
Commission Meeting

of

STATE HOUSE COMMISSION

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

DATE: October 6, 2008
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Robert L. Garrenger, Chair
Senator Bob Smith
Senator Gerald Cardinale
Assemblyman John S. Wisniewski
Assemblyman Declan J. O'Scanlon Jr.
Debra Bell
James Vari



ALSO PRESENT:

Gene Hayman, *Temporary Secretary*

Robert J. Shaughnessy Jr., *Counsel*

Meeting Recorded and Transcribed by
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ROBERT L. GARRENGER (Chair): All right, I guess we can get started.

Thanks for coming to the October 6, 2008, meeting of the State House Commission.

My name is Bob Garrenger. I'm Governor's Counsel.

We are in accordance with the Open Public Meetings Act.

And to get started, I'll call the roll.

Assemblyman O'Scanlon is here for Assemblywoman Karrow, Senator Smith is here, Senator Cardinale is here, James Vari is here for Director Holzbaur.

Debra Bell.

DEPUTY TREASURER BELL: Here.

MR. GARRENGER: Robert Garrenger -- I'm here.

So we're only lacking Assemblyman Wisniewski at this time.

For the record, I'd like to note that agenda Item No. 13 will be held. We're not going to consider that one today concerning the Motor Vehicle Commission.

So our first item of business will be the nomination and election of a temporary secretary. We presently do not have a secretary.

Do we have a nomination for that?

DEPUTY TREASURER BELL: Yes, I would nominate Gene Hayman as temporary secretary.

SENATOR SMITH: Second.

MR. GARRENGER: Let's call the roll.

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Aye.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

So Gene Hayman is now the Temporary Secretary of the State House Commission.

Our first item of old business will be to approve the minutes of the June 12, 2008, Commission meeting, a transcript of which is included in your materials.

Do we have a motion for that?

SENATOR SMITH: So moved.

MR. GARRENGER: Second?

DEPUTY TREASURER BELL: Second.

MR. GARRENGER: Call the roll.

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Abstain.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Abstain.

MR. GARRENGER: Mr. Vari.

MR. VARI: Abstain.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Mr. Garrenger, yes.

The minutes are accepted.

MR. SHAUGHNESSY: Actually, I think they're accepted, but they're not approved for the purposes, because we need a mandatory of five.

SENATOR SMITH: Just in time.

MR. GARRENGER: Assemblyman Wisniewski has just arrived.

Assemblyman, we are in the process of--

MR. SHAUGHNESSY: You can move the minutes of the last meeting.

MR. GARRENGER: We're voting on the minutes.

SENATOR SMITH: The minutes from last month.

ASSEMBLYMAN WISNIEWSKI: Aye.

MR. GARRENGER: With that, I believe the minutes are approved.

And Mr. Vari also votes yes.

Turning to the old business, Mr. Hayman, would you like to discuss No. 3 please?

MR. HAYMAN (Temporary Secretary): At the March 14, 2005, meeting, the State House Commission approved the direct sale to Gale Companies. Subsequently, Gale Companies did not execute the agreement of sale for the purchase. In the interim, they were acquired by a different company, and they approached the Department of Transportation

again. This time, the Department of Transportation, because of a tweak in the regulations, preferred to lease the property instead of an outright sale. So this request is for a five-year lease at \$110 a month.

MR. GARRENGER: Does anyone have any questions about that agenda item?

SENATOR SMITH: No, but just a suggestion.

A number of the members of the committee are lawyers, and we represent all kinds of diverse interests everywhere. I don't know of a client named Gale Companies, but I don't know if that's a -- if there are subsidiaries under there or not. When you have LLCs, you don't know who the managing members are. Just so that we have the ability to avoid conflicts in any way--

MR. SHAUGHNESSY: Actually, Senator, in the--

SENATOR SMITH: We have it?

MR. SHAUGHNESSY: In the binder there is a listing of the principals of the company.

SENATOR SMITH: Let me take a look and make sure I'm not--

MR. SHAUGHNESSY: Tab 3.

SENATOR SMITH: By the way, would they -- would a conflict extend to the board of directors -- if we represented any of the board of directors?

MR. SHAUGHNESSY: Arguably, yes.

SENATOR SMITH: And the good news is, we don't represent any of those either. But it's good to ask the question.

MR. SHAUGHNESSY: Sure.

ASSEMBLYMAN O'SCANLON: If the board of directors' members contributed to a campaign -- I'm not sure they have -- but is that a conflict?

MR. SHAUGHNESSY: Under the current law, I don't know that it is. They may be changing that.

ASSEMBLYMAN O'SCANLON: It's changing all the time.

