COMMISSION MEETING

OF

STATE HOUSE COMMISSION

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: July 2, 2010
9:00 a.m.

MEMBERS OF COMMISSION PRESENT:

Peter J. Tober, Chair
Senator Joseph M. Kyrillos Jr.
Assemblyman Joseph Cryan
Assemblyman Jon M. Bramnick
Charlene M. Holzbaur
Robert Romano

ALSO PRESENT:

Robert J. Shaughnessy Jr.
Secretary

Gary A. Kotler
Counsel

Meeting Recorded and Transcribed by
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PETER J. TOBER (Chair): I’d like to call the meeting to order -- State House Commission meeting, July 2, 2010.

SENATOR KYRILLOS (on phone): Hello, Bob, can you hear me?

MR. TOBER: Senator--

MR. SHAUGHNESSY (Secretary): Can you hear us?

SENATOR KYRILLOS: Yes, I can barely hear you. Joe Kyrillos on.

MR. TOBER: (adjusting microphone) Senator, is that better?

For those in the audience, we have Senator Kyrillos participating by telephone this morning.

SENATOR KYRILLOS: Whoever’s speaking, I can’t hear anything you’re saying. I know the items that are up on the agenda. I’m running late, as you know. And so I plan on voting for all of them. So if you can hear me, I’d like to communicate that, and I will sign the paperwork when I arrive in Trenton shortly, if that’s all right.

MR. TOBER: Well, we do have a quorum of five members, so I think we can proceed in the Senator’s absence, with that notation. I know there are some concerns about the Senator hearing the public discussion and debate, and to the extent that there is -- a vote might change--

SENATOR KYRILLOS: We have a really bad speakerphone, so I can’t hear anything that’s being said. I can hear just mumbles in the background. So--

JEAN M. CORRIGAN: I’m going to try one thing, Senator, if you’ll bear with me for one second.

SENATOR KYRILLOS: All right.
MS. CORRIGAN: (adjusting microphone) How’s that? Is that any better?

SENATOR KYRILLOS: I can hear you perfectly, but I can’t hear any other participant.

MR. TOBER: Senator, it’s Peter Tober. Can you hear us any better now?

SENATOR KYRILLOS: I can’t make you out. If somebody could let me know if my plan is acceptable, I’m going to get off the phone.

MR. TOBER: Let’s proceed in that manner, if it’s acceptable to the other members. We’ll have the Senator register his votes in the affirmative. And to the extent--

SENATOR KYRILLOS: I can’t hear anything. So what we’ll do--

MS. CORRIGAN: Yes.

SENATOR KYRILLOS: --(indiscernible) Jean, if you could translate, that would be helpful.

MS. CORRIGAN: Yes, I will. That’s acceptable. Thank you very much, Senator.

SENATOR KYRILLOS: Very good. Thank you very much. I’ll be there shortly. Any other communication, try me on the cell.

MS. CORRIGAN: Okay; thank you. Bye bye.

MR. TOBER: Okay, before we start, let me just ask the board Secretary to -- the Commission Secretary to give us the Open Public Meeting statement.

MR. SHAUGHNESSY: Thank you, Mr. Chair.
In compliance with the Open Public Meeting Act, notice of this meeting was given by way of notice filed with the Lieutenant Governor, Secretary of State, delivered to the State House press corps, and posted in the offices of the State House Commission.

MR. TOBER: The first item on the agenda today is the approval of the December 17, 2009 and June 10, 2010 State House Commission meeting minutes.

MR. SHAUGHNESSY: Mr. Chair, may I quickly call the roll.
MR. TOBER: Oh, absolutely, certainly. I apologize.
MR. SHAUGHNESSY: Special Counselor Tober.
MR. TOBER: Here.
MR. SHAUGHNESSY: Deputy State Treasurer Romano
DEPUTY STATE TREASURER ROMANO: Here.
MR. SHAUGHNESSY: Director Holzbaur.
DIRECTOR HOLZBAUR: Here.
MR. SHAUGHNESSY: Senator Kyrillos. (no response) He has already made his comments in the affirmative.

Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Here.
MR. SHAUGHNESSY: Assemblyman Bramnick.
ASSEMBLYMAN BRAMNICK: Here.
MR. SHAUGHNESSY: Thank you.

As the Chair has just mentioned, the first matter up for approval today is the approval of the December 17, 2009 minutes, as well as the June 10, 2010 State House Commission meeting minutes.
First, as to the approval of the December 17, 2009 minutes -- Special Counsel Tober.

MR. TOBER: May I have a motion for their approval?
DEPUTY STATE TREASURER ROMANO: So moved.
MR. SHAUGHNESSY: May I have a second?
DIRECTOR HOLZBAUR: I'll second.
MR. TOBER: All in favor? (affirmative responses)
Opposed? (no response)
ASSEMBLYMAN BRAMNICK: I think I have to abstain.
ASSEMBLYMAN CRYAN: That’s what I’m intending on doing as well.

ASSEMBLYMAN BRAMNICK: I wasn’t at the meeting.
MR. SHAUGHNESSY: Any abstentions?
ASSEMBLYMAN BRAMNICK: Abstain.
ASSEMBLYMAN CRYAN: Abstain.
MR. SHAUGHNESSY: Okay, so the Assemblymen are marked as abstentions. Thank you very much.

As to the June 10, 2010 State House Commission meeting minutes -- Special Counsel Tober?

MR. TOBER: May I have a motion for their approval, please.
ASSEMBLYMAN CRYAN: Motion.
DEPUTY STATE TREASURER ROMANO: Second.
MR. TOBER: All in favor? (affirmative responses)
Against? (no response)
Any abstentions?
ASSEMBLYMAN BRAMNICK: Abstain. We’re talking about the minutes from the prior-- You said special meeting?

MR. TOBER: Yes, Assemblyman.

ASSEMBLYMAN BRAMNICK: Yes, I will have to abstain.

MR. TOBER: Thank you, sir.

MR. SHAUGHNESSY: Okay, with the Chair’s permission we will move forward. And we note that there are a number of interested parties with respect to No. 3, so we’re going to go slightly out of order.

ASSEMBLYMAN CRYAN: Can I ask a question first, if that’s all right?

This is a limited agenda. I mean, I got this great big book with all sorts of stuff in it. Who selected-- Why was a limited agenda selected, and why were the others left off? Is there a rationale for that? And is there any impact, any concerns, any emergent potential requirements of the State House Commission for the items that were left off?

MR. TOBER: Assemblyman, I can address your question, if I may.

Solely in the interest of time. The meeting was originally noticed for the 24th. There was information given to us that the members would only have about an hour to participate, from 9:00 to 10:00 a.m., because of legislative caucuses that day, and committee budget hearings. So we reached out -- Chief Counsel Chiesa wrote a letter to the Department of Transportation and Department of Environmental Protection, and asked them to prioritize the 49 items that were on the agenda, and we came back with these as most time-pressing. For example: some of the Turnpike
widening items. I understand that there’s some financial penalties associated if-- So these were based on input from the departments.

ASSEMBLYMAN CRYAN: So there’s no risk to the Commission of having to go through the shenanigans of June 10 anywhere in the future as a result of not doing any of this stuff, and not doing any of the other items today? I want to be clear about that.

MR. TOBER: We would schedule a next meeting whenever the legislators are available. Certainly Executive Branch members will make themselves available.

ASSEMBLYMAN CRYAN: Let me just put on the record, since most times we caucus, I have no trouble if you do the meeting earlier, or afterwards, or any other time. Just want to be clear about that.

MR. TOBER: I’d be happy to accommodate your request.

ASSEMBLYMAN CRYAN: All right, thanks.

MR. SHAUGHNESSY: Item No. 3 on today’s agenda is the DEP request. And at the outset, this item is self-amended by the memorandum received from Assistant Commissioner Amy Cradic, dated June 23. I understand this memorandum updates the acreage figures associated with the project and makes the Commission aware of other developments concerning the project.

New Jersey DEP requests approval to, among other things, lease land to the Tennessee Gas Pipeline Company for 24 years, for the purpose of constructing, installing, operating, and maintaining a 30-inch outside diameter underground loop pipeline facility -- 325 Loop Segment -- to be connected to an existing 24-inch pipeline. The value of this project is established through an appraisal. The approval and execution of the lease is
subject to conditions as stated in your member’s package. So this matter is up for consideration today, and as supplemented by the memorandum previously stated.

We understand that there are a number of people who may want to testify.

MR. TOBER: Before we take any testimony, do any members of the Commission have questions or comments? And I’ll certainly allow you to do after testimony is heard as well.

ASSEMBLYMAN CRYAN: I do.

MR. TOBER: Assemblyman.

ASSEMBLYMAN CRYAN: All right.

This appraisal deal—You’re asking -- I only read this -- but you’re asking us to vote based on, essentially, the comp in terms of what money we’re going to get for it, is that essentially right? Because I didn’t see an appraisal in here, so somebody help the fellow along in terms of how much is this worth. Did I miss it?

MR. SHAUGHNESSY: I know that there are members from the DEP here who may be able to assist the Commission with this.

Please, if you would, identify yourself and your affiliation. Thank you so much.

Before you begin, I’m not certain if both of those microphones work, based upon the Senator being present.

JUDETH PICCININI YEANY, ESQ.: Okay, good morning.

I’m Judeth Yeany. I’m with the Green Acres Program at the DEP; and I have with me Amy Cradic, who is our Assistant Commissioner
for Natural and Historic Resources. She was the person who sent me the supplementary memo earlier this week -- or last week.

As far as the appraisal goes, at the time that we originally submitted this project for consideration, at what would have been the March meeting, the appraisal was in progress and we didn’t have it available at that time to include in the packet. We actually don’t usually include the appraisal, but if we know the numbers, we discuss them in the summary.

The appraisal has been completed, but the purpose of the supplementary memo was to make the Commission aware that we had negotiated additional compensation for this project on top of the appraised value.

ASSEMBLYMAN CRYAN: So the project is 16 acres, right?
MS. PICCININI YEANY: No, the current acreage of the project would be 19-point -- I don’t know the exact number--

ASSEMBLYMAN CRYAN: All right, 19 acres. So how much is-- I mean, this Commission votes and that allows you to settle up on the money, right?

MS. PICCININI YEANY: Yes, but there’s no--

ASSEMBLYMAN CRYAN: Okay, so how much money are we getting?

MS. PICCININI YEANY: The appraisal established a value for the occupation of that acreage by the pipeline, for 24 years, in the neighborhood of $45,000. But as the supplementary memo indicates, the company is also providing replacement land for that same acreage and has agreed to additional litigation measures.
ASSEMBLYMAN CRYAN: So how much is the replacement land worth?

ASSISTANT COMMISSIONER AMY CRADIC: There’s about 29 acres of impacted State lands, and we’re having a 4-to-1 ratio for that -- that’s 116 acres that will be permanently preserved and added to the State land system. We’ve also asked for the property to be restored to the land manager objectives, which is the DEP. There will be invasive species controls for the areas of impact; ecological inventories for 1,400 acres of State land; any timber removed from the property -- there would be an appraisal of that timber, and that value would be transferred to the State in cash. They will have to meet the no-net-loss requirements, and we’re requiring a woodland management plan for the impacted Wildlife Management Area.

ASSEMBLYMAN CRYAN: Okay, so let’s go back to the financial question, for those of us who don’t know all the -- what 116 acres is worth. Under Green Acres guidelines, there’s a replacement requirement already, right?

ASSISTANT COMMISSIONER CRADIC: Four-to-one.

ASSEMBLYMAN CRYAN: It’s 4-to-1. So I’m not falling over myself here; they’re just complying with the law, is that correct?

ASSISTANT COMMISSIONER CRADIC: Correct.

ASSEMBLYMAN CRYAN: Okay, so once again -- and, by the way, this is a 24-year lease, which isn’t a surprise, because 25 has different parameters, does it not?

ASSISTANT COMMISSIONER CRADIC: Correct.
ASSEMBLYMAN CRYAN: Okay, so on a 24-year lease, which we’re doing, in fairness, a creation to jog-- By the way, I like this project, but I do want to understand the financials. So at a 24-year lease, the company’s paying $45,000, meeting a legal obligation where they don’t have to take a different route, if I understand this thing correctly.

ASSISTANT COMMISSIONER CRADIC: They’re following the existing pipeline.

ASSEMBLYMAN CRYAN: This is a safe financial effort for the company. So what’s the State of New Jersey getting for providing something, outside of what’s mandatorily required by the law? It sounds like $45,000 and a wildlife plan. Is that right?

ASSISTANT COMMISSIONER CRADIC: The $45,000 is just the base appraisal. On top of that, even though we’re not permanently conveying the property, they are replacing the land as if it was being permanently conveyed. So on top of the $45,000, we’re getting 116 acres in preserved land, with an average value of $7,500 an acre--

ASSEMBLYMAN CRYAN: Seventy-five hundred dollars.

ASSISTANT COMMISSIONER CRADIC: --which was established by the Highlands.

ASSEMBLYMAN CRYAN: Seventy-five hundred an acre. Wait a minute. They’re getting it for 24 years, so that’s a pretty good length of time, and while it’s not permanently conveyed, let’s be clear here: If I read this paperwork right -- and correct if I’m wrong -- this is the best route of the others, which means they don’t have to take a circular route, which means it’s a cost-savings measure as well. Is that correct?
ASSISTANT COMMISSIONER CRADIC: And it also impacts less State property -- this route.

ASSEMBLYMAN CRYAN: Okay, so $7,500 means -- what?

