
Commission Meeting

of

STATE HOUSE COMMISSION

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

DATE: December 17, 2009
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Tiffany Williams, Chair
Senator Robert M. Gordon
Senator Gerald Cardinale
Assemblyman John S. Wisniewski
Assemblyman Declan J. O'Scanlon Jr.
Debra Bell
Charlene M. Holzbaur



ALSO PRESENT:

Robert J. Shaughnessy Jr.
Secretary

Gary A. Kotler
Counsel

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TIFFANY WILLIAMS (Chair): Good morning, and welcome to the State House Commission meeting.

I am Deputy Chief Counsel to the Governor, Tiffany Williams. And we are in compliance with the Open Public Meetings Act. Our Secretary will, please, call the roll.

MR. SHAUGHNESSY (Secretary): Deputy Chief Counsel Tiffany Williams.

MS. WILLIAMS: Present.

MR. SHAUGHNESSY: Deputy State Treasurer Debra Bell.

DEPUTY TREASURER BELL: Here.

MR. SHAUGHNESSY: Director Charlene Holzbaur.

MS. HOLZBAUR: Here.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Here.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Here.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Here.

MR. SHAUGHNESSY: Okay, we have a quorum.

First item-- Actually, we're going to be approving--

May I have a motion to approve the minutes of the last meeting on October 27, 2009?

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: I'm going to abstain. I wasn't at the meeting.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: I was not at that meeting, but I read the minutes, and I vote yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The minutes are approved.

The next matter, under old business on the agenda -- agenda Item No. 2 -- is concerning Riverfront State Prison and discussion of Senator Gerald Cardinale's letter of November 30 to the State House Commission, which is included in the members' packages at Tab 2. This item is under old business because it was discussed and voted upon on June 11 and our last meeting of October 27, 2009.

Senator Cardinale, sir.

SENATOR CARDINALE: Thank you very much.

I asked that this be put on the agenda for some discussion because I received information, which you now have, that there is a shortage of prison capacity in Camden County. And that came as some sort of shock and surprise. That shortage has been documented not only by the news article, but by the study which was commissioned by Camden County. The press mentioned the study. And it took my staff about 10 minutes to access the entire study, which is available online. And that 10 minutes probably included printing it out.

Now, it's no secret that I disagreed with the decision to demolish Riverfront. But I could understand the reasoning of Commission members who believed differently. After all, we were told that Riverfront represented excess prison capacity. And while it is our newest jail, economics could dictate that it should be torn down so as to reduce operating expenses and use the site for a productive purpose.

But there's something different. We're now aware that an essential fact was not before this Commission. The decision to tear down Riverfront was based on the false premise that we had an oversupply of prison space. That is not true if one reads the study.

Camden needs to spend \$75 million just to upgrade its existing facility and also needs greater capacity. There are issues of where to house inmates during renovations, which also affect this decision. Why we did not offer our existing facility to Camden, thus saving the taxpayers tens of millions, is a real puzzle to me.

On learning of Camden's need for prison space, I contacted Caren Franzini, of EDA, and she appeared to be as unaware as this Commission. She expressed surprise that the freeholders with whom she's

been working on the Riverfront site never mentioned the need or the study which they had commissioned.

But I believe that our staff certainly should have looked into the facts, the State Treasurer should have looked into the facts, the Governor's Office should have been aware of the need for more prison space; and, that in fact, on an overall basis, Riverfront does not represent excess prison capacity.

On very much smaller issues of disposal of excess State property: As long as I've been on this Commission, we have been routinely advised that local government has no use for or does have use for such assets. We often make those assets available, which represents a great financial benefit to the State and to local taxpayers, but we didn't do it on this one.

This decision will cost the taxpayers at least \$50 million by tearing down a perfectly sound facility which will need to be rebuilt by Camden County, and Camden has no money. They come hat-in-hand to the State year in and year out. My constituents and others around the state are taxed year in and year out to subsidize the failure of Camden's government to operate within its means.

My concern at last month's meeting with the method of disposal for the site of Riverfront has become even more acute as a result of this new set of facts. It seems quite apparent to me that someone is very intent on tearing down Riverfront despite the overall shortage of prison space, and that sort of peaks my paranoia. I'm sorry Senator Smith is not here today, but he referred to my paranoia at the last meeting, and he's very right. I am paranoid about things like this that I see happening.

ASSEMBLYMAN WISNIEWSKI: I'll mention it for him if you want me to. (laughter)

SENATOR CARDINALE: Okay.

We were told by EDA that this site could bring \$25 million if sold for a yield of 1,000 housing units. But just yesterday Governor Corzine had a press conference down on the site of the prison, at which he said it would yield 3,600 units, plus commercial space, plus 300 jobs. That would tell me this site is worth upwards of \$100 million, not \$25 million. But the EDA has prepared us to anticipate a negotiated sale in the neighborhood of \$4 million. And the State would realize from that the \$4 million, less the cost of demolishing the prison, which is around \$2 million. This says to me that something is wrong here.

I believe we must suspend the demolition; ask for a complete investigation of the facts; and, if the facts so warrant, refer this matter to the proper authorities who can do a very thorough investigation. I and my staff -- no legislative staff is capable of doing such a thorough investigation. I perceive this as either the height of incompetence or a criminal enterprise. I don't know which it is, but I think we need to find out.

After we, perhaps, have some discussion -- I'm sure there are other opinions. But after we have some discussion, I will make a motion that we reverse our prior vote to transfer the property to EDA and we stop the demolition.

MR. SHAUGHNESSY: I understand that someone signed in to speak on this matter.

Please come forward, sir, and identify yourself.

F R E E H O L D E R J E F F R E Y L. N A S H: My name is Jeffrey Nash. I'm a Freeholder in Camden County.

MR. SHAUGHNESSY: Please be seated, sir.

F R E E H O L D E R N A S H: First, to the members of the committee, thank you for giving me this opportunity.

And, Senator, I'm glad I have an opportunity to discuss the issues that you've raised.

A S S E M B L Y M A N W I S N I E W S K I: Freeholder, if you'd just press the button so the red light is on, on the microphone. (referring to PA microphone)

F R E E H O L D E R N A S H: Is that better?

A S S E M B L Y M A N W I S N I E W S K I: Yes.

F R E E H O L D E R N A S H: I appreciate the opportunity, because yesterday I had the opportunity to participate in the beginning of the demolition of the Riverfront State Prison.

I have been a Camden County Freeholder for 18 years. I have been the Vice Chairman of the Delaware River Port Authority, and, as such, we are engaged in economic development in Camden City as well.

In all my years in government and politics, there has never been a more meaningful and important event than the demolition of the Riverfront State Prison. In our part of the world, it's simply known as the mistake by the river.

As a Freeholder in Camden County, I represent 510,000 people. It is one of the most diverse communities in the entire state. It has some very affluent areas of Haddonfield, and Cherry Hill, and Gibbsboro, and Voorhees. It has some farmland in Winslow and halfway down to

Atlantic City. But it also has Camden City; 80,000 people living in the most impoverished community not in the State of New Jersey, but the entire country. If you would take a day and go through the streets of Camden City to see what the residents of that small community of nine square miles have to endure each and every day, you would understand the difficulty it is to live in that type of environment, to raise a family.

Senator, you correctly point out that the City has been a ward of the State for many years. There's 80,000 people living there. The State has contributed almost \$400 million a year just to maintain that status quo. That is unacceptable.

What we need to do in the City, in order for the City to rebound and to become revitalized, is to take part of its better assets and to make them available for jobs, for ratables, for infrastructure improvements. The only analogy I can draw for placing the Riverfront State Prison on that site -- along the river with the most magnificent view of the Ben Franklin Bridge -- is if you had placed a gigantic prison -- a medium sized prison in the center of Hoboken's waterfront district so that all the employees in Manhattan can look down at New Jersey and see the great development of the New Jersey Hoboken or Jersey City waterfront, but then in the middle is this barbed-wire prison that stops development in its tracks.

When I was taking a tour of that prison with the warden, who is a terrific guy, and we were walking -- this is before the prisoners had been removed from that site -- we walked to the base of the water and we looked up at the Ben Franklin Bridge, a magnificent structure built in the 1920s. He looked at me, and he said, "This is why they're tearing down this prison." The view is spectacular. The development stops at that prison.

Camden has done a fairly good job in revitalizing its downtown area through its edicts and means. Cooper Hospital has expanded, creating 1,100 new jobs; Rutgers University at Camden has also expanded with new dormitories. The development has been great. Millions of people now come to Camden City's Waterfront. It is the catalyst for future development. But it stops at the prison, because Rutgers will not build its campus next to a prison. The universities and the medical school will not touch near -- or put their parking near a prison. And as that prison sits at the gateway of a North Camden community, behind that community is total decimation, people living in the worst conditions in the entire world.

So when you ask why we are removing this prison-- I understand it's a new prison. Obviously, if you're not from our part of the state, you would take a look at a prison that's 25 years old -- you may be struggling to figure out, "Where am I going to put all the State prisoners?" But if you move past that issue-- Because I think that prison -- and removing the prison transcends simple economics of corrections. It has to do with the bigger picture of revitalizing Camden City.

