
Commission Meeting

of

STATE HOUSE COMMISSION

LOCATION: Committee Room 12
State House Annex
Trenton, New Jersey

DATE: October 27, 2009
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Tiffany Williams, Chair
Senator Bob Smith
Senator Gerald Cardinale
Assemblyman John S. Wisniewski
Assemblyman Declan J. O'Scanlon Jr.
Joseph Donohue
Charlene M. Holzbaur



ALSO PRESENT:

Robert J. Shaughnessy, Jr.
Secretary

Gary A. Kotler
Counsel

Meeting Recorded and Transcribed by
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TIFFANY WILLIAMS (Chair): Good morning. Welcome to the State House Commission meeting.

I'm Deputy Chief Counsel to the Governor, Tiffany Williams. And I will take a roll call.

We are actually in compliance with the Open Public Meetings Act.

Mr. Donohue.

ASSISTANT TREASURER DONOHUE: Here.

MS. WILLIAMS: Ms. Holzbaur.

MS. HOLZBAUR: Here.

MS. WILLIAMS: Senator Cardinale.

SENATOR CARDINALE: Here.

MS. WILLIAMS: Senator Smith.

SENATOR SMITH: Here.

MS. WILLIAMS: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

MS. WILLIAMS: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Here.

MS. WILLIAMS: We have a quorum.

Our first item of business will be the nomination and election of a Secretary.

SENATOR SMITH: Madam Chair, I'd like to make a motion to appoint Robert Shaughnessy as Secretary of the State House Commission.

MS. WILLIAMS: Do we have a second?

SENATOR CARDINALE: Second.

MS. WILLIAMS: And we'll do a roll call.

Mr. Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MS. WILLIAMS: Ms. Holzbaur.

MS. HOLZBAUR: Yes.

MS. WILLIAMS: Senator Cardinale.

SENATOR CARDINALE: Yes.

MS. WILLIAMS: Senator Smith.

SENATOR SMITH: Yes.

MS. WILLIAMS: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MS. WILLIAMS: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MS. WILLIAMS: And Ms. Williams, yes.

I will also note for the record that I am here. I did not note that during the roll call. (laughter)

And at this time, congratulations Mr. Shaughnessy, you are the Secretary of the State House Commission.

MR. SHAUGHNESSY (Commission Secretary): Thank you very much.

MS. WILLIAMS: Our first item of old business is to approve the minutes of our last meeting, which was June 11, 2009.

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MS. WILLIAMS: Mr. Shaughnessy, would you take a roll call?

MR. SHAUGHNESSY: Yes, I'd be happy to take a roll call.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: It's approved.

MS. WILLIAMS: Okay.

MR. SHAUGHNESSY: The next item is actually under new business, No. 3; and Item No. 4, actually under old business -- are going to be taken at a later point in the meeting. And we'll continue on with Item No. 5.

Item No. 5 and Item No. 15 in the members' packets are related. They both arise -- they both are requests for easements arising from the previously approved sale of property of the Seix Residential School. Item No. 5 is a request to grant an emergency access easement to Seix Residential School across the adjacent property retained by the State. The

emergency access easement and temporary construction easement would be needed -- would be granted for the appraised value of \$2,500.

If you turn to No. 15 in your packets, that's another request for an easement to facilitate the sale and development of the Seix Residential School. This is a request to grant an easement to Seix Residential School for the installation and maintenance of sanitary sewer lines. The easement will be approximately .41 acres and will be granted for the appraised value of \$6,500.

So what we'll do is ask for a motion with regard to No. 5, please.

SENATOR SMITH: How about we do 5 and 15 together, since they're so related?

MR. SHAUGHNESSY: Okay.

SENATOR SMITH: I'd like to move 5 and 15 for approval.

ASSEMBLYMAN WISNIEWSKI: I'll second that.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Both 5 and 15 are approved.

No. 6 is a request by the New Jersey Department of Transportation to approve the sale of 0.888 acres, an irregularly shaped landlocked piece of property located between Route 287 and South Jefferson Road, to the adjoining property owner.

This comes back to you under old business after previously being approved. The State House Commission approved the sale of this parcel for \$90,007.77, with half the parcel encumbered with a conservation easement. There were further discussions, and the property is intended to be now conveyed without a conservation easement at the increased recommended sale price of \$140,000.

ASSEMBLYMAN WISNIEWSKI: Who is it being sold to?

MR. SHAUGHNESSY: It's actually being sold to Settimo and the Three Musketeers. In your agenda it does say that the principal owners are Settimo Guttilla, G-U-T-T-I-L-L-A, and Joseph Guttilla, G-U-T-T-I-L-L-A.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Any discussion? (no response)

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: It passes.

Okay, No. 7, which is the last item under old business: This is actually a slightly revised disposal for the Riverfront State Prison.

At the June 11, 2009 meeting, the State House Commission previously approved certain disposition procedures. These are slightly revised and are in your packets under section -- Tab 7. Specifically, approval was sought to authorize the direct conveyance of Riverfront to the New Jersey EDA. After completion of demolition by EDA and rezoning of the property by the City of Camden, the EDA would dispose of the property with proceeds allocated first to the State, as based upon the appraisal; second, to DRPA, which is going to be putting in its funds to demolish the prison -- and to reimburse DRPA; and third, any remaining funds to the State.

This matter was previously considered, and the revised procedures are in the members' packets.

SENATOR SMITH: Is there any doubt that the value is going to be in excess of \$500,000?

MR. SHAUGHNESSY: Senator, I think there is little doubt of that. I did know your concern from the last time. And to the extent that there was a valuation that somehow, someday comes in below \$500,000, it was going to return to the State House Commission. But I think from all initial reviews, it would be unlikely.

SENATOR SMITH: Okay. So ultimately, the Legislature will make that call if it's over \$500,000.

MR. SHAUGHNESSY: Yes, sir.

SENATOR SMITH: Okay.

Move it.

ASSEMBLYMAN WISNIEWSKI: Second.

SENATOR CARDINALE: Discussion, if I may.

This process that's outlined is not a transparent process at all. We are surrendering to the EDA just about everything. They're going to make a determination as to who is eligible to be considered as a buyer. We are eliminating the auction process. We are tearing the building down before we even know that there is, for sure, a potential buyer. The EDA is tearing it down which, in my experience as a minor developer, is probably the most expensive way to tear it down. And that's going to be at the expense of the State. It certainly would be much more economical, from a business sense, to let the ultimate buyer tear it down. It will cost them less than the State to tear it down, and that would be reflected in the price.

Everything I read about this procedure gives me concern. First: The auction process is not suited to the disposition of Riverfront because of

complex economic development concerns. What are those complex economic development concerns? Tell me what they are. Can anybody tell me what they are?

MR. SHAUGHNESSY: Senator, we have-- The Treasury believes that utilizing the EDA would be helpful, because they have the economic development. And we have someone here from EDA who would maybe better help on that.

SENATOR CARDINALE: Well, I'd like to hear what those complex economic development concerns are, to begin with.

MR. SHAUGHNESSY: Could you please identify yourself, sir, and your affiliation?

DAVID E. NUSE: Good morning.

My name is Dave Nuse, N-U-S-E. I'm the Real Estate Director for the New Jersey Economic Development Authority.

MS. WILLIAMS: Can you turn your mike on please? (referring to PA microphone)

ASSEMBLYMAN O'SCANLON: Red is on.

MR. NUSE: Thank you.

Senator, the issues that I believe led to EDA's involvement stem from the desire to try to maximize the redevelopment potential of the property and its ability to generate jobs and tax ratables for the City of Camden and for the State of New Jersey.

SENATOR CARDINALE: So that's your whole -- that's what is so complex about this? What makes that different from any other sale of public land?

MR. NUSE: In a straight auction, those factors may not necessarily rise to the forefront. If it's based solely on price, then the job creation potential, the tax ratable potential of the property may not necessarily be the factor that leads to the selection of the purchaser.

SENATOR CARDINALE: So you think that if we had an auction here-- You haven't said this, but let me just-- If we had an auction here, somebody will outbid your potential purchaser and therefore will just be throwing their money around and spending a lot of money to buy the property but not do anything good with it. Is that essentially what you're saying?

MR. NUSE: There is a real potential that someone could purchase the property for speculation or for land banking until market conditions change and the property could be resold. It's our goal to try to select a party who would, in fact, redevelop the property in a timely fashion and in a way that would maximize the creation of jobs and taxes.

SENATOR CARDINALE: Besides working for the EDA, what are your qualifications?

MR. NUSE: In terms of my background, sir?