It’s about $700,000--

MS. PICCININI YEANY: I think it comes out to about $870,000.

ASSEMBLYMAN CRYAN: Eight hundred grand. Is that-- I mean, that kind of surprises me, that that’s low. I don’t gauge these things; I’m looking to you guys, if you’re the pros. But that doesn’t sound like a lot of money to me. I saw something the other day where we paid a buck for something that’s worth $360,000 around here. But I want-- Is that a fair value for doing this lease? And to me, it doesn’t seem to be. Correct if I’m wrong.

ASSISTANT COMMISSIONER CRADIC: Right. The pipeline area of disruption-- Once the pipeline’s in, that will be restored. It will be restored to the standards of the DEP. Even though it’s not being permanently conveyed, on top of that we asked for a 4-to-1 replacement value for that property. So they’re disturbing about 29 acres; we’ll be receiving 116 acres in compensation.

ASSEMBLYMAN CRYAN: Okay, I heard you the first time on it. Okay, thank you.

MS. PICCININI YEANY: Thank you.

MR. TOBER: Are there any other questions for these witnesses? (no response)
I see there are several other witnesses signed up to testify on this matter, so unless any other members of the Commission have questions, I’d like to call them up.

Let’s start first with Kate Millsaps from the New Jersey Highlands Coalition.

**K A T E  M I L L S A P S:** Good morning.

I just wanted to clarify two points, based on what Amy and Judeth just said. The right-of-way won’t be restored to an upland forest that has the same ecosystem values as it has now -- providing groundwater recharge, forest cover for threatened and endangered species. It has to be maintained to FERC standards, and it’s basically going to be a breakdown -- the upland forest. It’s not going to have the same carbon sequestration abilities. It’s losing a bunch of ecosystem values, and the appraisal doesn’t reflect those ecosystem services. And I completely agree with you that $45,000 is not a lot for 24 years. And it isn’t just 24 years. When they come back in 24 years and ask to renegotiate the lease, do you think they’re going to say no and you have to pull up the pipe? This is not going to simply be for 24 years; it’s going to be a long-term diversion of our State parkland.

And the Highlands Coalition is very concerned that this is for 24 years, and that that type here was specifically chosen to avoid a public process. The public should be allowed to comment on this project and on losing its resources. The vote today should be delayed because the purpose of this project is to import natural gas from the Marcellus Shale -- TGP has made that clear. They have said they want the pipeline from Marcellus Shale natural gas. And the DRBC is placing a moratorium on this practice
for six months to a year, so we don’t even know if we’re going to have the ability to be importing that gas, so why put in all this infrastructure if we don’t know that the gas is going to be coming in?

It’s in one of the most sensitive areas in the state -- in the Highlands -- and there are eight pipelines that go through the Highlands. This process has been out of the public’s view, and how are the other seven pipelines going to be handled? Because they’re already-- These companies have already been coming in -- it’s not just TGP that’s coming in to expand -- other companies have met with DEP for preliminary hearings on how to expand their pipelines as well. So are all seven of the rest of these going to be closed-door processes with no public participation?

So I think the vote today should be delayed until we have the finalized mitigation plan, we actually know what’s going on, and the public has a chance to participate. And we look forward to discussing this issue more. The zero-net deforestation act requires a public hearing at least 180 days prior to the deforestation of the area. So we look forward to discussing this more, 180 days before they start deforesting.

MR. TOBER: Any questions?

ASSEMBLYMAN CRYAN: What do you mean: The gas isn’t coming in? I’m sorry.

MS. MILLSAPS: They want to expand their capacity for Marcellus Shale gas, but right now the DRBC has placed a six-months-to-a-year moratorium on drilling in the Marcellus Shale, so they won’t have the gas to fill that extra capacity.

ASSEMBLYMAN CRYAN: Really?

MS. MILLSAPS: Yes.
ASSEMBLYMAN CRYAN: Oh, okay. All right, thank you.

MR. TOBER: Any other questions? Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: I assume all decisions in government have to do with balance. Do you have any information as to the necessity for another pipeline, or for additional natural gas to the area?

MS. MILLSAPS: No, I cannot speak to that. We were being told to rely on FERC’s decision that we need capacity for natural gas, but--

ASSEMBLYMAN BRAMNICK: The reason I ask that is because, as you, we’re sitting in any decision-making process-- I hear some of the comments you’re making -- I’m not disregarding any of those; the question becomes that other end of the equation -- is something that we need to hear as well. So thank you.

MR. TOBER: Thank you.

Can we call, as the next witness, Emile DeVito from the New Jersey Conservation Foundation?

EMILE D. DEVITO, Ph.D.: Good morning. Thank you very much for the opportunity to speak.

I’m the Manager of Science for New Jersey Conservation Foundation. I’m an ecologist by training -- did my Ph.D. work here in New Jersey. I’ve been with the New Jersey Conservation Foundation for 20 years. I’m also a trustee of the New Jersey Natural Lands Trust, which is within, but not of, the DEP. I’m also on the Endangered and Nongame Species Advisory Committee within the Division of Fish and Wildlife. And I’m also on Commissioner Martin’s Science Advisory Board -- I’m the Chair of the Ecological Processes subcommittee of that advisory board.
I was given the opportunity late yesterday to learn of this project in a meeting with DEP staff. And late last night we were given a list of the mitigation commitments regarding this project, in terms of how much land is going to be bought, and various projects relating to the monitoring of the vegetation, the management of the right-of-way, the replacement land -- those kinds of things. It’s a long list, and there are some good things on here. But the public was not involved at all in deliberations, in doing any analysis of this in terms of determining whether or not it protects the public trust. Earlier, Kate Millsaps said that the forest is going to be cleared, and it’s going to be turned into a compacted right-of-way that heavy equipment is going to ride over to maintain the pipeline. It’s not going to be an ecosystem any more; it’s going to be a mowed, compacted soil. Water won’t infiltrate, carbon won’t be sequestered, it’ll be a larger break in the forest which has significant impacts to species.

Now the DEP has, obviously, tried very hard to obtain some compensation here. But they didn’t involve the public, and they didn’t think of everything. And the public, if it had been involved, could have offered some additional suggestions. For example: this entire stretch is going to go from being a forest with sequestered carbon in the trees and in the roots and in the organic material in the soil -- that’s all going to disappear. So we’re going to lose all that carbon sequestration. Now, the Legislature recently passed the Regional Greenhouse Gas Initiative bill because it’s so important to sequester carbon and deal with the carbon losses and carbon credits. And so we have no idea how much sequestered carbon is going to be lost, what its value is, how it’s going to be replaced. Yes, some land is going to be conserved somewhere, but just because some
land is conserved somewhere else, that doesn’t mean that the carbon would have been lost on those parcels. I mean, that land could have been managed in any number of ways to maintain its carbon, whether it was preserved or not.

So there are elements to the equation here that we don’t understand and we haven’t had a chance to review. There have been species searches, and I was told that threatened, endangered, and species of concern have been searched for since 2008 -- that the company was provided a list of species to be searching for on our public trust lands -- species that, once we buy the land with our Green Acres money, we assume all those species are protected -- not just threatened and endangered species, but all the species.

Now, since 2008, the Endangered and Nonendangered Species Advisory Committee that I sit on has made additions to those lists. By looking at this piece of paper, and what I’ve been told, I can’t tell if what the company was told in 2008 was ever updated. The additions we’ve made to rare species in the last two-and-a-half years -- have they been searching for those species? You know, the project hasn’t happened yet; we’re protecting more species since 2008, and I can’t tell whether or not the company has been searching for those, whether or not those public trust elements are being protected. So that’s another thing that perhaps hasn’t been thought of.

Another thing that I’m concerned about is the invasive species, monitoring and control. It talks about monitoring for five years and controlling things. Well, but what happens if the emerald ash borer is brought here on the equipment from somewhere in the upper Midwest, and
it starts destroying our entire forest? Is there money set aside to deal with eradicating the emerald ash borer, like we had to spend millions up in Union County and Middlesex County dealing with the Asian longhorned beetle? We don’t know if we have the safeguards in here.

So my suggestion would be to delay this vote, and let the DEP’s Science Advisory Board take a look at all of these proposals and have the Ecological Processes subcommittee of that board -- which I chair -- take a look at all these proposals and decide if the public trust is really being protected, or whether or not there could be some additions to make sure that we’re not causing problems down the road; to make sure that we’re protecting and replacing every element that we should be on those public lands that we’ve spent our Green Acres money on.

Thank you very much.

MR. TOBER: Thank you, Mr. DeVito.

Are there any questions for this witness? (no response)

Seeing none, I’ll call the next witness, Mr. Robert Moss.

ROBERT MOSS: Good morning. My name is Robert Moss; I’m here as an individual. I just have a few comments, and some of them are thoughts I just developed, so I hope they come out clearly.

But I do want to remark on the inadequate notice that everybody’s had of this proposal and this meeting. I haven’t been able to find out how an interested citizen could find, ahead of time, when a proposal like this is coming up. I’m told it’s not in the New Jersey Register, and so far I have been unsuccessful in finding that online anyway. I don’t know where the materials that are in your packages might be found, other than going up and sneaking a peek. So the public is really effectively
excluded from this process, normally. And as you’ve heard, some people found out things yesterday and the day before.

It has been remarked that it was odd that the lease is for 25 \((sic)\) years for a pipeline that’s expected to last longer than that. I do want to say that this seems to be an abuse of the provision of leases of less than 25 years. And this was attempted before, in the case of a proposed TV tower in Sparta on a Wildlife Management Area, where the lease was written for less than 25 years; but when read carefully, it turned out that the State could not rationally avoid renewing the lease. And the lease here, in this case, is another document that does not, at this point, seem to be available to the public.

And the other thing I’d like to remark upon is this whole concept of replacement land. And I would advocate that the procedures need to be tightened. I’ve noticed recently in the regulations that when it comes to municipalities and counties, when they say they’re going to replace diverted land with replacement land, their regulations specify they can’t use their open space trust funds for that replacement land. And the reason is obvious: because it’s not really replacement land. They would have bought it anyway.

I’m not aware that we have an analogous restriction for the State, but we need it. We need a way to determine whether replacement land in any project such as this would have been bought anyway, because if it was on the list -- on the Green Acres wish list, if I may call it that -- and it goes in as a replacement for land that was lost, then the Green Acres Program -- the Garden State Preservation Trust, more formally -- is then left trying to find good land out of an ever-diminishing pool.
So if they have their eye on a nice piece of property, and Tennessee Gas comes by here and says, “We’re taking some land,” and the swap is for this nice piece that Green Acres has their eye on, Green Acres is not able to buy that as new parkland, because now it’s replacement parkland. And if Green Acres has any money left the next thing they’re looking for is likely to not be as good, and not be substantially equivalent, because Green Acres is working with an ever-decreasing pool of available open space. So this whole diversion process is becoming very problematical as we reach build-out in New Jersey. And that needs to be addressed, and it’s one more reason for delaying the vote today.

Thank you.

MR. TOBER: Thank you, sir. Are there any questions for this witness?

ASSEMBLYMAN CRYAN: I just have a follow-up -- I didn’t follow your Green Acres thing all the way, but I absolutely followed you on the public notice. I’ve only been to two of these meetings; it’s the Friday of July 4th weekend, when, frankly, the Governor called into special session -- an emergent meeting with like 24-hours notice the last time, where if you weren’t sitting on the Montclair State board, I don’t know how you’d know about it. How do people know about these meetings, and how does it get advertised?

MR. MOSS: May I just say they are posted on the website -- the actual meeting notice -- not the agenda. And somebody from -- Mr. Shaughnessy, or somebody -- told me where to find that.

ASSEMBLYMAN CRYAN: Where’s the agenda? Is that on the website?
MR. SHAUGHNESSY: The agenda is posted with the Secretary of State, and filed with the press corps, and it also makes the legislative calendar. So it was posted on the legislative calendar.

ASSEMBLYMAN CRYAN: It’s on those three, so this thing-- When did it get on for (indiscernible)

UNIDENTIFIED MEMBER OF AUDIENCE: (Indiscernible)

MR. MOSS: Jeff is saying not the agenda on the legislative calendar.

UNIDENTIFIED MEMBER OF AUDIENCE: You have to call and get the agenda. You cannot get it online.

MR. TOBER: Hold on, let’s just deal with the witness who is testifying.

MR. MOSS: If I may repeat what Jeff said, he said--

MR. TOBER: Well, Mr. Tittel is set up to testify today as well, so I'll certainly let him address his concerns at that time.

MR. MOSS: Oh, he hasn’t gone yet? Oh, okay, I forgot. I thought he’d already--

ASSEMBLYMAN CRYAN: I tell you what, let me do it this way, in the interest of time: I'll look at-- As an interested member -- I’m sure others are -- you should have the opportunity to find the agenda easily. If it’s there, I didn’t see it, but we’ll take a look at it. I mean, I will, I’ll tell you that.

MR. MOSS: This has been working, to a certain extent. But it’s the time now, with the diminished open space available, that I think we need to tighten up everything.

MR. TOBER: Any other questions for Mr. Moss?
ASSEMBLYMAN BRAMNICK: I just have a question, I guess to DEP. How long is this process, in terms of determining the easement granting? How long has that been going on? I assume you’ve been studying it for a while -- I lost my DEP people. Only because what we’re having is -- we’re having certain allegations made, and I’d like to hear from DEP in response to those allegations – or, should I say, comments.

MR. MOSS: If I may say, that Sparta lease was never tested in court.

ASSEMBLYMAN BRAMNICK: I’m not really asking about the Sparta lease.