And in our part of the world it's kind of a no-brainer. The joke is -- and this is not really funny -- but the joke is: On the Philadelphia side, across from the Delaware River, across from the Riverfront State Prison, there are these beautiful, brand new, high-rise co-ops. People pay hundreds of thousands of dollars to purchase those co-ops to get a view of the bridge. The joke is: In Philadelphia you pay hundreds of thousands of dollars for the view of the bridge; in New Jersey you have to steal hundreds of thousands of dollars to get the same view of the bridge. It sounds funny, but it's really no joke.

There's no way Camden City can be revitalized unless you remove that prison. And that's what prompted me, and the Governor, EDA, Treasury to make that change. And I'm proud that this State has seen that vision and has made that decision.

Let me move to a separate issue, which is really an issue you raised in your letter. And you are correct in what you state about Camden County's problem with its corrections. Camden County has a facility built in its downtown area -- detention facility -- like most counties have. It was a facility that was antiquated the day it opened. It was built for 400 people. The average population in Camden County is between 1,600 and 2,000 prisoners -- detainees. Very few State prisoners are housed in that facility. The facility is old, it's broken. We are engaged in very serious lawsuits. And the County said that it needed to do something to resolve this problem.

The report that you read was a comprehensive report that gave the County various options. One would be to build a new facility, which Camden County, like every other municipality or county government in this state, doesn't have the money to build a \$100 million facility. It doesn't pay to retrofit that facility, because it's throwing good money after bad.

One of the options is to privatize the facility; obviously very controversial. But the County is looking to privatize its corrections, and that would entail having a private company come in and build a prison at its own cost. And the County would pay to house its prisoners. Camden County, because we have Camden City to concern ourselves with, would never use that State facility on the most valuable property in Camden City

as an option. It's saving one problem but perpetuating another. So I view the two issues to be apples and oranges, to be quite frank. And we have a viable option that could save Camden County taxpayers over \$15 million a year. Camden County is the only county in the State of New Jersey that has lowered the tax levy for three consecutive years. We do so because we get it; people are really hurting. But we need to help Camden City become revitalized, get back on its feet, stop being a ward of the State. And at the same time, we need to house our prisoners. We can do that by saving \$15 million a year without using a facility that should not have been placed on the river in the first place.

So that's my pitch. And I'm willing to take any questions.

MS. WILLIAMS: Do any Commission members have questions for this witness?

SENATOR CARDINALE: I certainly--

Thank you, Tiffany.

You speak about the history of why the prison was built there in the first place.

I've attempted to go back and talk to some folks who were around when that was done. Believe it or not, what has come back to me -- and you live there, I don't -- is that it was placed there as a form of economic revitalization, because it would provide jobs for people -- lots of folks -- who were living in that area who were unemployed at the time. And so at the time, it was thought to be a good idea and economically beneficial to Camden.

Do you have a different version of why it was placed there?

FREEHOLDER NASH: Yes, sir.

In 1984, the State was looking to build facilities. It doesn't build facilities like this anymore, these stand-alone, 1,100-inmate prisons. It was desperately looking to build a new facility.

In 1984, the Camden Waterfront was a dilapidated wasteland. The remains of RCA and its great factories stood at the Waterfront, but nothing existed. And if you've been to the Camden Waterfront where the Aquarium is now; and Wiggins Park; and the Susquehanna Center amphitheater, which is the second most successful amphitheater in the country, there was nothing there in 1984. The City, as always, is a ward of the State. And the pitch to Randy Primus, who was the Mayor at the time, was, "Take this prison and it will create jobs. We'll give preference to Camden residents who need jobs." The residents of North Camden -- a group known as Save Our Waterfront, a very vocal, dedicated group of community residents in that North Camden area -- fought that prison tooth and nail. They said it was a fraud. There are no jobs going to Camden residents. And what they found happened was, people would get Camden addresses, sign up for those correction jobs. And over the years, those Camden jobs dissipated. Are there some Camden residents who work there? Yes, there are. They worked there, but now they work at other facilities around the state. They don't have to live, and work in that prison.

The residents of that community have fought this prison from the day it was first proposed in 1984. That prison was forced upon the City because it is a ward of the State. The State got that property. But what has happened over 25 years is, the entire Waterfront has blossomed. The amphitheater, the promenade, the Wiggins Park Marina, the concert stand that draws 5,000 people, the Aquarium drawing over a million people a

year, the baseball stadium, and that entire Waterfront -- and then Rutgers, and Cooper Hospital, and Our Lady of Lourdes -- they're all expanding. And then the prison, which was put there before all that started, has stopped the development in its tracks at that spot. And the residents of North Camden, who are the people behind this effort to remove the prison-- I wasn't the one who came up with the brilliant idea to remove it. To me, it was obvious. But it was the residents who have been fighting this charge. They have said that there are no jobs.

There have been community meetings. I went to a community meeting, when I took on this task about removing the prison, before I went to the Governor -- three or four governors ago, maybe five governors ago -- I went to a meeting in North Camden, in a house filled with residents from every age, race, religion. The community gathered. And I said, "Before I, the Cherry Hill Freeholder, take up this effort to remove this prison, I want to hear from you whether you want this prison gone. Because it's easy for me to sit in my home in Cherry Hill and say, 'Hey, a prison doesn't make sense here,' but maybe you have a sense of security, maybe your jobs are here, maybe your family members are incarcerated there. You tell me how you want to handle it." And I went around the room. And it was unanimous, at least 75 to nothing, "Get rid of that prison. It has destroyed our community. There are no jobs here. Nobody in our community works in that prison." If you were fortunate enough to get a job with corrections and make \$35,000, \$40,000 a year, why would you ever remain in the most impoverished community with the worst schools in the state? Of course you're picking up your family and you're leaving. And that's exactly what happened.

SENATOR CARDINALE: Freeholder, you are reinforcing my conclusion that the objective was not economy of our prison system because we had overcapacity. But the objective was: you wanted this prison torn down. That's not how it was presented to this Commission. What was presented to this Commission was that we had overcapacity. This was excess property, and we would have to reduce the size of our inmate capacity, because it just didn't make any economic sense to keep it.

Now, I agree with you that the motive, which was not presented to this Commission, is the most likely motive: Camden wanted this gone. But if this is, indeed, so valuable, why were we told by the EDA that we could expect somewhere around \$200,000 an acre? It's about a 16-acre site. And that would translate to about a \$4-million sale price. And we're not going to auction it. We not going to auction it, because we don't want somebody land banking it. We're going to sell it in a negotiated sale. And we're not going to look for \$100 million, we're going to look for \$4 million, and it's going to cost us \$2 million to tear it down.

FREEHOLDER NASH: Senator, I don't want to speak--

SENATOR CARDINALE: Those numbers don't make any sense.

FREEHOLDER NASH: Well, I don't want to speak for--

SENATOR CARDINALE: And they don't comport with your view of this becoming the middle of Manhattan. I mean, I can envision this as another Rockefeller Center the way you have described it. And God bless if it becomes that. But we have a responsibility here that the State gets value for what we dispose of.

We also have a responsibility to deal with the truth, not with some fluff that has been presented to us. And I think, indeed, fluff has been presented to us. And I don't-- I would like to ask you, instead of just making a speech-- I would like to ask you if any consideration -- in your dealings with the EDA, was the EDA informed that you had this other problem hanging out there of needing additional housing of inmates?

FREEHOLDER NASH: I would say-- I can't speak for the EDA. I don't view that as the same -- as an issue that EDA would be involved in, because we would never consider moving county prisoners to the Riverfront State Prison. That is not an option for Camden County. It would never be used for county prisoners. And it's not something that concerns EDA. That's a county issue.

As far as the land banking, that is a great concern. We have spent an extraordinary amount of time and effort to remove this prison -- or hopefully remove the prison. We don't want someone coming in and not being productive on the property. We want to make sure that we are using that property in accordance with the community plan, and that is to create jobs, ratables, and to offer access to the community of that magnificent Waterfront.

SENATOR CARDINALE: It might interest you to know that this matter was brought to my attention by a Camden resident who was aware of our meeting. I don't know how he was aware, but he was aware of our meeting. And he brought this to my attention and supplied that initial clip of what appeared in one of your local newspapers.

I got one other call as a result of me-- It was from a company that regularly holds auctions on real estate. And they said, "You were sold a

bill of goods.” Well, I wasn’t sold a bill of goods, because I didn’t believe it; but the Commission was sold a bill of goods. Auctions provide the best vehicle for both transparency and getting the most for a valuable product if they are held correctly. If they are properly advertised and the proper conditions are placed, you get your result.