ASSEMBLYMAN WISNIEWSKI: Campaign contributions, by themselves, under normal circumstances are not generally conflicts.

ASSEMBLYMAN O'SCANLON: Yes, that's what I would assume, but I figured I'd ask the question just in case.

MR. GARRENGER: So, Senator, are you satisfied?

SENATOR SMITH: Yes, I'm good. I move the resolution.

MR. GARRENGER: Seconded?

ASSEMBLYMAN WISNIEWSKI: Second.

MR. GARRENGER: Roll call.

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Abstain.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Let's move along to Item No. 4.

Mr. Hayman, would you talk about that one for a moment, please?

MR. HAYMAN: At the June 12, 2008, meeting, the State House Commission approved disposal of 30-plus-or-minus acres of vacant land at the Ewing Residential Center that were surplus to the Department's needs. Upon further review, it was determined and confirmed that additional acreage was available at the site. This approval is to increase the acreage from 30 to 45 acres and to add a deed restriction to the sale that restricts the use of the property to educational or institutional use only.

SENATOR SMITH: Question: Why the deed restriction?

MR. HAYMAN: Well, this is a Children and Families' facility that is behavioral and problem children. They didn't want a housing development there. So we're going to try to sell it with educational and institutional-- If that fails, we might come back to the Commission and ask for approval to auction without deed restrictions.

SENATOR SMITH: Thank you.

MR. GARRENGER: Does anyone else have any questions on this? (no response)

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. GARRENGER: Roll call.

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Moving along to agenda Item No. 5.

Mr. Hayman.

MR. HAYMAN: At the December 13, 2004, meeting, the State House Commission approved the disposal of 60-plus-or-minus acres of the former Marlboro Camp by auction. This request is to change it to offer the property to the township initially. If they are not interested, then we will continue with the auction.

ASSEMBLYMAN WISNIEWSKI: Is this a request made by the township?

MR. HAYMAN: Yes. Initially, when it was surplus, the township didn't have any interest in the property. It's a new administration, and some changes have occurred. So they want to use the property for open space and fields.

SENATOR SMITH: All right. Now, the note on this is, if an agreement cannot be reached, the property will be auctioned. And it will be auctioned with the deed restriction in it for recreational use only?

MR. HAYMAN: It's currently zoned that way, but it's a 10-acre minimum. So I don't know how we would word it in the auction. We'd have to go to the appraiser and find out exactly how we could word the auction.

SENATOR SMITH: But your understanding is that the town is interested?

MR. HAYMAN: Yes.

ASSEMBLYMAN WISNIEWSKI: I'm going to recuse myself on this. I do some legal work for one of the authorities in Marlboro Township.

SENATOR SMITH: Move the resolution.

ASSEMBLYMAN O'SCANLON: Second.

MR. GARRENGER: All right.

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

And Assemblyman Wisniewski abstains.

That concludes old business. We'll move along to new business.

Agenda Item No. 6, Mr. Hayman.

MR. HAYMAN: The New Jersey Department of the Treasury requests approval to dispose of the former Marlboro Psychiatric Hospital. The property consists of approximately 411 acres of land containing 43 buildings.

It is requested that approval be given to negotiate with Marlboro Township to determine if a solution that maximizes value to the State and township can be consummated. If no agreement is made between the State and township within six months from the date of the State House Commission approval, the property may be sold at auction with the minimum bid to be determined.

SENATOR SMITH: We had a chance to talk about this a little earlier. And I have a little bit of personal angst about kind of doing a blank check here. The options seem to be wide open at the end. I would be satisfied if there was an opportunity for the State House Commission to get a last look at this before the property is transferred. In other words, if there is no agreement within six months from the date of the State House Commission meeting, the property may be sold after coming back to the State House Commission for review. And likewise, even if there is a solution with Marlboro Township to the maximized value, I'd still like to take a last look at it.

MR. HAYMAN: This is the same as North Princeton Developmental Center. When we sold it, permission was granted to go and negotiate with them. But the terms and conditions had to be finally approved by this Commission.

SENATOR SMITH: Right, but that's not the way it reads.

MR. HAYMAN: Right.

SENATOR SMITH: So if you'd correct the reading to that understanding, I'm good with that.

MR. GARRENGER: Okay. So as amended.

SENATOR SMITH: And I'll second it.

MR. GARRENGER: As amended, Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski abstains.
Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

SENATOR SMITH: Mr. Chairman, I'm going to recuse myself from No. 7. My daughter lives on Old York Road in Branchburg Township. I don't know that she knows Mr. Krutsick or doesn't. Just to be safe, I'm out of this discussion.