MR. MOSS: Okay; because that was rejected by the zoning board.

ASSEMBLYMAN BRAMNICK: I’m just saying this is an expansion, or should I say an expansion of an easement -- or our project is to provide some room to expand these pipelines. I question how long has this been going on. I assume— Because DEP, historically, is slow, so I assume this has been going on for a while?

MS. PICCININI YEANY: Well, off and on these projects (sic) were contacted by consultants or staff of the companies pretty far in advance.

ASSEMBLYMAN BRAMNICK: I understand. But you looked into this project, correct?

MS. PICCININI YEANY: Yes.

ASSEMBLYMAN BRAMNICK: DEP studies this project, correct?
MS. PICCININI YEANY: Yes, although we have permitting entities within DEP looking at this project. The matter before you concerns DEP as the property owner, and the impacts to property that we actually own, not our regulatory requirements.

ASSEMBLYMAN BRAMNICK: But you are making the request, correct? Your agency?

MS. PICCININI YEANY: Yes, we are. And if you notice in the original summary that we had submitted to explain this matter to the Commission, one of the things we said in there was that although a public hearing is not required for a lease of less than 25 years, that this project had already been through some degree of discussion with FERC in what we knew to be a public forum. And there also had been discussion through the Highlands process. In fact, we did not send this to the Commission for consideration until we had been assured that the Highlands had signed off on the project. And, as far as we knew, that was a public process. So we didn’t feel at the time that we originally submitted this project for consideration that this was a secret project to anybody. And we, frankly, were not hearing from the public at that point that they had any particular concerns. So often things happen at the Highlands level that we would have heard about, and we would have reacted to.

ASSEMBLYMAN BRAMNICK: I don’t want to go too far off because that would change the nature of the questioning. I just had one simple question: Has there been any discussion as to the impact on the environment, by anyone?
MS. PICCININI YEANY: Yes, certainly. Our Land Use Program is still reviewing the project and they’ll act on matters that are within their jurisdiction, as far as freshwater wetlands and riparian impacts.

ASSEMBLYMAN BRAMNICK: So would the decision as to whether or not there is impact on the environment -- is continuing?

MS. PICCININI YEANY: Yes.

ASSEMBLYMAN BRAMNICK: And will continue?

MS. PICCININI YEANY: Yes, and what we were trying to capture in the conditions that are associated with this particular approval are the things we felt impacted our property that would not be captured by the other regulatory programs. So normally if you get a land-use permit, they’re not going to tell you to control evasive species.

ASSEMBLYMAN BRAMNICK: I understand; just stay with me in terms of--

MS. PICCININI YEANY: Sure.

ASSEMBLYMAN BRAMNICK: --this very narrow--

MS. PICCININI YEANY: Sure.

ASSEMBLYMAN BRAMNICK: I have a tough time in committees, because all I’m looking for is whether or not there’s going to be continuing review as to environmental impact after our decision.

MS. PICCININI YEANY: Yes, this project does not have land-use permits.

ASSEMBLYMAN BRAMNICK: Thank you.

MR. TOBER: While we have a representative of DEP up at the witness stand, are there any other questions from members?

ASSEMBLYMAN BRAMNICK: Thank you.
MR. TOBER: Thank you, sir.

Our next witness signed up to testify is Jeff Tittel from the Sierra Club.

J E F F T I T T E L: Thank you, and thank you for being in on the day before a major holiday.

Let me just start off and say I want to correct, for the record, one thing DEP said: It’s not their land, it’s our land. This is not about lands that are just owned by the Depart of Environmental Protection; these are some of the most critical environmentally sensitive in the State of New Jersey. This is the only area north of the Pinelands, and it’s the only area in the state with woodland upland forest that’s over 50,000 acres that’s still relatively intact. Nowhere else in the state do we have an area that is this diverse ecologically, this important for water supply, and this much intact for a woodland ecosystem. So I want to start that off, because this is an area that I know and really have a lot of interest in, spending most of my life up near this, in this area, up in Ringwood and West Milford. I know it quite well, and so I think I just want to start off with that.

What bothers me the most about this application is the fact that the DEP has used a trick to get around public scrutiny and public input by doing a 24-year lease on a piece of infrastructure that’s good for 25, for 50 years, if not longer. There’s been a gas pipeline running through parts of this area for probably over 70 years. In fact, this pipeline got moved when we built the Wanaque Reservoir back in the 1920s. I know that, because my family has been up there that long.

But what is also of concern is that this is not just some little minor impact -- this is cutting through the headwaters and the waterways of
some of the most critical streams in the State of New Jersey. This is where pretty much everyone in this room is getting their water from. This is the headwaters of the Pequannock reservoir system, for the City of Newark and most of suburban Essex; it’s the headwaters of the Wanaque Reservoir system, where most of Essex County, Passaic County, Bergen County, and big parts of Union County get their drinking water from. This is a critical area. It is also one of the most ecologically diverse anywhere in the United States. This is the northern end of southern species, and the southern end of northern species. In fact, if you saw the paper yesterday, a big front page story in the Star-Ledger about a very unique plant system that was just found, literally, a stone’s throw from this project -- one of the largest in the country that’s known for a special type of plant that’s related to the buttercup.

But more importantly, this is not a good deal for the State. We’re not against gas-- In fact, the Sierra Club supports natural gas. We think it’s a good, clean, alternative fuel. This is not about saying we shouldn’t have pipelines coming in to New Jersey. The question is, that even on this pipeline we’re only seeing half the picture, because they have to cross or find a way to go through Monksville Reservoir to continue this project. They stopped, and are doing the western part, and they’re going to come back to you guys for the eastern portion. And they have to figure out how they’re going to get through the Monksville Reservoir, because when they did their original mapping, guess what? The reservoir, which was built in the 1980s, wasn’t on it.

On top of that, the concern that we have is that, which pipeline should we pick? Which of the pipelines that are out there -- there are seven
other pipelines coming in from Pennsylvania. Others are in much-less environmentally sensitive areas that are further south away from water supply, away from endangered species. We don’t seem to have a plan for which is the best project. Is it this project, or Algonquin, or Iroquois, or Continental, or Millennium coming down from New York State, or do you keep going down the list? And I think that’s part of the problem, is that we don’t have an overall plan.

The other real concern that we have is that this is to open up the Marcellus Shale. So this is going to be the first affirmative action that anybody in the State of New Jersey is doing to help make Marcellus Shale happen in Pennsylvania, which can destroy a third of New Jersey’s water supply, and have devastating impacts on the Delaware River system and the water supply for people in western and southern New Jersey. So this is not isolated.

The other thing that I would describe about the land is yes, oh, it’s 20 acres. It’s not 20 acres -- it’s hundreds of acres, it’s thousands of acres, because this is a scar that’s cutting along a forested area for 10 or 15 miles. What you have to think about is that you’ve got a street full of cars, and there are a hundred cars on that street, and someone takes a box cutter and puts a line down every one of those cars. And we’re only going to fix one of those cars, and there are 99 other cars with that streak through it. Because the impacts are not literally one block of 20 acres; it’s actually-- Those 20 acres, because it’s just a narrow 50-foot corridor, is actually impacting thousands of acres, and the mitigation for it is tiny.

This is a multi-billion dollar project, and yet we’re getting $45,000 over 24 years for it? I mean, this makes the Manhattan Indian
deal look like a good deal. We’re getting replacement land of 118 acres -- we don’t know where it is, or what the project is, and is it of the same ecological value? In fact, it’s in the Highlands Preservation Area, because this whole area is. So that land can’t even be developed, and yet this is the replacement land.

And so what’s the real value? Is the State getting its fair share for replacement? Also, out of the replacement system, staging areas -- only if they blast will they look to actually replace it. But in order to build this pipeline, they’re going to have to bring in huge equipment, as big as this room. And they have to bring in miles and miles of pipes, and those pipes are big; and pumping stations -- everything else they’d have to build. And those staging areas can be 10, 20 acres; they could clear cut a 100-year-old oak forest for it, and we may not even see this replacement. They can even bulldoze it, but if they don’t blast-- So we don’t even know that, and some of the roads they’re going to be cutting in to bring in equipment -- what the impacts are going to be on that.

And finally, I just wanted to touch, for you, notice. In order to find out, you usually have to see this on the (indiscernible) website, call DEP to find out what the agenda is. That’s how it usually is done, and we had very little notice. In fact, the first meeting the environmental community had was just yesterday afternoon at 3:00 p.m. to try and find out what’s in the mitigation plan, which I still haven’t seen; what is the impact to rare species, since under diversions you have to look at rare species. This pipeline goes through not only an area that’s environmentally sensitive, but there’s a lot-- It’s a very rich mineral area, and we know, on both Hamburg Mountain and on Bearfort Mountain, that there’s rock
outcrops that have uranium ore; there’s also areas that have carbonate rock that may have tremolite asbestos in it. But yet, nowhere in any of the DEP files have we ever looked to see what the impacts may be if they go blasting in some of these areas where you have these different, very dangerous naturally occurring minerals and ores.

We asked yesterday, are any of the lands purchased with land and water conservation funds? They didn’t think so, but they weren’t sure. Those lands can’t be diverted, based on a Federal Supreme Court case that the Sierra Club won. So we don’t even know a lot of the questions that are out there, and a lot of the answers. But the bottom line is that this is a bad deal for the State of New Jersey. Not that we shouldn’t be having pipelines. Is this the right pipeline in the right place? I don’t think so. But, if we’re going to build it, then we should get a fair share compensation, and this is not fair share compensation for it.

Thank you.

MR. TOBER: Thank you, Mr. Tittel.

Any questions for this witness? (no response)

All right, seeing none, I’d like to call the next witness: Julia Somers from the New Jersey Highlands Coalition. And, just in the interest of full disclosure, I just want my fellow members to know that Ms. Somers and I attend the same church, so obviously I’m going to be taking her testimony very highly.

J U L I A   S O M E R S: And it’s a beautiful church, in Bernardsville.

I’m Julia Somers; I’m the Executive Director of the New Jersey Highlands Coalition. And I think the reason we are here is this is about process – sorry, process (indicating pronunciation). It’s about process
because this is setting a precedent: there are many, many of these pipelines that are coming before you. This is just the first, and, in fact, this is just the first bit of the first. There is a company called Spectra, which is in before the DEP right now talking about gas lines. There is the Algonquin Company -- is expected to be before DEP shortly. This is really a kind of a race between the companies to see who can get there first -- build it, and they will come.

Anyway, this is a precedent; it’s very important that the State House Commission sets up a process to do this right that includes the public. As you’ve heard, because of what I would call a rather cynical ploy of setting a lease for 24 years -- that clearly is not a 24-year lease -- the public has been excluded, maybe deliberately, from commenting and learning about this process. You’ve heard already, this morning, that it’s been very difficult for the public to learn about this project and to be able to comment on it. And public comment, I would argue, would make the end result of this project probably much better than what is being proposed right now.

We would ask that you postpone voting on this project today. You’re not going to be putting off the project. As you have heard, and you can see on your agenda, there are still a number of permits that are needed to allow this project to go forward. So by postponing a vote today, you’re not doing any damage to the project as far as timing is concerned.

A sort of amusing thing, to me, was when we first learned about this, we learned that this project was also going to go under the Monksville Reservoir. And in speaking to an employee of the North Jersey Water Supply Authority, he said that they hadn’t heard anything from the
company. And it turned out one of the reasons was they were using old USGS quad maps, and they didn’t realize that there was a huge reservoir which supplied millions of people east of the reservoir with their drinking water. They didn’t realize there was a reservoir there. So the issue of Monksville is going to have to be dealt with. It was seventh in this project, at this time. But it’s coming.

So I just want to say about the Highlands Council: Yes, this was heard by the Highlands Council. There was one meeting, at which the public got to comment for three minutes. I would not call that a proper public process as far as a project of this size is concerned. So I don’t think that there has really been any meaningful public process at this time.

And the other thing is that the project has been truly a moving target, from what we’ve been able to establish. Even as recently as yesterday there are things that are still changing. So in order for the public to comment, in order for you to set up a process that will work and can be used, modeled for the projects that are coming your way, we ask that you postpone a vote today. Make sure that the public is involved, and put in place a process that can be used for future projects such as this.

Thank you.

MR. TOBER: Thank you, Ms. Somers.

Are there any questions for this witness? Assemblyman.

ASSEMBLYMAN CRYAN: Two; thank you.

You did have a public hearing on the-- You’re the Highlands ED, is that right?

MS. SOMERS: I’m the Executive Director of the New Jersey Highlands Coalition.
ASSEMBLYMAN CRYAN: Oh, the Coalition.

MS. SOMERS: We’re a nonprofit. I’m not the-- I know Eileen Swann and I both have funny accents. (laughter)

ASSEMBLYMAN CRYAN: You might say that would be a different church, right? So-- (laughter)

MS. SOMERS: It’s a different church, yes.

ASSEMBLYMAN CRYAN: So there was a public hearing in the Highlands, though, in the Highlands Council?

MS. SOMERS: It was heard by the Highlands Council, but the public was only given three minutes each to comment.

ASSEMBLYMAN CRYAN: Can you, just for my edification: Were there many members of the public there?

MS. SOMERS: Not the ones who you would expect to be there for a project of this type, no.

ASSEMBLYMAN CRYAN: Okay. Secondly, to Mr. Tittel’s comment about the compensation being part of the Highlands Region already, therefore not being able to develop. If I understood Mr. Tittel’s comments correctly, essentially we were getting something that was already there. Is that correct?