He told me it’s very common -- although I said that to the Commission -- that we could do it. But it’s very common to place a condition on the auction that would prevent land banking. Personally, I believe that that’s a false issue, because what we have done is give the EDA the opportunity to select a developer -- could be a favorite of someone -- to allow mischief to occur. And don’t tell me it hasn’t occurred, because we have a few people in jail because it has occurred in the past. And it seems to me that at the very least, if this is so valuable a property with its views-- If people are going to be willing to pay hundreds of thousands of dollars for apartments on this site, at the very least, the people of the State of New Jersey are entitled to that value, not some favored developer who is weeded out along the way through all of these filters that the EDA is now authorized to impose -- all subjective. There’s no objective criteria whatsoever at all. So the EDA could reject Trump -- I don’t know if he’s still solvent -- but they could reject Trump, and they could pick Joe Smith because he’s got a powerful political friend. I made that argument at our last meeting. That’s not new.

But if, indeed, it has all of this wonderful value, there would be no lack of bidders. If that’s real, there would be no lack of bidders who would be willing to develop it. I suspect, I believe, that there is a developer in the wings who is going to get a windfall, and I believe it’s our job to see

to it that that does not occur and that the value is derived for the taxpayers of the State of New Jersey, not for some fellow who makes political contributions or who has good political friends.

FREEHOLDER NASH: The only thing I would say, Senator, in response to that is-- Let me say two things. First, I think I have a little more faith in EDA than, apparently, you do. You've been around for a long time and have seen it all. But I've been working with the community. I will make you an offer. Come down to Camden, sit with the residents of North Camden who have driven this process. EDA is following their lead. They have worked with EDA for the past several years trying to identify what is the best use of not only that Waterfront property, but the entire community, because it's a piece of that puzzle. I don't think they're going to change your mind, but I think you would have a perspective from why EDA has moved in this direction, and what has motivated them to try to avoid a general auction and trying to get the best price only for that property. And maybe you can convey to the residents your feeling as to why you think it should be done differently. But I would be welcome to host you down in Camden -- beautiful Camden, New Jersey. You can even go see the hippos in the Aquarium. And I think you would have a different perspective. And also, I would give you a tour of that site, walk to the Waterfront, take a look at the bridge; and I think you'll have a different perspective of what's going on there.

SENATOR CARDINALE: That's a very generous offer. I have been to Camden. I have been to the Aquarium more than once.

FREEHOLDER NASH: Good.

SENATOR CARDINALE: And I have seen how the development south of the bridge has taken place.

You're certainly more familiar than I am, but I've heard from folks down there that the North is not going to be straightened out by changing this prison. There are other conditions that are going to have to be changed long before anyone is going to desire to put their business or their residence-- I don't know how the people who live there can put up with the lack of public safety that is apparent. And I'm sure that they are clutching at any kind of straw to have a better sense of a neighborhood -- where they can raise their children, where they can have decent schools. Everybody wants that. But until you straighten that out-- I don't think it's the prison that's creating the economic situation down there. That's my view. I think it is all of the other situations that have created that. And I bet you could leave the prison there if you cleaned up the rest of it. And there's other Waterfront property beyond the prison. I have to assume that 16 acres is not all of what's north of the bridge.

FREEHOLDER NASH: We're working on that too.

SENATOR CARDINALE: That's what you really should be doing.

FREEHOLDER NASH: We are.

SENATOR CARDINALE: I really don't see that it's the prison itself.

FREEHOLDER NASH: The prison is not my only focus in Camden.

SENATOR CARDINALE: Do you object to an auction? Do you still object to an auction?

FREEHOLDER NASH: I object to-- It depends on how you define *auction*. What I have been working with the North Camden residents-- They have a vision of what they want their community to look like. And as part of that, job creation is important, ratable growth, community access to the Waterfront, and to make sure that that 16-acre site matches what is planned for adjacent sites and further back into the community.

So would I object to an auction as long as the restrictions were such that we accomplished the community's goals? The answer to that is: no. But I don't know how you define *auction*. I think it's simpler and more productive to identify what it is you want there for the overall community goal and to accomplish that.

I understand your concern about windfalls for developers. I have more faith in the process than that. I think that the community is going to be driving the process, and the community would not allow a developer simply to get a windfall. They have no interest in that.

SENATOR CARDINALE: I don't know if you were here at our last meeting or had an opportunity to review the minutes. We discussed all of those points. And it was my position, frankly, that you could, and you should, first determine what you want on the site, then zone it for that, and then put that up with the zoning in place, with all of the conditions in place, with a provision that it would have to be built within a certain timeframe. And you could put all of that-- And this auction company that called me said it's done, it's a regular practice, it's not unusual. That would, at least, take away the fear.

Now, I have one other question for you. I appreciate you coming here and testifying.

FREEHOLDER NASH: I'm just over the swine flu too.

SENATOR CARDINALE: I'm a little confused, having read the Governor's statement -- his press release yesterday -- as opposed to what I have heard from people who live down there. People who live down there say that within hours -- they may be exaggerating -- after our last meeting the demolition began. The toilets were stripped out of the place, plumbing, electrical wiring, all of that kind of stuff began to be removed almost immediately. In the Governor's press release, he says the demolition started as of yesterday. Which is correct?

FREEHOLDER NASH: I didn't see the press release, but I know that the demolition that I saw started yesterday. I think it was actually a little bit ceremonial, because they had a backhoe taking down a gate and a fence.

SENATOR CARDINALE: So as far as you know, no substantial demolition has occurred at this point in time.

FREEHOLDER NASH: No. I don't know what-- I did not go inside the buildings. But at least from my vantage point, all the walls had remained up. But I'm not sure of what's going on inside.

SENATOR CARDINALE: See, that's important for the Commission members, because-- I can understand economic development. I can understand wanting to get rid of something that you consider an eyesore in order to make way for an economic development that you see. And if the Commission made its determination based on that kind of motivation, while I might not support it, I could understand that as being

an honest disagreement. I really feel we have been misled. The judgement that we need to make here is whether we should sacrifice what was reportedly a \$35 million to \$50 million facility. I think it's a much greater cost than that to replace a prison of that capacity. But even if it's a \$50 million facility -- whether we should invest the State's \$50 million, get nothing back for the land -- next to nothing back for the land -- in order to advance economic development of that 16 acres in Camden. That's a different decision than the decision that was put before this Commission. I'd go the same way.

But I would make a motion that we reverse our action of our last meeting; that we, at the very least, look into how far the demolition has progressed; and come back when that information is available to us, and revisit this question of whether this facility should be torn down -- not because it is excess capacity, but because there is an economic development reason for tearing it down.

That's a motion.

ASSEMBLYMAN O'SCANLON: I'll second that motion.

ASSEMBLYMAN WISNIEWSKI: Madam Chair, I make a motion to table that motion.

MS. WILLIAMS: Second?

SENATOR GORDON: Second.

MS. WILLIAMS: Would you call the roll, Mr. Secretary.

MR. SHAUGHNESSY: Yes.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

MS. WILLIAMS: Yes. This is the motion to table, correct?

MR. SHAUGHNESSY: That's the motion, correct.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: No.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: No.

MR. SHAUGHNESSY: The motion to table has succeeded and is passed -- motion to table the prior motion has succeeded and passed.

SENATOR CARDINALE: I would like to, on a point of personal privilege--

MS. WILLIAMS: Senator, just for one second-- On that motion, we missed one Commission member, Commissioner Bell.

MR. SHAUGHNESSY: I'm sorry if I did. I apologize.
Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MS. WILLIAMS: Thank you, Senator. I apologize.

MR. SHAUGHNESSY: The motion to table has succeeded.

MS. WILLIAMS: Senator.

SENATOR CARDINALE: On a point of personal privilege that goes to the integrity of this Legislature and this government, you have reinforced the notion that the facts do not support the determination that was made at our last meeting. You haven't advanced any arguments against any of the things that have been brought to light since our last meeting. They're two very important facts. He told you this is not excess capacity; this is, they want economic development on this site. We were lied to. You don't want to recognize that.

Well, I have news for you. This Commission will meet again. This Commission is going to meet again, and some of the Commissioners won't be here. And I look forward to that discussion continuing when we have some new Commissioners next year. But there's going to be one difference. You see, what you've succeeded in doing is perhaps closing some of the options available to the State because, by then, maybe the destruction of that facility will be so far along that we can't reverse the mistake that some of us believe has been made. And that's a mistake very detrimental to the taxpayers of this state.

But I'm not surprised that the Assemblyman made a motion to table, because that is a cowardly practice that I have seen used time and again, but only in the last eight years. I've seen it used routinely to shut off argument that was unpleasant to the majority. Now, the majority is not changing in the Legislature, but it's going to change on this Commission; and we're going to have to revisit that with the new majority.

MS. WILLIAMS: Mr. Nash, thank you for coming. I know you have another meeting.

And I know that that motion came before any other Commission members had an opportunity to make any statements. You can feel free at this time, if any Commission members have anything else to add.

ASSEMBLYMAN WISNIEWSKI: Madam Chair, I would just like to clarify the record. I've sat through-- This is the third State House Commission meeting in which this issue has been discussed. And in the two prior meetings, it was very clear to me, sitting here, that the City of Camden and the County of Camden, in concert, did not want to have a prison on their Waterfront, because they believed, I think correctly, that any further economic development of the City of Camden was going to be stopped because of that. They made that clear. It was no secret. It was an economic development issue.

