handouts real quick I'd love for you to look at as we go along. It's very brief.

If you can open up to the second page, you will see clearly that the scar is a little bit more vast than that nice gentleman that was up here just before me had commented on.

In the last 15 months, Wawayanda State Park has lost 53,000 trees approximately. Our protected State lands now have a scar over 7 miles long and 200 feet wide running through it, with very little reforestation. So we definitely have some net loss. Twenty-six hundred feet of vital wetlands has now become something different entirely. It is a combination of toluene, petroleum hydrocarbons, and mud rendered useless to one of the biggest bird migratory -- excuse me -- one of the biggest predatory bird migrations in these parts of New Jersey, all in the name of progress. Many of you may know its alias, *corporate greed*.

New Jersey has gained very little while Henkles & McCoy, the company hired by Tennessee Pipeline, has profited nicely off our resources. The net value of hardwood from Wawayanda State Park on the open market at only 60 percent is approximately \$16 million. Tennessee Gas Pipeline are no dummies, hiring a known logging company to clear the forest of up to 200 feet of prime hardwoods so they can lay a 30-inch pipe.

Wake up, New Jersey. We are taking it in the neck, giving up our valuable resources for pennies on the dollar, allowing protected vital wetlands and prime forests to be ravaged and exploited, and allowing the hands that do it to be self-regulated.

New Jersey needs to revisit its contract with Tennessee Gas Pipeline. The current deal is a 24-year lease on just the right-of-way, which is conveniently 75 feet, while the max they are taking can be up to 200 feet of forest resources, out to do with as they please and only paying on 75 feet

agreed upon. Whomever cut that deal did not have New Jersey's best interest in mind and, in my opinion, were not being business -- New Jersey business-friendly minded.

I say, make them pay for all they touch -- they cut it, they buy it -- for the term of 24 years, and trees should be counted -- I mean really counted. We have only so much resource. New Jersey ranks number four for the filthiest air in the nation, number three for the highest cancer rate, and we are second to New York in the highest taxes. But we do rate number one in one category: the blatant disrespect for our water and our air. Two thousand open waterways in our state do not meet EPA standards. The only clean water left in New Jersey is the Big Flat Brook River, and that will soon be compromised if the Pipeline has its way.

Wake up, New Jersey.

Thank you.

MR. DiROCCO: Thank you, ma'am.

Just a quick break. Assemblyman Moriarty is going to be leaving us. He wanted to make a quick statement.

ASSEMBLYMAN MORIARTY: Thank you.

MR. SHAUGHNESSY: I'm sorry, Assemblyman.

It should be noted, as well, Senator Smith had other commitments and had to leave previously.

Thank you.

ASSEMBLYMAN MORIARTY: Thank you.

I'm sorry that I have to leave. I chair the Consumer Affairs Committee in the General Assembly, which normally meets at 10:00. I

moved it to 11:00 to be here as long as possible today, but I have to leave for that. If necessary, I will come back after that if this is continuing.

I just wanted to quickly say that on this issue -- which I have left my vote here -- I have abstained on this issue for several reasons. I don't think that we're getting the value. The taxpayers are not getting the amount of money and compensation that they should.

At the same time, there are some public benefits. We are putting people to work who have not been working, and I think that's very important. This is a much better deal than the last deal that we had. And at the end of the day -- although I question the need for more gas -- I'm sure in the future we may need gas, and it's probably a good thing that we're creating homegrown energy as opposed to continuing to rely on overseas energy.

So I have my doubts about this. I think we should be getting more compensation. So I see pluses and minuses in this. And for that reason, I'm abstaining on this issue. Hopefully I will be able to come back after the Consumer Affairs Committee.

Thank you for the time.

MR. DiROCCO: Thank you, Assemblyman.

Sir.

MAYOR GEORGE ZITONE: George Zitone, Mayor of Montague Township.

It's the area in High Point State Park, which is about 50 percent of the Township of Montague.

I'm in favor of the pipeline. It's going to bring revenue to the town, to the area for the restaurants, businesses that are in economic distress in these times right about now. So we're in favor of the pipeline.

Thank you.

MR. DiROCCO: Thank you, Mayor.

Anyone else from the public wish to be heard on this?

Ma'am, sir.

DIANE WEXLER: Thank you.

I'm Diane Wexler, Northjersey Pipeline Walkers. I live in Vernon where they just finished.

I don't want to speak to the money or any of the other issues. I want to tell you the mitigation plan. They did a very nice job. You see some contrasting pictures in the presentation. Where you are in public view, they did a great job planting. When you walk deep into the park where they don't think anyone sees, there is, like, almost nothing. What they did plant will not survive. It's about this (indicating) big. And the numbers of what they said they were going to plant are not there. And in their next to last FERC report -- that section of their work said that their job was completed. So you take all that in and judge that right up there with: Is their word honorable?

Thank you.

MR. DiROCCO: Thank you, Ms. Wexler.

Sir.

DOUG O'MALLEY: My name is Doug O'Malley. I'm the Interim Director with Environment New Jersey. We represent over 30,000 citizen

members across this state. And on behalf of our members, I urge the Commission to oppose this pipeline and this diversion.

I want to make four brief points. The first is that we're talking about a version of Green Acres, which is our landmark program in the State. It has an over 50-year history. It also has continuously received support from the public, most notably at the ballot box for bond measures in recent years. Those measures have been contested, but New Jersey voters have supported Green Acres because of its core mission: preserving our open spaces. I can assure you that if this question was put to our voters that it would fail. Because New Jersey voters don't want Green Acres to go to a private company.

