Commission Meeting

of

STATE HOUSE COMMISSION

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

DATE: June 11, 2009
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Kay Walcott-Henderson, Chair
Senator Bob Smith
Senator Gerald Cardinale
Assemblyman John S. Wisniewski
Assemblyman Declan J. O'Scanlon Jr.
Debra Bell
Charlene M. Holzbaur

ALSO PRESENT:

Gene Hayman
Acting Secretary

Robert J. Shaughnessy
Counsel
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Agency</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>David E. Nuse</td>
<td>Director</td>
<td>Real Estate Division</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Jersey Economic Development Authority</td>
<td></td>
</tr>
<tr>
<td>Lydell B. Sherrer</td>
<td>Deputy Commissioner</td>
<td>New Jersey Department of Corrections</td>
<td>16</td>
</tr>
<tr>
<td>Thomas J. Moran</td>
<td>Chief of Staff</td>
<td>New Jersey Department of Corrections</td>
<td>16</td>
</tr>
<tr>
<td>Marci D. Green, Esq.</td>
<td>Administrator</td>
<td>Office of Leases</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Natural and Historic Resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Jersey Department of Environmental Protection</td>
<td>34</td>
</tr>
<tr>
<td>rs: 1-53</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
KAY WALCOTT-HENDERSON (Chair): Good morning, members of the Commission.
And good morning members of the public.
My name is Kay Walcott-Henderson, and I am the Assistant Chief Counsel in the Governor’s Office. Bob Garrenger could not be with us today.

Thank you for attending the meeting of the New Jersey State House Commission.

Mr. Secretary--
Actually, we do have a quorum, so I don’t even need to ask Gene if we have a quorum. So we can begin the meeting.

I’ve been notified that this meeting has been noticed in accordance with the Open Public Meeting Act. Notice was filed with the Department of State.

And so let’s move through the agenda items under old business, please.

MR. HAYMAN (Acting Secretary): I’ll take a roll call.

Chairwoman Henderson.

MS. WALCOTT-HENDERSON: Kay. Here. (laughter)

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Present.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Here.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Here.

MR. HAYMAN: Assemblyman O’Scanlon.
ASSEMBLYMAN O'SCANLON: Here.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Here.

MR. HAYMAN: Director Holzbaur.

MS. HOLZBAUR: Here.

MR. HAYMAN: The first order of business is the approval of the March 16, 2009, State House Commission.

SENATOR SMITH: So moved.

ASSEMBLYMAN WISNIEWSKI: Second.

MS. WALCOTT-HENDERSON: All in favor? (affirmative responses)

Any opposed? (no response)

Any abstentions? (no response)

None noted for the record.

Ladies and gentlemen, we will be considering items in a slightly different order today. In order to accommodate many of the department officials and possibly some folks in the audience, we will be taking an item under the new business column. And that deals with the Riverfront. It is noticed on the agenda as Item No. 10. We will be taking that out of order.

MR. HAYMAN: Item 10 involves Block 79, Lot 13, in the City of Camden.

The New Jersey Department of the Treasury, on behalf of the Department of Corrections, requests approval to dispose of the Riverfront State Prison. The property will be sold through an RFQ/RFP competitive process in conjunction with the New Jersey Economic Development Authority.
Treasury has determined that an auction process is not suited to this disposition because of the complex economic development concerns, and requests approval of the modified process outlined under Tab 10 in the members’ booklets.

SENATOR SMITH: I have a couple of questions on that.

MS. WALCOTT-HENDERSON: Yes, Senator.

SENATOR SMITH: I have no problem with the disposition. I want to make sure the State of New Jersey gets the most dollars it can.

How would the RFQ get the State the highest price? As I read this, the purchaser would be named the redeveloper, work with the City. And ultimately we don’t know what’s going to be built there, correct?

MR. HAYMAN: Right. Actually, we have someone from EDA, if they could come up.

SENATOR SMITH: Yes, I’d love to hear how it’s going to work.

MR. HAYMAN: Would you please state your name for Becky.

DAVID E. NUSE: Sure.

Good morning.

My name is Dave Nuse. The last name is N-U-S-E. I’m the Director of Real Estate for the New Jersey Economic Development Authority.

SENATOR SMITH: How is the State going to maximize its return on this?

MR. NUSE: Senator, we would be going through a process where we would, in effect, screen potential purchasers based on their qualifications, their experience, their financial capability. But in connection
with the sale, we would be looking to also convey the property for its highest and best use. There is a process that would involve an appraisal. We would seek to obtain no less than a minimum appraised value on the property. But in the process of evaluating responses, we would be looking for the overall proposal that maximizes value, not just to the State of New Jersey and the State Treasury, but also to the City of Camden, in terms of tax revenue and jobs.

SENATOR SMITH: All right. We’re all agreed on we want to see the City do well and the State do well.

Give me a timeline as to when the closing on the property occurs versus the development approvals in the City.

MR. NUSE: In terms of timeline, the City of Camden is beginning a process of creating a redevelopment plan for the prison side, and potentially for adjacent property on the Camden Waterfront north of the Ben Franklin Bridge. That process typically takes a minimum of about six months to go through. It involves city council and planning board approvals.

SENATOR SMITH: That’s pretty aggressive by the way -- six months.

MR. NUSE: Yes, that’s if everything goes smoothly without any hiccups or delays.

The process can take nine months by the time it’s completed. However, we will have a good indication after the City prepares the redevelopment plan -- planning board approves the redevelopment plan, as to what uses the City is targeting for that property. And we can incorporate that into that RFQ/RFP process.
SENATOR SMITH: So when does the closing occur?

MR. NUSE: Closing would occur, in all likelihood, I believe in the first quarter of 2010 -- the real estate closing.

SENATOR SMITH: That doesn’t occur after the redevelopment plan is in place?

MR. NUSE: Yes, that was EDA’s recommendation to Treasury -- that the closing occur after the demolition is completed or underway and after the redevelopment is enacted.

SENATOR SMITH: Okay. At the end of the background materials on this, there is a comment that--

Item 7: closing. It says, “Upon legislative authorization, the closing of title will occur.” Does that mean that you’re going to come back here and ask us for approval on the sale price?

MR. NUSE: That’s my understanding, Senator. Legislative approval may be required. I would defer, though, to the Counsel.

MR. SHAUGHNESSY (Counsel): Senator, the jurisdiction of the State House Commission is up to $500,000. This will require an act of the Legislature. I don’t believe it's mandatory to come back to the State House Commission.

SENATOR SMITH: But it is mandatory to come back to the Legislature.

MR. SHAUGHNESSY: Yes, sir.

SENATOR SMITH: Okay.

ASSEMBLYMAN WISNIEWSKI: Just as long as it’s over that dollar amount.

MR. SHAUGHNESSY: Correct.
SENATOR SMITH: And if it's under that dollar amount, they have to come back here.

MR. SHAUGHNESSY: You have exclusive jurisdiction.

If it's under that dollar amount, you don't have to come back here necessarily, by mandate, if you believe the process, and procedure, and the essential terms; and knowing that the appraised value will be the minimum.

SENATOR SMITH: All right. I'm supportive. As long as there's a legislative approval at the end of the rainbow, I'm okay with it. So I'm happy, at the appropriate point, to move an approval on this with the contingency that if it's under $500,000, you have to come back here. Because I want to know that the State is getting it's value. If it's under $500,000--

How big is this piece of property?