The secondary issue was: Does the State need the property? And it was made clear by someone from the Department of Corrections that there was no concern about capacity. I'm not sure what State House Commission meeting Senator Cardinale was at. But the one I was at, those issues were raised.

Now, in terms of someone characterizing a motion being made as cowardly, as an attempt to cut off debate-- I sat through 50 minutes of Senator Cardinale's soliloquy on how there is a secret force at work to destroy a prison and give away property to somebody. And he has put forward on the record suspicion, innuendo, perhaps outright fabrications so that people will leave this room -- perhaps members of the press will read the transcript -- and create a story out of whole cloth where none exists. No one cut off debate.

But at the time when the Senator thought he should make a motion, he made that motion. I thought the motion was ridiculous, and I made a motion to table it. If he had additional words that he wanted to say, if he had additional debate, additional facts that he wanted to present, then he shouldn't have made the motion; he should have talked. And we could have stayed here until 2:00 if he wanted. But that's not what happened.

I think the record is abundantly clear why we're proceeding in this fashion. There's been ample debate. This is the third meeting that we've debated this. I think it's time we moved on. The prison is already being torn down. We've spent hundreds of millions of dollars helping the City of Camden lift itself up. This is an opportunity to give them an opportunity to lift themselves up by their own bootstraps, to have economic development activity that will make a real difference and end the cycle of dependency. And I think we ought to give it a try.

SENATOR CARDINALE: Madam Chair, Assemblyman Wisniewski has taken some liberty with the facts which are readily determined by reading the minutes of our prior meetings on these discussions.

Yes, economic development was discussed, but not as the reason for tearing this prison down. It was discussed as how we would go about disposing of the land after the prison was torn down. Assemblyman Wisniewski has a very convenient memory. My objection is not to voting up or down on the motion I made, but rather to accomplish defeating the motion without a recorded vote by the cowardly members of this

Commission who don't want to be recorded as voting for or against the motion. That's what I object to.

MS. WILLIAMS: Do any other Commission members have any comment?

DEPUTY TREASURER BELL: Yes, I'd like to correct and clarify a couple of items that were brought up by the Senator.

The statement that the State will not extract value from the disposition of this property is not accurate. I believe that the testimony has been that the EDA will pay the State for the current value of the site, as zoned; will reimburse for the demolition; and then will provide all remaining proceeds, as a result of the sale, to the State. So there is no-- The State is not giving this away for a bargain. The State expects to extract value.

The entire reason why an RFP process was determined as opposed to an auction is to extract maximum value from the mixed-use rezoning that will occur. I will tell you from my private sector experience, auctioning a piece of property like this as opposed to an RFP is not the methodology used to extract maximum value. The only way that a-- There is an open, competitive process that is anticipated and has been put forth by EDA. The only thing that they asked for the ability to do is, if there is a large corporate user-occupant, and it is a user-occupant or the developer for a user-occupant that is looking to develop space -- and this happens quite often; they go to multiple states and ask for bids -- that that would be -- only for a user-occupant, not for any favored developer -- that that would be an opportunity that EDA would like to participate in if it appears it would

be in the best economic interest of the State and the economic development for Camden on the Waterfront.

So I want to correct those two, because I think it's very misleading to say that this is some kind of hidden agenda, there's somebody in the wings. That couldn't be further from the truth. The governance process is very transparent. It goes to the EDA board; it will come back to the State House Commission. So the fact that there are assertions being made that there is some secret process I would like to correct on the record. And I'm not a coward to say that.

MS. WILLIAMS: Thank you, Deputy State Treasurer Bell.

Any other comments?

Senator.

SENATOR GORDON: Thank you.

I'd just like to go on record as saying that I support the policy decision to demolish the prison. Were the property owner of this site a corporation, for example, or private entity, I would agree with my colleague, Senator Cardinale, that an auction would be the best way to extract value from the property. But we're not a private entity, we're a public entity. And we're concerned about other important goals of public policy, such as the economic development and neighborhood revitalization of Camden. And so I think the process that we are pursuing is the correct one.

MS. WILLIAMS: Any other comments?

ASSEMBLYMAN O'SCANLON: Thank you, Madam Chairwoman.

Do we have anyone from Corrections here, or EDA, present?

MS. WILLIAMS: We do not, because the Commission took action at the last meeting. We do not.

ASSEMBLYMAN O'SCANLON: That's a shame because, again, I may fully support this policy decision and all the redevelopment aspects that were so eloquently put by the Freeholder, a very wonderful spokesperson for Camden County and the City.

But everyone sitting up here needs to be troubled by the fact that someone thought it was important enough to make the case about overcapacity in our prisons. I asked the folks from Corrections about that very issue specifically. It's in the minutes.

I said, "You're not going to be back here in three, or five, or 10 years saying, 'We've got to build a new prison,' because now we don't have enough capacity after we've torn down a perfectly good facility?" And they assured me, "Absolutely, that's not going to happen." Everyone should find it troubling that not three years, or five years, or 10 years out, but three months out we now find out that there is undercapacity. I think I even mentioned that specific prison being overcapacity and was told that, "Well, no, not really. The original design -- but it's been upgraded." So you have to find that troubling.

If the arguments were made without any of that testimony that, look, this is -- "We agree that we're undercapacity, we have a problem with the prison system, but we still think it's a better value to tear this one down and redevelop that area, and it's more valuable to the people of the State to do that," I might have bought into that argument, and then there would be no question now. But that wasn't what was done, so I am troubled by that.

As far as the auction or how this property will be disposed of-- In my neck of the woods, we are redeveloping Fort Monmouth. We are coming up with a redevelopment plan which will be put into place, and there will be performance stipulations on folks that will, ultimately, redevelop the property. So I think you can have a hybrid here. You can guide what will happen, you can guide how quickly it will happen, and still have the more open process that Senator Cardinale is arguing for. I think that ought to be looked at. And I think we'll have a chance down the road to revisit that.

Thank you.

MS. WILLIAMS: Any other comments? (no response)

Moving on to the next item of old business.

MR. SHAUGHNESSY: Yes, the next item of old business is No. 3 on your agenda. It's RPR 97-39.

Treasury requests approval to extend the negotiation period between the State and Marlboro Township for an additional six months from the date of December 17, 2009, today's meeting.

ASSEMBLYMAN WISNIEWSKI: So moved.

SENATOR GORDON: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

MS. HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes. And that's within my district. I appreciate it very much.

Thank you.

MR. SHAUGHNESSY: Okay. That concludes the old business items. And we're now on to the new business items.

Items No. 4, 5, 6, and 7 are DEP residential leases.

Item No. 4: Treasury requests approval to lease a DEP residential property located within the Swartswood State Park to Jean Michael for \$301 per month.

ASSEMBLYMAN WISNIEWSKI: Moved.

MS. WILLIAMS: Second.

SENATOR CARDINALE: Discussion.

MR. SHAUGHNESSY: Sure, discussion.

Yes, Senator.

SENATOR CARDINALE: This is not an isolated thing. At just about each meeting, we are renting housing. I mean, this is a two-bedroom house with a garage and a basement. It's not a palace. But our estimated value is \$800 a month, and we're renting it for \$300.

Now, I perfectly understand the problem, that DCA has said it is unconscionable to raise the rent more than 10 percent. But I wonder if

anybody has actually asked DCA, if when it is demonstrable that the rent is well below market to the extent of the difference between \$800 and \$300, whether it is unconscionable to bring the rent up to market value.

It also occurs to me that we are a government. We have the ability to change what DCA says when it's-- DCA is operating to the detriment of the taxpayers. And we're not just talking about one property. We're talking about dozens of properties, almost all of which are being rented substantially below market value. I don't know how we got into this mess in the first place, but we're not going to get out of it by 10 percent a year. It will take us 20 years or more, if the market doesn't go up, before this one will actually come up to market.

So I'm going to make a suggestion. I've discussed this with the Assemblyman. I think he is in concert. We should: One, not have all of these options going out for many years. We should rent these properties on a month-to-month or no more than one-year basis. And over the course, in January, recommend to the Legislature to put in bills -- bipartisan bills -- that would authorize this Commission to bring everything, at the expiration of the lease, up to market value. And after that, then this unconscionable increase provision of DCA certainly can be effective. I don't think that this State tries to take advantage. We're not some miserly landlord trying to take advantage of tenants. But the present situation has allowed any number of tenants to take advantage of the taxpayers of the State of New Jersey. We are not giving a windfall to everyone who lives in New Jersey. But we are giving a windfall to certain selected people. I don't know how we came up with them. Some of them seem to be, when I questioned this in the past, perfectly legitimate. They were living there; they sold the

property to the State originally. There were all kinds of histories which, I'm sure, differ from property to property.

MR. SHAUGHNESSY: That's correct, Senator.

SENATOR CARDINALE: But we need to correct this. We cannot continually be renting these properties for half, or less than half, or in some cases 60 percent or 70 percent of market value. So I would move that we alter this and all the others that come along to shorten the term of the lease.