Second -- and this, I think, would enrage New Jersey citizens even more. Clearly, this is a rip-off for New Jersey citizens and New Jersey taxpayers. Just to quote some valuations that the committee has not heard so far: The Woggish parcel -- it's close to the pipeline, and Long Pond Ironworks State Park -- was purchased for \$41,000 per acre. Camp Todd, which we already heard previously -- even more expensive at \$105,000 per acre. That's much more, obviously, than what will be paid. There are no ifs, ands, or buts. This is a rip-off.

Third: DEP did not look at independent analysis. And as we heard from the questioning from Senator Smith and Assemblyman Moriarty, the reason is very obvious. If TGP can get the money (*sic*) cheaper, they'll want to do that. And it's the role of this Commission to stand up for the public and to oppose the diversion for that reason.

And then finally -- and this echoes some of the earlier comments you've seen and what you have in front of you -- is that the

erosion concerns of this pipeline are real. Ask any resident from West Milford and Lake Lookover how Lake Lookover is doing. It's not doing so well, and it's not just because of Hurricane Irene. There were thunderstorms in August of that year that caused massive erosion problems in Lake Lookover. So this isn't just Hurricane Irene. This is also about traditional summer thunderstorms and the impact of erosion on New Jersey's waterways including, of course, the Wanaque.

Thank you.

MR. DiROCCO: Thank you, sir.

Anyone else wish to be heard?

Ma'am, come forward.

And ma'am in the orange.

UNIDENTIFIED MEMBER OF AUDIENCE: I'm going to make it real short.

My name is Brenda (indiscernible), and I've been walking these park -- the New Jersey State parks since 1998, when I moved to New Jersey. And going up the pipeline now I just cry. It is such a disgusting mess. There are puddles of purple (expletive deleted) with small animals dead around it.

MR. DiROCCO: Can we not use expletives, please?

UNIDENTIFIED MEMBER OF AUDIENCE: Sorry, my pardon.

There are dead animals, there are dead mice, there are dead salamanders. It is disgusting; it really is disgusting. And what they put in for regrowth is a tragedy. They took out a beautiful stand of tamarack trees. I had never seen tamarack trees in my life until I moved there and

started walking there. They're gone. There are some there, but this great, big, beautiful stand of them is gone.

I'm sorry, this is what I feel about this. You people are wrong if you're voting to let them keep on going like they are.

Thank you.

MR. DiROCCO: Thank you, ma'am.

M A Y A K. v a n R O S S U M: Good morning. My name is Maya van Rossum. I am the Delaware Riverkeeper.

My organization is the Delaware Riverkeeper Network. We did submit comment in advance. We tried to get them to you early but there was a little bit of a mix-up. So hopefully you all did get an opportunity to review it.

I've also brought over 50 letters from citizens, who learned about this issue just in the last couple of days, to submit for the record. And also Dr. Emile DeVito -- this, apparently, didn't get turned in earlier but needs to. He did a calculation of the negative benefits to the State of New Jersey and actually wrote it up for you. So I'm also submitting this on behalf of Dr. DeVito and the New Jersey Conservation Foundation for the record.

Also, just a few points to highlight from my letter, presuming that actually you had the time to read it.

To speak to Assemblyman Moriarty's comment -- or question about LNG facilities proposed for the East Coast and the response that there were none: That's actually not true. Dominion Cove in Maryland is going to be a big legal battle because they actually want to export the LNG to foreign markets, and that will result in higher prices here, along with all

of the costs from the environmental degradation from the gas drilling that we are going to have to suffer here.

With regard to the environmental assessment: An environmental assessment done under Federal law has to look at environmental harms, but it does also have to look at the need. And the need that is carefully characterized in the environmental assessment put forth by FERC is the need for the Tennessee Gas Pipeline Company to fulfill their contractual obligations. It is not a need for the residents of New Jersey or for the region, and we need to remain to focus on that. Who are benefiting? It's the gas drillers and the pipeline company, it's not New Jersey residents.

The Federal Energy Regulatory Commission says in their documentation that Tennessee Gas Pipeline has done a good job looking at the environmental harms and is working hard to minimize them. I think that that's an absolutely false statement, but it's not just me who has that opinion -- but so do others.

First off, let's be clear that FERC's mission is the reliable, efficient, and sustainable supply of energy at reasonable costs. Their mission is not environmental protection. There are environmental agencies that have been looking at the Tennessee Gas Pipeline who are focused on environmental protection. And they have been clear that Tennessee Gas Pipeline has not done the work that it's supposed to do to minimize harms, or at least has not put forth the information necessary to accurately assess whether or not they have sought to minimize harm.

In Pike County, Pennsylvania -- the 300 Line that's been mentioned several times previously -- a large portion of that went through

Pike County and went through Wayne County. Also, a portion of this project -- the Northeast Upgrade Project -- will go through Pike County. And so because of their bad experiences with Tennessee Gas Pipeline, they've looked very closely at the documentation that has been put forth by TGP for this project and, just recently -- and I've provided it in your packet -- wrote an 11-page letter with 62 points where they identify how TGP failed to fulfill requirements of the law, they failed to provide accurate information, they failed to provide required documentation under the law, and they failed to take -- and this is very important -- all steps reasonable and available to minimize the environmental harms of the Northeast Upgrade Project.

According to the EA documents put forth by FERC, New Jersey DEP has cited deficiencies and discrepancies in the information they received from TGP, and that has yet to be remedied, as far as I understand from that documentation.

The U.S. Environmental Protection Agency has said that TGP did not adequately analyze potential project impacts on sensitive surface water resources. And you've heard from a whole host of environmental professionals today, myself included, who articulate many ways that TGP is falling short when it comes to this project. So when it comes to the environmental assessment and the environmental harms, I don't think we should be looking to FERC, who is looking at energy costs. I think we should be looking to the environmental agencies and professionals who are assessing this project.