SENATOR CARDINALE: Yes.

MR. NUSE: I have approximately 28 years between NJEDA and the Jersey City Redevelopment Agency doing economic development and urban redevelopment work, I'm completing my master's in public policy at Rutgers University currently, and I'm a certified economic developer through the International Economic Development Council.

SENATOR CARDINALE: In your working career, have you ever dealt in the private real estate market?

MR. NUSE: Yes, that's essentially who I work with and have worked with.

SENATOR CARDINALE: No, no, no. Have you been in the private market or have you been a public employee?

MR. NUSE: I have been a public employee.

SENATOR CARDINALE: Is it your experience that people in the private market -- and I presume it's going to be someone in the private market who is going to be the purchaser -- spend their money on things that don't make money?

MR. NUSE: People in the private market are looking for an investment that yields a return. And that return can be achieved either through the process of -- in this instance -- directing buildings, and either selling them or leasing them out; or buying property and then reselling it for a profit.

SENATOR CARDINALE: Of course. But the ultimate end purchaser has to have a use for the property to justify the purchasing price, does he not?

MR. NUSE: That use may not necessarily be real estate development. It could be land speculation.

SENATOR CARDINALE: There is no such thing as speculation on just land. The value of any piece of land is determined by what can be put on it, unless you're talking about conservation purposes. Are you afraid someone might buy this land for conservation purposes?

MR. NUSE: No, sir.

SENATOR CARDINALE: Okay. So let's take that off the table. If anybody is ultimately going to buy it -- whether they are going to

buy it to sell it to someone else -- the end user is going to have to be someone who is going to do something with this land. And that's going to be the economic activity.

MR. NUSE: Well, sir, the end user may not necessarily be the initial purchaser.

SENATOR CARDINALE: That's correct. I agree with you there. But the end user is what we ought to be concerned about. You don't seem to be concerned about that.

MR. NUSE: Actually, I am very concerned about that, sir.

SENATOR CARDINALE: Okay. Then we're on the same page.

MS. WILLIAMS: Are there any comments?

SENATOR CARDINALE: Now, why do you believe that--

MS. WILLIAMS: I'm sorry. I didn't know you weren't done.

SENATOR CARDINALE: Why do you believe that an auction process needs to be eliminated? Isn't an auction process the normal way that we dispose of any large parcel of property and get-- You know, I've been reading -- I'm not very active any more in the real estate area. But I've been reading that in this terrible down market, there are folks who are stuck with inventory -- developers who are stuck with inventory, and they are turning to the auction market to dispose of the inventory that they have on their books.

Why don't you believe, as someone who deals in real estate from the governmental perspective, that that auction process is a beneficial thing?

MR. NUSE: Well, because an auction does not necessarily achieve the best outcome for the seller. It's more akin to a liquidation-type transaction. And typically it's not the process used for large tracks of property by governmental entities that are pursuing redevelopment.

So, for example, if the City of Jersey City or City of Newark were disposing of a large parcel, they would want to go through a very different process where they would go through something either akin to a request for qualifications, request for proposals, and then do a combination of qualitative and quantitative evaluation of the proposals; or they would go through some other process where they're evaluating proposals. I think it's rare for an auction to be used except for either small parcels, undersized parcels, scattered parcels that can't be used for a larger, integrated project.

SENATOR CARDINALE: Would you agree with me that an auction is a transparent process?

MR. NUSE: Yes.

SENATOR CARDINALE: I seem to recall that, not too long ago, there have been some problems with some of these less transparent processes being used to dispose of land in our inner cities. I believe there is someone who I think is actually serving in a restricted environment (laughter) for having done that, having been engaged in that.

How do we protect against the kind of insider deal that becomes possible if these processes that are outlined here actually are voted favorably?

MR. NUSE: Well, Senator, the process we would follow is to require proposals. I think there are actually two different processes that are outlined in those procedures. One would be something very akin to what

was approved by this body in June, which was a two-step process to come up with proposals from qualified entities. And there's also a procedure there that allows for a direct sale in the instance where NJEDA, working with Treasury, DRPA, and the City of Camden, identifies a major use for the property -- a substantial use that generates jobs or tax ratables.

In either instance, it would require the approval of the NJEDA board, which is comprised of a number of public and private sector individuals, including the State Treasurer. It operates under the oversight of the Attorney General's Office. So it's a transparent process going through the EDA board. There also would be a requirement that the entity seek designated redeveloper status from the City of Camden's Redevelopment Agency. And the DRPA, which is another public body, would also be approving the ultimate purchaser of the property. So there is a process in place which is consistent with State law and regulation, and which would require approval of the EDA board.

SENATOR CARDINALE: Tell me, how does one become a member of the EDA board?

MR. NUSE: Some of the members are ex-officio; there are a number of State commissioners and the State Treasurer who are on the EDA board; and then there are a number of private-sector individuals who are appointed by the Governor with the advice and consent, I believe, of the Senate.

SENATOR CARDINALE: In fact, aren't all of the members ultimately political appointees?

MR. NUSE: I guess it depends how you define that, Senator. But they're appointed, I understand, by the Governor and approved by the Senate.

SENATOR CARDINALE: So they're political appointees.

How do you get on this Camden Redevelopment Agency that you're going to work with?

MR. NUSE: The board of the redevelopment agency is appointed by the mayor, approved by the municipal council. And I believe one of the members is appointed by the DCA commissioner. I believe there are seven members on the boards of redevelopment agencies in New Jersey.

SENATOR CARDINALE: So they're political appointees.

MR. NUSE: They're appointees, yes.

SENATOR CARDINALE: Political appointees.

MR. NUSE: Whatever process--

SENATOR CARDINALE: I mean, they're not appointed by some nonprofit organization that deals in good things.

MR. NUSE: They're not elected, yes.

SENATOR CARDINALE: And they're not elected. They're political appointees.

What kind of business are you looking forward to, in your ideal outcome, locating on this site?

MR. NUSE: Well, the first step in the process will be the Camden Redevelopment Agency, and the Camden Planning Board, and the Municipal Council creating a new redevelopment plan for the area that will determine the zoning for the property, under which the property will be developed. Our expectation is that it will be mixed-use zoning so it will

allow for residential and commercial use. Based on some prior plans, we're anticipating office, retail, and residential being the primary uses, along with some open space.

SENATOR CARDINALE: Can you give us anything more specific than that? I mean, you've just said you expect everything to happen here. You want retail, you're going to have offices, you're going to have-- What percentage of it is going to be offices? How many apartments are you going to get there? What's this property going to yield?

MR. NUSE: Well, Senator, it's hard to tell without having the redevelopment plan and the zoning in place that would set the parameters of what can be developed. If it's 16 acres, and if it were developed all for residential, it could be as high as 90 units an acre if it were a high-rise residential development. So it could be over 1,000 dwelling units on site.

SENATOR CARDINALE: Okay. So if you had 1,000 dwelling units on that site, what would the value of that site be in Camden, on the water?

MR. NUSE: I'm not very good at math in my head, Senator, but as a ballpark estimate, perhaps \$25,000 per dwelling unit times 1,000 units. That would be in a good real estate market.

SENATOR CARDINALE: And so that's \$25 million.

MR. NUSE: Yes.

SENATOR CARDINALE: And how much office space are you going to get on there in addition to that, or is that only going to be apartments?

MR. NUSE: That scenario assumed that it would be all residential. If it were office -- and again this is highly speculative -- it would

be roughly -- I'd have to have a calculator to figure this out -- you'd have 16 acres times 43,000 square feet per acre. It would give you the square footage. And then you'd have to figure out the floor area ratio. I'm sorry, but I can't do that math in my head.

SENATOR CARDINALE: Does EDA have a buyer in mind for this property?

MR. NUSE: No, Senator.

SENATOR CARDINALE: I can accept the way -- your methodology for going about considering the value of the property: taking the number of apartments that could be put there, taking a dollar amount per apartment. That's the way it's done in the industry.

I think you may be a little low on the yield in terms of the number of apartments, and I think you may be a little low, although I don't know the Camden market. But waterfront property in places I do know -- the unit price that would be attributed to a unit of housing is a little bit higher -- quite a bit higher in the areas that I know. But it's a different part of the state.

But using your number, \$25 million, that's a far cry from what we have been hearing was likely to be -- I think you were the one who told us -- we were likely to get about somewhere between \$1.5 million to \$3 million. I think those were the numbers that the State could hope to achieve from the sale. And, of course, we would be undertaking the expense of tearing down the existing building on the property, which was going to be around \$2 million -- if I understand this. So the State is going to get about a million dollars for something that a developer might be willing to pay \$25 million for. Those numbers don't seem to mesh in what I'm hearing and

what I think the other members of this board -- who is being asked now to surrender all of our oversight to the EDA.