My first motion would be that we say here we are capable of overriding DCA's opinion, and that we rent these hereafter only at market value and not less than market value. I don't know how we've derived at the market value, but in our notes we have each one of these -- what the market value actually is. And I'm willing to buck DCA.

In the alternative, if no one here agrees with me -- I don't know if anybody agrees with that -- that we have short leases, we introduce legislation that authorizes us to bring all of this stuff up to market value at the expiration of term.

ASSEMBLYMAN WISNIEWSKI: Senator, can I make a suggestion?

SENATOR CARDINALE: Sure.

ASSEMBLYMAN WISNIEWSKI: You quite accurately pointed out that the makeup of this Commission will change in January because the Executive Branch is going to change in January, and there's going to be a different DCA Commissioner. Why don't you allow that Commissioner an opportunity to make the decision as to whether or not

they want to change the policy that right now limits this at a 10 percent increase per year.

SENATOR CARDINALE: That's a very good suggestion, sir. And perhaps the broader issue can be put off. But on all of these leases, we're leasing them for a year, and then we're giving four or five one-year subsequent options, so we're foreclosing what the next Commission will be able to address. At the very minimum, we should make these shorter terms. I would suggest month-to-month. We have some things that we are doing month-to-month -- not these houses with all this windfall, but we are doing some other properties on a month-to-month basis. It's not a foreign idea. It's something that this Commission does.

I don't see why these individuals -- the five of them who are on the agenda today -- should be treated differently than we're going to treat people next month.

MR. SHAUGHNESSY: Senator, if I may give some background. I think you're absolutely correct that these are long-standing matters. And from the research, apparently these properties, for the most part, were acquired in the '60s from these individuals or their family members. And Treasury inherited the program, administers the program since '93 or '94.

I cannot say that these-- These are all below the fair market value as established by the 2006 appraisal. But they're not a normal fair market value lease, because all repairs or replacements up to \$500 -- each and every one of them are on the tenants' dime as opposed to the State's dime, the landlord's dime. So that's a bit unusual. And the tenant is responsible for all maintenance, operations, utilities, etc., etc.

The leases are -- and this may give you comfort, Senator -- the leases are for one-year with renewals -- four, one-year renewals -- either with a CPI increase or at fair market value. And if I could provide the Senator -- Senator Cardinale -- with a copy of the lease, maybe that would give you some comfort.

SENATOR CARDINALE: One thing I do know about is tenant leases. I have a few tenants, and I have a few leases. I know what CPIs are, because they're in my leases where they're permitted by law to be in my leases. And the CPIs are very, very small adjustments.

MR. SHAUGHNESSY: I think the last one was 3.9 percent, 4 percent.

SENATOR CARDINALE: Yes, very small adjustments. It's not going to get us anywhere near fair market value.

I am not making an issue with how we got here. I'm making an issue with where we are, and how do we get to where the taxpayers are being treated fairly, as well as these individuals. I'm not suggesting we do anything that is above fair market value.

And, you know, it's fairly common that small repairs -- in landlord-tenant arrangements today -- that small repairs are at the expense of the tenant, particularly in the kinds of properties that we're dealing with here, which are all free-standing, one-family homes. In a big apartment house, you have a staff who come in and do minor repairs. There is no landlord who could exist doing minor repairs on buildings of this type. It has to. In my leases, the tenants shovel their own snow and mow their own grass. And we have that. So even down to little routine things -- they take their garbage cans in and out. If you live in an apartment house, somebody

else takes the garbage cans in and out, and mows the grass, and all that kind of stuff. So that doesn't-- Whoever determined the fair market value had to take those factors into consideration as well.

Now, the renewals are what I'm particularly objecting to, because that locks us in. They have the option to renew.

MR. SHAUGHNESSY: The mutual agreement of the parties.

SENATOR CARDINALE: The options are on mutual agreement of the parties?

MR. SHAUGHNESSY: Yes.

SENATOR CARDINALE: Well, that's not an option. You may as well have no option if it's on mutual agreement of the parties.

My understanding of what's in our notes -- maybe I'm misunderstanding -- is that the tenant will have an option to renew at this 10 percent increase, plus the cost of living. That's how I understand it. I haven't actually seen the leases.

MR. SHAUGHNESSY: I'm happy to get the lease to you if that would give you more comfort, Senator.

SENATOR CARDINALE: Well, my motion is going to be that we rent them for either month-to-month or one year and no more than that -- we always have the option to renegotiate with the people in the following year.

MS. WILLIAMS: Is there a second to that motion?

ASSEMBLYMAN O'SCANLON: I'll second that motion. I think that's fair. Especially if we want to go a year and have this revisited-- We know, again, there's going to be some change at DCA. I think that's reasonable.

MS. WILLIAMS: Any discussion?

MR. SHAUGHNESSY: I just have a clarification. Which is it, month-to-month or one year?

SENATOR CARDINALE: Well, I'd like to hear other opinions on the Commission.

MS. WILLIAMS: I do agree that the motion does need some clarification, but let's have discussion first, and then it may be revisited.

SENATOR GORDON: I share Senator Cardinale's concerns about this. And, of course, I haven't-- As sort of the alternate here today, I haven't had the opportunity to learn the history of properties of this kind.

Can someone tell me, is there a public benefit that would justify a public subsidy of these rents? Why are we doing it? Is it just history?

MR. SHAUGHNESSY: It's been historical, coupled with the DCA consideration. We can't go up more than 10 percent a year. So we've been doing that almost exclusively in cases where it can go up that far.

SENATOR GORDON: And just a follow-up if I could. And how did-- Why did DCA decide or declare that a 10 percent -- or an increase beyond 10 percent is unconscionable -- a \$30 per month increase? Do we know what went into that decision?

MR. SHAUGHNESSY: Not fully, Senator.

SENATOR GORDON: Okay.

MR. SHAUGHNESSY: I think what DCA has said in the past, and recently so, is that if a tenant then brings the landlord to court on an unconscionable claim, the burden then shifts to the State to prove that it's not unconscionable. Moreover, the court matter would then proceed, and

everything would look into the tenant's income and things like that to determine if it's unconscionability.

MS. WILLIAMS: Any further discussion?

ASSEMBLYMAN WISNIEWSKI: I think month-to-month is unworkable. If you're looking at renewing this lease for a period of a year, to have the administration -- the incoming administration -- decide what they want to do, I don't really have an objection with that. But obviously this is something that has gone through multiple administrations. A lot of these properties were properties that were acquired during the creation of State Parks and Forests and, as our Secretary said, the families that own them were given the opportunity to continue to live there. Ultimately that will cease at some point in the future, and the State will have the property outright. And so, essentially, part of the cost of the acquisition was creating this situation. But, to allow the incoming administration an opportunity to look at this, I don't see it as a problem. Any of these residential leases that are below market, we're making them for a year and coming back to it in a year's time.

SENATOR CARDINALE: I'll accept that thought by the Assemblyman, and make the motion for the year. I sort of made it in a bifurcated way; but I would make it for one year -- renewals on all of them that are under market.

SENATOR GORDON: I'll second that.

MS. WILLIAMS: Any discussion?

I do want to make a point that I understand concerns, but I do also have a concern about changing the terms of a lease without seeing the lease and fully understanding what the option is. My understanding of an

option is a little bit different and similar to Senator Cardinale's. So we've heard testimony that the option may be the State's option as well. So my concern with moving forward with the motion and altering the terms of the lease is that I believe that we should have some testimony by DCA and also see the leases before any determination would be made on actually altering the terms. Because that's a significant departure from what has been done. There are families that have been in this type of lease agreement over time, and it would certainly cause some disruption, potentially, to them.

SENATOR CARDINALE: May I make an alternate suggestion? Why don't we just pend these items until we have that lease form in front of us, and have an opportunity to get a clarification from DCA of what their policy actually is and whether it applies in these kinds of circumstances. I understand, Senator Gordon, that this comes about through-- I seem to recall that it was a statute that passed on unconscionability of rental increases, and that some courts have made determinations about what unconscionability translated to in terms of kinds of percentages. I don't think the statute-- I don't recall that the statute said 10 percent, but I think some judges have said 10 percent, and DCA sort of went along with that theory and made it a policy. But I don't believe it was ever intended by the sponsor of that legislation -- who we both know, or knew; he's passed away -- I don't believe it was his intention to be dealing with these kinds of circumstances. These are very unusual kinds of circumstances. But I think we should pend it. And Declan, I think you made a very good suggestion: We should look at what the leases say, and hear from DCA.

MS. WILLIAMS: In light of that, I'm going to make a motion to table your motion, and-- If there's a second, I can make a new motion to table these agenda items.

DEPUTY TREASURER BELL: May I just ask a clarifying question? Perhaps Bob can answer this; I don't know. Will we be moving into an environment where we'll have no lease if we don't do an action here? Do we know what the current termination--

MR. SHAUGHNESSY: My understanding is that all of these leases presently exist, and they're up for a new lease and/or renewal. Correspondingly, I think we'll be working under a month-to-month lease in effect, under the old terms. This would be approval of the new lease with new terms. So I think that's what's, in essence, happened -- all these individuals presently occupy as tenants; and the old lease terms will go on a month-to-month basis.