The photos that you got from the Pipeline Walkers are fabulous, and they're very, very true to form. The 300 Line that I talked

about on the Pennsylvania side shows that TGP is a very bad actor when it comes to their pipeline projects, and they are not a good neighbor, they are a very bad neighbor. And they continually, time and time again, knowingly violate the law, knowingly ignore notices of violation from State and Federal agencies, knowingly fail to fulfill their permit obligations when it comes to their pipeline projects.

For the 300 Line Upgrade Project, Pike County -- Pike County is just one county in Pennsylvania. During the installation of that project, they found no less than 45 violations of TGP's permit. Wayne County -- they went out and they did just 16 inspections of the pipeline project as it went in. Out of those 16 inspections, 15 times they found pollution, they found violations of permits by TGP for that project. As recently as March-- The 300 Line went into operation in November of 2011. As recent as March, there are still notices of violation because TGP still has not fulfilled its restoration mitigation obligations under their permits. Just in May, finally TGP decides that it's going to implement its restoration obligations for some wetlands on the 300 Line. When did they decide to implement those restoration obligations? At the time when it would be most damaging to the environments and the critters that the restoration was supposed to be operating for.

My staff went out there in May to take a look at what was going on there to further document the ongoing violations by TGP, and we found, happily and sadly, that in the degraded wetlands, the critters that had avoided the construction activities of the year before migrated back and had many, many babies. They were mating and reproducing. And these little, degraded wetlands were filled. They were teeming with life, and we

reached out to TGP and said, "Please, you were supposed to implement your restoration project six months before when you finished this project way back in November, and you didn't. For six months you procrastinated and sat on your hands. Now you're planning when there's -- this wetlands is at the height of productivity -- you're planning to drain it and construct your restoration. Please, now, do sit on your hands. Wait a couple of weeks and let the critters live." What did TGP do? They rushed out two days later, drained the wetlands, and did their project, and it's still a mess.

So with that, I will pass it on.

But please pay attention to the Pipeline Walkers' pictures, because that's what you're in for.

MR. SHAUGHNESSY: Thank you very much.

MR. DiROCCO: Thank you.

Anyone else from the public wish to be heard?

Sir.

Anyone else? (no response)

Again, please state your name for the record.

DAVID PRINGLE: My name is David--

Is the light on? (referring to PA microphone)

MR. DiROCCO: They're not working.

MR. PRINGLE: My name is David Pringle. I'm the Campaign Director with the New Jersey Environmental Federation. We have over 100,000 individual members, and an additional 100 member groups throughout the state, the vast majority of which rely on this area for their drinking water.

As a member of the State House Commission, you are entrusted with looking out for the best interests of our public lands, and this pipeline goes through the best of the best of our public lands. This project will destroy forested land that is our drinking water.

Before you vote on this, you will not be doing your job if you don't look at every single picture in this document. It clearly demonstrates our drinking water lands will be destroyed. It clearly demonstrates that notwithstanding previous testimony, this Company is, in fact, by our own DEP's admission, a bad actor.

And taxpayers are getting ripped off under this deal. These lands are being purchased at \$40,000 an acre, and they're seeking \$7,500 in compensation. Whether you're a flaming liberal or a fiscal conservative, if you sign off on this, it's a joke.

And why are we doing this? We're doing this for two reasons supposedly: so that New York City can get cheaper gas and some understandably down and out workers can get a job. But guess what? The alternatives create just as many jobs. Why are we focusing on bad projects instead of good ones?

Further, this -- if you have to do a pipeline, there are better paths that will create more jobs and that will do less environmental damage, but you have to say no for those to be seriously explored. Why are they doing this? Why are they targeting public lands? Because this Company is a bad actor, and you're letting them get away with a taxpayer rip-off because it's cheaper to rip off the public and taxpayers than to go through private lands and alternative paths. So you are not doing your due diligence if you sign off on this.

And don't cop out. An abstention is a cop-out. Abstention says you don't have guts. Vote no or vote yes. Put your name on the line.

This project is wrong for our public lands, and that is your job. Do not betray the public trust. Do not rip off taxpayers. Do not pollute my drinking water. Vote no.

MR. DiROCCO: Thank you, Mr. Pringle.

Anyone else from the public wish to be heard on this?

D E N N I S H A R T: My name is Dennis Hart. I'm with the DRYL, Delaware River Yachtsmen's League. I represent 3,500 boaters in the area.

I'm really concerned about the pollution and the effect that this pipeline will have on the water and the recreational needs of the community. And I urge you to vote no on that issue.

Thank you.

MR. DiROCCO: Thank you, sir.

Ma'am in the purple.

B A R B A R A S A C H A U: Barbara Sachau, New Jersey resident.

I did want to call the attention of the State House Commission members to the lax and negligent way that the DEP, Green Acres, and New Jersey Fish and Wildlife protect our lands. I feel that -- and I ask that the State House Commission start looking at these two agencies. I do not feel they offer the protection to the citizens of New Jersey or to the idea that the citizens of New Jersey had when they passed the Green Acres and other acts. The protection is simply not there, and I ask for action by this committee to look into those two agencies and to see that they do the job that they were created to do. They have gone far afield, and I do not think they protected the citizens in this matter at all.

And the appraisals that they get are extremely low. I can't believe the appraisals that they come in with. I do not think they are adequate, I do not think they are accurate. And we need some attention to both agencies.

Thank you.

MR. DiROCCO: Thank you.

ANGI METLER: Hello.

My name is Angi Metler. I'm the Executive Director of the Animal Protection League of New Jersey and also the Bear Education and Resource Group, which is located in the Highlands.

We have extreme concerns with this legislation and we urge you to vote no.

I will keep my comments brief because my esteemed colleagues before me dealt with all the issues.

Thank you very much.

MR. DiROCCO: Thank you.