MR. NUSE: Approximately 15 or 16 acres.

SENATOR CARDINALE: If it's under $500,000, Senator, it ought to go to the Attorney General. (laughter)

SENATOR SMITH: That's what I'm thinking too. But I don't want it to be lost out there in the weeds.

ASSEMBLYMAN O'SCANLON: Especially if it's under $500,000.

SENATOR SMITH: So if it is a sale price under $500,000, I'd like to add on to whatever motion that it does come back for approval here, knowing that if it's over $500,000 it requires the act of the Legislature.

SENATOR CARDINALE: I have a similar question, if I may.
At some point you're going to determine the highest and best use. Why would you not, at that point, have some sort of bidding process to determine which developer will give the State the maximum amount for that highest and best use?

MR. NUSE: We have not yet finalized the process itself, Senator. The process could include a sealed bid as part of the process. But I think given the fact that there is an interest certainly on the part of the City of Camden, but also on the part of EDA, to see a use that would be consistent with the zoning, with the proposed redevelopment plan, that would maximize jobs and tax ratables for the City of Camden to help them reach economic self-sufficiency--

It's going to be a number of factors that would impact EDA's recommendation to Treasury. Of course, the ultimate decision is Treasury's decision on how to proceed at that point.

SENATOR CARDINALE: As I read this, I get a picture that you're going to, at some point, select a developer who is going to be willing to develop it according to some plan that is the highest and best use. But that developer-- How are you going to get to a price when that developer would appear to be, from what I see here, the only person who is going to be considered for the development, if you're not going to have a bidding process? It does not seem to anticipate a bidding process.

DEPUTY TREASURER BELL: It will be an RFP bidding process. It will be a competitive process.

SENATOR CARDINALE: There will be a competitive process?

DEPUTY TREASURER BELL: Absolutely.
SENATOR CARDINALE: Once the highest and best use is determined?

DEPUTY TREASURER BELL: Once the highest and best use is determined, there will be a prequalification process and then a competitive process.

SENATOR CARDINALE: My question is answered.

MS. WALCOTT-HENDERSON: Thank you, Senator.

ASSEMBLYMAN WISNIEWSKI: I just have a question. Is there some type of floor on the price? Is there some dollar amount that’s going to be established, that the State won’t take less than X for the property?

MR. NUSE: Our expectation is that that floor would be set by an appraisal that is approved by Treasury.

ASSEMBLYMAN WISNIEWSKI: So far there are no appraisals?

MR. NUSE: EDA has not commissioned any appraisal. I know there has been some research done on comparable land sales in Camden. EDA has been involved in some transactions as well. So we have some idea of what the value might be. I wouldn’t necessarily want to throw that out as authoritative.

ASSEMBLYMAN WISNIEWSKI: We know it’s not authoritative, but what do you think? What have you been looking at in terms of numbers?

MR. NUSE: I think a reasonable expectation might be to look at, as a floor, what the contract was between NJEDA and the Steiner organization, which has the rights for the Camden Waterfront in the
vicinity of the State Aquarium. I believe the minimum price per acre, depending on use there, was approximately $200,000 an acre. So I would expect, given that price being a few years old, it would be at least in that ballpark.

ASSEMBLYMAN WISNIEWSKI: Is the value of the prison building going to be part of that value, or is it going to be evaluated as if it were empty land?

MR. NUSE: We would propose to evaluate it as vacant land, thinking that the value of the property would be higher as vacant land with the improvements cleared. Because otherwise it would be a penalty to the land -- the purchaser would have to bear that demolition cost.

ASSEMBLYMAN O'SCANLON: I wanted to just go on record with some distress about the colossal waste of resources this project has been to the taxpayers of New Jersey. This facility is one of the newer, I believe, prisons in the system. And if you look at capacity numbers and the other prisons in the system, they are at or way over capacity.

Now, I realize that this probably stems from the fact that this was a lousy place to put a prison in the first place -- on an oceanfront, valuable property in a city that we all want to see succeed and redevelop. So I am certainly going to vote to move forward with this today. But we ought to just take some look at what happened here and how this waste happened in the first place. It shouldn't have been built there in the first place. And I don't know, quite frankly, who was in power at the time, and I don't care. It was a lousy idea. And it will not surprise me if, in the next few years, we are not asked to supply money for a new prison somewhere else to replace the capacity that's lost here and to relieve the additional
stress on the rest of the system. Some of the other facilities are way older than this one. So that’s unfortunate. But at least it should be acknowledged here that those mistakes were made in the past.

DEPUTY TREASURER BELL: Assemblyman, would you-- We do have members from DOC here who can speak about the current capacity in the system.

ASSEMBLYMAN O’SCANLON: And to tell you the truth, if we want that on record-- I spoke to some of these folks during the budget process about this. They’re going to come up and tell us that we’re okay as far as capacity goes. So I know what they’re going to say. If you folks would like some more input from them, that’s fine. But if you look at the numbers--

SENATOR SMITH: That’s not your issue?

ASSEMBLYMAN O’SCANLON: I’m sorry?

SENATOR SMITH: That’s not your issue? Your issue is: Why was it put there in the first place?

ASSEMBLYMAN O’SCANLON: Oh, why was it put there in the first place? It’s both. I mean, I think that ultimately we may have DOC talking to us in the next few years about building another prison. And then we’ll come back and say, “Wait a minute. We just disposed of one on the Waterfront.” You might be able to still argue that the State, overall, is better investing in a brand-new facility in an appropriate location and permitting Camden to redevelop their waterfront without a prison right in the middle of it. So they’re tied together, the two. But I don’t want to burden you folks with more time.
SENATOR SMITH: No, but I think it's a great point. I'd like to hear from the DOC.

ASSEMBLYMAN O'SCANLON: Anybody want to come up? It would be great.

SENATOR CARDINALE: Before we do, may I follow up on another point?

MS. WALCOTT-HENDERSON: Yes, Senator.

SENATOR CARDINALE: It seems from what you talked about as sort of a ballpark estimate revenue that the State would derive, the State is going to get about $3 million for this site if it passes comparable -- sort of apply here.

What are we going to pay to tear this thing down?

MR. NUSE: We just retained a civil engineering firm to draw up the plans and specifications. The actual number would come from a public bid process. But as a ballpark, typically, one would budget maybe $10 to $12 per square foot for a 175,000-square foot facility.

SENATOR CARDINALE: So it's going to cost how much?

MR. NUSE: That would be in the vicinity of $2 million.

SENATOR CARDINALE: So the State is going to get almost nothing.

MR. NUSE: EDA has been tasked by Treasury with identifying non-State funding sources for the demolition work, and that's our objective.

SENATOR CARDINALE: But the net-- When you say non-State, are you going to look for a philanthropist (laughter), a private source to tear it down, or are you looking for some kind of grant?

MR. NUSE: We're looking for non-State grant funds.
SENATOR CARDINALE: So taxpayers are going to spend $2 million or thereabout, maybe get $3 million or thereabout. And what did it cost to put up this prison?

MR. NUSE: I'm not sure, Senator. It was completed probably in 1985. I wouldn't be able to venture a guess.

SENATOR CARDINALE: Seventy-five thousand square feet?
MR. NUSE: One hundred seventy-five thousand.