MS. SOMERS: I’m not sure I would actually completely agree with that. I think that there is a lot of value left in Highlands Preservation Area lands, and that is being borne out by acquisitions that are being made today in the Preservation Area; so economic value has not been destroyed, totally, in the Preservation Area for land values.

ASSEMBLYMAN CRYAN: Thank you.

MR. TOBER: Thank you, Assemblyman.
Any other questions? Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: What was the Highlands Council’s decision?

MS. SOMERS: The Highlands Council agreed that this project should receive a waiver, and, in return, they got what they termed a mitigation plan -- except the mitigation plan was to be agreed upon in the future with the approval of the Executive Director, so we have not seen it. And there was also a requirement that they purchase a piece of property; I believe it’s about 50 acres. That was the mitigation plan.

ASSEMBLYMAN BRAMNICK: So the Highlands Council approved it?

UNIDENTIFIED MEMBER OF AUDIENCE: By one vote.

MS. SOMERS: Well, they don’t approve it; DEP approves it. But they have to--

ASSEMBLYMAN BRAMNICK: I’ll withdraw the word approved. They granted a waiver -- were those the words you used?

MS. SOMERS: They tell--

ASSEMBLYMAN BRAMNICK: I’ll take whatever words you want to use. Can they vote it up or down?

UNIDENTIFIED MEMBER OF AUDIENCE: By one vote.

MS. SOMERS: First of all, I will remember this time when you’re going to take any words that I say, that you will accept. (laughter)

But secondly, they tell DEP that they will approve a waiver -- they grant permission.

ASSEMBLYMAN BRAMNICK: Could they have denied the waiver?
MS. SOMERS: They did not deny the waiver. DEP gives the waiver.

ASSEMBLYMAN BRAMNICK: I understand. They had a hearing, and they decided to grant the waiver.

MS. SOMERS: Correct.

ASSEMBLYMAN BRAMNICK: They could have denied the waiver, correct?

Ms. Somers: Correct.

ASSEMBLYMAN BRAMNICK: Are there times when the Highlands Council denies the waiver? Are there those kinds of applications--

MS. SOMERS: I haven’t seen one yet.

ASSEMBLYMAN BRAMNICK: I see. Thank you.

MR. TOBER: Any other questions? (no response)

Thank you.

I think the last witness that signed up to testify on this matter is Bill Wolfe from New Jersey PEER.

BILL WOLFE: Is that on now? (referring to microphone) Thank you.

My name is Bill Wolfe. I’m Director of New Jersey PEER -- that’s an acronym for Public Employees for Environmental Responsibility. We’re a support group for the professionals who work in the Federal and State environmental and natural resource management agencies.

I want to focus-- I want to echo the concerns of my environmental colleagues previously, but I want to focus on one point that
was brought out in the DEP testimony, and with respect to Assemblyman Cryan’s points, on the economics.

The Department distinguished its role as landowner, and its review as landowner versus its review as a regulator; and they looked for that increment of leverage that they had as a landowner to extract additional -- both compensation and mitigation -- that was allegedly in the public interest. Similarly, the Assemblyman has probed the Highlands Commission’s role, with respect to their authority and review. Now, again, they review the project under their jurisdiction and legislative objectives of the Highlands Act. Your role as a Commission is far broader than both the Highlands Council, under the Highlands Act; the Department as landowner; and the Department as regulator. You’re looking at public trust values and you’re looking to balance and assure the interests of the State of New Jersey. In that regard, that’s the framework that you should evaluate this project in. And with that in mind, the point that a 24-year lease could be valued at $45,000 for a multi-billion dollar energy infrastructure project is patently absurd on its face. And that, coupled with the process concerns, frankly, taint the credibility of what we’re doing this morning. And I don’t see a company with a presentation here, either. So they may be here, but I don’t see a presentation of the project.

I had -- in follow-up activity to a 2003 OLS audit of the DEP Natural Resources program, with respect to the Office of Leases and concessions, was given documentation concerning the valuation of those leases and easements. And there were concerns at that time, both from an auditing and financial management standpoint, and from an economic market value standpoint, that both the leases and easements over State
lands -- with some negotiated 75, 80 years ago -- did not even remotely reflect market value. Looking back on that now, it’s obvious that mistakes were made in terms of valuing those leases, in terms of having a comeback provision where they were brought into keeping pace with market valuation, and giving the State an opportunity to revalue those easements in particular.

So in hindsight, we know we made mistakes. I think, here, should this approval go forward today, it would be very obvious, from a public standpoint, that mistakes were made. And the context for why we’re here is not only the regional issues with gas infrastructure, the lack of an adequate State planning process to evaluate energy infrastructure and energy planning, the Marcellus Shale issues, and all those other huge controversies that are roiling outside the room.

But frankly, the biggest gorilla that’s in the room -- whether folks here want to acknowledge it or not -- is the oil and gas industry’s role over the Federal government, in particular the mineral management service, in terms of capturing that agency. And you do not want the public perception of this Commission to be that it’s captured by a gas industry. And if you go forward on the terms that I’ve heard today -- again, I haven’t reviewed any documents either, I got a heads up on this last night -- if you go forward and approve this thing in the context, both from a process standpoint and from the substantive facts you have on the record right now, which are sketchy at best, then you’re subject to that claim, frankly. And I would urge you to not take action. Frankly, call the Department back, call the company back, and ask for some public presentation, some public
process, and some way that you can assure yourselves as legislators that you’re representing the best interests of this state.

I’d be glad to respond to questions.

MR. TOBER: Thank you, Mr. Wolfe.

Are there any questions from the members of the Commission?

(no response)

Are there representatives from the company that want to address any of the concerns for us today?

MICHAEL J. GROSS, Esq.: Yes, Mr. Chairman. I’d like to address those concerns.

MR. SHAUGHNESSY: Would you kindly identify yourself and your affiliation?

MR. GROSS: Sure.

MR. SHAUGHNESSY: Thank you.

MR. GROSS: My name is Michael J. Gross, from the law firm of Giordano, Halleran & Ciesla, representing the Tennessee Gas Pipeline Company.

MARK HAMARICH: My name is Mark Hamarich, with Tennessee Gas Pipeline; project manager for the 300-line project that we’re here discussing. Thank you.

MR. GROSS: We would like to address a number of issues that were raised, both by Commission members and by members of the public who testified.

The first issue we’d like to address is the financial issue that Assemblyman Cryan raised. We would have preferred an outright conveyance of the right-of-way for this pipeline. We were told early on,
however, that the policy of DEP was not to convey property outright, but rather to lease it. So we did not have the option of a conveyance, because we know we would have had insurmountable obstacles to do that.

So we opted for a lease -- we opted for a 24-year lease, which is not uncommon. In terms of the consideration for that lease, we had to prepare an appraisal. That appraisal was prepared by an appraiser who previously had prepared Green Acres appraisals, and they had been accepted by both DEP and the Commission. That appraisal was submitted. But don’t forget: that appraisal was only the value of a lease; it’s not the value of the conveyance of the property.

So the appraisal is done, and then it’s determined what the value-- Free market value is determined as if it was a conveyance, but then the value of a lease is determined. That appraisal was reviewed by DEP’s in-house appraiser, and that appraiser agreed with the appraisal for the lease -- for the 24-year lease.

When we met with DEP and negotiated with DEP, they said, “We want you to compensate us, in terms of mitigation, as if this was a conveyance, even though it’s not a conveyance.” We were a little bit surprised at that, but we negotiated in good faith, and that’s where the $870,000 comes from. In other words, that’s the consideration -- 116 acres that we must purchase and preserve at a price of approximately $7,500 an acre. That is as if there was a conveyance. So the company has agreed to that, notwithstanding the fact that normally they would just have to pay the lease price and the lease compensation, which for both the permanent right-of-way and the temporary disturbances is about $100,000. You add to that another $100,000, which is the approximate value of the timber;
and then you add to that the other mitigation requirements, in terms of purchase of land. And what you really have here is probably over $2 million in compensation to the State, either through land purchases or outright payments. So when you talk about the lease consideration in a vacuum, it really doesn’t give you the full picture of what we’re doing here. And it wouldn’t normally be this much money because it’s only a lease, but we agreed to pay a lot more money and compensate the State by mitigation as if this is really a conveyance, above and beyond the lease -- the lease price.

So I wanted to just explain that, if I could. I don’t know if the Assemblyman has a question on that.

MR. TOBER: Certainly; Assemblyman?

ASSEMBLYMAN CRYAN: Sure. First off, if I add the monetary value, which is the $45,000 plus about $870,000; so for argument’s sake, it’s $900,000. Where do you get-- I don’t know where you get $2 million.

MR. GROSS: Because there are other properties that we’re purchasing for the Highlands; there are other properties we’re purchasing for wetlands mitigation, for riparian zone mitigation. So overall, we’re spending over $2 million for mitigation.

ASSEMBLYMAN CRYAN: And those properties are being purchased simply-- I got to tell you something: Whether it’s $1 million or $2 million, whether it’s-- Because you’re getting about 20 acres, right?

MR. GROSS: Correct.
ASSEMBLYMAN CRYAN: All right; so if you want to include -- So that’s $5,000 a year, right, by my math, right? Somewhere around there?

MR. GROSS: For 20 years, no.

ASSEMBLYMAN CRYAN: For 20 years?

MR. GROSS: Fifty thousand, I think.

ASSEMBLYMAN CRYAN: So 20 years--

MR. GROSS: Fifty thousand.

ASSEMBLYMAN CRYAN: Fifty thousand a year for 20 years -- for 24 years it’s actually less than that. To put a pipeline underneath something it sounds to me to be pretty damn cheap, to be blunt about it. And that’s adding in all your costs. Plus, never mind the fact that when you came in, you knew good and well that you were going to have to do something with the Green Acres tract in return for the 24-year lease. So the idea that we’re supposed to be falling all over ourselves because you have to do the compensation at the per-acre amount, which sounds dirt cheap anyway, seems to me to be incredulous.

I’ve got to tell you, I’m really stuck on this compensation thing. I think the State’s getting screwed. I really like the jobs, I really do, and I was prepared to vote for this thing walking in here, and I told people that. But this thing seems to me to be a real problem. I need you to come up with a better number, to be blunt, because $2 million over 24 years in the most expeditious way possible, as you relay it, for a gas company to come in and screw up the environment seems to me to not make much sense. And I like the jobs. And frankly, I’m being very clear: I told these guys I
was voting for it because I wanted the economic value. But I don't see it here. Can you help me? Find me a reason to get there.

MR. GROSS: Well, I'm trying to help. The value of the easement, or the lease that we're obtaining, is the value of the property through which this is traversed. But the way you determine that--

ASSEMBLYMAN CRYAN: It's protected Green Acres-- It's woodlands now, right?

MR. GROSS: Some of it's woodlands, some of it's not.

ASSEMBLYMAN CRYAN: The best-- How can you say that the value of the property-- I'm just stuck on what you consider the value of the property, when you're going to put a pipeline underneath it. I mean, it just seems to me as if that value is your value, which is based on the best alternative that's in this document, right? You guys looked at it; I looked at these maps -- you had three or four different routes here.

MR. GROSS: Correct.

ASSEMBLYMAN CRYAN: So this is the route that saves you money, and therefore the value is supposed to be, frankly, dirt cheap. I don't get it.

MR. GROSS: Well, the alternatives we discussed really were for DEP, and were based primarily on impact -- the amount of impact. And we felt -- and DEP agreed -- that this would have the least environmental impact. But we based this on fair market value--

ASSEMBLYMAN CRYAN: You guys deal with the environment, right, when you do this? That's the drill, right?

MR. GROSS: Excuse me?
ASSEMBLYMAN CRYAN: That’s the drill -- you deal with the environment.

MR. GROSS: Absolutely, absolutely.

ASSEMBLYMAN CRYAN: So--

MR. GROSS: We’re restoring areas also. But in terms of the monetary compensation, it’s fair market value of what this is worth, and that’s how historically the State House Commission has dealt with it.

ASSEMBLYMAN CRYAN: I’m not an historical member of the Commission--

MR. GROSS: I understand.

ASSEMBLYMAN CRYAN: I’m a new one.

MR. GROSS: Right.

ASSEMBLYMAN CRYAN: And historically, if that’s the way it’s done, it’s wrong. Because I have to tell you something: I’m not voting for this lousy lease -- all right? -- on this amount of dollars, for a company to come into a pipeline to screw the State of New Jersey. Because that’s the way it looks to me. I’ve been very clear about it, so enough. I mean, I have to tell you guys: You have to make a better argument or come up with some better numbers, because it just doesn’t play for me; I’m sorry.

MR. GROSS: And based upon the Green Acres process, Assemblyman, we followed that process. I don’t know what other process-- Because we used an MAI appraiser; the State has MAI appraisers. I don’t know what other process you would use.

ASSEMBLYMAN CRYAN: Let me give you a process: Don’t shock the conscience of a member of the State House Commission over it
being too cheap. How’s that for a process? because this one shocks the conscience. That’s what it does for me.

MR. GROSS: But I think $1 million -- at least $1 million--

ASSEMBLYMAN CRYAN: For 20 acres, over 24 years, that makes it unusable; for a pipeline over the break, and the alternatives that are there? I’m sorry, sir, I couldn’t disagree more.

MR. GROSS: Can I just respond to some other comments that were made?

MR. TOBER: Sure.

MR. GROSS: Okay. In terms of restoration, we are restoring this site as per DEP requirements -- requirements that DEP has imposed. So while we’re not restoring above the pipeline to forest, because we can’t have a tree growing above the pipeline, we’re restoring it to habitat that DEP has requested -- the type of habitat that will be used by some of these threatened and endangered species within the Highlands -- that’s the first thing.