MS. WILLIAMS: Can I make a motion to table the Senator's original motion?

SENATOR GORDON: Second.

MR. SHAUGHNESSY: Okay; I'll call the roll on that.
Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: No.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The motion to table the motion passes; and is there a motion then to table these four items?

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Okay.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes, on presuming all of these are below-market.

MR. SHAUGHNESSY: They are--

DEPUTY TREASURER BELL: We don't have any that are at market.

MR. SHAUGHNESSY: That's correct.

DEPUTY TREASURER BELL: Then, yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That motion to table succeeds.

Next item goes to No. 8: New Jersey Department of Treasury, on behalf of the Motor Vehicle Commission, requests approval to grant two easements to Bergen County for roadway improvements and maintenance projects.

ASSEMBLYMAN WISNIEWSKI: Moved.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

SENATOR CARDINALE: I have a question.

MR. SHAUGHNESSY: Yes, Senator.

SENATOR CARDINALE: How did-- It seems to me that sometimes -- and the very next one is an example of that -- we give these things over to another entity that is sort of a non-profit, or another government, for \$1. And sometimes we make a charge. What is the logic behind doing it one way or the other way in the given case? Now, I'm not objecting because of the \$1,500 -- that's certainly a nominal charge for the County of Bergen; and I happen to be from Bergen. I don't want you to think it's because I'm from Bergen that I'm making that distinction, but the next one--

ASSEMBLYMAN WISNIEWSKI: If I was paranoid, I'd think so. (laughter)

SENATOR CARDINALE: The Little Fall one -- we're doing it for \$1. What is the rationale?

MR. SHAUGHNESSY: Well, for instance, on the present item, No. 8: that determination on the .035 total acres was done in-house by determination of value. Other times -- if you're talking about the next one that we'll have in a moment -- the other ones, we sometimes rely upon appraisals done by other parties or outside appraisers. And it depends upon the nature of the project. It's really somewhat a case-by-case basis and where the project is emanating from.

SENATOR CARDINALE: The next one -- if I can just make the comparison -- you're dealing with five acres. It's \$1. And I understand why we'd want to do that -- I'm going to vote for the next one.

MR. SHAUGHNESSY: That's the proposal; yes, sir.

SENATOR CARDINALE: Because it's for student housing. I think it's a great purpose; we should want to advance that. And I think it's a perfectly appropriate thing for the State to do what it can for a college -- and it's a State college; it's almost an in-house transfer, you might say in some respects -- so I can understand that. But do we consider all counties as having to pay rather than have be treated similarly to a State college?

MR. SHAUGHNESSY: We treat them as local government entities. But I can't say historically how we've treated them.

SENATOR CARDINALE: So all local government entities will have to pay, according to an appraised value, is that--

MR. SHAUGHNESSY: That's the way we've generally done it in the past.

SENATOR CARDINALE: All right; I understand it. I'm prepared to support it.

MR. SHAUGHNESSY: Okay, so motion?

ASSEMBLYMAN WISNIEWSKI: I moved it.

MR. SHAUGHNESSY: Okay; second?

SENATOR GORDON: Second.

Okay; Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; that matter passes.

We're on to No. 9. No. 9 -- I understand there is a representative from Montclair State University here. We're going to introduce the item, and if the members have any questions they can pose them or not.

Next is RPR 10-07, Block 250, parts of lots 1.04, 1.06, and 1.07; Little Falls Township, Passaic County, all on the campus of Montclair State University. In this matter, New Jersey Department of Treasury, on behalf of Montclair State University, requests approval of the transfer of 5.43 plus-or-minus acres of vacant land to Montclair State University for \$1, to permit a ground lease for the private development of student housing. The terms are that Real Property Review Clearance will be completed if no department or agency expresses formal interest or possible conflict with the proposed action; and also subject to the receipt of an appraisal with regard to this specific land.

MS. WILLIAMS: Does the representative from Montclair want to testify?

UNIDENTIFIED MEMBER OF AUDIENCE: No, I'm just here if you have questions.

MS. WILLIAMS: Okay.

ASSEMBLYMAN WISNIEWSKI: I'll move it.

ASSEMBLYMAN O'SCANLON: Second.

MR. SHAUGHNESSY: We have a motion and second.
Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The matter passes.

The next-- We move to the DEP -- pardon me, Department of Transportation requests, No. 10 on your agenda: New Jersey Department of Transportation, Division of Right of Way, requests approval to enter into a lease with the adjoining landowner, BLBEY, LLC. The principals are Barry and Carol Beyer, B-E-Y-E-R, of West Stockbridge, Massachusetts, for approximately 7,400 square feet, to use the area for additional tenant and patron parking. The recommended lease amount is \$246 plus \$39 municipal service charge, for a total rental price of \$285 per month with an incremental increase of 5 percent per annum on the base rental. The lease term will be month-to-month.

ASSEMBLYMAN WISNIEWSKI: Move it.

ASSEMBLYMAN O'SCANLON: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

The matter is approved.

No. 11: New Jersey Department of Transportation, Division of Right of Way, requests approval to sell approximately 5.13 acres to the contractor purchaser Kayamco-East Windsor -- principals Anthony Mazzucca of Bradenton, Florida, and David Kasoff of Wycote, Pennsylvania -- the only adjoining property owner. The property is being sold with an existing detention basin, drainage easement, and a conservation easement that encumber approximately 50 percent of the property. The property is being acquired for assemblage for the development of an office park. The property will be sold for \$600,000, appraised value.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: No. 12: New Jersey Department of Transportation, Division of Right of Way, requests approval to sell by public auction approximately 10,454 square feet, two irregular lots, located along Lackawanna Avenue. The property was originally requested separately to be acquired by two adjoining property owners. It was subsequently learned that the parcels are buildable and will be auctioned together. The minimum starting bid will be \$280,000, the appraised value.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN O'SCANLON: Second.

Yes sir?

SENATOR CARDINALE: Why are we departing from our negotiated price strategy, which -- it has been represented -- gets better prices, and we're going to an auction? We want to get *less* by going to an auction? Is that the philosophy?

MR. SHAUGHNESSY: Is there anyone from the Department of Transportation here that may speak on that point?

Good morning sir; please identify yourself.

DAVID KOOK: Good morning, my name is David Kook. I am a representative of the Department of Transportation. Typically, with adjoining landowners, where there are no other possibilities of the property being built separately, we do not negotiate a price necessarily, but we look at the market value that we can get for it as an assemblage and put that forward to them. But when the property is, in fact, buildable, according to the statute as I understand it, we have to then offer it up for auction in order to get a higher price, theoretically, than we could to either owner if it had been a piece that wasn't buildable. And, in fact, we are looking at the market value as a separate piece -- that \$280,000 -- versus a smaller value to somebody assembling it to their house, say, where it might be worth \$10,000 or \$20,000, or whatever. We're now putting it up on the marketplace for the public to bid on and possibly build a new house there.

SENATOR CARDINALE: So is it fair to say that the distinction is based on where you anticipate that there is really only one possible purchaser, you're going to have a negotiated price? Where there is the potential for competition -- because if it's a buildable lot, anybody can build on it -- then you would seek an auction because, in that case, you believe that the auction is the best way to do it. And you seem to indicate that there's even some statutory requirement that you do it that way. Is there a statutory requirement that you do it that way?

MR. KOOK: I have just been appointed to lead that unit. I believe that there is, but I won't swear to that because I've just been appointed to that. But that's my understanding.

SENATOR CARDINALE: It's very logical, and I agree with that principle. I was being facetious when I asked my prior question. It certainly seems to me that where there are a number of people who are potential bidders, you get the best price at an auction. So I would be supportive of this.

MR. SHAUGHNESSY: I believe that we are at your vote; so for Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Thank you.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter is approved.

Okay, on to No. 13: New Jersey Department of Transportation, Division of Right of Way, requests approval of selling approximately 15,900-square-foot irregular-shaped parcel of property to the only interested adjoining property owners, Louis and Gail Ploch, P-L-O-C-H. The recommended sale price is \$63,000, the appraised value.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Pardon me-- Assemblyman
Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter is approved.

The next matter is item 14 on your agenda. The New Jersey Department of Transportation, Division of Right of Way, requests approval to sell an approximately 34,580-square-foot rectangular-shaped site directly to the only interested adjoining property owner, Jam Properties, LLC. The principals are Andrew and Maria Dalvouros of Seaside Park, New Jersey, and Ranjana Kulkarni of Watchung, New Jersey. The parcel will be assembled to their adjoining commercial property, a Holiday Inn, to allow the movement of their Holiday Inn sign closer to Route 72 highway. The recommended sale price is \$37,700, the appraised value.

SENATOR CARDINALE: I have a question. It seemed to me, on reading the detailed description, that there were no other adjoining property owners. Did I interpret that correctly, or are there other adjoining property owners, but no other interested?

MR. SHAUGHNESSY: Is DOT here to speak on that?

Mr. Kook again.