How do you explain that?

MR. NUSE: The number that I mentioned, in terms of a per-acre figure, at the last meeting -- I believe we were talking around \$200,000 to \$250,000 per acre -- represents a current commercial real estate value in Camden. So that was thrown out essentially as a floor. No one has necessarily achieved \$25,000 per dwelling unit as a sale price for property in Camden to date, to the best of my knowledge. So that would be, I think in all likelihood, a best-case scenario. And my expectation is based on the Camden zoning that would be put in place through the redevelopment planning process. We would not be looking at the site as being all residential, but probably being a mix of commercial and residential development.

SENATOR CARDINALE: And do you believe that the value is less if it's a mix between commercial and residential?

MR. NUSE: Yes, typically residential pays the highest land value for development property. Now, again, it depends on the mix here. And typically to date, in Camden, it's been necessary for the public sector to incent developers to come in and put up buildings. So there have been incentives provided through the sale of property in some instances to actually bring in real estate developers. Now, hopefully by the time this property comes to market, the economy will have rebounded and we'll be seeing some different economics.

However, because of the economic conditions of Camden, the price of property has been somewhat depressed and we have not seen the same types of values that you've seen in North Jersey, Senator.

SENATOR CARDINALE: There are a number of aspects of the authority that is being considered, by this motion, to be transferred to you that give me concern. One, the EDA will notify each interested party. How do you get to be an interested party? Nowhere does it say how one gets to be an interested party. But it does say that the EDA will notify interested parties whether they are eligible to go forward.

How are you going to (a) first determine that someone is an interested party?

MR. NUSE: I think those procedures anticipate we would be going through a public process, Senator, where we would be advertising the availability of the property.

SENATOR CARDINALE: And then somebody is going to write a letter to you or call you up and say, "I'm an interested party." Is that how it works?

MR. NUSE: Typically there's an RFQ, request for qualifications that is advertised publicly. It would be posted on the NJEDA Web site; there would typically be advertising as well, and legal ads as well in an effort to try to attract a broad base of respondents.

SENATOR CARDINALE: So now you have this broad base of respondents, and the first authority that you're asking for here is: the EDA will notify each interested party as to whether or not it is eligible to participate in the sale process. What are your criteria? Will that be at open

public hearings? Will that be something someone is doing in a cubicle in an office somewhere? How are you going to do it?

MR. NUSE: Are you referring to 3.1, Senator.

SENATOR CARDINALE: 3.2.

MR. NUSE: Okay. I think 3.1 outlines some of the qualifications that respondents would need to demonstrate: financial ability, relevant experience, and a suitable development concept.

SENATOR CARDINALE: As long as you point that out, aren't all of those -- and I presume you're going to say you have to look at those, and then you're going to notify people, correct?

MR. NUSE: Yes.

SENATOR CARDINALE: Aren't every one of those kind of subjective? You haven't given-- What is the financial ability that somebody is going to have to have? You don't say that. You say, "We're going to look at their financial ability." You're going to make a subjective call about their financial ability, just to use that one item. How are you going to do it?

MR. NUSE: I think we would--

SENATOR CARDINALE: Do you have to be Trump in order to do this?

MR. NUSE: No, Senator. We would establish criteria that we would apply uniformly.

SENATOR CARDINALE: And how are you going to establish those, and who is going to be able to look at them? Are they going to know that in advance? Are we going to be able to look at what you have done in terms of establishing that financial capability?

MR. NUSE: Yes.

SENATOR CARDINALE: We will?

MR. NUSE: Yes, the public will.

SENATOR CARDINALE: Okay. That's good.

And suppose you have 20 people who are financially capable. What's the next criteria that you're going to use to start filtering that down, or are there no other filters?

MR. NUSE: I think there are four referenced here. One is, obviously, a pass/fail, which is Executive Order 134. But in addition to financial ability, there's the degree of experience that they can demonstrate in terms of large-scale projects in urban waterfront locations. And then the other factor, which probably has some more subjectivity than the first two, is the development concept as proposed by the respondent.

SENATOR CARDINALE: It's conceivable that in this first filter -- and you have other filters later on, which I'm going to go over with you -- you could come down to one person. Is that possible?

MR. NUSE: It's not inconceivable.

SENATOR CARDINALE: Okay. That's the first thing that disturbs me -- that we could have one person who the EDA, on partially objective and partially subjective criteria, determines can go forward on this. This is a big-money project. This is not a-- We're not dealing here with charging \$200 a month less for a State house because we were foolish when we did it previously.

Now you have a first round of proposals. Upon completion of site visits, eligible respondents will be notified of the place and time to submit a bid and development plan for the proposed property. The EDA

will consider proposals from eligible respondents who submit timely proposals.

So you're going to submit-- If you have filtered it down to one, I guess you don't have very much to do. But suppose you have three? Now, these three are going to submit proposals to you. Are these proposals going to be submitted before the rezoning has taken place or after the rezoning has taken place?

MR. NUSE: We're anticipating after, because in order to guide the preparation of the proposals, the respondents will need to know what the intended future zoning of the property is.

SENATOR CARDINALE: Did I miss something, or does it say somewhere in here that it's going to be after? The concept I get from reading this is you're going to get these proposals, and then you go back to Camden and say, "Do you like this, and will you rezone the property to accommodate this particular development plan?"

MR. NUSE: No, that's not the intention, Senator. The intention is that the City of Camden, going through its formal process, will create redevelopment zoning that the proposals will adhere to.

SENATOR CARDINALE: Well, it doesn't say that anywhere in here, unless I've missed that. Can you point out to me where I have missed that, if I have missed it.

MR. NUSE: No, I'm sure you've read it thoroughly, Senator.

SENATOR CARDINALE: Now, 5.2 seems to indicate a little flexibility -- that any proposal which contains exceptions to any of the terms and conditions of the sale -- and I presume now that that's part of what you just mentioned, that this is going to be rezoned -- somebody could come

along and, as a practical matter say, “Hey, wait a minute. I want to submit a proposal. It doesn’t exactly conform, but can it be considered?” And you will consider such?

MR. NUSE: My understanding is that under municipal land use law, one can not seek a variance from a redevelopment plan. So therefore I think in that instance of someone proposing a use that’s nonconforming, that would be grounds for rejection.

SENATOR CARDINALE: But you could go back and change that redevelopment plan, couldn’t you, if it seems to be desirable?

MR. NUSE: Yes, one can go back and request for an amendment to redevelop a plan, which is a rather lengthy process. It needs to go to the redevelopment agency, then to the planning board, then to the municipal council.

SENATOR CARDINALE: Who is going to make the determination whether or not to engage in that process?

MR. NUSE: I think ultimately it’s the EDA board who would make that determination, Senator.

SENATOR CARDINALE: So theoretically -- and I’m not accusing anyone of anything -- if there are three developers who got through your first filter, and two of them are acceptable in a lot of ways to, let’s say, the political environment -- because all of you are politicians who are now appointed to these two boards that you’re working -- and one is not; and that one makes some suggestions, it’s not likely to be considered in terms of any kind of alteration or any kind of amendment to the redevelopment plan, right? Is that the way it will actually work?

Do you have a transparent process, is ultimately the question, for how you're going to make that decision?

MR. NUSE: Yes, EDA would be making the decision -- our board would be making the decision at a public meeting. So from my perspective, yes, it's a transparent process.

SENATOR CARDINALE: So you're going to do this at a public meeting.

MR. NUSE: Yes.

SENATOR CARDINALE: And you're not going to come into the public meeting having reviewed it in private and say, "We're not going to consider this. We'll go to a public meeting, and we'll reject it"?

MR. NUSE: Well, staff would make the recommendation to the board, certainly.

SENATOR CARDINALE: Let's get to the bottom line: 6.3. There are a lot of other things along the way. I don't want to prolong this hearing unnecessarily. But 6.3 seems, to me, to be a very broad delegation of authority. It says the award will be made to the eligible respondent offering the proposal most advantageous to the State, in the discretion of the EDA board, price and other factors considered.

What I get from reading that is that the EDA, if you do have more than one who has survived all of this process, gets to make a totally subjective decision considering all other factors that are important to the EDA. Am I wrong?

MR. NUSE: The decision would be made not solely by EDA in its--

SENATOR CARDINALE: That's what it says here.