SENATOR CARDINALE: What does it cost today to put up a prison, a square foot?

MR. NUSE: I'm not sure what prison construction costs. But typically for a commercial structure, you may be looking at $200 or $300 per square foot.

SENATOR CARDINALE: These numbers begin to make it look kind of foolish to engage in this project. We're going to take away a facility that's one of our newest prisons that would cost us many millions of dollars to replicate somewhere else. We're going to derive maybe $1 million worth of revenue, net, for taxpayers of whichever stripe. And why would we want to do that?

MR. NUSE: Well, Senator, I'm not a policy person. But my-- And I would, of course, defer to Treasury, unless you would like me to explain my understanding of the rationale.

First, as the Assemblyman mentioned, this probably was a poor decision to site the prison at this location in the first place. Second, the Legislature has directed State government and State agencies to work specifically on the economic rehabilitation of Camden so that it can become self-sufficient. And the principal way of doing that is by strengthening its
tax base. So this site -- 15 and 16 acres on the Camden Waterfront -- is one of the key ways that we can help Camden increase its tax base and ultimately reach economic self-sufficiency. And then the third reason is that, based on my understanding, the State prison system has the capacity to absorb the decommissioning of this facility. So that's my understanding. But, again, I would defer to people who are more expert on policy than I.

SENATOR CARDINALE: You have a $150 million facility -- cost of reproduction. You're going to spend $2 million to tear it down. You're going to get $3 million back. What do you hope to gain in terms of this site -- future economic value -- that overcomes those numbers? That's a lot to overcome.

MR. NUSE: Right.

DEPUTY TREASURER BELL: Is the presumption that we would have to build a new prison? Is that where the $150 million -- I'm not sure where that number comes from.

SENATOR CARDINALE: That's the approximate cost today of the value of what you're going to tear down.

DEPUTY TREASURER BELL: If we had to construct a new prison.

SENATOR CARDINALE: No, it's what you're going to -- what you have. You have this. You're going to tear it down. You're going to destroy a structure that has, today, a dollar replacement cost of $150 million.

SENATOR SMITH: Forty. I mean, that's still an ugly enough number.

It's a 200,000 square foot prison?
SENATOR CARDINALE: No, it's $200 a foot, 75,000 (sic) square feet.

SENATOR SMITH: Oh, okay.

SENATOR CARDINALE: It's $150 million to reproduce it.

SENATOR SMITH: Fifteen, isn't it?

SENATOR CARDINALE: One hundred and fifty.

SENATOR SMITH: Let's get our math out here. Let's call it $200 a square foot times how many square feet?

SENATOR CARDINALE: Seventy-five thousand.

MR. NUSE: One hundred seventy-five thousand.

ASSEMBLYMAN WISNIEWSKI: Let's call it 200,000 feet times $200.

SENATOR CARDINALE: How many square feet?

ASSEMBLYMAN O'SCANLON: It's about 175,000.

SENATOR CARDINALE: Oh, it's 175,000 square feet.

SENATOR SMITH: Is it 175,000 square feet?

MR. NUSE: Yes, sir.

SENATOR SMITH: So it's going to be something under $40 million. When you take $200 and you multiply it by 200,000, you get $40 million. It's an ugly number anyway.

I mean, Gerry, you don't lose the number on it being an ugly number.

SENATOR CARDINALE: Wait a minute. It's 175,000 times $200. I don't have a calculator.

SENATOR SMITH: It would be $37.5 million. I did it long hand so-- That's the safest way to do it.
MR. NUSE: And certainly that number is a light number, because that’s the commercial real estate number.

SENATOR SMITH: It’s still ugly.

SENATOR CARDINALE: It’s 115, I’m sorry.

You’re right, $115 million.

SENATOR SMITH: No, no, no.

SENATOR CARDINALE: Yes, yes, yes. I just did it.

SENATOR SMITH: If you do $200 times 200,000 square feet, you get $40 million. So if you do $200 times 175,000 square feet, you’re going to get $37.5 million. It’s a fifth of what you think the number is, but it’s still an ugly number.

SENATOR CARDINALE: Does someone have a calculator?

SENATOR SMITH: Nobody disagrees it’s an ugly number.

SENATOR CARDINALE: Math was never my best suit.

SENATOR SMITH: Thank God you’re a dentist and not a nuclear scientist.

SENATOR CARDINALE: I get 115. I did it again.

DEPUTY TREASURER BELL: It’s $35 million.

SENATOR SMITH: On the calculator, it’s $35 million.

SENATOR CARDINALE: I’ll have to go back and do it on my calculator.

DEPUTY TREASURER BELL: You can do it on mine if you want. (laughter)

ASSEMBLYMAN WISNIEWSKI: Be careful when you’re sending out bills. (laughter)

SENATOR SMITH: But I’d still like to hear from the DOC.
MS. WALCOTT-HENDERSON: Thank you.

DEPUTY TREASURER BELL: Thank you, Dave.

MS. WALCOTT-HENDERSON: Would the gentlemen from DOC please come forward?

Thank you, Dave.

SENATOR SMITH: And you’re obviously both too young to remember any of this. This was in operation in 1985? That’s when it was opened?

DEPUTY COMMISSIONER LYDELL B. SHERRE: That’s correct.

SENATOR SMITH: And when was construction started?

DEPUTY COMMISSIONER SHERRE: My name is Lydell Sherrer. I’m the Deputy Commissioner.

This is Tom Moran, Chief of Staff.

THOMAS J. MORAN: I started with the Department in 1985.

DEPUTY COMMISSIONER SHERRE: And I started in 1981.

SENATOR SMITH: You’re the man.

DEPUTY COMMISSIONER SHERRE: And I also had the opportunity to actually work at Riverfront State Prison as the Administrator. And when I started working at Riverfront as the Administrator, there were concerns, initially, with the Prison being built from Day 1.

It was noted that the land, prior to having the Prison -- it was a landfill. And at that time, the whole surrounding area was like a dump area. And it was my understanding from various staff, as well as the
individuals who work in the City, that the Prison was built as an economic stimulus for the City. So we had a good institution there.

Right now, as the Assemblyman stated earlier, we are okay, inmate population-wise. Right now, the Department of Corrections’ inmate population continues to decline. We have nearly 2,000 vacancies throughout our other prisons. So for us, the numbers of inmates continues to decline. And that comes from a lot of alternative programs the have been taking place not only in the State of New Jersey, but throughout the country. Everybody is trying to be a little bit smarter as they deal with criminals. And as a result, we have residential assessment centers. We have quite a few individuals who get involved in drug counseling when they get into trouble. Drug courts are working.

So for the Department of Corrections, we’re okay as it relates to vacancies.

SENATOR SMITH: Right. I don’t have any-- I buy the capacity argument. Also, hopefully, with the new Criminal Sentencing Commission, we’ll get some rationality to some of our sentencing. And I ultimately anticipate the prison population will be less as a result.

But I want to go back to Assemblyman--

MS. WALCOTT-HENDERSON: Senator, would you just hit your button? (referring to PA microphone)

SENATOR SMITH: --Assemblyman O’Scanlon’s question, which was: It’s 24 years later, and it looks like we made a really dumb decision. So why was it that the Whitman administration located this prison on the Waterfront? Do you remember why?
DEPUTY COMMISSIONER SHERRER: Only based on talking to the staff members. And they said that prior to that prison being built there, it was a dump area. And they decided to bring in a State facility to give jobs out to everyone and to use it as an economic stimulus for the City of Camden.