MR. KOOK: I believe, my understanding is, that's surrounded by the adjoining property owner that's interested in it. However, they have an interest in the hotel as a partial partner. So the hotel did have a very small fractional portion alongside the property, I believe.

SENATOR CARDINALE: So this is the only party who could logically buy the property?

MR. KOOK: The only one that-- It's not usable by itself, and they're the only ones who can get access from the backside of it. So yes, they are the only practical users.

SENATOR CARDINALE: Okay, thank you. That was my only question.

MR. SHAUGHNESSY: So we have motion and second on that matter.

Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay, that matter is approved.

MS. WILLIAMS: We didn't vote.

MR. SHAUGHNESSY: Oh, I'm sorry.

MS. WILLIAMS: That's okay. And actually, I don't think it was seconded, so I'll second it. And yes on my vote.

MR. SHAUGHNESSY: Thank you very much.

Second by Deputy Chief Counsel Williams.

Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The next matter is No. 15 on your agenda: New Jersey Department of Transportation, Division of Right of Way, requests approval to sell approximately a 2,700-square-foot irregularly-shaped site directly to the only interested adjoining property owner. And I do understand that there's only one adjacent property owner here, that being Andrew and Maria Davlourous of Seaside Park, New Jersey.

The parcel will be assembled to their adjoining commercial property, a Holiday Inn, to create uniform continuous lots. The recommended sale price is \$4,050, the appraised value.

Motion?

SENATOR GORDON: Moved.

MR. SHAUGHNESSY: Second?

SENATOR CARDINALE: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay, that matter is approved, and it's item No. 15.

The next are 16 and 17 on your agendas. These next two items are similar in a way. They are requests for rural waivers concerning Department of Transportation's outdoor advertising regulations. With

regard to No. 16-- This is a request by New Jersey DOT Division of Right of Way for approval to issue a waiver of the outdoor advertising regulations. The applicable statute is 27:5-11C that provides: in those instances where the Commissioner of Transportation deems it in the public interest, he may issue a permit for a sign on public property which would not otherwise be permitted under the provision of the Roadside Sign Control and Outdoor Advertising Act; and impose conditions as he deems appropriate, provided that the State House Commission shall have previously reviewed and approved the issuance of such a permit.

Now, with regard to item No. 16, New Jersey Transit has requested a waiver from two outdoor advertising regulations: first, to construct an electric sign that would be within 610 feet of another sign; and the regulations require space of 1,000 feet between any signs of this type. And the second is 3,000 feet between any multi-message signs. The sign is expected to produce revenue of \$20,157,127 in non-fare box revenue over 20 years to New Jersey Transit as property owner. In addition to those revenues, annual permit fees of \$635 will be paid to New Jersey Department of Transportation as is required of all off-premise signs of this size in the state.

ASSEMBLYMAN WISNIEWSKI: Move it.

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay, No. 16 is approved.

The next one is No. 17, the second such request. Item 17 is New Jersey Department of Transportation, Division of Right of Way, Office of Outdoor Advertising Services, in response to an application by New Jersey Sports and Exposition Authority, requests approval to issue three waivers of the outdoor advertising regulations. New Jersey Sports and Exposition Authority requests a waiver from outdoor advertising regulations to allow the issuance of outdoor advertising permits for 12 off-premises signs at Xanadu in the Meadowlands Sports Complex in East Rutherford. The proposed signs are 10 roof and wall-mounted signs and two free-standing digital signs. The Department of Transportation has determined that it is in the public interest to grant a waiver, subject to conditions, so these permits can be issued. Waivers are specifically required from the following regulations: 1) To permit signs within 300 feet of another sign. 2) To permit signs having a height greater than 30 feet, a width greater than 60 feet, and size or area larger than 1,200 square feet. And last, to permit

more total area of outdoor advertising space on NJSEA property than was authorized on June 29, 2004.

The regulatory requirements and the proposed request for the specific 12 signs are in your packet; and this is proposed to the Commission for consideration and approval.

SENATOR CARDINALE: Do we know where the revenue stream is going? Is the revenue stream going to-- The prior one was clear. The revenue stream was going to DOT.

MR. SHAUGHNESSY: Yes, sir. I understand that there are interested parties here who will hopefully have the answer to your questions, Senator.

Is there anyone here from the Department of Transportation, the Sports and Exposition Authority, or Xanadu?

Please come up and identify yourself.

MS. WILLIAMS: Please turn your microphone on. Thank you.

MARK STEFANACCI, ESQ.: Mark Stefanacci, New Jersey Sports and Exposition Authority. I'm the Chief Operating Officer and Legal Counsel.

STUART A. BROOKS: Stuart Brooks, Department of Transportation. I'm the manager of the Office of Outdoor Advertising Services.

WILLIAM HARLA, ESQ.: William Harla, from DeCotiis, FitzPatrick, Cole, & Wisler, on behalf of Meadowlands Partnership, more commonly known as Xanadu.

MR. STEFANACCI: In answer to the Senator's question, where the revenue goes: The revenue would go to Xanadu. They prepaid ground rent to the NJSEA in the amount of \$160 million for the first 15 years. We'll get rent thereafter; but this revenue and all revenue from the project will go to them.

MR. HARLA: In addition to the \$160 million, which has been prepaid, the project-- Xanadu has also paid, or transferred to the State, the Empire Tract, which is an environmentally sensitive tract, and it's been valued at \$93 million. And it's also contributed \$65 million in regional transportation improvements, for a total of about \$318 million. So that's already been turned over to the State in those ways. There is no State funding involved in this project.

MR. SHAUGHNESSY: Gentlemen, again, before you speak, could you at least identify yourself, so if it goes back and forth we'll know for the record, okay?

MR. HARLA: Absolutely.

MR. SHAUGHNESSY: Thank you, Mr. Harla.

MR. BROOKS: Stuart Brooks, Department of Transportation. From the Department's end, there would be an annual renewal fee for each of these 12 permits. The total fee this year is approximately \$6,600, maybe \$6,700. And that's a recurring fee that will come to the Department of Transportation. That's true of any permitted sign in the State.

MS. WILLIAMS: Mr. Brooks, can you just speak briefly, since this is technically your waiver request, as to the reasons for the waiver?

MR. BROOKS: There are three waivers involved. Two of the waivers are dimensional waivers, having to do with the size of the signage or the spacing between signs. The third waiver has to do with the authorized amount of square footage on NJSEA property. That's what we call the *cap*. The reasons for the grant of each, all stem from the public interest and the public benefit that comes from the Xanadu project, as Mr. Harla has already testified. There's been a lot of money that benefits, that accrues to the State, in one way or the other. There's also a strong jobs creation program. There's also a strong tax revenue program that Xanadu will create. And this public benefit has been found in other venues. The Department of Transportation also finds it, within its own authority, that Xanadu is a public benefit to the State. In particular, safety is the Department's primary concern -- traffic safety -- and there have been extensive studies on the signage, and on the subject, and we're confident that the conditions that we've imposed on the signage throughout Xanadu will maintain the public safety.

MS. WILLIAMS: Thank you.

Do any Commission members have questions?

SENATOR GORDON: Just a point of clarification. Mr. Harla indicated that there have not been substantial State public investments in the project, if I understood you correctly. My understanding is the State has made rather substantial investments in a new railroad station that will serve the site, and considerable investments in the adjacent road network. So it's not as if Xanadu hasn't benefited from taxpayer dollars. I believe I'm correct.

MR. STAFANACCI: No, you are correct in that. But both projects were designed with Xanadu in mind, the new stadium in mind, the arena, and the racetrack, so it was a sports complex as a whole that benefited from it. But indirectly, yes -- Xanadu did benefit from it.

MS. WILLIAMS: Any other questions?

SENATOR CARDINALE: Yes, I do have a small question.

This is obviously beneficial in a number of ways. It would be kind of silly to ignore a revenue stream in a project which, if it ever gets completed, it's going to be certainly beneficial to the whole area. But it occurs to me to ask: Why do you have to come before the State House Commission when it appears that you're asking for a kind of a variance with respect to your own regulations? Isn't it the Department of Transportation that created these conditions from which you are going to vary?

MR. BROOKS: I'll answer that one, Senator.

Stuart Brooks, New Jersey Department of Transportation.

The laws that regulate and govern outdoor advertising have long provided for the authority for the Commissioner to grant a waiver when there's a public benefit to do so. But that law was changed in 2004 to require that any waiver that was granted come before this Commission for approval; and the reasons for that was to increase the transparency of the process. And I can tell you that as a result of doing that, the documentation that goes on in order to bring a waiver request to this Commission has, in fact, greatly clarified what's being requested, why it's being requested, and if it's approved. And that's why we're here today, is to get the Commissioners--

SENATOR CARDINALE: You don't think this is too burdensome a process?

MR. BROOKS: This is the first one. Actually, this is the second one, and there has been a lot of work in it. The benefit has been that it's now a very transparent document. The record is very clear in describing what happened and why. And that was the reasoning for the amendment.

SENATOR CARDINALE: Thank you.

MS. WILLIAMS: Are there any other questions?

SENATOR CARDINALE: I'll move it.

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Okay; Deputy Chief Counsel Tiffany Williams?