MR. NUSE: Well, I think looking at it in its totality, EDA is going to be consulting with the State Treasurer, with the Camden Redevelopment Agency and with the Delaware River Port Authority. So EDA will not be making the decision without taking into consideration--

SENATOR CARDINALE: Delaware River Port -- I missed that. Delaware River Port Authority; how do they get into this?

MR. NUSE: They are called out right in these procedures, Senator, in Section 2.9 and also in the introduction.

SENATOR CARDINALE: Okay. And how does one get to be part of the Delaware River Port Authority?

MR. NUSE: I'm not very familiar with them, Senator, other than I assume the board is appointed by the Governors of Pennsylvania and New Jersey, and approved, I assume, by the state senates.

SENATOR CARDINALE: I don't think we have anything to do with the Pennsylvania members.

MR. NUSE: Correct.

SENATOR CARDINALE: I think we do vote to confirm. And our Judiciary Committee, in my recollection, does not actually interview those appointees. They're on the list of all the rest. So that confirmation process is somewhat routine unless there were a major defect in one of those folks that came to the attention of the Judiciary Committee. Therefore, the appointment by the Governor, however that comes about, is tantamount to becoming a New Jersey member of that Port Authority.

That's a political process, isn't it?

MR. NUSE: Yes, sir.

SENATOR CARDINALE: So you have the Camden locals, you have that Port Authority, and you have the EDA -- all political appointees -- and you're making here, in the end, a totally subjective decision.

Let me tell you something. Once you bypass the auction process there is no way, in my view, that you divorce this ultimate decision on the sale of this very valuable piece of real estate from the political process; and the mischief that can be concurrent with that process, and has been concurrent with that process in many other circumstances that have gone through the courts of this state, and where people have been convicted.

I'm sure that our process has not caught everybody who has engaged in mischief that worked to the detriment of the ultimate interest of the state. And that's why we like to have, when we dispose of real estate -- and we can't do it with everything that we do -- a process that involves people putting up a bond, going to an auction. We know that if they can get the bond, they're qualified financially. And your only objection to that seems to be that someone might buy it and then resell it to someone else for more money.

I just don't-- I cannot-- You're a very nice person. I don't mean to beat on you. But I cannot, for the life of me, see any justification for eliminating the auction process. Because what that actually does for us is it gives us some assurance that there is not a lot of mischief in the background of who is selected through these various filters. That's why I can't support this delegation of authority, at least when they come here. I know there are people from both sides of the aisle. And we try to do-- I

think the people on this Commission work very, very hard to try to make sure that there is no favoritism shown to one or another party.

So when I vote no, I hope you don't think it's any aspersions that I'm trying to cast on the EDA. But I just cannot bring myself to give this kind of authority, this kind of potential lack of transparency to any politically appointed group.

MR. NUSE: I understand your concerns, Senator. And I know there have been instances at the local level that have given you pause. But in this instance, I think EDA does have a very sound track record over the past 35 years. And our process will not be solely subjective. We will take into account the cash returned to the State of New Jersey. But we'll also look to quantify the tax implications for the City of Camden and for the State, the number of jobs that will result from any project, and we'll also look at the financial wherewithal and creditworthiness of any of the respondents.

So I think we will go through a process. It will be a transparent process, because it will be done by EDA's board in an open public meeting, based on the recommendation from the real estate committee of the EDA board and a selection committee comprised of EDA senior staff, and we will take those factors into account.

SENATOR CARDINALE: You have more confidence in the system than I do. Let me tell you why I have so little confidence in the system.

For a number of years, I served as the Senate President's representative on the State Leasing Committee. Ultimately, the staff of that Leasing Committee got shaken up, and people are not there anymore.

No one was tried, no one went to jail, but they're not there anymore. There were many instances where members of the Committee, myself and others, voiced objection to the staff recommendations, which were always presented to us as being the best thing we could possibly do.

And one very major project-- You know, sometimes on the little ones it's impossible to do all of the staff work that would second guess the recommendations of staff. But there was one very big one -- where the staff was recommending something, and that finally led to the shakeup -- that seemed to be complete favoritism to a particular vendor, against a proposal that was far more beneficial to the State. That project never went forward on either end because of that conflict.

I do not have -- share your confidence that just because it is a staff recommendation that it is going to be done on a totally objective basis. I think the auction process is far more objective and not subject to the same kind of mischief. That's my opinion.

Thank you.

MR. NUSE: Thank you, sir.

MS. WILLIAMS: Are there any more questions for this witness?

SENATOR SMITH: Yes. First, Madam Chair, just a couple of thoughts.

I respectfully differ with my colleague. I think this is a very smart way to develop the property. And the reason for that is -- and probably more protective of the taxpayers than any other approach. Number one, one of the problems with State government is -- and we have plenty of problems -- is that-- And I'm not talking about EDA -- you are in

the business of stimulating development in the State of New Jersey, and we're not. We either keep property, or we sell property, or we make laws, or we do the budget. But our primary purpose is not development. We don't know that game particularly well.

So I think by putting the EDA in fee-title of the property, and then using the Delaware River Port Authority to advance the money to knock down the building, what, in effect, you've done is make the property ready for sale. You don't get into that argument with developers: "Well, the cost of knocking down the building is X millions." You have a property that's ready to go.

I also like the idea that EDA will be working with the City of Camden to maximize value in terms of the redevelopment potential. You're not allowing the conveyance of the property to the ultimate user until the real value of the property is known. And I would assume that everybody's going to work and get the highest and best value from it. So I think the rezoning would be done to maximize value.

I think there's also a financing advantage by having EDA involved. I mean, EDA may, at some point, be part of the financing for some of the development to go ahead or ultimately assure banks that this is a project that's going to be viable. The hardest thing about developing anything in New Jersey today is that -- trying to get yourself some lending.

And I think by having the Agency go through these steps, we're going to have a more transparent process than an auction. The auction -- you know, somebody buys the property, and then they do what they're going to do or they don't do what they're going to do, and then maybe

there's a rezoning afterward by the locals or not. So I think you end up with a more transparent process.

But I do think the Senator is right to be paranoid. Because the one thing I've learned in New Jersey State government is: paranoia, every once in a while, is the appropriate approach.

What about an amendment to the -- I'm going to throw this out on the table -- an amendment where at the end of the day, even though EDA has fee, and you've gone through this process, you have got to come back here for our last sign-off so that we know in our hearts and in our heads that the taxpayers have been fully protected. In other words--

SENATOR CARDINALE: Let me suggest an alternate--

SENATOR SMITH: They can't convey title until the State House Commission has signed off.

SENATOR CARDINALE: Senator, if you're going to consider an amendment, let me suggest another amendment.

SENATOR SMITH: Sure.

SENATOR CARDINALE: I think what you're suggesting is certainly better than what's here.

SENATOR SMITH: I like what's here, but I'm trying to deal with the paranoia that you have and which may (laughter)-- Listen, every once in a while it's not a bad idea to have checks and balances. And there's a lot of money involved in this.

SENATOR CARDINALE: But there is another way we could go that satisfies, I think, all of the things you were speaking to without this ultimate suspicion that some would have that there was favoritism in the sale.

SENATOR SMITH: I thought that was all of your remarks for the last 45 minutes.

SENATOR CARDINALE: Okay. But here's how you can do it. If -- and it didn't say that; and if it had said that-- If the first step is that EDA gets together with this Camden group, that's going to be worried about the redevelopment, and sets forward a particular kind of plan that meets those criteria-- And they said they're going to do that anyway. But make that the first step for sure, which they said they wanted to do -- they were going to do that -- and then you put it up for public auction based on that, but with a condition at the auction of performance according to that plan. It doesn't have to be a public auction where somebody just buys it for speculation. It could be a public auction where one of the conditions -- besides paying the money in a certain period of time -- is that within a certain period of time the development would take place. That would seem, to me, to eliminate the suspicion that a particular developer was being favored, and it would also eliminate the suspicion that maybe somebody got an insider price.

I don't know. Do you find that objectionable?

MR. NUSE: The first part of your recommendation, Senator, I think is really what we intended to state here -- that we would, in fact, get the zoning in place prior to the sale. And the reason is that it certainly benefits the sale process. It probably maximizes the price if the zoning is locked in prior to the sale process going forward. So I certainly have no objection. I think that's an enhancement to specify that in the procedures.

I do have a concern about the auction process, per se. I still think the process laid out here is a better process.

SENATOR CARDINALE: Tell me why you have a concern about the auction process if you have: one, a qualification of bidder. I think that's done in many, many auctions. You have a qualification of the bidder in advance. And secondly, you have an obligation on the successful bidder to perform according to the preordained plan within a period of time.