SENATOR SMITH: So the thought was construction jobs to build it, and then permanent jobs for the guards and support staff for the prison.

DEPUTY COMMISSIONER SHERRER: That was my understanding, yes.

SENATOR SMITH: And then thirdly, that nothing else was going to be built there because this was, in effect, a--

DEPUTY COMMISSIONER SHERRER: Almost a wasteland.

SENATOR SMITH: --a wasteland.

DEPUTY COMMISSIONER SHERRER: That's what I was told verbally.

MR. MORAN: If I can just say, keep in mind that neighborhood, back then, didn't look like it looks today. There was no ballpark there, there was no aquarium there, there was no -- what's it called, the Susquehanna Center?

DEPUTY COMMISSIONER SHERRER: Yes.

MR. MORAN: And the College. All of that has now expanded to the point where it's backed up against the Prison.

SENATOR SMITH: Right. And the difference is that that was then, and this is now, and now the Camden Waterfront is becoming valuable.
DEPUTY COMMISSIONER SHERRER: Absolutely.

SENATOR SMITH: And you can do redevelopment.

DEPUTY COMMISSIONER SHERRER: Absolutely.

SENATOR SMITH: So the City now has a different view of it, which is that the new jobs or the new development is much more attractive than the Prison.

DEPUTY COMMISSIONER SHERRER: That’s correct.

SENATOR SMITH: Okay. Is 24 years -- in terms of prisons deteriorating or aging -- is that a young prison?

DEPUTY COMMISSIONER SHERRER: That is considered a young prison. Twenty-four years is considered a young prison.

SENATOR SMITH: Okay. So would it be fair to say the problem is: That was then, this is now, things have changed?

DEPUTY COMMISSIONER SHERRER: That’s the real reason, yes, as I see it.

SENATOR SMITH: Okay.

ASSEMBLYMAN O’SCANLON: And just for the record, the Prison having been completed in ’85 wasn’t the Whitman administration. We can argue the Whitman administration may have been responsible for some bad decisions. This wasn’t one of them though. She didn’t come in until the ’90s.

SENATOR SMITH: It’s not a good sign.

ASSEMBLYMAN O’SCANLON: Believe me, our math today -- we’re off all the way around.

SENATOR SMITH: So it was the Kean administration. I’m sorry. I lost my head. I’ve been around too long.
ASSEMBLYMAN O'SCANLON: And that's when it was completed. Who knows when the decision was made? Either way it doesn't matter. It was a bad decision.

So I just want to be clear that--

SENATOR CARDINALE: I think it was Frank Graves (phonetic spelling) (indiscernible) built.

ASSEMBLYMAN WISNIEWSKI: You've been around for a long time.

ASSEMBLYMAN O'SCANLON: Again, I saw some of the numbers of capacity -- the original design capacities of our other prisons. And I think we're actually over that. I guess we have figured out how to fit more inmates into smaller spaces. Is that accurate? So we're actually over the design capacity of the other prisons -- total -- of the system. But apparently we've become more efficient in housing these folks. Is that--

DEPUTY COMMISSIONER SHERER: You're correct in saying that. Right now in the prison system, we have alternative beds. We have quite a few individuals who are low-risk inmates, and we have modular units in place that give us an operational capacity to go up to 2,000 more inmates if we need to.

However, we see the inmate population continue to go down. As we speak today, Riverfront State Prison only has 31 inmates in the prison, as well as -- we have vacancies throughout all the rest of the facilities.

ASSEMBLYMAN O'SCANLON: If we weren't getting rid of it-- I mean, the reason we have 31 inmates is probably because we've been moving people out, knowing it is going to be sold at some point. So if not
for that pending disposition of property, it would probably be full. Rather than housing inmates in modular units at other places, we would probably keep them in the newest prison that we have, right? So it’s not because we don’t have inmates to put in it. It’s because, really, of the pending disposition. That’s probably accurate, right?

MR. MORAN: Yes and no. It depends on the custody status of the inmate. The inmates housed at Riverfront State Prison could not be housed at, say, New Jersey State Prison, depending on the level of custody. And it’s just coincidental that some of the initiatives that the Deputy Commissioner spoke about -- that classification of inmate is now the inmate who is going to the drug courts and things of that nature. And we’re not necessarily seeing that heavy influx of that type of prisoner coming into the system. So that kind of fits with Riverfront State Prison, because that’s the classification inmate that goes into that Prison.

ASSEMBLYMAN O’SCANLON: Well, that’s an argument that helps me feel a little better about this.

MR. MORAN: Sure.

ASSEMBLYMAN O’SCANLON: If we’re removing from the prison system the types of inmates that Riverfront was designed to house, and that is a segment that we have less of, that helps. It doesn’t make me thrilled. It’s still a bad--

MR. MORAN: It’s what we would call a medium-security inmate.

ASSEMBLYMAN O’SCANLON: Okay.

Now, you both are confident -- I’m hoping to be around for a while -- that I’m not going to see you back here in two years, five years,
saying, “We have to build a new prison.” You’re pretty confident that that’s not going to happen, that we’re okay with the facilities we have, and you don’t think we’re going to need another prison like Riverfront in the course of the foreseeable future?

**DEPUTY COMMISSIONER SHERRER:** We’ve been watching the trend for the last three decades. Again, I started in 1981. And right now, I think, again -- not just New Jersey, but throughout the whole nation -- everyone is looking at alternatives to medium-security type inmates, including the Parole Board. And I feel confident in stating that I won’t be back, unless I’m told to. (laughter)

**ASSEMBLYMAN O’SCANLON:** Well, you’ve been in for a while, so I’m afraid both of you might be retired at some point soon. But it just-- You understand the concern.

**DEPUTY COMMISSIONER SHERRER:** Absolutely.

**ASSEMBLYMAN O’SCANLON:** And from when I first heard about this I thought, what are we doing?

Thank you very much.

**ASSEMBLYMAN WISNIEWSKI:** Did you say there were 31 inmates?

**DEPUTY COMMISSIONER SHERRER:** Yes, 31.

**ASSEMBLYMAN WISNIEWSKI:** Out of-- What’s the capacity?

**DEPUTY COMMISSIONER SHERRER:** About 1,100 -- 1,191 inmates is the capacity.

**ASSEMBLYMAN WISNIEWSKI:** So there’s almost no one in the Prison.
DEPUTY COMMISSIONER SHERRER: That's correct. We're down to just half a housing unit.

SENATOR CARDINALE: How many staff do you have?

DEPUTY COMMISSIONER SHERRER: The Prison, initially, was designed for about 400 staff. And right now we're dealing with maybe about 60 staff there.

SENATOR CARDINALE: What will happen to the staff there?

DEPUTY COMMISSIONER SHERRER: The agreement we made is that every staff is being reassigned to other vacancies throughout the other prisons that we have in the system. So everyone will continue to work for Corrections.

SENATOR CARDINALE: So even though we're losing the facility, we're not going to be losing the staff?

DEPUTY COMMISSIONER SHERRER: That's correct.