DORIS LIN, ESQ.: Thank you.

My name is Doris Lin. I'm with the League of Humane Voters of New Jersey, and we would like to add our 3,000 members to the list of New Jersey residents who are opposed to this project.

Thank you.

MR. DiROCCO: Thank you.

I don't think I see anyone else from the public wishing to be heard on this matter.

MS. ROY: Christine Roy, again, for Tennessee again.

MR. DiROCCO: Yes.

MS. ROY: I just would like to move into the record that I have some photographs of Bearfort Waters -- it was a water body that was crossed during the 300 Line -- to show what the restoration looks like today. It is upstream of Lake Lookover which you heard something about from the public.

MR. DiROCCO: Thank you.

MS. ROY: Thank you.

MR. DiROCCO: I guess we'll close the public portion of the meeting at this time.

Any comment from the Commission members before we move into a vote on this matter?

MR. STEVRALIA: Is there a chance for me to say something again? I was up here before.

MR. DiROCCO: Can you keep it very brief? We would appreciate it.

MR. STEVRALIA: Yes, I can.

MR. DiROCCO: Yes, sir.

MR. STEVRALIA: Number one, to the gentleman who said we're down and out workers -- these are skilled tradesmen, pal. They're not down and out workers. All right? This is a bad economy. So that's really offensive to them and their families. That's number one. Choose your words a little more wisely.

Secondly: These pictures in here are not the case now. These were taken during construction. Construction is over. You can see by the dates. Number one, the pipe is on top of the ground. It gets buried when the job is finished. The truckload of railroad ties -- that's mats. They've all

been ground up and shipped out to landfills. They're gone. And on and on. This is not a true representation of what is up there now.

Thank you.

MR. DiROCCO: Thank you, sir.

MS. BUDZ: And may I please speak briefly?

MR. DiROCCO: This is going to be the last one. We have to stop it at some point. It's getting-- It's going on too long. We can't have everybody coming up two or three times. Please, keep it quick.

MS. BUDZ: Yes, I understand that. But in all honesty, I'm speaking for the environment which doesn't have a voice here today, except for the people who are willing to drive two hours to come down to speak for it.

Yes, I understand that the economy is bad, and we're all struggling, sir. Trust me, we are all struggling. However, those pictures that you see are accurate. And when those pipes were buried, that mud -- that disgusting, oily mud went into the ground with it. And now it is coming up 8, 10 months later. We're going to areas and we're seeing things rising out of the mud. We are taking tests that have come back positive for toluene and petroleum hydrocarbons 10 months since they've left the area. That tells me two things: either someone is dumping there, or it's buried in the mud and because of the rains that we're having and the heat it's drying it out. And we're going to keep seeing this for quite a long time.

So, yes, he's accurate in saying that the pipes aren't above the ground anymore. However, if you look toward the back of the book you will see smears of silver. That has been tested, and it's come back positive for toluene. I can't think of any other reason why that would be there.

And we're definitely on that, and we're still researching it, and we will continue to. But you have to-- You know, there's more to it than what that gentleman said. And I wanted the chance to state that.

MR. DiROCCO: We appreciate that. Absolutely. Thank you. And we know the pictures somewhat speak for themselves. And we have now, on the record, testimony on both sides of it. So we definitely can take into account both sides.

MS. BUDZ: Okay. Thank you so very much.

MR. DiROCCO: Thank you.

So we're going to close the public portion of the meeting. I guess we're waiting for a motion on--

We take them individually right?

So we're going to do No. 16 first.

MR. SHAUGHNESSY: Yes, we've had discussion and we're going to take the vote individually.

No. 16 is being called for a vote. Is there a motion?

SENATOR CARDINALE: Move it.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and second.

I'll call the roll.

Senior Counsel DiRocco.

MR. DiROCCO: Yes. I'm going to vote yes on this. And I understand, in hearing all the testimony -- and I know emotions are high on both sides of this.

I view the State House Commission's role in this as one that is somewhat limited in so far as I know this matter has been before various

entities at both the Federal, State, and regional level. We've had Federal energy agencies looking into this, we've had State environmental agencies looking into this, regional groups have looked at this from a landuse perspective. Our role here really-- We can factor all those things into the matrix of our decision-making. But really our discrete role here, I think, is to judge the conveyance and the valuation. I know the DEP has done a great job through the interagency report on the valuation process. I'm comfortable with it. I know some folks disagree, and that's fine. That's what happens in these hearings. But because I'm comfortable with the valuation and I think there are many public benefits here, I'm going to vote yes at this time.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes, but I'd like to say a couple words.

One, in terms of the value that we are getting: Out of the \$25 million of site acquisition and mitigation moneys that are being devoted to this project, we're getting about half of it, which is disproportionate to the portion that is in New Jersey, disproportionate in favor of New Jersey. It's not just the \$4 million.

I'm a co-prime sponsor with Senator Smith of the bill dealing with trying to see to it that we get the right amount of money when we

dispose of State assets. I believe that in this particular project, even though that bill has not yet passed, the goals of that bill are being met.

I'm concerned that the principle problems that we have in New Jersey are two. One: A lot of our folks are unemployed, and they're unemployed for a number of reasons. Part of it is the national economy and part of it is some of the impediments that the government of New Jersey has put in the way of people being employed.

Well, this project offers immediate employment to some folks -- maybe 400 or 500. That's going to be temporary. But at the end of this project we will have an infrastructure improvement that I am convinced -- and no one will ever convince me otherwise -- that by increasing the supply of a product one does not increase the cost of the product, one decreases the cost of the product. And one of the major impediments to employment in New Jersey is our high energy costs. By attacking that high energy cost, in the long run we're going to be creating jobs, jobs for our people.