Secondly: This Marcellus Shale allegation. Factually, almost all of our gas is not coming from Marcellus Shale. We are just a transporter of natural gas. We don’t produce the natural gas, we don’t sell the natural gas to the ultimate consumer. That natural gas goes to New Jersey, and goes to utilities like PSE&G which will distribute natural gas. So we just transport it. The overwhelming -- probably 95 percent of our natural gas is not from Marcellus Shale, and none of it may be from Marcellus Shale in the future because there may be a moratorium. We’ve also had a contract for all this gas. All this gas is spoken for already. We have, in terms of the public process -- as was mentioned, there was a hearing before the
Highlands Council. The Highlands Council did grant an exemption for the planning area. They recommended the DEP grant an exemption for the preservation area and, in order to obtain that exemption, we had to meet all of the standards of the management plan in the Highlands.

There were numerous public hearings. You talk about the lack of public process. In 2008, Tennessee Gas Pipeline had open houses for any interested residents. In 2009, there were mandated hearings by the Federal Energy Regulatory Commission. The Highlands Council hearing was in 2009; in fact, both Mr. Tittel and Ms. Somers testified at those public hearings. And there was a public hearing on the release of the conservation restriction, which, I believe, is also an agenda item. That public hearing was noticed for three straight weeks, two times per week, in general circulation newspapers in that area.

Assemblyman Bramnick asked about the need for natural gas. The Federal government has already determined that there is a need for that gas.

In terms of renewal of this lease: The way the lease reads, the State of New Jersey has the absolute discretion as to whether to renew this lease in 24 years.

I think Assemblyman Bramnick asked what kind of discussions have there been previously with DEP. We started discussing this project with DEP back in 2008. Don’t forget, this use ultimately just sits underneath the ground. We have a pipeline that’s been there since 1955; there’s never been a problem with that pipeline and it is really, in terms of use -- it’s a benign use.
There are no pump stations involved with this pipeline, contrary to a statement that was made. There is no equipment that’s as big as this room that’s being used; it’s the standard construction equipment.

I’d just like to make a couple of comments. Assemblyman Cryan mentioned the jobs. This is important for the State of New Jersey, and I think that’s why DEP wanted this placed on this agenda. There are 200 high-paying jobs which are set to start this or next month if this Commission approves this application. They are high-paying jobs; they’re mostly New Jersey employees; they will be spending that money in New Jersey. It equates to about $11.5 million. There are tax benefits to the municipalities up there of about $400,000 per year. Don’t forget we have an existing pipeline -- that pipeline lease was renewed in 2007 by this Commission. And I know -- I don’t want to belabor the history, but it was renewed based upon a lease value. And I know, Assemblyman Cryan, what your issue is.

As we indicated, we’ve met our no-net loss with mitigation. We have a Certificate of Public Convenience and Necessity from the Federal government. And notably, in terms of environmental impact as I mentioned before, both Highlands and DEP have approved this project. The DEP land-use process is still ongoing, but in terms of the Highlands we had to meet the stringent requirements of the Highlands comprehensive management plan, and both DEP and the Highlands Commission concluded that we did.

We think that this Commission should also send a signal that New Jersey is open for business, that we do want these types of projects
that will bring needed natural gas to New Jersey, and start to jump-start this economy, which really needs that jump start.

We appreciate your consideration, we appreciate you moving this up to the first substantive item on the agenda; and we’re open to any questions.

MR. TOBER: Are there additional questions?

Assemblyman.

ASSEMBLYMAN BRAMNICK: Historically, the DEP, in my experience, has been very concerned about development in the state. I am still lost as to what environmental hurdles this project will have to go through after it leaves the State House Commission. I’ll separately request information from you as to the value of the lease, but-- There’s someone from DEP, but DEP is saying we just are the owners of the land and we’re just transferring it. Somebody must indicate to me a response to what some of the prior witnesses had said.

MR. GROSS: We have applied for two DEP permits: one is for any impacts on freshwater wetlands or transition areas, and the other is for any impacts on streams that we cross or buffers around those streams. Those permits are pending; we’ve had numerous meetings with DEP Land Use with respect to those permits. There are other processes that we must go through in terms of our interactions with the Division of Fish and Wildlife, and Division of Parks and Forestry. We’ve negotiated most of the terms of those criteria. We also must have natural areas approval from DEP -- that’s a special area that is designated by the Legislature. We’ve already had a hearing on that, and we have to get approval from DEP on that.
So there are still DEP hurdles we have to overcome. But don’t forget, DEP approved this exemption, and we had to meet all their stringent requirements in the Highlands Plan. So we’ve already had that approval, and we need a couple of other DEP approvals.

ASSEMBLYMAN BRAMNICK: Thank you.

MR. GROSS: Can I say one more thing? And I’m not sure if this will appeal to you or not. I’m talking about fairness here. If you want to change the way you determine compensation -- we’re talking about the history. If you want to change the way you determine compensation, that’s fine. Do it as a policy, do it going forward. But we’ve been involved in this process for two years, in good faith. And we’re involved with DEP; DEP approved this. And just as a matter of fairness, (indiscernible) we renew the lease, but we’ve been involved in this a long time. To say you’re not going to vote for it because actually the Commission wants to change a policy, I think is a little bit unfair. And I just appeal to your sense of fairness in that regard, and your sense of balance. That’s all I’m saying.

ASSEMBLYMAN CRYAN: I appreciate your comment -- you play by the rules, and you sign the lease, and it sounds right. The problem is, is your lease is a gift. And I’m not in the gift-giving business. I’m sorry.

MR. TOBER: Are there any other questions for these witnesses? (no response)

MR. GROSS: Thank you.

MR. TOBER: Is there anybody else who would like to testify on this matter? Anybody from DEP need to answer any questions? Nothing to add? Mr. Tittel.
MR. TITTEL: I’ll be brief, but I just wanted to make a couple of comments, based on their testimony.

I wanted to start off and say there’s been a big misnomer about the Highlands. They didn’t approve this project, they exempted it based on linear development. And when they did the analysis, it was inconsistent over 50 places with the Highlands plan, but because of the linear development exemption for utilities, it was basically exempted. And it only got the exemption by one vote. So there was a lot of opposition at the Council.

The other point I wanted to make is to the issue on the mitigation money. Part of it is that they’re counting that they are going to be taking down trees that are worth a lot of money -- they have to give that money back to the State, so they’re counting that. The other thing that’s not included in the list, that I just found, is they’re going to be removing and excavating a lot of rock that they can sell that’s going to be worth hundreds of thousands of dollars. Because you’re talking about a linear cut through areas of granite and puddingstone, and that rock is going for probably about $500 a dump-truck load. And I’m not sure how many truckloads they’re taking out, because there’s nowhere in the plan saying how much cubic yards they’re moving.

And the final point that I wanted to make is that -- do the math. It just doesn’t add up. Thanks.

MR. TOBER: If there’s additional information to add-- But please keep your testimony to new information.

MR. WOLFE: With respect to the methodology for fair market value, I haven’t seen that appraisal, but I can surely say that conceptually
the methodology of the market value runs with the use of the property. So from a zoning perspective, if you have a residential density of one unit per acre or a density of 50 units per acre, that’s going to vary because it’s based on the use of the land. Your appraisal value of that same identical piece of land will vary based upon its eligible economic use. In this case, we’re using land to convey billions of dollars of an energy product. Therefore, I would bet dollars to doughnuts they could not have possibly appraised the value of that land based upon billions of dollars of energy flowing through it. They probably based it on a commercial use, on some kind of absurd method. And these are the types of devils in the details that really need to be looked at carefully. And I’m sure that if we could have a critique of the appraisal methodology and a policy discussion, I’m sure that a public policy would not support the methodology that was likely used. And the company’s on the record speaking about the economic value. I think you ought to probe that question.

Thank you.

MR. TOBER: Thank you, Mr. Wolfe.

Are there any other witnesses today? (no response)

Seeing none, I then ask for questions or comments from the members of the Commission.

MR. GROSS: Mr. Chairman, can I just make the request--

MS. CORRIGAN: Go up, sir, if you want to be on record.

MR. GROSS: It’s Michael Gross again.

Obviously we were not prepared for the financial issue that arose. Could we have an adjournment of this matter so we have at least an opportunity to discuss this with DEP before you vote?
MR. TOBER: I'll see what the members of the Commission say.

ASSEMBLYMAN BRAMNICK: I have no objections.

MR. TOBER: No objection? If that's the case, I'll entertain a motion to table this application to the next State House meeting, which I--

MR. GROSS: No, to later today. We--

MR. TOBER: No, I think there’s other pressing business here today. I know both of the Legislators have to be in caucuses, and I know I myself have some work to do. So if we’re tabling it, it’s going to be to a future meeting.

MR. GROSS: Oh, okay. Can I consult with my client?

MR. TOBER: Sure.

While he’s doing that, are there any comments or discussion from members?

ASSEMBLYMAN BRAMNICK: Since the issue involves an appraisal -- at least one of the issues-- DEP indicates there was an in-house appraisal here -- is that my understanding? Or, at least, a witness indicated there was some appraisal. There was an outside appraisal, and then apparently confirmed or reviewed by someone on staff. Is that correct?

MS. PICCININI YEANY: Green Acres maintains a list of approved appraisers, so an outside professional appraiser was used from that list, and it was then reviewed by an in-house Green Acres review employee.

ASSEMBLYMAN BRAMNICK: So the in-house Green Acres review employee -- do we know who that is?

MS. PICCININI YEANY: Yes, she works for the Green Acres Program.
ASSEMBLYMAN BRAMNICK: And is that someone available to the State House Commission this morning?

MS. PICCININI YEANY: No, she actually retired within the last couple of weeks. (laughter)

ASSEMBLYMAN BRAMNICK: Is there a copy of the appraisal in DEP -- the full appraisal by the outside, independent appraiser?

MS. PICCININI YEANY: Yes, there is. We can make that available to the Commission members.

ASSEMBLYMAN BRAMNICK: Is it possible to get a short recess to get a copy of that over to us, to look at that?

MS. PICCININI YEANY: Certainly, we can retrieve that from the office.

ASSEMBLYMAN BRAMNICK: That would give me an opportunity to look at what apparently is a crucial issue raised by Assemblyman Cryan, as to what the basis of that appraisal -- what was in it and what was out. If that’s the main objective of the State House Commission -- to determine value -- then that is a document that we should probably review, if we could get it in a few minutes.

MS. PICCININI YEANY: Okay, we’ll see what we can do.

ASSEMBLYMAN BRAMNICK: Based on that, since that’s a critical issue I know for the Assemblyman, if we could just take 10 minutes and see if we can take a recess to get that document and bring it back?

MR. TOBER: Maybe, if the Commission members agree, we can proceed with other business. And if the appraisal comes in before the end-- I won’t keep the hearing open if it doesn’t come in before, because I know we all have pressing business. But we can move this item to the end
of the agenda and see if we can get a copy of that appraisal in the meantime.

MS. PICCININI YEANY: Thank you.

MR. TOBER: Do we need a formal motion to do that?

MR. SHAUGHNESSY: I believe that you’ve already stated that we’ll hold it until the end.

MR. TOBER: Okay, we’ll hold it to the end of the meeting.

Then, let’s go on with Item 2 on the agenda.

MR. SHAUGHNESSY: Thank you, Mr. Chair.

Item 2 on the agenda is a project acquired -- it’s a DOT request: Acquired as Route 25, Section 34, now known as Parcel VXR4A2, Block 5042, Lot 14 -- or part of Lot 14, Newark, Essex County.

In this matter, the New Jersey Department of Transportation requests approval to sell by direct sale approximately 1.1 acres of surplus vacant land to the only adjoining property owner, 429 Delancy Associates, Summit Association. It is my understanding that that matter will be conveyed -- or the property will be conveyed at appraised value.

Any questions or comments or--

MR. TOBER: Yes, Assemblyman; please.

ASSEMBLYMAN CRYAN: How much? It’s 1.1 acres sitting on Route 1 in Newark. It’s got to be worth a few quid. How much?

MR. SHAUGHNESSY: I believe we have someone from the Department of Transportation. If they may come up, identify themselves and their affiliation, it would be appreciated. Thank you.

JAMES A. DARRAR: Yes, Jim Darrar; I’m the Property Management Supervisor.
Yes, this was a late submission that was put in, actually, while I was away. But we’ve done this in the past where we’ve submitted stuff to the State House without the appraisals, knowing that they would get done. This is uncommon, though. The stuff that we’ve submitted in the last four or five State Houses have all had the appraisals done. This one was submitted, and the appraisal hasn’t been completed.

ASSEMBLYMAN CRYAN: I appreciate that. My first vote here, on this Commission, was to vote for a property appraised at $360,000 for $1 under an emergent. So the procedures don’t work. The property—Do you have the principals at 429 Delancy?

MR. DARRAR: Oh, yes, that was provided.

ASSEMBLYMAN CRYAN: Is it? Because I didn’t see it.

MR. DARRAR: Yes. When I came back -- just to let the Commission know, I was out on bereavement -- I saw that the packet was incomplete, and made sure that you and Treasury were provided with that. I can give you names, if you’d like.

ASSEMBLYMAN CRYAN: I want to make sure there are no conflicts in there. Is this Emily McGregor (phonetic spelling) and Sara Rockwell (phonetic spelling)? Oh, that’s the owners of the—

MR. DARRAR: You should have received an additional packet, if it got out to you guys.