MR. MORAN: Through attrition. Like with the custody staff, the uniformed officers -- as the attrition occurs down in South Jersey--Because a lot of this timeline comes in with the 2C sentencing, where the prison population kind of boomed. And a lot of the officers and staff that we brought on back -- like myself -- are coming to retirement age. And coincidently enough, it's accommodating to us, because that's considered the South Jersey region -- Riverfront. So Southern State Correctional Facility and Bayside State Correctional Facility have a large influx of retirements. That's where most of that staff is going.

SENATOR CARDINALE: So is the overall staffing going down by attrition?

MR. MORAN: Yes.
DEPUTY COMMISSIONER SHERRE: Absolutely.

MR. MORAN: And we delay the-- We have an academy class that was supposed to start this month, and we delayed it until late August.

MS. WALKOTT-HENDERSON: Thank you so very much. Senator Smith.

SENATOR SMITH: I'd like to move the resolution with the only caveat that if -- and we know it's never going to happen -- but under any circumstance the purchase price is $500,000 or under, it has to come back here.

MS. WALKOTT-HENDERSON: Thank you, Senator. Is there a second?

ASSEMBLYMAN WISNIEWSKI: Second.

MS. WALKOTT-HENDERSON: Thank you.

MR. HAYMAN: Chairwoman Henderson.

MS. WALKOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: I'm going to pass.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: I'm going to take that same position with -- and hopefully resolve some of my concerns before it comes back to us for final dispensation.

MR. HAYMAN: Deputy Treasurer Bell.
DEPUTY TREASURER BELL: Yes.
MR. HAYMAN: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MS. WALCOTT-HENDERSON: I just want to clarify that, Senator, you're abstaining.
SENATOR CARDINALE: Yes.
MS. WALCOTT-HENDERSON: Thank you so much.
Motion passes.
Ladies and gentlemen, we're going to--
Thank you, Deputy Commissioner.
We're going back to our old business, Item No. 2. It's an update on Marlboro Township, Monmouth County.
MR. HAYMAN: At the March meeting, the Commission voted to carry over to the next meeting, and suggested updates or extensions every three months on the disposal of Marlboro. And I believe Assemblyman O'Scanlon has some information he'd like to--
ASSEMBLYMAN O'SCANLON: Yes.
This facility falls -- we spoke about it, and we extended it when we were here last time -- in my district. There's a very successful bipartisan effort of folks at the local level and State level to figure out how to dispose of this property in a way that works best for the residents of the State of New Jersey, getting highest and best value, and the residents that will be affected by whatever is put there. There's also some great environmental concerns.
We have been meeting regularly to figure out-- First off, the municipality has rezoned the property in a way that I think is sound.
We've been working with Treasury. We've spoken to DEP, we've spoken with some folks from EDA, we've spoken with Brownfields yesterday -- some folks from Brownfields Redevelopment -- and we're making a lot of progress.

So we are looking for a continued extension. And you should have-- Everyone should have been given a copy of the memo this morning.

It didn't come through?

MR. HAYMAN: No, we didn't get it.

ASSEMBLYMAN O'SCANLON: Well, I thought I was the only one that the final memo didn't come -- I thought it actually came out here. But you'll be in receipt of a memo shortly, giving you a very detailed update of what's been going on. We're making a lot of progress. And I'm very confident that we're going to arrive at a way to deal with all the issues of this property. And they're multifaceted. There's a sewer plant that we're in the process of figuring out how to upgrade. And without that, the value of this property goes -- is diminished greatly. We have a bill in right now that would utilize already existing funds to upgrade that facility. There's a water plant that is part of the property that needs to be disposed of. We're talking to Marlboro about taking that on as part of their water system. So we are making great progress.

I'm not sure anyone is ready -- Treasury itself either -- would be ready to dispose of this property at this point, with all these unanswered questions. So we're working together to answer them. And we would look for a period of continued exclusive ability for Marlboro to work with the State to work out these issues.
SENATOR SMITH: Assemblyman, what was the -- what did the municipality rezone the property to?

ASSEMBLYMAN O’SCANLON: It’s multiple mixed uses. Part of it they intend to dispose of -- and it would be appropriate, because it’s wet -- to Monmouth County for parkland, for open space. Ultimately, what they would like to see are health centers there, some office use. There is not a lot of the property that would be appropriate for residential. So they have greatly eliminated that as a consideration.

I’m trying to remember-- Is there any part they left still residential? I don’t think so. I think they’ve excluded that. And it’s appropriate. If you see the property, it would be a very good office park. It would be a wonderful area for a branch of a college, as well. There’s a number of avenues they could go down.

But the zoning that they arrived at seems to be well-considered rather than simply politically exclusionary. It seems to be well-considered use of the property.

DEPUTY TREASURER BELL: My understanding is the redevelopment zoning is exclusive of any commercial development. But there’s an opportunity, certainly, for them to reconsider. But it’s more open space, recreational use.

ASSEMBLYMAN O’SCANLON: And professional as well, right? Isn’t that part of--

MR. HAYMAN: Yes. Actually, 200 of the 400 acres is open space. There’s a 50-acre parcel I think that they would use for some type of commercial or professional use.
SENATOR SMITH: Is Treasury happy with the way this is going from the front office? Do you feel you’re getting the highest and best?

DEPUTY TREASURER BELL: Yes. I believe Mayor Hornik has been very diligent in pursuing these other items that the Assemblyman described. And we’re comfortable that the ball is moving forward and this has not just been a time where we’re not making progress.

SENATOR SMITH: How long has the committee been meeting? How long has this process been going, so far?

ASSEMBLYMAN O’SCANLON: There’s been several administrations that have talked about it. The property has been, I think, listed as State surplus for quite a long time. I would argue that we’ve seen real progress in the last year or year-and-a-half. I think the previous administration started down the path. But this one has really kicked it into high gear. I don’t want to pat anyone on the back, but there have been legislators that have been really hands-on and involved now, working. It’s a bipartisan effort. Our local administration -- Mayor Hornik -- happens to be a Democrat administration. But I can’t imagine working better with anyone, I don’t care of which political stripe.

So it’s been a long time, frustrating time, for a lot of folks. I mean, it’s been-- This property has been kicked around now--

When did it close? Marlboro closed in what year?

MR. HAYMAN: I believe it was ’98.

ASSEMBLYMAN O’SCANLON: So it’s been a long time.

SENATOR SMITH: Waiting for Godot. (laughter)
ASSEMBLYMAN O'SCANLON: Yes. And this process has been almost as excruciating as watching that play. (laughter)

But it's only been in the last few years that we really have started to see it come together.

SENATOR SMITH: When, ultimately, there is a mutual consent on a plan, how is this envisioned to occur? Will the State be the grantor to Monmouth County, the grantor to the private developer, or is this a situation that goes to the municipality, and then the municipality reconveys?

DEPUTY TREASURER BELL: The discussions we've had with Mayor Hornik haven't been definitive on the final -- the way the final transaction would work out. Typically we would want to sell the property in its entirety to the town for what we believe is the appropriate value. I think at this point we've left on the table that if some component of it were going to be developed, and there might be some higher value to it, that we could talk about some kind of sharing arrangement that the State would have with regard to that. But for the moment, our expectation is that we would sell it to the Township. There is a portion that the County, as the Assemblyman mentioned, is interested in. So we might then do part of the sale directly to County, part of the sale to the Township.