MR. NUSE: I think what you're describing is very similar to what's laid out here -- that there is a qualification process.

SENATOR CARDINALE: It is, except it's not an insider. There's no suspicion of an insider decision. There's nothing more transparent than that auction process.

MR. NUSE: I am just objecting, Senator, to the term *auction*. But the process that you're describing, if you substitute that prequalification and then RFP process with a bid, that's very similar if not identical to what's laid out in these guidelines.

SENATOR CARDINALE: The result-- With everyone having good intentions, the result we come to is almost the same. It is the same except that you don't have this question about the transparency of the subjective decisions that are going to be made along the way, which may or may not favor a particular developer.

MR. NUSE: Well, again, there is some subjectivity, I think, in that initial prescreening process. And I don't think there's any way to avoid that. That comes with the process of going through an RFQ and prequalifying people. But to the extent possible, it would be CDA's intention to try to make those criteria very specific upfront in terms of experience, financial capability, and a plan that complies with the redevelopment zoning.

So from that perspective, I think we're saying the same thing in maybe somewhat different language.

SENATOR CARDINALE: Well, I think it's a different process. It's not just different language. It's a different process. But it's a process that I feel I have much more comfort with.

MR. NUSE: Certainly we'll adhere to whatever the Commission views as appropriate.

SENATOR SMITH: Right. You're going to do what we tell you to do. (laughter)

MR. NUSE: Yes, sir.

SENATOR SMITH: All right. Well then, I'd like to put that in the form of a formal motion, which is that-- And the way in which this process works is, if the value of the property is under \$500,000 you'd have to come back to the State House Commission. The value of this property is not going to be under \$500,000. It's going to be millions of dollars worth of property, so it has to go through the Legislature as a bill. So the motion I would make is that we amend what we're proposing today to include the fact that, if it is more than \$500,000 and it does have to go to the Legislature, that the bill that goes through the Legislature requires that before the final sale by EDA, to whoever the ultimate recipient is, it must come back to the State House Commission for a last look so that we ultimately agree that you've done everything you're supposed to do -- that you've maximized value, jobs, whatever, and that we're happy with the sale. And that way, I think, we're protecting the taxpayers. You're allaying at least my paranoia. Senator Cardinale has been very effective in getting me

paranoid about this as well. Because we want to make sure that the taxpayers get what they deserve, which is full value for the property.

But I don't think this auction process helps it at all. I think putting this in the hands of that part of State government that knows how to develop property and get maximum value is the right thing to do. So I have no problem having fee-simple ownership going to you, and seeing the Delaware River Port Authority tear down the building so you can maximize value. I think that's a smart approach to this.

But I do want to make sure that we are getting our top dollar.

That's it.

ASSEMBLYMAN WISNIEWSKI: I second Senator Smith's motion.

SENATOR CARDINALE: I'd like to offer a further amendment.

SENATOR SMITH: Well, why don't we get one done first.

SENATOR CARDINALE: I'm going to support Senator Smith's amendment, because I believe that's a lot better than where we are today. And after that, I will propose a second amendment.

MS. WILLIAMS: Mr. Shaughnessy, would you take the roll?

MR. SHAUGHNESSY: I'd be happy to, Madam Chair.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That motion has passed as amended.

SENATOR CARDINALE: Now I'd like to offer a second amendment. Instead of 6.3, which says the award would be made to the eligible respondent offering the proposal most advantageous to the State, in the discretion of the EDA board, price and other factors considered -- that that be reworded to say that the award would be made to the eligible respondent offering the best price to the State, which complies with the plans approved by the EDA board -- and I think you're going to have to put in that Camden Redevelopment Agency as well -- guaranteeing performance, execution of that plan within a timeframe established by the EDA and that Camden board.

I don't know the name of the Camden board -- Camden Redevelopment authority--

MR. NUSE: Camden Redevelopment Agency.

SENATOR CARDINALE: --Agency. And that there be a further amendment -- and I don't know where it should go -- that would set forth clearly that the conditions -- the rezoning of the site take place early in the process. I just don't see that anywhere here.

SENATOR SMITH: Let me voice some opposition to that suggestion. I don't think we're advantaged by tying the hands of the EDA, Camden, Delaware River Port Authority. As long as I get a last look at this to know that they've done their job and the taxpayers are done well, I feel satisfied that we're doing the right thing. Every time we put another condition, or a proviso, or a go-here first or go-here second, we make this less likely that it's going to happen. So I would respectfully oppose Senator Cardinale's amendment.

ASSEMBLYMAN WISNIEWSKI: And, ultimately, this has to go to the Legislature.

SENATOR SMITH: Right.

ASSEMBLYMAN WISNIEWSKI: So not only is it going to come back here for a last look, once it gets a last look here, it's then going to be voted on by the entire Legislature and signed by the Governor. I'm not sure--

SENATOR SMITH: Actually, I think it might be the other order first. I think it goes to the Legislature first for conveyance, and before the EDA can convey, we would have to get our last look.

ASSEMBLYMAN WISNIEWSKI: But the point is, there are still going to be two looks -- very thorough looks before this can ever happen. I think we have a lot of protection here.

ASSEMBLYMAN O'SCANLON: I'd like to second the Senator's motion for this amendment. It's a pretty broad amendment. It just inflicts on the process a level of objectivity in the final assessment. And with all due respect to what's been said, as far as the thorough looks go, some legislators do a better job than others, but the body as a whole,

sometimes-- It seems that when things get to our level, it's sort of fait accompli. So I think that extra level of objectivity would be a good addition to this process without belaboring the point.

SENATOR CARDINALE: I'd just like to point out to my colleagues before you vote, we're dealing with Camden. It hasn't exactly been the model of all of the best that all of us would wish for in government.

MS. WILLIAMS: Mr. Shaughnessy, would you take the roll, please?

MR. SHAUGHNESSY: Yes, this is on the Senator's motion, and the second to that motion, to further amend the disposition procedures as previously described in the record. Deputy Chief Counsel Williams.

MS. WILLIAMS: No.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: No.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: No.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: No.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: No.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The motion does not pass.

SENATOR SMITH: At this time, Madam Chair, I think it would be appropriate to move Item 7 as amended.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: No, and I'd like to just emphasize my prior remark. There is an awful lot of opportunity for political mischief despite the fact that we will have an ultimate oversight.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: No.

MR. SHAUGHNESSY: That motion passes.

May I proceed?

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: The next items are the new business, and items Nos. 8 through 13, inclusive, all deal with New Jersey Department of Treasury requests to approve a lease -- to lease DEP residential properties. And they're in your packets. If there are any

questions or discussions on any of them, I'd be happy to proceed that way, or otherwise we can move--

ASSEMBLYMAN WISNIEWSKI: I'd like to move them as a package, 9 through 13.

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Eight through 13?

ASSEMBLYMAN WISNIEWSKI: I'm sorry; 8 through 13.

MR. SHAUGHNESSY: Thank you for clarifying that.

Okay; motion. Second?

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Okay.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSEMBLYMAN O'SCANLON: I'm sorry, I have a little bit of a discussion here.

MR. SHAUGHNESSY: Sure.

ASSEMBLYMAN O'SCANLON: I just would like to add-- Again, we're not talking about a huge number of properties here. We have improvement over our last discussion about some of these items, where we had rent, and were wondering if that rent is market value, etc. So it appears as if we can approve the process with appraisals. We say we've gotten appraisals, we can see that some of these rents are below fair market value. But we don't say what fair market value is in the appraisal. I just would like to know that, going forward. I'm not going to vote against these now, but I'm just wondering how long, at this 10 percent increase, is it going to take

to get to fair market value? It would just be nice to have that answer, and how far below fair market value we are.

MR. SHAUGHNESSY: Assemblyman, I think we recently included the appraisals, and those appraisals do have a fair market rental value, when they were done, in the packet. But we're-- So that is, I think, newly included in the packets from prior occasions.

ASSEMBLYMAN O'SCANLON: I just-- It might have been left out, or I might not have looked in the right spot.

The other question I had was, it says in one area that the increase each year is going to be CPI, and then it says the increase is going to be 10 percent. And it doesn't designate which that is; or is it CPI on the previous year *plus* an additional 10 percent, in order to get them up to fair market value?

MR. SHAUGHNESSY: When these are considered, these are with the 10 percent increase if we have not reached at least fair market value. Once we reach the fair market value, then it is a CPI increase each year.

