
Commission Meeting

of

STATE HOUSE COMMISSION

LOCATION: Remote meeting via Teams

DATE: January 9, 2023
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assad Akhter, Chair
Senator Bob Smith
Assemblyman Paul D. Moriarty
Assemblyman John DiMaio
Lynn Azarchi
Aaron Binder



ALSO PRESENT:

Eric D. Brophy
Commission Secretary

Tamara Loatman-Clark, Esq.
Deputy Attorney General for the State House Commission

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Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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ASSAD AKHTER (Chair): I believe we have a quorum necessary.

Good morning, everyone, my name is Assad Akhter, I am the Senior Director for Governor Murphy and his representatives to serve as a Chair in the State House Commission.

We have a new team here, so you'll forgive us if we have any blips on this meeting and how it's conducted.

I want to take the roll, and then we will move to nominate a new Secretary for the Commission.

So, myself, Assad Akhter -- present.

Aaron Binder.

MR. BINDER: Present.

MR. AKHTER: Lynn Azarchi.

MS. AZARCHI: Here.

MR. AKHTER: Senator Smith.

SENATOR SMITH: Present.

MR. AKHTER: Senator Oroho is, I don't believe, able to make it.

Assemblyman Moriarty I don't believe is able to make it.

And, Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Present.

MR. AKHTER: Thank you, sir.

A quorum having been achieved, I will ask for a nomination for Eric--

Sorry, yes, please note that this meeting is being recorded, and if everyone could please mute their mics if you are not the actual speaker, I would appreciate it, so we can move expeditiously through the agenda.

And, I will -- as far as the agenda, I will be asking for one item to be removed. That's item Number 9, regarding a parcel that DOT was proposing to put up for auction on Route 280 in Newark. Senator Oroho had sent me over the weekend a number of questions regarding that property, and, in order to give the Department of Transportation some time to answer those inquiries, I will be asking for that item to be pulled from the agenda later on.

But, the first order of business: I will accept a nomination for Eric Brophy to be the Secretary for the State House Commission.

ASSEMBLYMAN DiMAIO: I'll move it.

MR. AKHTER: Thank you, Assemblyman.

And second from?

SENATOR SMITH: Senator Smith.

MR. AKHTER: Senator Smith; thank you, Senator.

All those in favor?

SENATOR SMITH: Aye.

MS. AZARCHI: Aye.

MR. AKHTER: Any opposed? (no response)

Seeing none opposed, I will accept the appointment of Eric Brophy to be the Secretary for the State House Commission. Congratulations, Eric.

And, I will ask Eric to take over the administration of the meeting.

MR. BROPHY: Thanks, Assad.

Second order of business: Approval of the June 13, 2022 State House Commission meeting minutes. The verbatim record of the June 12, 2022 -- June 13, 2022 -- State House Commission meeting will serve as the official minutes.

Can we have a motion?

SENATOR SMITH: So moved.

MR. BROPHY: Thank you.

Second?

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Got it, Assemblyman DiMaio.

Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

ASSEMBLYMAN MORIARTY: Assemblyman Moriarty is here now.

MR. BROPHY: Excellent.

MR. AKHTER: Hi, Assemblyman, good morning. How are you doing, sir?

ASSEMBLYMAN MORIARTY: Good morning.

I vote yes on that as well.

MR. BROPHY: Great.

All in favor.

The third item of business, the project is RPR 07-08, Ancora Psychiatric Hospital, Block 6801, Lot 1, in Winslow Township in Camden County.

The Department of Treasury, on behalf of the Department of Human Services, requests approval to lease the property located on the grounds of Ancora Psychiatric Hospital to Catholic Charities -- that's in the Diocese of Trenton, also known as Delaware House, a service provider under contract with the Department of Human Services -- to be used as group homes.

This action was previously approved by the State House Commission at its December 11, 2006 and March 15, 2012 meetings. The current lease and all renewal options are expiring, and a new lease must be approved. Since the lease will benefit the State, the lease will be \$1 per year for a term of five years, with one five-year renewal option. All other terms of the lease shall remain the same, including all utilities used and furnished to the leased premises will be paid for by the lessee.

Can I have a motion?

MR. BINDER: Motion; Aaron Binder.

MR. BROPHY: Thanks, Aaron.

Second?

SENATOR SMITH: Second.

MR. BROPHY: Thank you, Senator.

Any discussion, any questions? (no response)

OK.

Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Next item, Number 4, is from the Department of Environmental Protection. The project is a Delaware and Raritan Canal State Park, Block 4, Lot 5; Block 7, Lot 21, in West Windsor Township in Mercer County.