But there's still-- I think until we work through some of the diligence and the final planning, there's still a potential that we would have some hybrid kind of transaction.

SENATOR SMITH: Is there any contamination on the property?
DEPUTY TREASURER BELL: Yes, there is, and there have been environmental assessments done. Actually the Township has had assessments done. There's asbestos in the buildings, and there is--

I don't remember, Gene, the specifics on where we come out environmentally.

MR. HAYMAN: The problem is, most of these institutions were almost self-contained towns. So there's landfills, and there's medical waste, and there's things like that that still have to be investigated. So it could be a substantial amount for cleanup.

ASSEMBLYMAN O'SCANLON: There's a wide range. The present range of cleanup estimate is, I think, $11 million to $40 million. So there's some more due diligence that has to be done there. But there's a lot of areas of concern, which we hope don't turn out to be the north end of that estimate. But we don't know yet.

So this is going to be a process that we aren't going to be back three months from now saying we got it done. But we will-- The plan is to continue to update the Commission continuously as we go through and work with Treasury.

SENATOR SMITH: Does the front office have any recommendation on when this issue should come back up on the agenda?

DEPUTY TREASURER BELL: I think that we are comfortable with a six-month extension of the lease negotiations.

SENATOR SMITH: Okay. I move that this be deferred for six months.

ASSEMBLYMAN O'SCANLON: Second.

MR. HAYMAN: Chairwoman Henderson.
MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: I'm going to abstain because of a business relationship that might create a conflict.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O’SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MS. WALCOTT-HENDERSON: Thank you very much. The motion passes.

Okay. On to the next item on the agenda, concerning the New Jersey Department of the Treasury, on behalf of the Department of Human Services, Division of Mental Health Services, requesting approval for a lease.

ASSEMBLYMAN O’SCANLON: What number is that on the agenda?

MS. WALCOTT-HENDERSON: It’s actually No. 3.

MR. HAYMAN: At the March meeting, the Commission requested additional information about the vendor before approving the
request. We have someone from Human Services here now if you'd like to get some more information on the vendor.

I did put in the package some background information on the vendor.

If anyone has any questions for Human Services--
SENATOR CARDINALE: I'm comfortable with it.
SENATOR SMITH: Same.
SENATOR CARDINALE: I move it.
SENATOR SMITH: Second.
MR. HAYMAN: Counsel Henderson.
MS. WALCOTT-HENDERSON: Yes.
MR. HAYMAN: Senator Smith.
SENATOR SMITH: Yes.
MR. HAYMAN: Senator Cardinale.
SENATOR CARDINALE: Yes.
MR. HAYMAN: Assemblyman Wisniewski.
ASSEMBLYMAN WISNIEWSKI: Yes.
MR. HAYMAN: Assemblyman O'Scanlon.
ASSEMBLYMAN O'SCANLON: Yes.
MR. HAYMAN: Deputy Treasurer Bell.
DEPUTY TREASURER BELL: Yes.
MR. HAYMAN: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MS. WALCOTT-HENDERSON: Thank you.
The next item on the agenda--
Actually, that motion passes, obviously.
The next item on the agenda, concerning the New Jersey Department of Environmental Protection.

Mr. Hayman.

MR. HAYMAN: NJDEP, Division of Parks and Forestry, requests approval to lease the area known as the Edison Memorial Tower and museum, within Edison State Park, to Edison Township for 20 years for the restoration and preservation of the historic site.

On December 11, 2006, the State House Commission approved this lease with acreage of 3.4435-plus or minus acres. This submission will amend the acreage to approximately 33.789 acreage from the approval received on December 11. In addition to a one-time payment of $20, the Township will use a $1.8 million grant to further improve and restore the site. The Township will be responsible for the management and oversight of these improvements and restoration work, thus saving the DEP staff and operational costs.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Let me just mention one thing.

By the way, very worthy project. But the site saw a great deal of neglect, even when it had funding. This is before the $1.8 million grant. And I don’t know why. And, again, I’m not going to say it’s this administration or that administration. But the one sentence that really bothers me a little bit here is saying that this allows the DEP not to have any oversight.

I’d like to have a situation where Edison Township has to report back to the State on the progress it’s making in terms of restoring the
site and the use of the money. Because Edison has had money before, and the site was not restored.

Can we hear something more on it from DEP?

M A R C I D. G R E E N, ESQ.: Marci Green, Administrator of the Office of Leases with DEP.

I just want to point out that this is a correction, an amendment, to the lease that was signed in 2007 after you originally approved it. It was an administrative error regarding the acreage.

In the two years since we’ve signed that lease, I just want to assure you that we are working very closely with the Township of Edison. There is a lot of oversight. They have to submit management plans to us, and we work with them very closely. So it’s not as if we’ve turned over complete administration to the Township and washed our hands of it. We’ve been very active in everything that goes on.

SENIOR SMITH: So we don’t need any further protections?

DEP will be on top of it?

MS. GREEN: Absolutely, yes.

Thank you.

SENIOR SMITH: Okay. I think Assemblyman Wisniewski moved it. I’m happy to second it.

SENIOR CARDINALE: I still have a question.

MS. W A L C O T T-HENDERSON: Yes, Senator.

SENIOR CARDINALE: Can you quantify this operational cost and staff savings that we’re going to--
MS. GREEN: I don’t have that information with me now. I can certainly provide it to you. I don’t know if it was provided in 2006 when originally brought to the Commission.

SENATOR CARDINALE: I’d also like to know, whatever you said in 2006, what has been the actual savings. We always hear, “We’re going to do this, and therefore we’re going to save a lot of money.” I’d like to know if it’s actually happening.

MS. GREEN: I can tell you that as a result of the State not staffing the Park and not using it’s own funding -- or DEP not using its own funding and its own staff to run the Park, and make the changes and renovations that were necessary, there’s definitely savings. I don’t have those figures with me. I can certainly provide them to you if you wanted them.

SENATOR CARDINALE: I would like to see those. Thank you very much.

I’m not going to-- I support the resolution, but I’d like to see where those numbers are.

MS. GREEN: Okay. We can provide those to you.

MS. WALCOTT-HENDERSON: Any further discussion? (no response)

Seeing none, Mr. Hayman, roll call.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.
SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: It passed.

MS. WALCOTT-HENDERSON: Ladies and gentlemen, we are now on to items under new business.

Item Nos. 5 and 6 pertain to requests for approvals to lease DEP residential properties within Hackettstown. I was wondering if there was any objection to moving those items together.

MR. HAYMAN: Actually it's 5, 6, 7, and 8.

MS. WALCOTT-HENDERSON: Correct. Nos. 6 and 7 just deal with-- Let's see, 6 deals with Hackettstown Reservoir, 7 with Raritan. But is there any opposition to moving those?

Yes, Senator.

SENATOR CARDINALE: I have no problem with 5. I have some comments on both 6 and 7.

MS. WALCOTT-HENDERSON: Okay. We'll handle it separately then, Senator.

Item No. 5.