MR. GARRENGER: Fair enough, Senator.

Mr. Hayman, would you like to describe No. 7, please?

MR. HAYMAN: The New Jersey Department of the Treasury requests approval to lease a DEP residential property located at 529 Old York Road to Edward Krutsick. The rental will be \$820 per month and be for a term of one year with four, one-year renewal options with annual increases based on the consumer price index.

MR. GARRENGER: Are there any questions about this resolution.

ASSEMBLYMAN WISNIEWSKI: Just a quick question. It says that the property is a one-bedroom apartment.

MR. HAYMAN: Yes.

ASSEMBLYMAN WISNIEWSKI: Is it a single-family structure, or is it--

MR. HAYMAN: No, I think it's-- Actually, there are three units in the building.

ASSEMBLYMAN WISNIEWSKI: Okay. And this is a market rent for the area?

MR. HAYMAN: I think we explained before. We didn't get appraisals done on each unit. What we had was a market analysis, which was sort of a short appraisal. And based on the analysis, it's within the appraised value -- is the fair market rental value. We increase it by the Consumer Price Index over the years to try to keep pace with that.

ASSEMBLYMAN WISNIEWSKI: Other apartments in the area are roughly in the same ballpark?

MR. HAYMAN: Yes.

ASSEMBLYMAN WISNIEWSKI: Okay.

Move it.

ASSEMBLYMAN O'SCANLON: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith abstains.

Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Moving along to No. 8.

Mr. Hayman.

MR. HAYMAN: The New Jersey Department of the Treasury, on behalf of the Department of Human Services, requests approval to lease three former employee housing residences, located at No. 1, No. 2, and No. 3 Employee Drive on the grounds of the New Lisbon Developmental Center, to Phoenix Properties-New Jersey, a service provider under contract with the Division of Developmental Disabilities, to be used as group homes. The lease will be for a five-year term with three, five-year renewal options.

Since the lease directly benefits the State by providing residential therapy and other support services to the clients that DHS services, the annual rent will be \$1.

MR. GARRENGER: Are there any questions?

SENATOR CARDINALE: How did you determine which service provider would be given this lease? There are many people who provide these kinds of services. This is a lease, obviously, at a favorable rental to the service provider.

I have no argument with the principle of doing this kind of thing, but was there any competition between various service providers?

MR. HAYMAN: I believe they have the service provider before they offer the properties. I'm not sure of that, but I can get a clarification from Human Services for you. I don't think there is anyone in the audience from Human Services today to explain that.

SENATOR CARDINALE: My concern is that there might be favoritism of one service provider over another service provider. And there are-- I'm aware that there are competing service providers around the state. This is not in my area. But I know in my area there are competing service providers.

DEPUTY TREASURER BELL: The only--

SENATOR CARDINALE: I'm no longer on the board of one of them, but I was, for many years, on the board of one of those service providers. And we never got something for a dollar. We always had to go and pretty much pay market value. I think this is a very good thing for the people in the area and the folks who are going to be served if we can do

this. But I am concerned whether or not-- Is there only one service provider in that area or are there others? How was this one selected?

MR. HAYMAN: I'm sorry I don't know the answer.

But, Bob, can we do something about approving this conditionally?

MR. SHAUGHNESSY: Would it be-- If it was a competitive process, Senator, would that satisfy you -- like a bidding process?

SENATOR CARDINALE: Yes. I was wondering if there was any competitive process for this?

DEPUTY TREASURER BELL: There generally is. I can't definitively answer to this. The rules and regs that DHS follows does require that they compete for service providers. But I could not say with confidence that that was done in this case. It should have been. That's part of their process.

MR. SHAUGHNESSY: Well, since DHS is not here, if you want to consider it, you can put a condition on it. And if there was a competitive process or a bid process to obtain the service providers -- something like that. We could research that and maybe get back--

SENATOR CARDINALE: It would seem, from the \$1 figure, that this wasn't people bidding against one another. It seems that a determination was made that this was a good service provider. And we want to get this thing done, and we want to provide these services. And it might be a good use of this property which we have as State government, and we certainly have-- If the rent was \$1,000, probably that \$1,000 would be coming somewhere or other out of a State appropriation or out of money

that they would raise. So I can understand this is not -- you're not dealing with a private entity or profit-making entity.

But I do have a concern, as I've said a couple of times now, that if there are multiple service providers available, how did we go about selecting this one? And it may very well be that there are not multiple service providers available in that area. This might even be the best service provider available in that area.

SENATOR SMITH: Here is a follow-up question to that: Doesn't the State provide a subsidy to the social service agency that is providing for the group home? This has got to be a community -- is this a community care waiver?