My constituents have a hard time making ends meet. A lot of them have had difficulty at times. Salaries have been reduced, even those who are still employed. If they're not working for the public sector, they're making less money today than they were making before. And if they still had to heat their homes with oil, a lot of them wouldn't be able to heat their homes. Gas has given us a way to heat our homes a little more economically.

But it also does something else. You heard some reference to the fact that it has become a consideration for electric utilities to use gas rather than coal. Gas burns clean. And if it's cheaper than coal, it's going to make for cheaper electricity. That is going to help constituents, and our

businesses. And if we help our constituents and we help our businesses particularly, we are going to create more employment.

I know there are a lot of people who don't want to disturb anything. They don't want to-- I think if someone had just invented the wheel and we were having a conversation about whether we should use the wheel or not, there would be a significant number of people who would come up and testify we should not use the wheel.

We've got to open our minds to progress. We have to stop just reacting by saying no. And that is what this is all about. We have got to go forward; we've got to move on. And natural gas gives us a very rare opportunity to move on, and that's why I'm voting yes.

MR. SHAUGHNESSY: We'll move on with the vote.

Actually, Senator Smith has left his vote. His vote is no.

Assemblyman Moriarty has left his vote as well. His vote is abstention.

And then on to Assemblyman Rible.

ASSEMBLYMAN RIBLE: Thank you.

I will be voting yes on the proposals. I just want to -- just a quick comment.

I think this Commission -- we've heard a lot of good arguments on both sides on this issue. But I think that this Commission has a responsibility to continue to monitor the DEP to make sure the responsibilities are being met and that regulation is being done.

I have to say it's only at these hearings that I hear we have a lax DEP. When I talk to business owners, the word *lax* is never in that

sentence. So I think we have a very strict DEP here. So I have confidence that they'll make sure these projects are done properly.

So I vote yes.

MR. SHAUGHNESSY: Item No. 16, the project of Waterview Park is -- the motion passes.

On to No. 17, which is the Ramapo Mountain Reservation Project.

I will now be calling the roll on that.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. DiROCCO: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote, no.

Assemblyman Moriarty has left his vote to abstain.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes as well.

No. 18 is the High Point State Park matter.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. DiROCCO: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith, no.

Assemblyman Moriarty, abstain.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes as well.

Next, on to No. 19, which is the Borough Hall Park project.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. DiROCCO: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote, no.

Assemblyman Moriarty has left his vote to abstain.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes as well.

And the remaining matter, No. 20, Liberty State Park, Senior
Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. DiROCCO: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith, no.

Assemblyman Moriarty, abstain.

MR. KOTLER: (indiscernible)

MR. SHAUGHNESSY: I'm sorry for that misinformation.

Assemblyman Moriarty voted yes on No. 20.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 20 has passed as well. So that completes the projects.

MR. DiROCCO: Thank you, Bob.

Again, we have 25 items left on the agenda. Anyone here on those items please stick around. You will have an opportunity to be heard.

We will start, I guess, with No. 3.

MR. SHAUGHNESSY: Yes.

Continuing on the agenda, we left off on No. 3, RPR #12-17, Block 110, part of Lot 1, Woodbine Developmental Center, Woodbine, New Jersey.

Treasury, on behalf of the Department of Human Services, requests approval to lease two single-family homes located on the grounds

of the Woodbine Developmental Center to Devereux New Jersey, a private service provider.

Would you please--

MR. DiROCCO: Could we keep the noise to a minimum, please?

MR. SHAUGHNESSY: The service provider was chosen through a competitive process undertaken by the Division of Developmental Disabilities. The matter was tabled by the Commission at its March 15, 2012, meeting so that Woodbine would have an opportunity to comment on the proposed action.

Do we have any comments, public member comments? Is there anyone here from Woodbine to testify or comment?

MR. DiROCCO: Anyone from the public wish to be heard on this? (no response)

MR. SHAUGHNESSY: May I have a motion?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and seconded.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has voted in the affirmative on that matter.

Assemblyman Moriarty has left his vote as an abstention.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 4, I previously mentioned, is held.

No. 5: RPR 12-18, Block 366, Lot 4, Byram Township, Sussex County.

Treasury requests approval to lease a DEP residential property to Jeff Lake Camp LLC, Jane and Dan Kagan, principals. The lease will be for \$990 per month for a one-year term.

Jeff Lake Camp LLC will use the property as a residence for their Director of Camp Activities.

Do I have a motion on that?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has voted yes.

Assemblyman Moriarty abstained on that matter.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes.

Onto DEP requests: No. 6, Hackettstown Fish Hatchery, Block 107, Lot 37, Hackettstown Town, Warren County.

DEP requests approval to lease laboratory and classroom space in a building on the site of the Hackettstown Fish Hatchery to Centenary College for educational purposes.

It is anticipated that it will be a 10-year lease. Rent has been appraised at a value of \$13,682 for years one to five, and \$14,995 for years six to ten. The College will not have to pay rent for approximately the first 4.8 years based on the value of the improvements it will be making to the property, which are estimated to be \$60,000 (*sic*) as more particularly described in this matter.

Do we have a motion?

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Pardon me, any member comment; any public comment on this matter? (no response)

Hearing none I will take the vote.

Senior Counsel DiRocco.

MR. DiROCCO: Yes

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote in the affirmative.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes.

No. 6.

MR. KOTLER: Seven.

MR. SHAUGHNESSY: No. 7, pardon me. I've been informed this matter has Federal funding attached to it.

Project: Six Mile Run Recreation Area, various blocks and lots, Franklin Township, Somerset County.

DEP requests approval to lease farmland in an area known as Six Mile Run Recreation Area to Middlebush Farms, Inc., the successful bidder, for 2-and-a-half years.