ASSEMBLYMAN O'SCANLON: Okay. Thank you. That answers my question.

MR. SHAUGHNESSY: So I'm trying to think where were stood last. I guess-- Who moved that?

ASSEMBLYMAN WISNIEWSKI: I moved it.

MR. SHAUGHNESSY: Moved it? Okay.

MS. WILLIAMS: I voted yes already.

MR. SHAUGHNESSY: Okay.

Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay, items 8 through 13 have passed.

The next item on the docket is No. 14. This matter is a request for approval to convey. Treasury, on behalf of the Department of Military Affairs, requests approval to convey a 0.132-acre parcel of vacant land to the Cape May County Department of Corrections to accommodate an expansion of their correctional facility. The property will be sold directly to the County for the appraised value of \$1,500.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR CARDINALE: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The matter passes.

Fifteen is done already, so we move on to the Department of Transportation request, No. 16. The New Jersey Department of Transportation requests approval to sell a 1,350-square-foot parcel, a vacant property located adjacent and behind the adjoining property owners, Rolando and Lily Flores, to add to their residential property to allow for additional backyard to accommodate the placement of a shed.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Approved.

Number 17; again, New Jersey Department of Transportation requests to sell, at auction, slightly over an acre -- 54,798-square-foot parcel of property. The property is landlocked, with the only access being through one of two adjoining owners' properties. Because the two adjoining owners both wish to acquire the subject property for assemblage, there will be an auction. The minimum bid is \$110,000, the appraised value.

ASSEMBLYMAN WISNIEWSKI: Quick question: What was the size?

MR. SHAUGHNESSY: It's 54,798 feet; that translates into a bit over an acre, I believe.

SENATOR SMITH: Yes, 54,798.

MR. SHAUGHNESSY: Fifty-four thousand, seven hundred ninety-eight. Thank you.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The matter passes.

Eighteen: New Jersey Department of Transportation requests approval to sell, by direct sale, a parcel containing 1,916 square feet to the adjoining commercial property owner, Athena Wisdom, Inc. -- August Petris, P-E-T-R-I-S, is the secretary; and Evangelos Petris is the president -- to add to their commercial property, the Athena Wisdom Diner, which is currently under lease from the Department of Transportation for customer parking. The purchase price is \$13,500, the appraised value.

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter passes.

Number 19: New Jersey Department of Transportation requests approval to lease approximately 69 acres -- 20 parcels of land -- to the Township of Hanover to be used for public purposes, specifically the construction and maintenance of pedestrian hiking trails. The lease will be a month-to-month lease; at the rate of \$250 per month, which DOT has determined to be -- administratively.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Passes.

The next is No. 20: New Jersey Department of Transportation seeks approval to sell directly to the adjoining commercial owner -- formerly Commerce Bank, now TD Bank -- a parcel containing approximately 3,408 square feet. The property will be used for assemblage for the TD Bank commercial property, and is slated to be developed into a bank branch location which will allow greater visibility from the highway. The purchase price is \$5,000, the appraised value.

ASSEMBLYMAN WISNIEWSKI: Move it.

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: I abstain, due to potential conflict.

MR. SHAUGHNESSY: Your abstention is noted, sir.

ASSEMBLYMAN O'SCANLON: Thank you.

MR. SHAUGHNESSY: The next one is No. 21, item No. 21: The New Jersey Department of Transportation seeks approval to sell .969 acre, or a 42,229-square-foot lot, by auction. This surplus of vacant land is located in the B-2 business district in Little Falls Township. The beginning auction price will be \$428,800, based on appraisal.

ASSEMBLYMAN WISNIEWSKI: Is it for auction or for assemblage with the adjoining property?

MR. SHAUGHNESSY: It's going to be by auction, it states.

ASSEMBLYMAN WISNIEWSKI: All right, move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The matter is approved.

The next are DEP requests, starting with item 22. Item No. 22, the New Jersey Department of Environmental Protection, on behalf of the Borough of Cliffside Park, requests approval to allow the diversion of approximately .24 acres of Zalewski Park by conveying a temporary easement to Pinnacle Communities, LLC.

ASSEMBLYMAN WISNIEWSKI: Do we know who Pinnacle Communities, LLC are?

MR. SHAUGHNESSY: I actually do not. I know it's (indiscernible), but I do not-- Hold on one second. I don't know offhand who it is, Assemblyman, but there may be someone from DEP here who could help us, if they know. Is there anyone from DEP here?

UNIDENTIFIED MEMBER OF AUDIENCE: We don't know.

MR. SHAUGHNESSY: Okay.

ASSEMBLYMAN WISNIEWSKI: My concern is that-- How do we vote on it without knowing who the LLC is? It might be a conflict that some of us may be unaware of. I suggest it be held to the next meeting until we get clarification of that.

MR. SHAUGHNESSY: Okay. Is that a motion to table?

MS. WILLIAMS: Second.

ASSEMBLYMAN WISNIEWSKI: Table.

MR. SHAUGHNESSY: Okay, to the next meeting.

Deputy Chief Counsel--

MS. WILLIAMS: I think we need a second to--

MR. SHAUGHNESSY: Okay--

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Thank you very much.

MS. WILLIAMS: And, yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter will be tabled to the next meeting, for the reasons specified. Thank you.

The next DEP matter for consideration is item No. 23 in your packet: New Jersey DEP requests approval to lease a building on approximately one acre of land to the Township of Woodland for a term of five years, for the purpose of providing first aid and emergency medical and rescue services to the Township and surrounding area, including the

Brendan T. Byrne State Forest. The payment will be \$50 annually. The tenant will be responsible for maintenance and upkeep of the land and structures, and payment of all utilities, besides providing the emergency and rescue services.

ASSEMBLYMAN WISNIEWSKI: Move it.

ASSISTANT TREASURER DONOHUE: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

The next matter before the Commission is item No. 24: New Jersey DEP, on behalf of the Township of Holmdel, requests approval to grant to TD Bank a .325-acre access easement across the Mahoras Brook Nature Area to provide a safe means of ingress and egress to the property owned by TD Bank. The diversion area will be used to construct a paved

roadway. A temporary construction easement of .081 acre is also required for proper construction of the roadway.

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Again, due to potential conflict, I would have to abstain.

MR. SHAUGHNESSY: So noted.

Okay, No. 25 on your list. This matter is to resolve a boundary discrepancy. New Jersey DEP requests approval to enter into a boundary line agreement with the U.S. Department of the Interior, National Park Service, to establish with legal certainty the boundary between the holdings of the State and the Federal government in the vicinity of the Appalachian Trail as it passes through the Township of Vernon in Wawayanda State

Park. The proposed boundary line agreement would be mutually beneficial, as recommended by DEP, and is primarily intended to confirm the respective property of the State, the Federal government, and private owners in the vicinity of the trail.

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The next matter, No. 26 in the agenda: New Jersey DEP, on behalf of the Borough of Somerdale, requests approval to legalize the past diversion of 0.11-acre subsurface sewer easement within Kennedy Boulevard Park. The sewer easement was necessary to alleviate a deteriorated sewer pipe in the neighborhood of the park.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter is approved as well.

MS. WILLIAMS: For the next matter, I just want to note, after you give the description, that there is a member of the public who has signed up to speak on this agenda item.

MR. SHAUGHNESSY: Terrific, thank you very much.

The next item is item No. 27. It is a recommendation, or a request, for New Jersey DEP Division of Fish and Wildlife to approve 44 farm lease and service agreements on Wildlife Management Areas throughout the state. Attached to your agenda is a detailed list of these items, these 44 items, which indicates the properties and the rent to be

received, both monetary rent and the in-kind services. There are -- and I was just given, at this time, right before the meeting -- two slight amendments to the agenda item in that package. Specifically, there are two slight revisions on the Wildlife Management Area Mad Horse Creek 1 in the Township of Lower Alloway Creek. The total lease value is \$9,695 annually, instead of \$9,965 annually. And the value of the in-kind services is actually \$5,750, as opposed to \$5,570. So the total rental value is \$9,695, instead of \$9,965. And then there is one other slight amendment: On the Thundergut Pond, again in the Township of Alloway, there is noted a cash payment of \$2,210 annually. Instead, it should be \$2 more, \$2,212 annually.

SENATOR SMITH: There's a comment in the narrative that farmers -- this is the second paragraph at the top of--

MR. SHAUGHNESSY: In the agenda, or your packet items, sir?