MR. SHAUGHNESSY: I'm not certain, Senator.

SENATOR SMITH: See, I'm wondering if, by our charging rent, that means that we as a State have to pay the agency more money in order to pay the rent back to us.

DEPUTY TREASURER BELL: That's what I'm reading in one of the attached letters -- the justification for \$1 per year lease payments. That's part of this tab. It indicates in No. 3 -- maximizes the Department's community-based program dollars by reducing the provider's overhead costs that would be paid by the Department as part of the provider's operating contracts. So I presume that the rationale here is that they limit the amount of money they would otherwise pay the service provider by providing them the facility.

SENATOR SMITH: Which may deal with the issue that Senator Cardinale brought up, where he said we normally charge fair market. But here we charge fair market it's (indiscernible) the taxpayers

who are going to be paying for it. So I think that may be the answer to that particular issue.

Senator, would you feel comfortable going ahead with this with an explanation on how they pick the service provider? I think we have the money side of it taken care of.

SENATOR CARDINALE: Perhaps, but I'd feel comfortable if somehow we could review how these folks were selected, whether or not there were other folks considered, and in the event that that turns out to be in the negative, we can take another look at this. In other words, if this just happened to be somebody's friend who runs this organization, and we just abandoned the normal process in order to have somebody's friend get this particular facility. I mean, it's three houses. It's a substantial feather in the cap of any organization that can set up three group homes real quick.

SENATOR SMITH: Why don't we move it subject to a satisfactory explanation being received from Human Services.

SENATOR CARDINALE: That would be fine with me, Senator.

SENATOR SMITH: Just ask--

MR. SHAUGHNESSY: As to procurement of this vendor.

SENATOR SMITH: Yes.

ASSEMBLYMAN WISNIEWSKI: I second that motion.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Item No. 9, Mr. Hayman.

MR. HAYMAN: The New Jersey Department of the Treasury, on behalf of the Department of Human Services, Division of Mental Health Services, requests approval to place restrictive covenants for open space on a 359-plus-or-minus acre portion of property located on the grounds of the Ancora Psychiatric Hospital, in Winslow Township.

The deed restriction affords an equivalent or better level of protection for the resources of the Pinelands, which this property is located in.

MR. GARRENGER: Any questions about this resolution or comments? (no response)

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Item 10.

MR. HAYMAN: The New Jersey Department of Transportation, Division of Right-of-Way, requests approval to sell an irregular-shaped parcel containing .05-plus-or-minus acres in Deptford Township, Gloucester County, to the adjoining owner, Cattell Road, LLC, for assemblage to increase the size of his adjacent residential property. The recommended sale price is \$1,500, the appraised value.

MR. GARRENGER: Are there any questions about this resolution? (no response)

SENATOR SMITH: Move it.

ASSEMBLYMAN O'SCANLON: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Next, Mr. Hayman.

MR. HAYMAN: The New Jersey Department of Transportation, Division of Right-of-Way, requests approval to sell an irregular-shaped parcel of vacant land containing .359-plus-or-minus acres located at the northeast corner of Route 44 and Hollywood Avenue, in Carneys Point Township, to the adjoining owner, Habitat for Humanity, for use as additional parking. The recommended sale price is \$15,000, the appraised value.

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

The next one, Mr. Hayman.

MR. HAYMAN: The New Jersey Department of Transportation, Division of Right-of-Way, requests approval to dispose of .054 acres, or 2,350 square feet, of irregularly shaped vacant land located at Shaw Avenue and adjacent to Route 78, in the city of Newark, to the adjoining property owners, Mary and Curtis Baker, for assemblage used to increase the size of their adjacent residential lot. The recommended sale price is \$1,500, the appraised value.

MR. GARRENGER: Any questions or comments on this item?

(no response)

SENATOR SMITH: Move it.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Item 13 is being held.

We will move along to No. 14.

Mr. Hayman.

MR. HAYMAN: The New Jersey Department of Environmental Protection, Division of Wildlife, requests approval to sell, at public auction, 11.7-plus-or-minus acres of land known locally as Eagles Manor Farm, along with several residences and associated buildings. The parcel to be sold is part of an overall acquisition of 763 acres purchased as an addition to the Dix Wildlife Management Area.

SENATOR SMITH: I would like a little more explanation on that. Is DEP here?

MR. HAYMAN: Yes.

And, Mr. Chairman, there is someone to speak also.

J U D E T H P I C C I N I N I - Y E A N Y: I'm Judeth Yeany, from the Green Acres Program.

What would you like to know about the project?