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell?

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: The matter is approved.

MS. WILLIAMS: Thank you, gentlemen.

MR. STEFANACCI: Thank you.

MR. SHAUGHNESSY: Now we move on to the DEP requests: Items 18 through 20, inclusive, are the DEP recommended diversions.

First is item No. 18, New Jersey DEP, on behalf of the Township of Lakewood, requests approval to allow the diversion of 3.86 plus-or-minus acres of the Township's former Little League ball field facility to accommodate the construction of a much-needed parking facility to serve the Township's core downtown area. In addition, the Township is seeking to legalize the past diversion of 4.699 acres of Lake Shenandoah Park in connection with the construction of a new public works facility. To compensate for the diversion of a total of approximately 8.559 acres of parkland, the Township proposes to encumber, with Green Acres restrictions, three parcels of replacement land: two in fee and one by easement, totaling 42.354 plus-or-minus acres. And as part of the replacement, there's a park concept, the design included. In the members' packages there are conditions and contingencies that apply to approval that must be satisfied prior to the release of Green Acres restrictions on the disposal parcel; as well as the conditions subsequent to the release of the Green Acres restrictions on the diverted parcels, but prior to the start of construction of the new planned park on the Replacement Parcel No. 1.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN O'SCANLON: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; that item passes.

No. 19 and No. 20 are alike; they both involve bridge projects.

No. 19: The New Jersey DEP, on behalf of the Borough of Rutherford, requests approval to allow the Borough to dispose of approximately .070 plus-or-minus acre of parkland to the New Jersey Department of Transportation for the reconstruction of the Route 3 Bridge over the Passaic River.

The bridge reconstruction is necessary to correct operational problems with the bridge and associated roadways, and safety problems with the bridge. To compensate, the Department of Transportation will pay \$60,000 to the Borough of Rutherford to be used for parkland

improvements, and will plant 98 native trees within the Borough and 89 street trees within the Borough.

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams?

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell?

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 20: New Jersey DEP, on behalf of the County of Middlesex, requests approval to allow the diversion of .067 -- a total of .067 plus-or-minus acres of Amrose and Doty's Brooks Park in connection with replacement of the Sidney Road bridge over Ambrose Brook. As compensation for the minor diversion of parkland, Middlesex County shall tender \$5,127 to be spent within six months of the date of this State House Commission approval -- if approved -- on a parkland acquisition or a

development project by NJDEP's Green Acres Program in Middlesex County.

Motion?

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

SENATOR GORDON: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; the next is the Department of Human Services requests. We have four Department of Human Services requests: that's 21, 22, 23, and 24. The first is item No. 21, which requests revisions to the rate-setting methodologies concerning the counties cost-sharing provisions. New Jersey Statute, Title 30, Chapter 4 confers upon the State House Commission the specific and exclusive authority to fix the

per capita cost rates which each county shall pay for the eligible services rendered to clients in State psychiatric hospitals and facilities. It also confers upon the State House Commission the same authority to fix the per capita cost rates for eligible services tendered by the six county psychiatric hospitals.

The Fiscal Year 2010 Appropriations Act changed the effective percentage of county participation in the payment for the reasonable costs of maintenance and clothing of county patients in State and county psychiatric facilities, increasing it from 12.5 percent to 15 percent, effective January 1, 2010.

The Department of Human Services is hereby recommending the following resolution for the consideration of the Commission: “Whereas, pursuant to NJSA 30:4-78, the State House Commission shall fix the rates to be charged for various clients residing in State institutions and programs and the rates to be charged to the State for clients residing in county psychiatric hospitals. Therefore, be it resolved that the proposed revisions to the rate-setting methodologies resulting from the county cost-sharing provisions of P.L. 2009, chapter 68 be adopted by the Commission.”

May I have a motion?

SENATOR CARDINALE: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: That matter is approved.

No. 22. No. 22 is a request to fix the rates charged to the counties for patients in State facilities, as more particularly specified in the members' materials.

May I have a motion?

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

DEPUTY CHIEF COUNSEL WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Item No. 22 is approved.

Item 23; this is the third matter. It's to fix the certain rates charged to the State for patients in county facilities, as more particularly described in the members' package.

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

SENATOR CARDINALE: I have a question. There seems to be quite a large disparity on the rates from one to another of these facilities. Do we have any kind of justification for why it is so? It's \$1,000 in Essex County and \$600 in Bergen County. There's a huge differential and it would seem to me that we're not dealing with South Jersey versus North Jersey; we're dealing with counties which are adjacent to one another, and the costs should be rather similar.

MR. SHAUGHNESSY: Will a representative from the Department of Human Services please come up, and identify yourself please, sir.

R O B E R T G R Y Z B: Sure, I'm Bob Gryzb; I'm the Director of Finance for Human Services.

The disparity of rates-- There are a number of factors that go into the rate calculation, including the age of the facility, patient acuity.

And one of the other large driving factors is cost adjustments that relate to prior year rates. If you're comparing, perhaps, the rates from -- for the Bergen County facility versus Essex County, the Bergen County rates incorporate some prior year overpayments, which would have a negative impact on the current year rates for Bergen County. In addition, Essex County Hospital Center is a very new facility, so the capital-related costs for that facility are much higher than the Bergen facility, for example.

SENATOR CARDINALE: And that's what accounts for all of these differences?

MR. GRYZB: By and large, it is. In addition, some of the county psychiatric hospitals have different treatment model in effect. So if the county is treating, perhaps, more acute care patients, which require a higher level of care, those facilities would have a higher per diem rate.

SENATOR CARDINALE: Okay; thank you.

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

Thank you.

MR. SHAUGHNESSY: May we have a motion-- We have a motion--

MS. WILLIAMS: It was seconded.

MR. SHAUGHNESSY: Okay; roll call.

Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Item 23 is approved.

Onto the last request, item 24. It's a request to revise the Calendar Year 2009 rate for the Essex County Hospital Center and Runnells Specialized Hospital of Union County. Apparently, the request is made with regard to the Essex County Hospital Facility due to an unanticipated decrease in the number of patients receiving psychiatric services during the Calendar Year 2009 service period. And the request is made concerning the revised 2009 Calendar Year rate for Runnells Specialized Hospital of Union County to correct an error in reported total costs provided by the County.

Do we have a motion on that matter?

ASSEMBLYMAN WISNIEWSKI: Move it.

MR. SHAUGHNESSY: Second?

MS. WILLIAMS: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams?

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell?

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; item 24 is then approved.

The next-- Pardon me.

MS. WILLIAMS: I was going to say, this body also sits as the Board of Trustees for the Judicial Retirement System. Do I have a motion for this body to sit as the Judicial Retirement System?

ASSEMBLYMAN WISNIEWSKI: So moved.

SENATOR GORDON: Second.

MR. SHAUGHNESSY: Okay; Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; we're now sitting as the Judicial Retirement System Board.

With regard to item 25, specifically subpart 1, do I have a motion to approve the minutes of the meeting held on October 27, 2009?

ASSEMBLYMAN WISNIEWSKI: So moved.

SENATOR CARDINALE: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: I was not in attendance, but I read the minutes, and I vote yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; item 25, No. 1, is approved.

The next is No. 2: Confirmation of Death Claims, Retirements, and Survivor Benefits. May I have a motion for that?

ASSEMBLYMAN WISNIEWSKI: So moved.

MR. SHAUGHNESSY: Second?

SENATOR CARDINALE: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; that matter is approved.

Finally, item No. 25, subpart 3: the financial statements as of June 30, 2009. May I have a motion to approve that?

MS. WILLIAMS: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Okay; that matter is approved as well.

ASSEMBLYMAN WISNIEWSKI: I move we adjourn as the--

DIRECTOR HOLZBAUR: Before we adjourn, I'd like to congratulate someone in the audience. Mr. Bob Gryzb is about to retire; I understand this is his last time to appear before us for the Human Services State House Commission rates. I believe he's been doing this for the past 20-plus years, and I'd like to congratulate him and thank him for his years of service.

MR. GRYZB: Thank you very much; I appreciate that.
(applause)

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

ASSEMBLYMAN WISNIEWSKI: So moved.

ASSEMBLYMAN O'SCANLON: Second.

MR. SHAUGHNESSY: Okay, Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

ASSEMBLYMAN WISNIEWSKI: Motion to adjourn.

MS. WILLIAMS: I just want to say it's my last meeting, actually. I am in the category that Senator Cardinale mentioned earlier. (laughter) And I just want to thank all the members for your service and professionalism to the citizens of the State of New Jersey.

Motion to adjourn.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. SHAUGHNESSY: Deputy Chief Counsel Williams.

MS. WILLIAMS: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. SHAUGHNESSY: Senator Gordon.

SENATOR GORDON: Yes.

MR. SHAUGHNESSY: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. SHAUGHNESSY: And Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SHAUGHNESSY: Thank you very much. This meeting is concluded.

ASSEMBLYMAN WISNIEWSKI: Have a happy holiday, everybody.

MS. WILLIAMS: Thank you, you too.

(MEETING CONCLUDED)