The payment will be \$11,748, based on a 2003 valuation by the Department of Agriculture and the DEP, which established a rental rate of \$19.58 per acre for cropland and \$9.79 for pastureland for farmland within the Six Mile Run Recreation Area.

Do I have a motion on that matter?

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment before we call the vote?

Any public comment? (no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked in the affirmative, yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 7 is passed.

No. 8: Delaware and Raritan Canal State Park, Block 9, Lot 19, Franklin Township, Somerset County.

DEP requests approval to lease a historic residential property along the Delaware and Raritan Canal to Sally Suydam.

The State House Commission granted approval in 2007 to lease the property for five years and to abate rent during the entire term in the

amount of \$60,000 for a capital improvements which the tenant undertook and has paid. This abatement has expired. DEP now seeks to enter into a new lease with the same tenant, Sally Suydam, for a five-year term, with a five-year renewal option. Compensation will be \$1,000 a month with annual increases based on the Consumer Price Index.

Is there a motion?

SENATOR CARDINALE: Is the valuation of the \$1,000 month-- How was that derived?

MR. SHAUGHNESSY: The \$1,000, sir, is derived from-- There was an in-house staff appraiser -- done by an MAI appraisal -- based on an comparative rental.

SENATOR CARDINALE: Is this waterfront property?

MR. SHAUGHNESSY: I'm not sure, but I do have someone from DEP who could give more specifics to this.

M A R C I D. G R E E N, E S Q.: Marci Green from DEP, the Office of Leases.

I didn't hear your question, Senator.

SENATOR CARDINALE: Is this a waterfront property?

MS. GREEN: It's right along the Canal, yes. It was a former lock tender's house. It's a historic property.

SENATOR CARDINALE: The reason I asked that question is -- a waterfront property that has been recently renovated to--

MS. GREEN: It's across the road from that Canal. I should point out it doesn't sit right on--

SENATOR CARDINALE: It seems a little low. Are you confident the dollar amount is appropriate?

MS. GREEN: We are. We've been leasing properties in this area for many years, and we're confident with the value.

SENATOR CARDINALE: All right.

MR. SHAUGHNESSY: Motion?

UNIDENTIFIED MEMBER OF COMMISSION: So moved.

MR. SHAUGHNESSY: Second?

MR. DiROCCO: I'll second.

MR. SHAUGHNESSY: Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left a yes vote.

Assemblyman Moriarty abstained.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter has passed.

Onto the next one, No. 9: Delaware and Raritan Canal State Park, Six Mile Run Recreation Area, Block 57.01, part of Lot 41.01, Franklin Township, Somerset County.

The DEP requests approval to convey a total of 0.25 plus or minus acres to New Jersey DOT in connection with roadway improvements and a bridge replacement on Route 27.

In addition to the 0.25 plus or minus acre taking area, the DOT will need to use approximately 0.9 acres of DEP property for temporary construction and temporary access purposes to accommodate the bridge replacement project.

To compensate, DOT will pay \$20,100 to the DEP to be utilized by the Division of Parks and Forestry towards capital improvements to various public parking areas along the Canal Park, including the Rockingham Historic Site.

Do I have a motion on that matter?

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any public comment? (no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: No. 10: Kittatinny Valley State Park, Paulinskill Valley Trail, Block 40, part of Lot 21, Franklin Borough, Sussex County.

DEP requests approval to convey an aerial easement to the County of Sussex over approximately 0.010 acre of the Paulinskill Valley Trail. These rights are needed to connect -- for connection with a bridge replacement on North Church Road, County Route 631, in Franklin Borough, Sussex County.

To compensate, Sussex County will remove all existing and previously proposed bridge structures (*sic*) within the Trail corridor and provide park improvements worth a minimum of \$2,500 or the market value of the easement area, whichever is greater.

Motion?

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

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

Any public comment? (no response)

All right, I'll call the vote.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 11, I'm informed, is a federally funded project as well. It is Bellmawr Baseball Fields, Block 49, part of Lot 1.02, Bellmawr Borough, Camden County.

DEP, on behalf of the Borough of Bellmawr, requests approval to allow the Borough to dispose of approximately 0.747 plus or minus acres of parkland and divert an additional 0.013 plus or minus acres of parkland as easements to the DOT for the construction of the Route 295 and 42/1-76 Direct Connection Project. The project is to improve traffic safety, reduce traffic congestion, and meet driver expectations by providing direct connection.

To compensate, the DOT will provide Bellmawr with 1.707 acres of replacement parkland that will function as an extension of the Bellmawr Baseball Fields and provide space for the construction of a parking lot, detention basin, and covered batting cage.

Do I have a motion on that project?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any public comment? (no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked yes on that matter.

Assemblyman Moriarty, yes as well.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 12: Tannery Field, Block 104, Lot 1 (*sic*), Hackettstown Town, Warren County.

DEP, on behalf of the Town of Hackettstown, requests approval to use 2,321 square feet of parkland to accommodate roadway improvements to the Tannery Field park road.

To compensate, the Town will use a \$3,000 payment from Centenary College to construct a handicap lift at the community pool.

Do I have a motion on that matter?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Okay, moved and seconded.

Any member comment? (no response)

Any public comment? (no response)

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote yes.

Assemblyman Moriarty left his vote yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: The matter is approved.

Next, moving on to No. 13: Francis Mills Preserve, Block 3503, part of Lots 16, 17, 18, and 27, Jackson Township, Ocean County.

DEP, on behalf of the Township of Jackson, requests approval to allow the conveyance to Ocean County of 0.479 plus or minus acres of the Francis Mills Preserve to accommodate roadway improvements and a bridge replacement.

To compensate, the Township will accept title to and dedicate for recreation/conservation purposes a nearly 2.2 acre parcel of undeveloped wooded wetlands currently owned by the County.