SENATOR SMITH: Well, it looks like this is part of a larger -- of an acquisition program. It says: acquisition of 763 acres to the Dix Wildlife Management Area. Normally, if you're acquiring, you're normally not selling. Why are we selling and acquiring at the same time?

MS. PICCININI-YEANY: Well, this is a situation where we would have preferred not to have acquired the buildings in the first place. But the previous owner did not wish to have two separate sales of his holdings. He wished to just divest himself of everything he owned. And we did, within the process of -- when we were under contract for the property,

and leading up to this request to auction -- we shopped the property around for alternative uses to keep it in State ownership. We have not been able to come up with a feasible plan. I know there is someone here to comment on that particular issue, so you'll hear more about that.

SENATOR SMITH: Well, on the 11.7 acres, how much of it has buildings on it, and how much is vacant?

MS. PICCININI-YEANY: If you look at the survey that we attached to the summary, we knew at the time that we acquired the property that we either wanted to auction or somehow lease off this area. And you'll see that the 11.7 acres is pretty tightly drawn around those buildings.

SENATOR SMITH: It looks like you have a fenced-in area, or are they two buildings -- two rectangular-shaped structures?

MS. PICCININI-YEANY: No, there's not a fence around the residential area. If you look at the area, the dotted line is the driveway from the main road, at which point you take a right onto that shorter segment of the dotted line and enter the area that we've proposed for auction. And part of the reason the line is drawn the way it is, is to capture the pond on the area that we would be auctioning off. And then it pretty closely hugs those barns there, those red structures. It goes along the shoreline where there is actually a dock that has a building associated with it. And then it goes up the other side of the already developed, cleared area. If you look at this area right in here, that's a parking lot area. So the line pretty much hugs what's in residential use right now.

ASSEMBLYMAN WISNIEWSKI: What is this fenced-in area -- or it looks like a fenced-in area here?

MS. PICCININI-YEANY: I believe what that is, is-- I actually was just at the property myself recently. But I thought that was a parking area -- like kind of a graveled area. It appears to be a fence on the aerial, but I don't think it is.

SENATOR SMITH: What is the property currently used as?

MS. PICCININI-YEANY: Right now, the previous owner occupied it as a residence. Apparently, he was like a gentleman farmer. He actually raised game birds in some of the outbuildings. We had concerns about vandalism when we first acquired the property, and so there is actually a Fish and Wildlife employee living in the smaller of the two residences, just to keep people from going back there and vandalizing the buildings. Otherwise, the buildings are vacant.

SENATOR SMITH: What was the pond used for?

MS. PICCININI-YEANY: I believe that was associated with the game bird operation. But I don't know exactly.

SENATOR SMITH: Do you know how much the State paid for the property?

MS. PICCININI-YEANY: Yes, that's in the summary. We paid-- Well, we had a certified market value. I think they actually paid a little less than that. But the certified value was \$4.8 million. Unfortunately, it didn't break down the 11.7 acres, as we now propose to sell them, so we didn't have an exact value at the time of acquisition as to what we thought this area was worth. I've heard the project manager who handled the sale -- he estimates that -- of course the market keeps changing -- but his original estimate was that he thought this part of the property might be worth \$2 million.

SENATOR SMITH: There was a note in the comments that there was some concern expressed by the public that this might be used for some fuel oil facility. What's that all about?

MS. PICCININI-YEANY: Our disposal process requires us, for a property of this size, to have two public hearings, the first one being the municipality where the property is located. So when our staff person went down to Fairfield Township to conduct the first hearing, some of the local residents came out to find out about our plans and said that they had been hearing that a local businessowner was interested in the property. His business is delivering fuel oil. And with there being big, barn-like structures on this property, I think they thought he would acquire the property, store his trucks in the barns, and that that might lead to damage to the property. As you saw from what we included in the packet, the property is currently zoned agricultural, and we're not -- there are some other associated uses that are allowed since it can't be just for farming. We're not reading the zoning to allow that type of operation to happen on the property, although we hear conflicting things about whether they enforce the zoning ordinance in that particular town.

SENATOR SMITH: Well, if you want to give yourself an insurance policy, you could also make it deed restricted and then define the agricultural uses.

MS. PICCININI-YEANY: Yes. Actually, the way our process works is, under our disposal statute, Treasury would set a value based on current zoning. And we're actually required to include in the deed, under our statute, a clause that says that if the property is rezoned to a more

valuable use within the next 25 years that some of that increased value has to come back to the State.

ASSEMBLYMAN WISNIEWSKI: Just a question: Does this come with any rights in the river? It looks like the boundary line goes out into the river.