ASSEMBLYMAN CRYAN: I didn’t get any additional packets; maybe that’s the problem.

MR. DARRAR: We sent it over to Treasury in hopes that--

ASSEMBLYMAN CRYAN: You know what? I’m sure it’s my office, not anybody here, believe me.
MR. DARRAR: That’s okay, I can go over it.
What we have as the owners are 429 Delancy Street Associates, LLC--

ASSEMBLYMAN CRYAN: All right, I see it here.
MR. DARRAR: Is it Diego and--
ASSEMBLYMAN CRYAN: No, I’m good with that.
MR. DARRAR: And we also had to provide the officers of their company. It’s a typical LLC.

What we have here is 1.1 acres of land that can’t be accessed. What we did is, we just completed recently a new ramp -- Delancy Avenue. And we used the area for staging; we’re just about complete. We’re not going to need it. The really only issue you have here is the only person who can use this is the adjoining owner. They want to develop it as some kind of warehouse. We still have to get it appraised. The value, like I said, we’re not going to have that, and so--

ASSEMBLYMAN CRYAN: I’ll speak for myself, but I don’t see how we can essentially move State land without knowing what we’re going to get for it. If that’s not our job, somebody explain it to me; but as an elected official, I have a serious problem with that issue -- you probably have picked up here today. You know, I’m not voting for stuff where I don’t know how much it’s worth.

MR. DARRAR: I wouldn’t blame you.

ASSEMBLYMAN CRYAN: Okay.

MR. TOBER: Okay. Any other questions for this witness? Is there anybody else who wants to be heard on this matter? (no response)
Otherwise, I’ll take questions or comments from members of the Commission, please.

ASSEMBLYMAN CRYAN: I had one other: Why no bid? Why didn’t we bid this at all? I mean, I know it’s adjacent, as you said. But why didn’t we go to bid for the property at all?

MR. DARRAR: You mean, why don’t we auctioned it?

ASSEMBLYMAN CRYAN: Yes.

MR. DARRAR: Because nobody else can bid -- it’s landlocked.

ASSEMBLYMAN CRYAN: So you guys made a judgment that we didn’t need a bid?

MR. DARRAR: Landlocked--

ASSEMBLYMAN CRYAN: Is that part of the law?

MR. DARRAR: Statute 27:12-1: We can sell it to a continuous (sic) owner.

ASSEMBLYMAN CRYAN: Okay; so you have the right to do that.

MR. DARRAR: Oh yes.

ASSEMBLYMAN CRYAN: Okay.

MR. DARRAR: The Commission does. As long as there are no other-- Now, let me tell you, though. I can have a landlocked piece of property, there are two owners. If both want it, we go to auction. If you’re the only owner, sir, and you’re willing to pay the price, you get it.

ASSEMBLYMAN CRYAN: The problem here is that we just don’t know the price.

MR. DARRAR: You don’t have the price. And I can tell you, the Commission, there’s not a problem from my standpoint in seeing to we
have one in time for the next State House. Again, this was presented by those higher than me to be on the agenda, so--

ASSEMBLYMAN CRYAN: Okay.

MR. TOBER: Having no other witnesses, and having no other questions from the members, what’s the pleasure? Is there a motion to approve, table--

ASSEMBLYMAN CRYAN: I’m going to vote no, so I don’t know what that means.

ASSEMBLYMAN BRAMNICK: As I said, I received some evaluation on the prior issue. I’m looking for about a 10-minute recess so I can look at this, so I can review this evaluation. That’s the motion I have.

MR. TOBER: Oh, on the--

ASSEMBLYMAN BRAMNICK: Because before-- I’ve got some issues that I’d like to look at, not relating to the prior testimony that we just had, but with respect to the Highlands issue. I’m looking for a 10-minute recess to review the valuation plan that I was just handed.

MR. SHAUGHNESSY: Mr. Assemblyman, you’re talking about the prior matter, that being matter Item No. 3 on the agenda. Those comments follow that, correct?

ASSEMBLYMAN BRAMNICK: That’s correct.

MR. SHAUGHNESSY: Okay. With respect to this matter, is there then a motion to table, or is there a motion--

ASSEMBLYMAN BRAMNICK: I wasn’t in a position to discuss this matter at this point. I’d like to do the recess on the prior matter, and then we’ll entertain motions with respect to the issue No. 3.
MR. TOBER: There’s been a motion to take a 10-minute recess. Is there a second?

ASSEMBLYMAN CRYAN: Second.

MR. TOBER: Seconded by Assemblyman Cryan. All those in favor? (affirmative responses)

All opposed? (no response)

The Commission will reconvene in about 10 minutes. Thank you.

(Commission takes a recess)

MR. TOBER: Shall we get started again, everybody, please?

The last matter we were discussing before we took our recess was Item No. 2 on the agenda -- a request by the New Jersey DOT. Sensing that members of the Commission would like to see the appraisal on that matter before proceeding, and advised by the DOT during the break that that appraisal would be forthcoming, I would like to entertain a motion to table that at this time.

ASSEMBLYMAN BRAMNICK: So moved.

ASSEMBLYMAN CRYAN: Second.

MR. TOBER: All those in favor? (affirmative responses)

Any opposed? (no response)

That matter will be tabled to our next agenda meeting.

MR. KOTLER (Counsel): Mr. Chair, I just need to state this point, on behalf of the Attorney General’s Office, that it is our opinion that the vote of Senator Kyrillos should not be permitted here today because he’s not available to participate, neither in person or by telephone, to hear
any testimony and to consider what has been brought before the Commission.

ASSEMBLYMAN BRAMNICK: Mr. Chair, with respect to the issue, which I believe was issue No. 1 -- the gas pipeline company. Based on the questioning to date, I would also ask that that be tabled so we can obtain further information from the DEP, as well as further investigation as to the appraisal.

MR. TOBER: Assemblyman, I do believe we have one more witness from DEP.

ASSEMBLYMAN BRAMNICK: Oh, we do.

MR. TOBER: Just see if they can address the question. And if the question is not entertained to the satisfaction of the members, then we’ll proceed with that motion to table.

So if I might call up that witness from DEP.

MS. PICCININI YEANY: I was asked to just explain a little more about the methodology behind the appraisal.

As I mentioned earlier, Green Acres has a list of approved appraisers, and we had selected the particular appraiser that we recommended in this case based on a recommendation from the New Jersey Water Supply Authority, which had used this appraiser to value their utility crossings of the Delaware and Raritan Canal. We had used this and another appraiser when we spoke to the company about renewing the easement that had expired in 2007. And at the time, our Green Acres review appraiser, who was a 30-year employee of the State and reviews appraisals for all our acquisitions, had reviewed that appraisal, had accepted it. So we applied the same methodology to this project.
ASSEMBLYMAN BRAMNICK: Mr. Chairman, I do have a follow-up question.

MR. TOBER: Please, Assemblyman.

ASSEMBLYMAN BRAMNICK: Assume this gets tabled. There have been a number of environmental questions asked. I assume that there are people in DEP who can respond to those questions. Is that fair?

MS. PICCININI YEANY: Yes.

ASSEMBLYMAN BRAMNICK: So if we have-- If it’s not decided today, would you simply, at the next meeting, bring back those who are experts in the environmental issues raised by some of the witnesses today?

MS. PICCININI YEANY: Yes, we can do that.

MR. TOBER: Are there any other questions for this witness? What’s the pleasure of the Commission?

UNIDENTIFIED MEMBER OF AUDIENCE: Excuse me, point of order. The D&R Canal appraisals and easements--

MR. TOBER: Sir, thank you. It’s Mr. Wolfe, correct?

MR. WOLFE: Correct. Mr. Wolfe.

I want to respond to both the methodology and the appraiser. I mentioned the 2003 OLS audit of the DEP Natural Resource program. That program -- found both financial management and methodology issues with valuation of both leases and easements. And subsequent to that I was given information -- I will be glad to supplement the record -- internal to DEP by the -- memorandum by the park supervisor at the D&R Canal with respect to failure to collect the revenues, with respect to assessed valuation and appraisal, and with respect to failure to reflect current value of both the
leases and the easements. So if the same methodology was applied by the same appraiser, this is not in the public interest and you need to look at--

I’d be glad to provide the documentation of $750,000 in uncollected values and leases, some of them -- and easements -- some as little as $1 a day that were negotiated and executed in the 20s and 30s. So I’m concerned that the underlying methodology for valuing the use value is deficient.

MR. TOBER: Thank you, Mr. Wolfe.

ASSISTANT COMMISSIONER CRADIC: May I address that, please?

MR. TOBER: Please.

ASSISTANT COMMISSIONER CRADIC: We had a follow-up audit report. All of the issues that were of concern.

MR. TOBER: Could you just state your name for the record.

ASSISTANT COMMISSIONER CRADIC: Amy Cradic, Assistant Commissioner of Natural & Historic Resources. I apologize. We did have some issues with the lease program and fair market value. We did have a subsequent audit report for that. We did use independent appraisers for this, and for our future leases, after those problems were identified in the audit that you’re referring to. So some of the concerns of the lease program from many years ago have since been addressed.

MR. TOBER: Thank you.

Are there are questions for these witnesses?

Assemblyman Cryan, I assume you still have the same concerns with the methodology and valuation for this matter. Given those concerns, and the number of members present today, I think there was going to be a
motion to table this to the next meeting of the State House Commission. Is that accurate, Assemblyman?

ASSEMBLYMAN BRAMNICK: That’s correct.

MR. TOBER: There’s been a motion to table this. Do we have a second?

ASSEMBLYMAN CRYAN: I’ll second.

MR. TOBER: Seconded by Assemblyman Cryan.

All members in favor of tabling this application to the next meeting of the State House Commission, please signify by saying aye. (affirmative responses)

All opposed? (no response)

This matter is tabled to the next State House Commission meeting.

We’ll move on to item No. 4 on the agenda: project Fortescue State Marina, Block 67, part of Lot 4, Downe Township, Cumberland County, New Jersey.

MR. SHAUGHNESSY: Thank you, Mr. Chair.

In this matter, New Jersey Department of Environmental Protection requests approval to enter into a new 20-year lease with the Department of Homeland Security, U.S. Coast Guard, at Fortescue State Marina for the operation of a search and rescue station. This lease is for the land only, as the Coast Guard owns the structures on the parcel. The payment for the lease would be a one-time payment of $20; plus the tenant would be responsible for maintenance and upkeep of the land and structures, and payment of all utilities. The rent is nominal because of the public benefit provided by the U.S. Coast Guard through its search and
rescue operations, and the monetary costs of maintaining and repairing the bulkhead. The cost to make necessary repairs to the bulkhead and associated electrical repairs is approximately $30,000.

MR. TOBER: Is there anybody here from the New Jersey Department of Environmental Protection who would like to be heard in this matter?

MARCI D. GREEN, ESQ.: Only if anybody has any questions.

MR. SHAUGHNESSY: Could you just state your name for the record.

MS. GREEN: Marci Green. I’m the Administrator of the Office of Leases for DEP.

MR. TOBER: Are there any questions for this witness, members of the Commission? (no response)

Any discussion? (no response)

If not, a motion would be in order.

ASSEMBLYMAN BRAMNICK: So moved.

ASSEMBLYMAN CRYAN: Second.

MR. TOBER: There’s been a motion to approve the new 20-year lease with the Department of Homeland Security. All those in favor, please signify by saying aye. (affirmative responses)

All those opposed? (no response)

I’m sorry--

MR. SHAUGHNESSY: I’d be happy to call the roll.

MR. TOBER: Our attorney has advised us that I should be taking roll call votes on this, and so would you please, Mr. Secretary, do so.

MR. SHAUGHNESSY: Special Counsel Tober, please.
MR. TOBER: I vote yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. SHAUGHNESSY: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Yes.

MR. SHAUGHNESSY: The motion carried.

The next matter is item No. 5-- Actually, items No. 5 through 8, inclusive, relate to the New Jersey Turnpike road widening project. So we’ll be taking them individually; but collectively, as a group, they relate to that project or program.

No. 5 project is an unnamed park, Block 92, Lots 20 and part of 21; Block 92.01, Lot 1-- part of Lot 1; and Block 93, parts of Lots 3 and 10 in Bordentown Township, Burlington County. The New Jersey DEP, on behalf of the Township of Bordentown, requests approval to allow the Township to dispose of approximately 6.992 plus-or-minus acres of parkland to the New Jersey Turnpike Authority for the New Jersey Turnpike widening program.

As compensation for the taking for the 6.992 acres, the Authority will acquire and transfer to the Township approximately 17 acres of Block 129, Lot 18, in Bordentown Township, to be used by the Township as dedicated public parkland.

MR. TOBER: Excuse me, just a second.
Senator Kyrillos has just arrived. We’d been advised by the Attorney General’s office that members had to be present for the public deliberations and discussions--

SENATOR KYRILLOS: I’m here now.

MR. TOBER: --in order to vote, so you can certainly vote on any matter from this point on. We just were not able to record in the affirmative for the other matters that we had discussed so far.

SENATOR KYRILLOS: Well, I mean, Mr. Chairman, you and I had a discussion last night. You know, I’m not a permanent member of this body, of this Commission. Senator Cardinale had a conflict because, as I understand it, the meeting was moved. Is that true?

MR. TOBER: It’s been moved on several occasions.