The requesting party is the DEP, requesting approval to amend a lease to Sunoco Logistics Partners, which had been approved at the June 13, 2022 State House Commission meeting. The matter is being resubmitted to the Commission to correct errors made on the original summary. The proposed compensation should have been listed as \$4,900 for Year 1 of the lease, not \$3,900, which was the amount on the original summary.

In addition, Block 4, Lot 5 and Block 7, Lot 21 in West Windsor Township were excluded from Area 3 in the original summary, and should have been included with Block 1, Lot 5 and Block 3, Lot 16.

The terms of this lease is a Year 1 rental for Area 3 will increase from \$1,900 to \$2,900. The Year 1 rental for Area 1 and Area 2 will remain \$1,000 each. Over the 20-year term of the lease agreement, the total that the NJWSA will now receive is \$125,169, which is an increase over the original approved amount of \$99,624.

Can we have a motion?

MR. BINDER: Motion.

MR. BROPHY: Thanks, Aaron.

Second?

MS. AZARCHI: Second.

MR. BROPHY: Thank you.

Any discussion? (no response)

Does anyone from the public have any comments on Number 4?

(no response)

Hearing none, Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 5, this is a Department of Transportation request. The project is Route 324, Section 1, Parcels 1A and 1B-1, Adjoining Block 302, Lot 1, and Block 305, Lot 1, in Logan Township in Gloucester County.

The Department of Transportation received State House Commission approval in December 2018 to release the State acquired -- to release the State acquired by condemnation right-of-way easement over parcels 1A and 1B to American Atlantic Company, the only adjoining owner.

Department later learned that Logan Township also held a right-of-way easement over this property, which the township easement right had taken over by the Department in order to establish Route 324.

The Department is now seeking amended State House Commission approval to also release any remaining right to use the former Logan Township right of way that may still exist from the Department takeover of this easement. As this takeover only allowed the State the right to use the Township roadway, and was not a transfer of ownership of the underlying fee or a transfer of the Township right-of-way easement, there is no economic interest or saleable right associated with this release of the takeover to American Atlantic Company.

The Department determined that the State House Commission approval did not specifically address the takeover by the Department of the Township-held right-of-way easement. As a result, the Department is conveying the two State-held right-of-way easements to the adjoining

property. Subsequently, Logan Township vacated the original right of way in 2019 by ordinance, which is attached to the documents provided to the Board, allowing the underlying fee beneath the Logan Township easement to return to the underlying fee owner.

The intent of the request is to ensure there are no impediments to the Township's vacation of their right-of-way easement and that the Department no longer has any obligations regarding the former road.

Can I have a motion?

ASSEMBLYMAN MORIARTY: I'll make a motion.

MR. BROPHY: Thank you.

Second?

SENATOR SMITH: I'll second it.

MR. BROPHY: Thank you.

Any discussion? (no response)

Does the public have any questions about this item? (no response)

Hearing none, Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

That concludes old business.

New business: The Department of Treasury requests RPR 22-05, 1600 Brooks Blvd., Block 65.4, Lot 2.01, that's in the Township of Hillsborough in Somerset County.

The Department of Treasury, on behalf of the Department of Children and Families, requests approval to dispose, via direct sale, 4.3 acres of land and improvements located at Block 65.4, Lot 2.01, in the Township of Hillsborough, also known as 1600 Brooks Road (*sic*). If the direct sale does not occur, the Treasury will dispose of the property via internet auction. The direct sale will be for the appraised value of \$870,000. In the event the direct sale does not occur, Treasury will dispose of the property via internet auction at the minimum bid price of \$870,000.

Can I have a motion?

ASSEMBLYMAN MORIARTY: I'll make that motion.

MR. BROPHY: Thank you, Assemblyman.

Second?

UNIDENTIFIED SPEAKER: (indiscernible)

MR. BROPHY: I didn't hear that one.

MR. BINDER: Second.

MR. BROPHY: Thank you, Aaron.

Any discussion among the Board? (no response)

Any members of the public have any questions about this, Number 6? (no response)

Hearing none, Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 7: RPR 23-02, 1291 Rahway Ave., Block 876, part of Lot 1.012. That's in Woodbridge Township in Middlesex County.

The Department of Treasury, on behalf of the Department of Corrections, recommends the direct sale to the Township of Woodbridge of 2.3203 acres within two non-contiguous lands and improvements within the former Woodbridge Development Center, located at 1291 Rahway Ave. in Woodbridge, which has been considered surplus to the Department's needs. The direct sale to the Township will be for the appraised value of \$910,000, pending legislative approval.

At its meeting held on September 27, 2018, the State House Commission approved the sale of approximately 54.44 acres of land to the Township of Woodbridge within the former Woodbridge Development Center. The State has retained the power plant parcel and had obtained an

access easement over the lands to be conveyed to Woodbridge for ingress and egress to and from Rahway Avenue.