MS. PICCININI-YEANY: The boundary of the 11.7 acres does not extend into the river. It pretty much hugs the shore where there already is a dock. And we did investigate whether the dock was legal. And as far as we can tell, it is.

ASSEMBLYMAN WISNIEWSKI: Just one other question: You said that the estimated value is \$2 million. Looking at the information that was provided to us, in the original acquisition, the Manor House boathouse and dock on 20 acres was assessed at a million -- or was estimated to be valued, at fair market value, at a \$1.7 million.

MS. PICCININI-YEANY: That was our Project Manager's estimate of the value. But Treasury is about to do an updated appraisal.

ASSEMBLYMAN WISNIEWSKI: Okay.

MR. GARRENGER: We do have someone who has signed up to testify about this agenda item. If we're done with DEP, it might be a good time to call on a Sandy Batty, of the Association of New Jersey Environmental Commissions.

MS. PICCININI-YEANY: I'll stay up here in case there are any questions.

SENATOR SMITH: Sure.

MR. GARRENGER: Welcome.

SANDY BATTY: Thank you.

As mentioned, I'm Sandy Batty. I'm the Executive Director of the Association of New Jersey Environmental Commissions, otherwise known as ANJEC. We have been coordinating a group of nonprofit organizations down in the South Jersey Bay Shore. We have 21 environmental and historic nonprofits that work in the area.

We had proposed to DEP that this would be a cultural and environmental center for the region. What we requested of DEP was to give us six months to look at -- to conduct a feasibility study of whether we have enough organizations that could rent space, and have exhibits, and make it a cultural ecotourism-type center, and whether we could get the funding together.

What I don't think was mentioned in the summary is, this is really a treasure, this Eagle Manor. It's a pattern-brick house, and in the pattern it actually has the builder's initials and the year 1757, which was the year it was built. So it's really an amazing structure, and a beautiful house, as well as a beautiful location. And I think it's too bad if this would go into private hands now that the State has acquired it.

The State did acquire it with help from the Federal funding under the Coastal and Estuarine Land Conservation Program. And it's our understanding that if it goes back to private hands, some of that money will be lost -- about a million dollars. So there is something that the State stands to lose from this too.

The other thing, as I mentioned, is the historic value of it. I think that it really should -- before it passes out of State hands, it should be placed on the State Register of Historic Places. It doesn't protect it from everything, but at least it gives recognition to the historic value of this

property. So we would like to see that it's not put up for auction before that is accomplished.

Considering the current financial and real estate markets, I think the delay would not hurt the State. I think right now everything is up in the air. So to delay it for a time so that the South Jersey Bayshore Coalition can work to accomplish -- to see if we can do a feasibility study and also to make sure that this is on the historic register would be two worthy goals.

Thank you.

SENATOR SMITH: Have you started the feasibility study?

MS. BATTY: Just informally. We haven't done anything-- We put out feelers to possible funding sources. We polled our various organizations to see which ones might be willing and interested to pay rent if we should acquire it.

SENATOR SMITH: Is the house historically in tact?

MS. BATTY: No, it isn't. Actually, somebody put a window in right over one of the initials so that the-- I mean, even on the outside-- And then there was an addition put on too. So those things -- it's not completely in tact. But to save it from any further destruction--

SENATOR SMITH: Judeth, is she correct that the State will have to return money to the Federal government if it's sold?

MS. PICCININI-YEANY: Actually, what ended up happening with the Federal funding was that when the issue was brought to their attention -- that we were thinking of selling off this area with the buildings, our contacts at the Federal government said, "Our funding is not to be used for just buildings in the first place. We should have excluded that area from

our grant.” So that area was going to be a wash regardless of what happens with this auction. They needed to amend their funding. But we have confirmed that we won’t lose the rest of the funding that was going in for the vacant portion of the property.

As far as the building goes, except for the window, the outside is mostly in tact. My understanding is that the inside was completely renovated and that there is not much historic value inside. We have been discussing with the State Historic Trust the possibility of them holding a façade easement on the property, and they’re very supportive of that.

SENATOR SMITH: What?

MS. PICCININI-YEANY: An historic façade easement on the property so that the previous owner would not be able to make -- the next owner would not be able to make substantial alterations to the outside of the house. And I believe our summary indicated that that’s one of the conditions that would be attached to the auction.