Do I have a motion on No. 13?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment or public comment on this matter? (no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked yes.

Assemblyman Moriarty, yes as well.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

Next, No. 14: Pennington Park, Block 5004, part of Lot 2, Paterson City, Passaic County.

DEP, on behalf of the City of Paterson, requests approval to allow the City to develop a new firehouse on 1.35 acres of Pennington Park. In exchange or compensation, Paterson will dedicate, for permanent recreation and conservation purposes, three separate parcels of land totaling 5.79 acres (*sic*).

Do I have a motion on this matter?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and seconded.

Any member comments or questions? (no response)

Any public comment or question? (no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked yes.

Assemblyman Moriarty, yes as well.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter (indiscernible) as well.

No. 15--

I will note right up front that Senator Smith has recused himself in this matter. So his recusal is stated up front.

Municipal Open Space, Block 95, part of Lot 58.01, South Brunswick Township, Middlesex County.

DEP, on behalf of South Brunswick Township, requests approval to allow for the extension of Forest Court South through 0.086 plus or minus acres of open space to provide a more viable means of access to an adjacent 7.15-acre parcel, which is Block 95, Lot 55.02, which is planned for a four-lot residential subdivision. Currently, access to that given block is via Pinter Lane, a 12-foot-wide private right of way.

As compensation, the owner of Block 95, Lot 55.02 has agreed to convey title to 1.985 plus or minus acres of land to South Brunswick Township for permanent open space purposes. The owner has also agreed to the Township's request to extend the 8-foot public water supply main that services the existing dwellings on his property to an existing unlooped water main that serves the existing homes on the Forest Court South subdivision.

Do I have a motion on this?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any members of the public here to comment on this matter?

(no response)

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: It was noted Senator Smith has recused on the matter.

Assemblyman Moriarty abstained on the matter.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is passed.

We have already dealt with, I guess, Nos. 16 through 20, so we're moving on to No. 21 on the agenda. Bear with me for a moment.

Okay, Department of Transportation requests.

No. 21: Route 35, Section A (*sic*), Parcels VX59A1 and VX59A2, Block 357, adjoining Lot 1, Wall Township, Monmouth County.

DOT requests approval to sell by direct sale to the adjoining property owner, Jeffrey Woszczak, a 13,870-square-foot irregular-shaped parcel of vacant land in the highway business zone. The property will be assembled to the adjoining developed commercial property to allow for additional customer parking.

The recommended sale price is \$142,400 as determined in the May 14, 2012, settlement memo included in your members' briefing materials.

Do I have a motion on this?

SENATOR CARDINALE: Move the resolution.

MR. SHAUGHNESSY: Motion and seconded. Okay.

Any member comment or questions? (no response)

Any public questions or comments? (no response)

I'll take the vote.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has been marked yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 22: Route S3, Section 3, Parcels VXW31 and VXW32A, adjacent to Block 80.01, Lot 23, Clifton City, Passaic New Jersey.

DOT requests approval to sell parcels containing approximately 0.0778 acres to the adjacent property owner, Clifton Towne Center, LLC -- the principal is Mark Gabrellian, 450 East 83rd Street, New York, Principal Managing Member -- for use as assemblage after roadway improvements have been completed as per the access permit. The fair market value is \$120,000.

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Do I have a second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any members of the public here to speak on this matter? (no response)

I'll call the roll.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith, yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 23 was held.

We're on to No. 24: That's project (*sic*) 41, Section 1, Parcel VXR3A2, Block 203.01, part of Lot 1, Deptford Township, Gloucester County.

DOT requests approval to sell by auction a parcel of vacant land containing approximately 41,687 square feet, for which there is no permitted access to the State Highway and no local roads adjoining the property.

Both adjoining property owners have expressed a desire to acquire this parcel, therefore the property will be sold at auction with a minimum starting bid of \$45,000, the appraised value.

May I have a motion?

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any public members here to speak on this matter? (no response)

I'll call the roll.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith, yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

We're going on to No. 25: South Jersey Regional Airport, Block 31, Lots (*sic*) 5 and 6.01; Block 31 (*sic*), parts of Lots 7, 8, 12, 13, and 14.01; Block 36, part of Lot 14; and Block 38, part of Lot 4.01, Lumberton Township, Burlington County.

DOT requests approval to lease property owned by DOT on the grounds of the South Jersey Regional Airport. The property contains approximately 484 acres of tillable farm land. The property is currently being farmed on a month-to-month basis by a holdover tenant from when the DOT acquired the South Jersey Regional Airport. DOT is seeking State

House Commission approval to lease the property to the highest bidder at a public auction for farming purposes.

The property lease will be auctioned with a minimum bid of a monthly rental of \$2,000, inclusive of an in-lieu payment to the municipality for a period of three years, subject to the terms and conditions of the Lease agreement.

Do I have a motion on that one?

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any member comment? (no response)

Any public comment? (no response)

I'll call the roll.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith, yes.

Assemblyman Moriarty, yes.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Twenty-five is approved.

On to 26: FAI 101-F(*sic*)-4-3, also known as Route 80, Parcel 73A and 93, Block 1001, part of Lots 3, 3A, and 4, Saddlebrook Township, Bergen County.

DOT requests approval to lease an area, that is less than what is currently being leased, on a month-to-month basis to Belden Tri-State Building Materials, formerly known as Belden Brick Sales and Service.

The proposed monthly rental has increased from the \$515 a month that was established in 2003. DOT has determined that the property cannot be sold, but that it can continue to be leased to the only adjoining property owner for storage of nonflammable building materials.

The recommended monthly rental is \$1,800, inclusive of the monthly municipal service charge of \$353.07, and includes an incremental rental increase of 5 percent per annum on the monthly rental, not inclusive of the monthly service charge.