SENATOR CARDINALE: I move it.
MS. WALCOTT-HENDERSON: Second?
SENATOR SMITH: Second.
MR. HAYMAN: Counsel Henderson.
MS. WALCOTT-HENDERSON: Yes.
MR. HAYMAN: Senator Smith.
SENATOR SMITH: Yes.
MR. HAYMAN: Senator Cardinale.
SENATOR CARDINALE: Yes.
MR. HAYMAN: Assemblyman Wisniewski.
ASSEMBLYMAN WISNIEWSKI: Yes.
MR. HAYMAN: Assemblyman O'Scanlon.
ASSEMBLYMAN O'SCANLON: Yes.
MR. HAYMAN: Deputy Treasurer Bell.
DEPUTY TREASURER BELL: Yes.
MR. HAYMAN: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MR. HAYMAN: No. 5 has passed.
MS. WALCOTT-HENDERSON: Okay, as to Item No. 6.
SENATOR CARDINALE: May I?
MS. WALCOTT-HENDERSON: Yes.
SENATOR CARDINALE: We have an indication that this is being rented for less than the market value, according to the appraisal. And I think according to common sense it's less than the market value. You don't need an appraisal. However, the rent has been-- There has been a decision made to increase the rent by 10 percent a year until it is brought up to market value. There's no guarantee that that will ever bring it up to
market value in the first place. And this is based on a DCA opinion that anything over 10 percent is unconscionable.

I don't know where that opinion comes from. In my view, this low rent is a result of, obviously, a mistake that was made in the past at renting it well below market value. And the existing tenant has been getting what could be characterized as a windfall for a long period of time.

I do not believe that it is -- that 10 percent is the limit that we should be involved with. And before supporting this, I would like to know the basis of this 10 percent, which seems to be somewhat arbitrary in light of the fact that it is a-- I mean, this is a waterfront house for $600-some-odd a month. It's almost ridiculous.

DEPUTY TREASURER BELL: Gene, there's no one from DCA here?

MR. HAYMAN: No, there isn't.

Actually, did you look at the picture?

SENATOR CARDINALE: Yes.

MR. HAYMAN: This is a unique case, Senator. Ms. Schlesinger, who is the -- she's the original owner. She became a widow in '95 and went on rental assistance. She's been leasing the property back from the State since 1972. Her original rent when the State bought the property from her was $85.

Now, we have been trying to bring it up as best we can. The 10 percent came from actually not a formal opinion, just a guideline from DCA with the people we deal with on a regular basis.

SENATOR CARDINALE: I think you're supporting my argument that she's been getting a windfall for many years.
ASSEMBLYMAN WISNIEWSKI: If you do the 10 percent a year, in three years it’s market rate.

SENATOR SMITH: Also, too, do we want to have a story that “Gerry Cardinale puts widow in the street?”

SENATOR CARDINALE: It has nothing to do with who is getting the windfall. It’s a question that we’re here to protect the State’s interest.

MR. HAYMAN: And I appreciate your argument, Senator, but--

SENATOR CARDINALE: And if we’re not doing that, there has to be a pretty good reason why we’re not doing it. And I did make some comments about some of these leases the last time, I think. Even the market values are somewhat suspect on the low side -- that we have been seeing as a regular entity. These are homes, these are houses. My real estate expertise is limited to a very small geographic area. And so I can’t come in here and say that I’m a real estate expert and challenge these things, because that’s very location-sensitive. But it just seems to me that-- I’ve looked at the pictures. It’s not a palace, but it’s a reasonable looking house. And it is on a Reservoir. It’s got a lot of desirable features.

Maybe I’m the only one who has this kind of thought, but I can’t support this.

ASSEMBLYMAN O’SCANLON: It would be nice to hear from DCA how they arrived at the-- I mean, I don’t know. If we find that New Jersey property is under market value-- Unless there was an arrangement made when the property was transferred -- that would make a different story. But why don’t you just bring it up to market value? If we find out a
mistake was made, where someone -- and, again, I understand the situation of this individual -- but removing that, we ought to-- I guess it's our job to make sure that we get the highest, best use, and market value at least for New Jersey property that's being used by individual citizens. So why can't you just go right up to that and say, "This person has been getting a windfall," rather than continue to add to the subsidy that New Jersey residents, taxpayers, are given?

And it's a bigger issue. If it's happening here, is it happening at another 200 properties that we own? I don't think it's an unreasonable question to ask.

MS. WALCOTT-HENDERSON: Assemblyman, does it help to know that this individual did own the property, as Mr. Secretary mentioned, and in just a few years the property will, in effect, be the market rate?

I just have a concern that this individual may not be able to afford a rate increase in one year.

SENATOR CARDINALE: If this individual is getting a subsidy, it seems to me that we're subsidizing some other governmental agencies. I do have some familiarity with Federal subsidies. And I think we are probably giving a gift here to the Federal government by having an under-market rate, if that is the case that she is on a subsidy arrangement with her rent.

ASSEMBLYMAN WISNIEWSKI: I'm comfortable with the fact--

SENATOR CARDINALE: While they're in trouble, I think New Jersey is also in trouble.
ASSEMBLYMAN WISNIEWSKI: I'm comfortable with the fact that in three years we'll be at market rate. If you do a 10 percent increase a year, you're at market rate in three years. I don't think it's conscionable to tell somebody, "You're going to have to pay a 50 percent increase in your rent right away because the State House Commission has decided that it's too low." I'm perfectly comfortable, and I'd move it as presented.

SENATOR SMITH: Second.

MS. WALCOTT-HENDERSON: It's been moved and seconded.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: No.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: No.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: It's passed.

MS. WALCOTT-HENDERSON: Thank you.
Item No. 7: The New Jersey Department of the Treasury requests approval to lease another DEP residential property. That’s 7, and Item No. 8 as well.

Does anyone have any objection to moving those two matters together? They both deal with residential properties.

SENATOR CARDINALE: On 7 I have no objection, but on 8 I have a similar objection to the prior case.

SENATOR SMITH: All right. I move No. 7.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALKCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O’Scanlon.

ASSEMBLYMAN O’SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

SENATOR SMITH: Move No. 8.

SENATOR CARDINALE: Just to restate, once again we’re dealing with this arbitrary 10 percent from the DCA. We are dealing with,
in this one, a similar arbitrary 10 percent factor from DCA, where we have before us an estimate that is below market. And I have a similar objection to the other one. I don’t want to belabor it.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: No.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O’Scanlon.

ASSEMBLYMAN O’SCANLON: No.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MS. WALCOTT-HENDERSON: Item No. 9, pertaining to the lease of an office space for the use of the Division of Mental Health Services.

Secretary.

MR. HAYMAN: The Department of the Treasury, on behalf of the Department of Human Services, Division of Mental Health Services, requests approval to lease 1,800 square feet of office space, located in Evergreen Hall on the grounds of the Ancora Psychiatric Hospital, to
Family Service of Burlington County, a service provider under contract with
the Department of Human Services.

The lease will be for a term of three years, with two, three-year renewal options, for $1.00 per year. The lessee will be required to pay for
utilities, services, and maintenance costs arising from their occupancy.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MS. WALCOTT-HENDERSON: Item No. 11.

MR. HAYMAN: The Department of the Treasury, on behalf of
the Department of Human Services, Division of Developmental Disabilities,
requests approval to grant an easement to South Jersey Gas to install and
maintain natural gas lines necessary to service the Woodbine Developmental Center in Woodbine Borough, Cape May County.

The easement area would consist of a 367-foot-long by 4-foot-wide parcel of land and a 111-foot-long by 4-foot-wide parcel of land. Since the project directly benefits the State, the easement will be granted for $1.