As far as the timing of all of this-- What we had suggested in the summary, being aware of the request by the coalition, was that we would not -- even though we were asking for approval for the auction now -- we would not move forward with the auction before November 15. And I’m not even sure it would happen before then anyway, because we need to do an appraisal, and we need to figure out this historic easement, and there’s at least one other issue we have to resolve with the well. The reality is that we’ve been talking to groups about this property since before we closed on it -- really since late 2006, and we closed in 2007. We’ve performed no maintenance on these buildings in the time that we have owned them. So our concern has been keeping the buildings in tact until

somebody with the financial resources to take care of them can step in, whether it's the coalition or whether it's a new owner. And to date, we have not been presented with any proposals that really have any financial backing associated with them.

SENATOR SMITH: What do you think the likelihood is that you will be able to put the financial resources together to acquire the property?

MS. BATTY: It's tough to say. I can't guarantee it, so I-- Maybe it's a 50 percent chance at this stage. As I mentioned, we have put feelers out to corporations to see if somebody would be willing to help back this.

SENATOR SMITH: Do you think you could get your feasibility study done in four months instead of six?

MS. BATTY: Yes.

SENATOR SMITH: What if we changed the date to January 15 -- the request that the auction not be done until January 15? That way we give the organizations four months to get their feasibility study done and to take a legitimate shot at it.

SENATOR CARDINALE: I think that's good.

I have another question. DEP owns some property up my way, not in my district, which sounds to me like there's kind of a similar arrangement where the buildings were rented to an outfit that actually has maintained them and holds events there -- the Skylands Manor, or something like that. Are you familiar with that?

MS. PICCININI-YEANY: Yes.

SENATOR CARDINALE: Would this property-- I don't know the size of the buildings. Would this property lend itself to that kind of functional use?

MS. PICCININI-YEANY: We do have someone elsewhere in Natural Resources who is working on that particular lease. I suspect the distinction between the Skylands and this property would have to do with the location. Skylands is used as a banquet facility and is run by, essentially, a concessionaire.

SENATOR CARDINALE: Right.

MS. PICCININI-YEANY: And it does attract a wedding trade from New York City and North Jersey. This property is pretty remote. It's in Cumberland County, and it takes close to two hours to get there from Trenton.

SENATOR CARDINALE: Is there a population center in the immediate vicinity?

MS. PICCININI-YEANY: Sandy might know that better than I do, but not as far as I know.

MS. BATTY: No. Well, I think more it would be drawing from Wilmington, Delaware, if anything.

MS. PICCININI-YEANY: Possibly Philadelphia.

MS. BATTY: And Philadelphia. It's in the Millville, Vineland, Bridgeton area.

SENATOR CARDINALE: You see, what I like about that Skylands facility is, at very little State obligation, if any, that property has been preserved. It's a great looking place. In the future, it will be a great resource to have been able to maintain it and to be able to use it. If you

have the buildings there already, I think it's something worth looking at -- if there is any feasibility of using that.

We're not getting an awful lot of money if we get \$2 million from it. We could be giving up substantial acreage. I have no handle on the property values there. But what will they be 20 years from now? I think probably a lot more if we wanted to reacquire some of this. That kind of operation might give us a way, without incurring expense for the taxpayers -- or minimal expense for the taxpayers -- to continue to hold onto this. Somebody coming in-- How big is it? Is the house itself big enough to be used in that manner?

MS. PICCININI-YEANY: Actually, a lot of people who have seen the house say that it is set up that it could be run as a B&B, if you could attract the foot traffic to support it. The previous owner put in a lot of bathrooms. So there are at least six or seven bedrooms in the house, and they each have a bathroom. The main areas of the house are not that big, but it's-- You could see that it could be used for something along those lines. So then the question would be whether somebody else is running it or the State is running it. Other than Skylands, I'm not really aware of any operations that we have where we have someone running that type of thing for us.

SENATOR CARDINALE: It makes so much more sense to have a concessionaire running it than to hire State employees to run it.

ASSEMBLYMAN O'SCANLON: You mentioned that the Federal government realized that they gave us some money for something with buildings on it that they shouldn't have. Are they looking to recoup that money whether we auction it or not?

MS. PICCININI-YEANY: My understanding is that they have not provided us with the reimbursement yet. So they are going to deduct for the portion of the property that they shouldn't have covered. But their interest in the rest of the property had to do with its location along the river as being part of the flyway. So they still felt it was an important property. And these buildings have been there a very long time. So whether they're in State ownership or private ownership, I don't think they felt that that rendered the entire property ineligible, because there is so much acreage associated with it.

ASSEMBLYMAN O'SCANLON: But we stand to get less reimbursement.

MS. PICCININI-YEANY: Yes, but since we were looking at selling off that portion of the property, we saw it as a wash.