May I have a motion on that?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and second?

Any member want to be heard on that? (no response)

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

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left a vote, yes.

Assemblyman Moriarty, yes as well.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

We're on to No. 27, which is a Department of Transportation Waiver of Outdoor Advertising Regulations, Outdoor Advertising Application Number 70652, Block 347, Lot 1, County Route 533, East Main Street, Bridgewater Township, Somerset County.

DOT, on behalf of Somerset County Improvement Authority, the landlord; TD Bank Ballpark; Somerset Patriots Baseball Club, tenant; and Somerset Patriots Community Message Display LLC, requests a waiver from outdoor advertising regulations to allow the issuance of an outdoor advertising permit for one freestanding, digital, off-premises sign to be placed on the grounds of the Patriots Stadium.

The sign does not meet regulations because it would be 1,654 feet away from another digital sign, wherein the regulations require a minimum spacing distance of 3,000 feet between digital signs.

The sign provides ballpark advertisers with greater exposure, thereby enhancing marketing opportunities and providing additional revenues for the Ballpark, estimated to be \$125,000 to \$175,000. These additional revenues will strengthen the ability of the Somerset Patriots to repay debt service on the County improvement bonds. Somerset County will also receive 8,400 spots on the sign annually for public service

announcements. DOT will receive annual permit fees of \$170 plus a license fee of \$50, totaling \$220.

Do I have a motion on this matter?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Moved and seconded.

Any member comments or questions?

MR. DiROCCO: Quick question. Do we know if local landuse approval has been granted for this? Is this like a variance from a local ordinance that we're seeking?

MR. SHAUGHNESSY: I'm not sure about the local end. What I'm sure about is the regulations here.

Is there a member of DOT here?

Is it Mr. McGuire?

MICHAEL J. MCGUIRE: Yes, it is.

MR. SHAUGHNESSY: Mr. Michael McGuire is here, and he may be able to help us out on that.

MR. MCGUIRE: Well, actually I can ask Mr. (indiscernible). He's the person involved with the actual application itself.

MR. SHAUGHNESSY: Thank you.

MR. DiROCCO: Good morning. Just a quick question because I want to make sure that we're not overstepping our authority to (indiscernible) local landuse approval. I don't know if it's been a local landuse board that's heard this.

MR. McGUIRE: Any State permit that would be issued would be conditional upon a public hearing being held at the local level and any relevant local approvals being obtained.

MR. DiROCCO: So those hearings were held and the approvals were obtained?

MR. McGUIRE: We haven't issued the permit yet.

MR. DiROCCO: So it will come after this?

MR. McGUIRE: The permit--

MR. DiROCCO: Got it.

MR. McGUIRE: The permit that would be issued would be conditional upon them fulfilling this.

MR. DiROCCO: Okay. That's helpful

MR. McGUIRE: They can't build the sign until they do that.

MR. DiROCCO: Thank you.

MR. McGUIRE: You're welcome.

MR. SHAUGHNESSY: Any other members have a question or comment? (no response) Any public members here -- question or comment? (no response)

Motion?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and second. Any further discussion? (no response)

Hearing none, I will call the roll.

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has voted yes.

Assemblyman Moriarty has been noted to abstain, and left his abstention in this matter.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter passes.

MR. McGUIRE: Thank you for your time today.

MR. SHAUGHNESSY: Thank you very much.

MR. DiROCCO: On 28 -- Item 28, discussion of lease valuation report, we sort of covered, obviously. And Items 16 through 20. I don't know if any members want to discuss it any further now. I think we're -- we've pretty much covered it comprehensively. I think we will leave it off the next agenda unless Senator Smith indicates otherwise, since he was not here. But I think we've fulfilled our obligations with respect to the agenda item.

MR. SHAUGHNESSY: Fair enough. Thank you, Mr. Chair.

Next I just need a motion to sit as the Division of Pensions and Benefits.

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: So moved.

May I have a second?

ASSEMBLYMAN RIBLE: Second.

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

We're now sitting as the Judicial Retirement System board.
We have a few matters to consider here.

This is No. 29 on the agenda. First, I need approval of the minutes of the meeting held on March 15, 2012.

Motion?

MR. DiROCCO: I'll make the motion.

MR. SHAUGHNESSY: Second?

DEPUTY TREASURER ROMANO: Second.

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

Opposition? (no response)

Abstentions? (no response)

Senator Smith has voted yes, and Assemblyman Moriarty did not leave a vote on the pension matters.

Next, confirmation of death claims, retirements, and survivor benefits.

May I have a motion on that?

SENATOR CARDINALE: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Any discussion? (no response)

Any public comment? (no response)

Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith is a yes.

Assemblyman Moriarty did not leave a vote on that.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: Okay. That matter is approved.

And the last is the receipt of the financial statements for the period of January 2012 to March 2012.

May I have a motion on that?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN RIBLE: Second.

MR. SHAUGHNESSY: Motion and second.

Any discussion? (no response)

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

Hearing none, Senior Counsel DiRocco.

MR. DiROCCO: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith has left his vote yes.

Assemblyman Moriarty -- again, no vote left.

Assemblyman Rible.

ASSEMBLYMAN RIBLE: Yes.

MR. SHAUGHNESSY: That matter is approved.

I believe that concludes--

Oh, may I just briefly have a motion to sit back as the State House Commission?

MR. DiROCCO: I'll make that motion.

MR. SHAUGHNESSY: Motion and second.

All in favor? (affirmative responses)

I think that concludes the matters. There is no Executive Session today, no other business coming before the council -- Commission.

Motion to adjourn?

SENATOR CARDINALE: So moved.

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

Thank you very much for your time.

(MEETING CONCLUDED)