SENATOR SMITH: In the packet, we're talking -- yes. We're talking on the agenda. It says, "For many years, these parcels were farmed by tenants without formal leases and without a requirement that the farmers pay rent. The farmers were instead required to leave 15 percent of their crop unharvested to provide habitat for deer, to encourage the growth of the deer population. This policy has become obsolete, as there has been a thriving deer population in New Jersey for many years." Have the lease changes changed with regard to this 15 percent requirement?

MR. SHAUGHNESSY: Sir, I believe that will be a change, and we have someone here who perhaps can help us out a bit more, from DEP.

M A R C I D. G R E E N, E S Q: Hi, I'm Marci Green, the Administrator of the Office of Leases for DEP. And yes, that will no longer be a requirement in the lease.

SENATOR SMITH: Okay, thank you.

MR. SHAUGHNESSY: Any other questions or comments?
Senator.

SENATOR CARDINALE: Yes, I have a question; perhaps Marci can answer it.

How do you go about calculating the value of these in-kind services?

MS. GREEN: They were calculated with the help of resources from Penn State University and Rutgers University. There is, actually, data that values these services, so if you-- I have somebody here from the Division of Fish and Wildlife who could go into it in more detail, if you would like. But we basically relied upon statistical data from Penn State and Rutgers.

SENATOR CARDINALE: So you take, let's say, the land area and say, "cutting the grass in this land area is worth so much"?

MS. GREEN: Yes, they actually have those values already calculated -- mowing per acre -- and the statistics did vary, but we-- The land also varies throughout the state, so we basically used our judgment, our discretion, to come up with something in between the ranges that we found.

SENATOR CARDINALE: Thank you.

MS. GREEN: Sure.

SENATOR CARDINALE: I don't need to go any further.

MR. SHAUGHNESSY: Any other questions or comments?

SENATOR SMITH: Didn't you have a citizen on this?

MS. WILLIAMS: Yes. Any more questions for this witness?

Okay. If Barb Sachar would come forward, if you're still here.

If you wouldn't mind, just state your name for the record.

BARBARA SACHAR: Barbara Sachar.

I do think that the purpose of having farmers in Wildlife Management Areas is all wrong. I don't think they belong in wildlife areas at all. I don't think that they're doing any service that any of us need. If they are doing food plots still, we certainly do not need to grow more deer. That has been the purpose of what has gone on in these Wildlife Management Areas for quite a while now. And certainly that purpose needs to change. We have far too many communities asking not to have more deer, to put any effort into putting out food plots in any Wildlife Management Area. That site was set aside for wildlife, and that should be where they can live in peace. Now the problem with having farmers on those Wildlife Management Areas is that they can get Depredation Permits and they can kill any species they want, and as many Depredation Permits as they want to have. So that if you have a site that's called a Wildlife Management Area, why would you then let farmers in to get Depredation Permits to kill the wildlife that are trying to live there? I don't think that makes sense.

Secondly, I think that the taxpayers in this state are not getting a fair deal here. I do think that we know that the Department of -- the Division of Fish and Wildlife works very closely with the Department of Agriculture, and that they make these agreements without the State -- without people in the state even knowing what's going on. If you look at

each of those 44 properties, you will see that the general taxpayers in this state are getting very little out of these leases. I mean, some of the properties are being leased for zero amount per year. Why, at this point and juncture in time, should the taxpayers of this state get so little out of the public land that we all own? I do think we need much more investigation of exactly what's going on here, and I do not think that this proposal makes any sense for the general population of New Jersey. Thank you.

Do you have any questions about--?

MS. WILLIAMS: Are there any questions?

SENATOR SMITH: Just-- Can anybody give me any idea what is the total revenue from this?

MS. WILLIAMS: Is there anyone from DEP who has that?

MS. GREEN: I do have that.

MS. WILLIAMS: If there are no more questions for our public member, you may step down.

SENATOR SMITH: And while you're looking for that, are these already-- These are areas that already have been farmed for many years? You're not opening up new areas?

MS. GREEN: Correct. There might be a few areas that have been opened up, but most of them -- and there's just been a reconfiguration of the parcels that have already been farmed. But for the most part, they have been farmed for many years.

SENATOR SMITH: Okay. Any idea, total revenue?

MS. GREEN: I did bring that information with me. Bear with me one second.

DIRECTOR HOLZBAUR: I'd like to ask a question also. How will DEP monitor enforcement of the in-kind?

MS. GREEN: The Fish and Wildlife staff is up for the task. They know that they will have to monitor. And they will be working closely with the farmers. And I just want to point out the farmers and Fish and Wildlife have enjoyed a unique partnership over the years. The Fish and Wildlife people have kind of viewed them as a partner in managing these lands for habitat and for just land management purposes.

SENATOR CARDINALE: Can you comment on the witness' testimony that some of this activity is going to grow more deer?

MS. GREEN: Yes, I-- Well, first of all, let me just comment on her statement that Depredation Permits will be allowed. We will not be issuing Depredation Permits on those areas. They are public hunting areas that the farmers are aware of when they enter into the lease, that they kind of run the risk of having their crops on there when the public hunting season starts. As far as encouraging deer habitat-- I might want to defer to the Division of Fish and Wildlife representative that I have here, because she is much more expert in that than I am. The charge of the Division of Fish and Wildlife is to maintain these areas for their mission of habitat preservation and for hunting purposes. They wouldn't embark on these leases if they thought that it would be contrary to their mission.

SENATOR CARDINALE: But are they feeding deer on these?

MS. GREEN: Are they feeding the-- They're not intentionally, not intentionally feeding deer. I mean, they're growing crops that they can harvest and sell. So it's to their benefit to be able to have as productive a harvest as they can.

SENATOR SMITH: What's a Depredation Permit?

MS. GREEN: A Depredation Permit is something issued by the Department of Environmental Protection that allows farmers to kill wildlife on the property that is harming the crops. But it's my understanding that Depredation Permits are not -- will not be issued on these lands.

SENATOR SMITH: Let me add an environmental note here. Having some open areas in the middle of our forest areas is not a bad thing. From the point of view of ecological diversity, you want to have a variety of habitats. One of the things that we do wrong when we manage our forests is we just allow them to be forests, and we don't do an awful lot of cutting. And as a result, the system becomes the same throughout, and you actually lose threatened and endangered species. But the funny thing is that we then say that private owners who have forests -- if you take down trees, you may be hurting threatened and endangered species. So we have some kind of mixed policies here. But having a diverse ecosystem, I think, is probably what the purpose of what this is about. But I'd like to hear it from Fish and Wildlife.

MS. GREEN: Sure. If you want me to just provide you with the revenue number--

SENATOR SMITH: Yes, what's the revenue number?

MS. GREEN: The total lease revenue number is \$238,739. The cash rent that will be received by DEP is \$93,117, and the value of the in-kind services is \$145,554.

SENATOR SMITH: And what are the in-kind services again?

MS. GREEN: One hundred forty five thousand--

SENATOR SMITH: What are they?

MS. GREEN: Oh, what are they? They can involve mowing, planting -- these are on parcels that are separate from the leased parcels, so they can involve mowing, planting warm season grasses for habitat, plowing, disking -- just services that normally the Division of Fish and Wildlife personnel would perform.

SENATOR SMITH: Okay.

MIRIAM DUNNE: My name is Miriam Dunne. I am with the Division of Fish and Wildlife. And just to answer some of the specifics about what we're planting and how this is a little bit different than how we've been working with the farmers. It's true they've been leaving 15 percent. What we'd like to do with this new plan, however, is to kind of spread out the agriculture throughout the Wildlife Management Areas and have them do different things like Marci mentioned -- planting different kinds of grasses. These are native grasses; they provide different kinds of habitat, specifically for wildlife like grassland birds, which are in kind of a lot of trouble in our state. So we're trying to actually diversify our habitat for a variety of wildlife species and not just deer; and we will have deer, whether we plant them for them or not. So if we plant for them on the Wildlife Management Areas, it might actually be better for the surrounding neighborhoods to have the deer on the Wildlife Management Areas where they can be harvested. Because they're going to be in backyards eating people's landscape plantings. So it's kind of, you know -- it's not a bad thing, I don't think, to have deer on our Wildlife Management Areas. But what we would like to try to do is to try to diversify our areas, increase that

habitat for a variety of wildlife, and get more services out of the farmers than what they're doing now, and what they are capable of doing.