MS. BATTY: Our understanding, though, was that the application matching the Federal government talked about it as being a property for the Delaware Estuary Education Research and Efficacy Facility. So it's surprising to me to think that the feds were not aware that there were buildings on it if we talked about them for -- I mean, if the application talked about using them for an education facility.

MS. PICCININI-YEANY: I'm just going by what I was told by the Project Manager. And I'm not sure that any of our funding partners from the Federal government visited the property themselves.

MR. GARRENGER: All right. Do we have a motion on this resolution as amended by Senator Smith?

MR. SHAUGHNESSY: With clarification, is that a date or is that so many months from our State House Commission--

SENATOR SMITH: January 15. I thought that the date was November 15. That would provide four months for the environmental organizations to get their feasibility study done and hopefully get into the game about purchasing or renting the property.

SENATOR CARDINALE: Senator, I'd like to just suggest that the Department also look into whether there is a concessionaire who might be interested in running it in a similar manner as the Skylands.

MS. PICCININI-YEANY: I'll speak to our Assistant Commissioner about your comments.

SENATOR CARDINALE: That's fine. That's a beautiful facility, the Skylands. I've been there a number of times because events are held there. And it's enabled the preservation of a substantial area at minimal expense to the State, if there's any. I'm not sure whether there's a profit being made by the State or not. But certainly it's enabled the retention of nice buildings. It's a good plus.

SENATOR SMITH: It's a good idea.

SENATOR CARDINALE: People in that area come. We've got something in North Jersey; maybe we can promote something in South Jersey.

MS. PICCININI-YEANY: Okay.

MR. GARRENGER: As amended in that manner, do we have a motion for that?

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

We move on to the next one.

Thank you for your testimony.

MS. BATTY: Thank you.

MR. GARRENGER: Mr. Hayman.

MR. HAYMAN: The New Jersey Department of Environmental Protection, on behalf of the city of Atlantic City, requests approval to allow the diversion of 1.07-plus-or-minus acres and disposal of .20-plus-or-minus acres, for a total of 1.27-plus-or-minus acres of O'Donnell Memorial Park, in connection with the relocation of Albany Avenue and the private development of the Gateway Redevelopment Area.

To compensate for the diversion and/or disposal of the 1.27-plus-or-minus acres, the city shall acquire and encumber with Green Acres restrictions six parcels of replacement land totaling 3.25-plus-or-minus acres.

ASSEMBLYMAN WISNIEWSKI: Where is the replacement land?

MR. HAYMAN: In the attachment, there's a map showing all the parcels of the replacement land.

MS. PICCININI-YEANY: The replacement parcels are in several different locations. One is in the marina area at the other end of town. Several of the others are more downtown locations. One of the parcels is a vacant, undeveloped parcel along the boardwalk. There are the replacement parcels by the marina area. There's an expansion of an existing park, Brown Memorial Park.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Mr. Hayman, can you tell us about the last one?

MR. HAYMAN: Well, the State House Commission sits as the Board of Trustees of the Judicial Retirement System. As such, there has to be a motion made to convene as the--

ASSEMBLYMAN WISNIEWSKI: So moved.

SENATOR SMITH: Second.

MR. GARRENGER: Is that something we vote on?

MR. SHAUGHNESSY: Yes.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

MR. HAYMAN: Approval of the minutes of the meeting held on June 12, 2008.

ASSEMBLYMAN WISNIEWSKI: So moved.

SENATOR SMITH: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Abstain.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: I don't believe I was at that meeting, so I abstain.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

MR. HAYMAN: Next is the confirmation of death claims, retirments, survivor benefits.

ASSEMBLYMAN WISNIEWSKI: Move.

SENATOR SMITH: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Abstain.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

Mr. Hayman, do we have any other business today?

MR. HAYMAN: No, I think we have to move to--

Oh, the financial statements of May 31, 2008.

ASSEMBLYMAN WISNIEWSKI: Move.

SENATOR SMITH: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Abstain.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

MR. HAYMAN: I think now we need a motion to reconvene as
the State House Commission.

ASSEMBLYMAN WISNIEWSKI: So moved.

DEPUTY TREASURER BELL: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.

ASSEMBLYMAN WISNIEWSKI: Motion to adjourn.

ASSEMBLYMAN O'SCANLON: Second.

MR. GARRENGER: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. GARRENGER: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. GARRENGER: Senator Smith.

SENATOR SMITH: Yes.

MR. GARRENGER: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. GARRENGER: Mr. Vari.

MR. VARI: Yes.

MR. GARRENGER: Ms. Bell.

DEPUTY TREASURER BELL: Yes.

MR. GARRENGER: Robert Garrenger, yes.
Thank you very much.

(MEETING CONCLUDED)