SENATOR KYRILLOS: Yes, it’s been moved on several occasions. So he has obligations. So I was asked to be an alternate; I agreed. But I couldn’t make it at 9:00 a.m. I talked to our staff associate; I spoke to you. And I suggested we move it to 11:00 a.m., since one, two, three -- at least three of the members here are members of the Legislature and we needed to be down here anyway at a certain hour. Now, we’re used to legislative meetings all the time that start an hour late, two hours late, five hours late. So now it’s only two hours late, and I was advised, of course, that I could phone in my vote. So I would make a motion that we re-entertain whatever decisions have been deferred because of a lack of enough affirmative votes. The communication here has not been impressive.
MR. TOBER: I apologize for any miscommunication, senator. We’ve discussed two items on the agenda this morning -- you’ve only missed two.

SENATOR KYRILLOS: All right. There are proponents who are here, and there are decisions that I want to vote yes on, and so I’m prepared to do that.

MR. TOBER: I think, Senator, of those two items, there’s certainly one -- with the Department of Transportation -- that on the consensus of the members that -- there was not an appraisal submitted as part of that, and that the members in good conscience didn’t feel comfortable voting on that application without an appraisal. So your presence here, one way or the other, would not matter.

SENATOR KYRILLOS: All right, so then on that matter I guess it’s not relevant. What about the other matter?

MR. TOBER: The other matter is No. 3 on the agenda, which we did, in all fairness, have many witnesses who have now left. Of course, the public testimony was included, and we did not vote on that matter because we were concerned with-- The members were concerned with the methodology used by DEP in the appraisal and in determining the proper compensation for the value.

SENATOR KYRILLOS: So on either of those situations, my affirmative vote could not make a difference, is that what I’m hearing?

MR. TOBER: On the DEP matter -- and I can only speak for myself, Senator, and perhaps maybe the other members of the Commission might weigh in. I’ll start with, maybe, Assemblyman Cryan to my right.
ASSEMBLYMAN CRYAN: What do you want me to weigh in on?

MR. TOBER: Senator Kyrillos is inquiring-

ASSEMBLYMAN CRYAN: If his vote was yes, would he have overridden my no? That’s his question. What’s the answer?

SENATOR KYRILLOS: I’m sorry, Assemblyman -- what did you say?

ASSEMBLYMAN CRYAN: I would have voted no, Senator.

SENATOR KYRILLOS: You would have voted no.

ASSEMBLYMAN CRYAN: I would have voted no on that.

SENATOR KYRILLOS: Yes; fine. Well that’s fine; it’s one vote. My point is I’m here now; I was given information and advice that is contrary to what I’m hearing now, and that is my vote would have counted by phoning them in -- for a meeting that was changed apparently on multiple occasions. So now I’m prepared to vote on any and all matters.

I don’t want to interrupt your meeting, Mr. Chairman, if you want to continue with it. And then I’m going to make a motion that we revisit anything that’s been tabled.

MR. TOBER: Why don’t we do that?

SENATOR KYRILLOS: I’ll take your advice on matters that can’t be released today, my vote notwithstanding. But if there’s any question on any of the matters, it would be appropriate to revisit those matters.

MR. TOBER: I understand, Senator. When we spoke last night, it was my understanding that you could leave votes in the affirmative. I’ve been advised by a member of the Division of Law -- the
attorney who is representing our Commission today -- that if there was significant public discussion on matters-- We had no way of knowing which matters would have been discussed at length today, by witnesses or testimony, and if there was not such a significant public discussion your vote could have been left in absentia. However, we took that matter first; there was significant discussion, and I was advised that we could not count your vote in the affirmative. Assemblyman Cryan indicated that he probably would not vote for the application. This Commission, by law, needs five votes to process an application. At that point, the other members of the Commission saw fit to table the application to get some more information on the process from the DEP. So I can only be bound by the advice of the counsel to the Commission, as far as tallying the votes.

MR. KOTLER: Mr. Chairman, my advice went beyond what you had stated, and that was that, even if there was not significant public input, the Senator’s vote would not count. As the process is set up, there’s a designated member on the Commission if that member cannot appear, then there’s an alternate for that purpose for being in attendance, either in person or by telephone. And it is the opinion of our office that none of the votes of the Senator would have counted if he had not appeared this morning.

MR. TOBER: Certainly any votes from the Senator, from this point on, would count.

MR. KOTLER: Correct.

MR. TOBER: Why don’t we, Senator, with that information, proceed with the rest of the agenda in which you can fully participate?
SENATOR KYRILLOS: Well, that’s fine; but I have to tell you, I’m going to look into the way this process works, and the statute that serves as the underpinning for this. To have meetings scheduled; to defer them; to reschedule them; to be as casual as you seem to be -- and I direct this at this staff, Mr. Chairman, not at you. You have a very significant full-time branch and don’t do this full-time. But to have that kind of casualness, and then treat this situation with a formality that you, apparently, treat it, seems very inconsistent to me. And you’re deferring a lot of important projects, you’re affecting people’s lives, and I don’t agree with it.

MR. TOBER: Thank you, Senator. And you can still, certainly, at the end of our other business--

SENATOR KYRILLOS: I mean, honestly, to say that I’m physically present but I can’t vote -- that’s what I’m hearing. That’s what I’m hearing, right?

MR. TOBER: I think we can still--

SENATOR KYRILLOS: Is that what the Counsel’s advising?

MR. TOBER: I think we could still re-open-- No, because I think a part -- and I’ll defer to Counsel on this -- but since you missed the portion earlier, Counsel’s opinion remains that -- even though the Senator is physically present now, because he missed the earlier discussion he could not vote?

MR. KOTLER: That is correct.

MR. TOBER: I think my hands are a little tied, Senator.

SENATOR KYRILLOS: I’m sure many people would interpret things differently.
STEVEN J. CORODEMUS, Esq.: Mr. Chairman, may I address the Commission on this point?

MR. TOBER: We’re not on this item on the agenda yet, sir. Let’s keep the discussion to our agenda.

MR. CORODEMUS: Mr. Chairman, had the Commission told Senator Kyrillos at the inception of the meeting, when he was on the phone, that his vote would not have been accepted, other arrangements could have been made to have the Senator here physically present. And to leave that and change mid-course, and leave our application adrift, has put us at a really detrimental position. And I challenge that ruling. The State statute does not require the Commission members to be present -- they have to be available. This is not unprecedented to have a phone-in conversation. I was a member of the Legislature for 16 years, and I can tell you that in order to enable legislators to appear at multiple meetings at the same time, as a day like today, we’re able to leave recorded votes at the meeting and, quite frankly, we’re not there for very long, if any time at all. And unless this Commission operates totally different than all the other standing reference committees that do the people’s business every day throughout the year, I’d be surprised.

So I object to the ruling of the Chair, and I join Senator Kyrillos-- I’d like to see the letter of the law on that.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, I have a suggestion.

MR. TOBER: Assemblyman Corodemus, could you state your name for the record, number one, because I don’t think we have that recorded.
MR. CORODEMUS: Sure; Steven J. Corodemus, the law firm of Giordano, Halleran & Ciesla, representing Tennessee Pipeline.

MR. TOBER: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Mr. Chairman, what is the minimum notice requirements for another meeting?

MR. TOBER: My understanding is that it’s subject to any other public body -- the Open Public Meeting Act is 48 hours, and I’ll confirm that with counsel.

ASSEMBLYMAN BRAMNICK: Can we schedule another meeting of this Commission at this time, and know for certain for the applicant when the next meeting will be?

MR. TOBER: Especially given that summer schedule seems to be in order in Trenton these days, I’m sure we can convene a meeting in relatively short order.

ASSEMBLYMAN BRAMNICK: What I think that the applicant deserves -- if we’re not going to do it today, based on ruling of counsel -- that we should set a date within three days or four days so everyone is certain as to when this is going to be heard. And we could poll members now as to their availability.

MR. TOBER: Certainly. And I as Chair, at least for today as the third designee, would endeavor to give greater than 48 hours notice whenever possible.

ASSEMBLYMAN BRAMNICK: So once again, that would resolve a few issues -- DEP could be here, and we could schedule a date now for the final discussions, then vote on the pipeline issue.

MR. TOBER: Is that--
ASSEMBLYMAN CRYAN: Looking at my BlackBerry -- throw out some dates.

ASSEMBLYMAN BRAMNICK: Based on recent press reports, I’ve got no place to go and I can’t go anywhere (laughter), so I’m available.

MR. TOBER: Well, in order to conclude the pressing business today, why don’t we direct staff to schedule a meeting next week, certainly outside the 48-hour window -- longer if possible -- but with the representation that we would be meeting no later than the next couple of weeks, one more time. Because we did, as you know, have 49 items on the agenda; we tried to prioritize the highest amount of items today, in the interest of time. And there’s certainly not only this application, but a number of important matters before the State House Commission that need to be addressed.

ASSEMBLYMAN BRAMNICK: So it’s agreed that it’ll be a date certain within 10 business days -- is that okay?

MR. TOBER: Subject to the schedules of the Commission, I think we seem to have a consensus. You want to make a formal motion to that order for the record, Assemblyman?

ASSEMBLYMAN BRAMNICK: I would move that this Commission meet within the next 10 business days to deal with the deferred item regarding the pipeline. That’s a motion.

SENATOR KYRILLOS: I’ll second that motion.

MR. TOBER: Could we get a roll call vote on that motion, please?

MR. SHAUGHNESSY: Surely. Special Counsel Tober.

MR. TOBER: I vote yes.
MR. SHAUGHNESSY: Deputy State Treasurer Romano.
DEPUTY STATE TREASURER ROMANO: Yes.
MR. SHAUGHNESSY: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MR. SHAUGHNESSY: Senator Kyrillos.
SENATOR KYRILLOS: Yes.
MR. SHAUGHNESSY: Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Yes.
MR. SHAUGHNESSY: Assemblyman Bramnick.
ASSEMBLYMAN BRAMNICK: Yes.
MR. SHAUGHNESSY: That motion carries unanimously.
MR. TOBER: Thank you, Mr. Secretary. And Senator, again, let me extend apologies for any miscommunications we may have had. We’re just trying to make the efforts to get some of these matters moving on the agenda, in an extremely busy time in Trenton in the Legislature and in the Governor’s office as well. So thank you.

Let’s continue our discussion on item No. 5. Are there any representatives from the DEP today that want to testify concerning any of the Turnpike widening matters? (no response)

Seeing none, are there any questions or comments from members of the Commission?

ASSEMBLYMAN CRYAN: Are we satisfied that all -- any other provisions, whether it’s Green Acres or any other place, and true compensation -- everything’s been met on this scope? Is there anybody who can answer that?
MR. TOBER: I think we have a representative from DEP coming up to attempt to answer that question for you, Assemblyman.

Could you just -- we’re on a new application -- state your name again, please?

MS. PICCININI YEANY: Yes, I’m Judeth Yeany. I’m from the Green Acres Program of the DEP.

There are both local and State parkland impacts associated with this project, and so we are bringing to the Commission the ones we feel have been thoroughly vetted for which we have the majority of the approvals that we need. I believe that the summaries say that the no-net-loss issues are being worked out separately, but the Department is well into those discussions with the Authority.

ASSEMBLYMAN CRYAN: So is there exposure for the Commission, based on no-net-loss not being finished? Is there any unfinished business on this application that could potentially question the State House Commission approval?

MS. PICCININI YEANY: No-net-loss is a separate State statute--

ASSEMBLYMAN CRYAN: Right.

MS. PICCININI YEANY: --that the Authority has to comply with, regardless of whether the project occurs on the local parkland or not, so we don’t think so.

ASSEMBLYMAN CRYAN: So we’re in a good spot.

And the replacement land--

MS. PICCININI YEANY: Yes.
ASSEMBLYMAN CRYAN: --for lack of a better way to put it: Is there any impact to any neighborhood values, any neighbors, anything like that, in terms of any of the replacement stuff?

MS. PICCININI YEANY: Not that we’re aware of. In both of these applications, the municipality would have taken the lead in negotiating the compensation, subject to our approval. And particularly in the Bordentown case, we’re aware that it’s a parcel that the Authority owns that the town wanted to own.

ASSEMBLYMAN CRYAN: Right.

MS. PICCININI YEANY: So we’re not aware of any concerns there.

MR. TOBER: Thank you. Any other questions for the DEP representative? None? (no response)

If hearing none, then on item No. 5--

MR. SHAUGHNESSY: May I call a vote?

MR. TOBER: Yes, a motion would be in order.

MR. SHAUGHNESSY: Oh, a motion.

ASSEMBLYMAN BRAMNICK: So moved.

MR. TOBER: There is a motion for approval. Is there a second?

ASSEMBLYMAN CRYAN: Second.

MR. TOBER: Seconded by Assemblyman Cryan. Please call the roll.

MR. SHAUGHNESSY: Special Counsel Tober.

MR. TOBER: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.
DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. SHAUGHNESSY: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. SHAUGHNESSY: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Yes.

MR. SHAUGHNESSY: That’s unanimously carried.

The next one is No. 6 on the agenda. This is Robbins House/Hillcrest Farm and Community Park, Block 19, part of Lot 16 and Block 24, part of Lot 1, Robbinsville Township, Mercer County.

New Jersey DEP, on behalf of Robbinsville Township, requests approval to allow the Township to dispose of 5.62 plus-or-minus acres of parkland to the New Jersey Turnpike Authority for use in the New Jersey Turnpike widening program. As compensation for the taking of the 5.62 plus-or-minus acres, the Authority will pay cash compensation of $915,000 to the Township. A portion of this amount -- $615,000 -- is intended as a contribution towards the Township’s acquisition in whole or in portions of Block 1, Lots 32 and 65 in Robbinsville Township; and Block 1961, Lot 203 in Hamilton Township. A minimum of 11.24 acres of the property acquired with this money will be owned and operated by the Township of Robbinsville as dedicated public parkland. The remainder -- $300,000 -- shall be dedicated to the replacement of existing recreational facilities impacted by the widening project. And that’s the substance of the project.
MR. TOBER: Thank you, Mr. Secretary.