It was also an auction process by which the farmers bought into this, so in some cases they are doing the work which is amounting to thousands of dollars of work. And in some cases they're doing that work in addition to paying thousands of dollars, and that's going to be based on where in the state those areas are. Like in central New Jersey, they're very highly valued, very competitive farm ground. In other parts of the state there are not as many farmers, there's not as much farming interest, and there's not much competition. So we do have kind of a variety across the state. But it was a fair auction process by which all the farmer who wanted to be involved could be involved. And just kind of as a plug for the farmers -- you know, a little bit tough times for them too. They're entering into a five-year agreement, which they're not really sure in five years -- price of fertilizer, inputs, and how they're going to be doing in five years. So it's a little bit of a gamble for them also. So we are kind of entering into kind of a new, you know, arrangement with them and hoping that the five years gives us a little more stability as well as the farmer.

MS. WILLIAMS: Any other questions?

SENATOR SMITH: Move the matter.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Again, I have to abstain.

MR. SHAUGHNESSY: Thank you, Assemblyman.

Okay, the next matter is No. 28. It's New Jersey DEP, on behalf of the Borough of Atlantic Highlands, requests approval to divert approximately .064 acres of parkland adjacent to the Borough's public library for renovation of Borough Hall and the expansion of the library. This will bring the 40-year-old facility into compliance with ADA standards, make the building more energy efficient, and provide better facilities for the Borough's Police Department. As compensation, the Borough shall dedicate approximately .084 acres of land adjacent to the Borough Hall for permanent open space.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: We're chock full of my having to abstain today, but I have to abstain on that one too.

MR. SHAUGHNESSY: Okay. Thank you very much.

MS. WILLIAMS: Moving back two items: The first item under new business, item No. 3. If you could provide a description for us, Mr. Shaughnessy.

MR. SHAUGHNESSY: Absolutely. Yes, returning to new business, item No. 3. This is the Commission's consideration and approval of disposal procedures for State Surplus Real Property to be conveyed to municipalities for use in meeting affordable housing obligations. And I think you have now, in front of you for consideration, the draft disposal procedures for State Surplus Real Property, as mentioned previously.

MS. WILLIAMS: Does anyone--

SENATOR SMITH: Yes, let me make a comment. We have in New Jersey a serious issue in trying to meet our affordable housing obligation. There are probably 200 towns in the state that would claim that there's no land left to do COAH housing, which probably puts somewhat of a greater burden on other municipalities that do have developable land. I

guess in the middle of an economic recession it's not much of an issue. But someday we are going to be out of this mess, and I think it's a whole new approach to meeting that issue. We have a tremendous unmet need for affordable housing; the flip side of that is that we want to make sure the taxpayers are treated well. But this-- When you think about a town meeting its affordable housing obligation, who ultimately pays for that? Frequently it's the taxpayers. I don't want to go into affordable housing statutes too much, but you may remember that we now have a growth share which has been temporarily suspended by the Lesniak bill, but it ends at some point. And every time anything happens in a municipality, there is an affordable housing obligation when that law does expire. Then you have other people who say, from an equitable point of view, that you've had municipalities that haven't done anything to meet their affordable housing obligation, because their cry to the Council on Affordable Housing is that they have no land left. This, I think, is kind of a creative approach to trying to solve the affordable housing issue in the state. And I don't know that's perfect, but I'm very much interested to see how this might work. And I'd like to hear more discussion about it.

MS. WILLIAMS: Is there any other discussion on this agenda item? (no response)

Do we have a motion?

ASSEMBLYMAN WISNIEWSKI: I move the motion.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay, the disposal procedures are approved.

The next matter is under old business; it's item No. 4. And this matter, if you recall -- at the June 14, 2007 State House Commission Meeting, the State House Commission approved the sale of the subject property to Woodbridge, if interested, for fair market value based on an appraisal. Subsequently, the township has requested to acquire the property as encumbered with deed restrictions, for nominal value for the primary and first use of the property for the development of COAH affordable housing, including special needs housing. Because the appraised value is greater than \$500,000, legislation will also be required for any such conveyance. So in essence, this project would be considered old business and would be considered as a pilot project in accordance with the procedures just voted upon by the Commission.

MS. WILLIAMS: Any discussion?

SENATOR SMITH: Are we going to have a description of the project? I understand the Mayor came down specially to testify on this, or am I wrong?

MS. WILLIAMS: Can we have Mayor McCormac come forward?

SENATOR SMITH: And if we can, we can also mention additional accolades: he's also former State Treasurer for the Great State of New Jersey.

MAYOR JOHN E. MCCORMAC: Thank you. Senators, Assemblymen, Committeemen, this is a project to provide between 80 and 100 affordable housing units for the Township of Woodbridge; 20 to 25 developmental disability homes for the Township. It's a parcel that's 15-and-a-half acres; was owned by the -- is owned by the State, was used as superintendent's home many years ago, before the days of cell phones and Blackberries, when the superintendants lived on the property. It's been vacant for a lot of years. Some of the homes are used now by the Department of Corrections, but we have a very significant affordable housing obligation that we're hoping to meet, and we have our plans filed with the court. It includes this project, and we're very anxious for the State to contribute the land toward the project to make it affordable. The financial models for COAH housing frequently don't work without significant contributions of land or contributions from a town's COAH housing fund. We're prepared to do that. Also, to make sure the project works, we want to meet our obligations and advance the agenda for affordable housing and DD homes in the state.

ASSEMBLYMAN WISNIEWSKI: Mayor, do you have any other way of meeting your affordable housing without this property?

MAYOR McCORMAC: We have no other land for new housing. Our plan calls for renovation of senior housing buildings. Our plan calls for the acquisition of some substandard apartment buildings that would all be renovated into affordable housing. And also we're working with some organizations on keeping people in their homes through the foreclosure process and trying to contribute toward that. We're trying everything possible. But this is the only chance we have, really, of any kind of new construction. We're 98, 99 percent built out. There's no parcel in the town of any size near this 15-and-a-half acres.

ASSEMBLYMAN WISNIEWSKI: How many affordable units?

MAYOR McCORMAC: Between 80 and 100 on the affordable side -- the market conditions and how the site's laid out. There's wetlands, we have to work a lot of details out. And hopefully about two dozen developmental disability homes.

ASSEMBLYMAN WISNIEWSKI: Would that use up the entire parcel?

MAYOR McCORMAC: We also hope to have some kind of recreation use on the site. We want to provide employment opportunities for the people who would be in the affordable homes, and also for the people who would be in the DD homes. We're looking at some kind of indoor soccer field. Right now, there's one a mile away that's in the way of a major Rahway redevelopment project. It's a five-acre complex that will be torn down as soon as the economy improves. It's already slated for

demolition. We're hoping to basically move that to Woodbridge to provide recreation opportunities for our residents and also to, as I said, provide employment opportunities for the people who would be housed in the DD and the COAH homes.

ASSEMBLYMAN WISNIEWSKI: Would that be a municipal recreational facility?

MAYOR McCORMAC: Yes.

ASSEMBLYMAN WISNIEWSKI: Paid for by the municipality?

MAYOR McCORMAC: Yes.

ASSEMBLYMAN WISNIEWSKI: I have no other questions.

SENATOR SMITH: Sounds like a very creative way to deal with COAH issues.

Move the project.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Tiffany Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MAYOR McCORMAC: Thank you.

MR. SHAUGHNESSY: The matter is approved.

MS. WILLIAMS: The State House Commission also sits as the Board of Trustees for the Judicial Retirement System. Do I have a motion for this body to sit--

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

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

Okay, the first item to be considered on the Judicial Retirement System is item No. 1 in your pertinent agenda, No. 29 -- approval of the minutes of the meeting held June 11, 2009.

ASSEMBLYMAN WISNIEWSKI: Moved.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Approved.

Next is item No. 2, confirmation of death claims, retirements, and survivor benefits.

ASSEMBLYMAN WISNIEWSKI: Moved.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: That item is passed as well.

And the last is the-- Oh, Assemblyman O'Scanlon; if I missed you, it was inadvertent.

ASSEMBLYMAN O'SCANLON: You might have thought I was going to abstain again. I can vote on that one -- yes. (laughter)

MR. SHAUGHNESSY: Thank you.

The final matter for your consideration and approval are the financial statements as of May 31, 2009.

ASSEMBLYMAN WISNIEWSKI: Moved.

SENATOR SMITH: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Assistant State Treasurer Donohue.

ASSISTANT TREASURER DONOHUE: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Smith.

SENATOR SMITH: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MS. WILLIAMS: Do I have a motion to reconvene as the State House Commission?

ASSEMBLYMAN WISNIEWSKI: So moved.

MS. WILLIAMS: Second.

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

Motion to adjourn, if appropriate.

SENATOR SMITH: So moved.

(MEETING CONCLUDED)