SENATOR SMITH: Move.

ASSEMBLYMAN WISNIEWSKI: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: Item No. 12: Part of Lot 8, Delanco Township, Burlington County. The New Jersey Department of the Treasury requests approval to grant an easement to Burlington County for the realignment of Creek Road and Cooperstown Road.
The easement will consist of .103 acres and is part of the Delanco Vehicle Inspection Station. The easement will be granted for the appraised value of $7,500.

ASSEMBLYMAN WISNIEWSKI: Move it.
ASSEMBLYMAN O'SCANLON: Second.
MR. HAYMAN: Counsel Henderson.
MS. WALCOTT-HENDERSON: Yes.
MR. HAYMAN: Senator Smith.
SENATOR SMITH: Yes.
MR. HAYMAN: Senator Cardinale.
SENATOR CARDINALE: Yes.
MR. HAYMAN: Assemblyman Wisniewski.
ASSEMBLYMAN WISNIEWSKI: Yes.
MR. HAYMAN: Assemblyman O'Scanlon.
ASSEMBLYMAN O'SCANLON: Yes.
MR. HAYMAN: Deputy Treasurer Bell.
DEPUTY TREASURER BELL: Yes.
MR. HAYMAN: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: Item 13: Block 533A, Lot 4C, Woodbridge Township, Middlesex County. The Department of the Treasury, on behalf of the Department of Human Services, Division of Developmental Disabilities, requests approval to dispose of a former group home that has been declared surplus to the Department’s needs.

The property has been unattended, and has become uninhabitable and needs major repairs. The property will be offered for sale
to the Township as is for the appraised value of $190,000. If the Township is not interested, the property will be sold by auction.

SENATOR SMITH: Move it.

SENATOR CARDINALE: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O’SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: Item 14: The New Jersey Department of the Treasury requests approval to sublease 16,168 square feet of office space located at 240 West State Street to the New Jersey School Boards Association.

The sublease will be for a term of 15 months at a rental rate of $21.31 per square foot. The space is--

ASSEMBLYMAN WISNIEWSKI: Move it.
SENATOR SMITH: I'm going to second, but I would like to know what the sentence means: "The sublease will reduce the State's obligation deficit." What's that about?

DEPUTY TREASURER BELL: I think that's just funny wording. I think that's meant to say that we would have otherwise had the obligation to pay for the entirety of the space, and this will reduce that obligation.

MR. HAYMAN: Right. We're getting back the lease money we're paying out. They're going to be paying us while-- We have a need for the space in 15 months, but we don't have a need for the space now. So at least we're getting the rent paid for those 15 months.

SENATOR SMITH: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALCOTT-HENDERSON: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

48
MR. HAYMAN: Item 15: The Department of Transportation, Division of Right of Way, Property Management Unit, requests approval to sell an irregular-shaped parcel of land containing approximately 0.556 acres to the only adjoining property owner, The First Congregation of the Presbyterian Church of Springfield, New Jersey, for assemblage purposes.

The price will be $2,500, the appraised value.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

MR. HAYMAN: Counsel Henderson.

MS. WALTZ-HENDERSOHN: Yes.

MR. HAYMAN: Senator Smith.

SENATOR SMITH: Yes.

MR. HAYMAN: Senator Cardinale.

SENATOR CARDINALE: Yes.

MR. HAYMAN: Assemblyman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Yes.

MR. HAYMAN: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. HAYMAN: Deputy Treasurer Bell.

DEPUTY TREASURER BELL: Yes.

MR. HAYMAN: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. HAYMAN: Item 16: Liberty State Park. The New Jersey DEP, Division of Parks and Forestry, requests approval to lease a 259-plus-or-minus-square-feet area of office space, Room 304, in the Central Railroad of New Jersey Terminal Building, to Paragon Systems. Paragon Systems
provides security guards and services to the National Park Service in support of the ferry operation between Liberty State Park, the Statue of Liberty, and Ellis Island.

The lease will have an annual rent of $5,167.08, with annual adjustments based on the consumer price index.

ASSEMBLYMAN WISNIEWSKI: Move.
SENATOR CARDINALE: Second.
MR. HAYMAN: Counsel Henderson.
MS. WALCOTT-HENDERSON: Yes.
MR. HAYMAN: Senator Smith.
SENATOR SMITH: Yes.
MR. HAYMAN: Senator Cardinale.
SENATOR CARDINALE: Yes.
MR. HAYMAN: Assemblyman Wisniewski.
ASSEMBLYMAN WISNIEWSKI: Yes.
MR. HAYMAN: Assemblyman O'Scanlon.
ASSEMBLYMAN O'SCANLON: Yes.
MR. HAYMAN: Deputy Treasurer Bell.
DEPUTY TREASURER BELL: Yes.
MR. HAYMAN: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MS. WALCOTT-HENDERSON: Is there a motion that we convene as the New Jersey Judicial Retirement System?
ASSEMBLYMAN O'SCANLON: So moved.
SENATOR CARDINALE: Second.
MR. HAYMAN: All in favor? (affirmative responses)
Opposed? (no response)

We are now the Judicial Retirement System.

The first order of business is the approval of the minutes of the meeting held on March 16, 2009.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

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

Opposed? (no response)

It’s passed.

The second item is the confirmation of death--

MS. WALTHER-HENDERSON: Mr. Secretary, I’ll just note an abstention on that one because I wasn’t here for that meeting.

MR. HAYMAN: Okay.

MS. WALTHER-HENDERSON: Thank you.

MR. HAYMAN: The second item is the confirmation of death claims, retirements, and survivor benefits.

DEPUTY TREASURER BELL: Move.

ASSEMBLYMAN O'SCANLON: Second.

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

Opposed? (no response)

Item No. 2 is passed.

Item No. 3: the financial statements as of February 28, 2009.

ASSEMBLYMAN WISNIEWSKI: Move it.

SENATOR SMITH: Second.

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

Opposed? (no response)
Item No. 3 is passed.

Item 4 is the receipt of the actuary’s annual report of the Judicial Retirement System as of July 1, 2008.

ASSEMBLYMAN WISNIEWSKI: Move.
SENATOR SMITH: Second.
MR. HAYMAN: All in favor? (affirmative responses)
Opposed? (no response)
MS. WALCOTT-HENDERSON: Is there a motion to adjourn the meeting of the Judicial Retirement System?

ASSEMBLYMAN O‘SCANLON: So moved.
ASSEMBLYMAN WISNIEWSKI: Second.
MS. WALCOTT-HENDERSON: Thank you, Assemblyman O‘Scanlon.

MR. HAYMAN: All in favor? (affirmative responses)
Opposed? (no response)
We are now back to the State House Commission.
ASSEMBLYMAN WISNIEWSKI: Move we adjourn.

DEPUTY TREASURER BELL: If I may, before we adjourn, I would just -- on the record and for all of us who’ve had the pleasure of working with Gene Hayman, he’s retiring at the end of this month and will no longer be serving us as he’s done so well.

So I’d just like to extend my thanks and appreciation to Gene for all that he’s done to support this Commission.

MR. HAYMAN: Thank you. (applause)
MS. WALCOTT-HENDERSON: Okay. The motion wasn’t seconded. (laughter)
Thank you very much everyone.

(MEETING CONCLUDED)