Since we have the DEP sitting here, are there any questions from members of the Commission on this matter?

ASSEMBLYMAN CRYAN: Just one. So the average price per acre here is about $152,000?

MS. PICCININI YEANY: I don’t recall the numbers--

ASSEMBLYMAN CRYAN: Six into $950,000, roughly.

MR. PICCININI YEANY: Yes.

ASSEMBLYMAN CRYAN: Okay, thanks.

MR. TOBER: Any other questions for this witness? (no response)

Seeing none, are there any other witnesses who have indicated an interest in testifying on this matter? (no response)

Any comments or discussions by members of the Commission? (no response)

If not, a motion would be in order.

ASSEMBLYMAN CRYAN: Motion.

ASSEMBLYMAN BRAMNICK: Second.

MR. TOBER: Moved for approval by Assemblyman Cryan, and seconded by Assemblyman Bramnick. Would you kindly call the roll, Mr. Secretary?

MR. SHAUGHNESSY: Special Counsel Tober.

MR. TOBER: I vote yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.
DIRECTOR HOLZBAUR: Yes.
MR. SHAUGHNESSY: Senator Kyrillos.
SENATOR KYRILLOS: Yes.
MR. SHAUGHNESSY: Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Yes.
MR. SHAUGHNESSY: Assemblyman Bramnick.
ASSEMBLYMAN BRAMNICK: Yes.
MR. SHAUGHNESSY: The motion is approved unanimously.
The next matter is matter No. 7 on your agenda: RPR 10-15A, Albert C. Wagner Correctional Facility, Block 105, part of Lot 2.01, Chesterfield Township, Burlington County.

The New Jersey Department of the Treasury, on behalf of the Department of Corrections, requests approval to convey 6.823 plus-or-minus acres parcel of vacant land located at the Albert C. Wagner Correctional Facility to the New Jersey Turnpike Authority for the road widening project. The Turnpike Authority also requires a temporary construction easement across 5.192 plus-or-minus acres of vacant land, and will also place two conservation easements across a total of 27.013 acres of vacant land. The New Jersey Turnpike Authority will pay $225,200 for the conveyance of the 6.823 plus-or-minus acre parcel; $178,300 for the 27.013 acre parcel that will have the conservation easement; and $13,800 for the 5.192 acre parcel that will be used for temporary construction easements. The total amount to be paid to the State for this project is the appraised value of $417,300.

MR. TOBER: Thank you, Mr. Secretary.
Are there any questions or comments on this application from Commission members?

Assemblyman.

ASSEMBLYMAN CRYAN: The appraised value-- I mean, we just paid $150,000 an acre. Help me here.

MR. SHAUGHNESSY: This was based upon appraisal, I believe.

Sir, would you please identify yourself and your affiliation?

J E R R O L D  B.  B I N N E Y,  ESQ.: Jerry Binney, with the DeCotiis firm, General Counsel to the Turnpike Authority.

I’m sorry, the question?

ASSEMBLYMAN CRYAN: My question is-- I don’t know, Jerry, if it’s for you or if it’s not.

We just, to move the land in Bordentown, paid $150,000 an acre, right -- $152,000 if my math is right -- somewhere around there. This is moving-- I’ve got two questions with this. This application, and I think another one with Wagner coming up, have different values, which is a little weird. How did this number get ascertained? If I’m off base just correct me -- jump in and correct me. Because I don’t want to be an obstacle here.

MR. BINNEY: It’s based on appraisal principles. It was on comparable sales and on best possible use in that region.

ASSEMBLYMAN CRYAN: Okay. The best possible use on this is -- highest and best use is residential. That’s what it says here on the asset form.

MS. PICCININI YEANY: May I clarify something about the DEP’s number?
ASSEMBLYMAN CRYAN: Go ahead.

MS. PICCININI YEANY: First of all, the 900,000 breaks down to 300,000 to replace the recreational facilities and 600,000 for the land. The land number represents a multiple of values. So I was not accurate in what I said about the 152,000. I was caught off guard.

ASSEMBLYMAN CRYAN: So it’s $100,000 an acre if it’s 6 acres; this is 40.

MS. PICCININI YEANY: Well, no, I believe it’s-- This project’s is two to one compensation, I think, because it’s conducted by a public authority. But I think the authority may have given us a higher multiple.

MR. SHAUGHNESSY: I’m sorry, Ms. Yeany, what project are you providing comment on?

MS. PICCININI YEANY: The previous agenda item where I was asked about the value.

MR. SHAUGHNESSY: Okay. Item No. 6.

MS. PICCININI YEANY: That value represents a multiple of four of the appraised value for that acreage. So I don’t have my calculator in front of me, but--

ASSEMBLYMAN CRYAN: So how many multiples are there in this one?

MR. SHAUGHNESSY: This is Item No. 7 that’s being moved for--

MR. BINNEY: We’re back to this item now?

MR. SHAUGHNESSY: Yes.
MR. BINNEY: Actually, this is a special purpose use. If you look at the conclusion--

ASSEMBLYMAN CRYAN: Right, correctional facility.

MR. BINNEY: Right. It’s currently correctional. And actually, the conclusion was that it was for a special purpose use.

ASSEMBLYMAN CRYAN: Okay. So it’s not for investment. Because, you know, the Legislature just moved property from East Jersey State for affordable housing less than a week ago, which was part of this State House Commission somewhere along the way before my time. It’s hard to believe-- I know that property is worth more than $40,000 an acre.

I don’t understand. If there’s a deal between two agencies -- or the State of New Jersey and another agency -- how do we get to what seems to me to be such a low number? I mean, somebody help me. It just seems to me to be very low when you’re paying that kind of money.

MR. BINNEY: From the Turnpike’s point of view, it’s not a low--

ASSEMBLYMAN CRYAN: It’s a great deal. Oh, from the Turnpike’s point of view this is a good deal. (laughter)

MR. BINNEY: Well, it’s not a low number, it’s a fair number because it’s based on appraisal values. It was an appraiser who went out and did it in accordance with appraisal principles. And that appraisal was reviewed by Treasury--

MR. SHAUGHNESSY: That’s correct.

MR. BINNEY: --and was agreed upon. So I think from both State--
ASSEMBLYMAN CRYAN: So the property wasn’t bid, right? We decided because we were widening the Turnpike that we’re just going to--

MR. BINNEY: No, it can’t be bid if it’s just there. It was in the area in which the widening was taking place.

ASSEMBLYMAN CRYAN: All right. So you can’t-- Right, you can’t bid it. You have to have it for the Turnpike, so you do an appraisal based on that. I’m not actually being challenging here. I just want to understand it. It is taxpayer money.

MR. BINNEY: That’s 100 percent correct.

ASSEMBLYMAN CRYAN: So since you have to widen the Turnpike, there’s really no other use as a result.

MR. BINNEY: Correct.

ASSEMBLYMAN CRYAN: All right. I think I’m there.

Thank you.

MS. PICCININI YEANY: Sorry about the confusion on the other number.

ASSEMBLYMAN CRYAN: No, you have a slow member in me. Don’t worry about it.

MR. TOBER: Are there any other questions? (no response)

Do we have any other witnesses who would like to be heard at this time? (no response)

ASSEMBLYMAN CRYAN: What do the easements do on this -- 7-- Is there an easement involved on this with Sunoco?

MR. SHAUGHNESSY: That’s No. 8, sir.

ASSEMBLYMAN CRYAN: Next one? Sorry.
MR. SHAUGHNESSY: Yes, sir.

ASSEMBLYMAN CRYAN: Thanks.

MR. TOBER: Do you have any other questions on No. 7, Assemblyman?

ASSEMBLYMAN CRYAN: No.

I’m sorry, guys.

MR. TOBER: Any other questions or comments from the members? (no response)

If not, a motion would be in order on Item No. 7.

ASSEMBLYMAN CRYAN: I’ll make a motion.

ASSEMBLYMAN BRAMNICK: Second.

MR. TOBER: Moved by Assemblyman Cryan, seconded by Assemblyman Bramnick.

MR. SHAUGHNESSY: Special Counsel Tober.

MR. TOBER: I vote yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Kyrillos. (no response)

ASSEMBLYMAN BRAMNICK: I believe he indicated an affirmative vote. (laughter)

MR. SHAUGHNESSY: Here he is.

Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. SHAUGHNESSY: Thank you.
Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. SHAUGHNESSY: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Yes.

MR. SHAUGHNESSY: That matter is unanimously approved.

The next matter, and the final matter relating to these four, is No. 8: RPR 10-15B, Albert C. Wagner Correctional Facility, Block 105, part of Lot 201, Chesterfield Township, Burlington County.

The New Jersey Department of the Treasury, on behalf of the Department of Corrections, requests approval to grant a utility easement across a 1.654 plus-or-minus parcel of vacant land, located at the Albert C. Wagner Correctional Facility, to Sunoco that is a necessary part of the New Jersey Turnpike Authority road widening project. The easement will be granted for the appraised value of $40,900.

ASSEMBLYMAN CRYAN: Can you explain the Sunoco easement?

MR. BINNEY: Yes, this is actually part of the same acquisition as in No. 7. It’s on the same parcel. Sunoco is an existing facility there, and they have an easement for the pipeline that needs to be moved.

ASSEMBLYMAN CRYAN: Okay.

MR. BINNEY: So there needs to be an appraisal of that particular easement with the impact on the property owner, which is the State of New Jersey.

ASSEMBLYMAN CRYAN: I’m good. Thanks.

MR. TOBER: Any other questions on this application? (no response)
Any other witnesses who would like to be heard on this matter?

(no response)

Seeing none, a motion would be in order.

ASSEMBLYMAN CRYAN: Motion.

MR. TOBER: Motion by Assemblyman Cryan.

ASSEMBLYMAN BRAMNICK: Second.

MR. TOBER: Seconded by Assemblyman Bramnick.

MR. SHAUGHNESSY: Special Counsel Tober.

MR. TOBER: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. SHAUGHNESSY: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. SHAUGHNESSY: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Yes.

MR. SHAUGHNESSY: That motion carries -- approved.

The final item is Item No. 8 -- pardon me, Item No. 9 on the agenda.

The project is Couchoud -- and I apologize if I’ve mispronounced that -- C-O-U-C-H-O-U-D -- Community Center, Block 1702, Lot 68, Egg Harbor Township, Atlantic County.
The New Jersey DEP, on behalf of Egg Harbor Township, requests approval to allow the disposal at public auction, for commercial development purposes, of 4.85 plus-or-minus acres of parkland formerly known as Couchoud Community Center.

To compensate, the Township shall encumber, with Green Acres restrictions, three parcels of replacement land totaling 85.21 plus-or-minus acres.

MR. TOBER: Any questions in this matter by members of the committee?

ASSEMBLYMAN CRYAN: The stuff that’s being traded for, which is on Page 5 of the Green Acres approval, which sounds -- it looks like, from just somebody who reads it, an old sand quarry. I mean, are we-- That is-- I don’t know. When I see us buying -- or getting an old sand quarry-- I mean, isn’t there-- Is this the one with the-- I mean, the maintenance of a quarry, the risk-- I mean, it just kind of opens up the eyes when you read it.

MS. PICCININI YEANY: Well, again, this is an application from the Township. It’s not one put forward by DEP. And they proposed that as replacement land because they do have plans to develop that for recreational purposes in the future. Those plans haven’t come to fruition yet, and right now the property is unencumbered. But we found it acceptable because of their assurances about developing it in the future and because of its proximity to other parkland.

ASSEMBLYMAN CRYAN: Okay. So the responsibility remains with the town for the old gravel mine operation?

MS. PICCININI YEANY: Yes.
ASSEMBLYMAN CRYAN: Okay. Thanks.

MR. TOBER: Any other questions for this witness? (no response)

Any other witnesses in the audience wishing to testify on this? (no response)

Hearing none, I think a motion would be in order on this matter.

ASSEMBLYMAN CRYAN: I make a motion.

MR. TOBER: Motion by Assemblyman Cryan.

Is there a second?

ASSEMBLYMAN BRAMNICK: Second.

MR. TOBER: Seconded.

MR. SHAUGHNESSY: I will call the roll.

Special Counsel Tober.

MR. TOBER: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SHAUGHNESSY: Director Holzbaur.

DIRECTOR HOLZBAUR: Yes.

MR. SHAUGHNESSY: Senator Kyrillos.

SENATOR KYRILLOS: Yes.

MR. SHAUGHNESSY: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. SHAUGHNESSY: Assemblyman Bramnick.

ASSEMBLYMAN BRAMNICK: Yes.

MR. SHAUGHNESSY: That motion is approved unanimously.
With the Chair’s permission, I guess the next -- unless there’s any other matter to come before the Commission -- make a motion to adjourn please.

MR. TOBER: Other than just to state on the record that -- please reiterate the request for another meeting of the Commission to occur within the next 10 business days. And we will be coordinating the schedule of all the members.

MR. SHAUGHNESSY: With respect to the pipeline matter.

MR. TOBER: Yes, absolutely.

And I suppose we can add other matters to the agenda to clear the backlog if the members are willing.

Motion for adjournment then, please.

ASSEMBLYMAN BRAMNICK: So moved.

ASSEMBLYMAN CRYAN: Second.

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

Thank you.

(MEETING CONCLUDED)