The current action will serve to subdivide the power plant parcel located at Block 867, Lot 1.012 into three lots. The northern portion of the power plant parcel containing approximately 0.3385 acres and the southern portion of the power plant parcel containing approximately 1.9766 acres both will be conveyed to the Township. The State will retain the remaining central portion of the power plant parcel containing approximately 2.6051 acres on which the power plant facility serving the East Jersey Prison is located.

The State will reserve or obtain an access easement over the northern portion of the ingress/egress to Paddock Street to the north. Similarly, the State will reserve or obtain an access easement over the southern portion for ingress/egress to Rahway Avenue to the east.

The same conditions of sale agreed to by the Township in the prior conveyance will be imposed in this proposed transaction. More specifically, the Township is buying and accepting the non-contiguous land improvements “as-is.” The sale shall not require the State to, one, make or pay for any repair, replacement, reconstruction or renovation of an improvement or conditions situated on or existing at the property; two, demolish, remove, or dispose of any improvement or condition existing at the property; or, three, abate any hazardous substances or remediate any environmental conditions existing at the property. Correspondingly, the Township and/or any redeveloper procured by the Township will assume full responsibility for all demolition to be completed.

The term of this agreement is the land and improvements will be sold to the Township of Woodbridge for the appraised value of \$910,000.

Can I have a motion?

ASSEMBLYMAN MORIARTY: I'll make that motion.

MR. BROPHY: Thank you.

Second?

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Thank you, sir.

Any discussion among the Board? (no response)

Any members of the public have any questions or concerns? (no response)

Hearing none, Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 8: Project RPR 23-13, Hagedorn Psychiatric Hospital, building 23, which is on Block 9, part of Lot 7, Glen Gardner Borough in Hunterdon County.

The Department of Treasury recommends the property known as building Number 23 containing 7,241 square feet on the grounds of the former Hagedorn Psychiatric Hospital to Evoke Wellness, to be converted into a gym to be used by patients of Evoke Wellness.

The lease shall be for a term of 15 years, with three five-year renewal options with a cap not to exceed 10% for each five-year renewal term. The annual rent for the first three years shall be \$86,892, with 3% increases every three years. The lessee will be responsible for all improvements; permits; approvals of improvements; utilities supplied; general care and maintenance; and real estate taxes, if applicable, to the premises.

Can I have a motion?

ASSEMBLYMAN MORIARTY: I'll make that motion.

MR. BINDER: Second.

MR. BROPHY: Thank you, Aaron.

Any questions by the Board? (no response)

Any members of the public have any questions? (no response)

Hearing none, Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 9 is a request by DOT. It requests the approval to convey a vacant piece of excess surplus land identified as Parcel VX90B of the Route 280, Section 7 Project, Block 1888, Lot 10, in the city of Newark. The property is in the R-3 residential zone and conforms to be a buildable residential home site having an approximate area of 5,754 square feet.

The property is to be sold at public auction to the highest bidder. The minimum asking price is \$120,000, which is the appraised value.

Can I have a motion on that?

MR. AKHTER: I would like to ask for a motion to pull this item from the agenda, and to table it until the next meeting (indiscernible) questions that Senator Oroho had posed.

Can someone make the motion?

ASSEMBLYMAN DiMAIO: I'll make the motion.

MR. AKHTER: Thank you.

MR. BROPHY: So, the motion is to remove this item from the agenda for further consideration.

Can we have a second?

SENATOR SMITH: Second.

MR. BROPHY: Thank you, Senator.

Any discussion by the Board?

ASSEMBLYMAN MORIARTY: This is Moriarty.

Is there a reason to pull it? I'm just curious.

MR. AKHTER: Senator -- thank you, Assemblyman.

Senator Oroho had emailed me over the weekend that even though he wasn't able to join the meeting, he did have a number of questions on this parcel, specifically what the process would be and if the public had been engaged, and DOT wasn't able to provide those answers over the weekend.

And, so, given that I thought it made sense to table this until we can get those questions resolved.

ASSEMBLYMAN MORIARTY: OK, well, does the Department of Transportation have any answers today?

MR. AKHTER: I was told they weren't able to look into this significantly enough to get some of the questions that were posed. He had a list of questions that he had asked.

ASSEMBLYMAN MORIARTY: Mr. Kuzma, you can't answer anything?

M I C H A E L K U Z M A: In all auctions, the public is notified. I am presuming -- I was not involved in this particular case, but I am presuming that all the regulations were followed and that there were advertisements placed in the local newspapers and the public has been engaged.

I would defer to Senator Oroho's comments, questions, or concerns, though. I cannot say specifically. Tejas Patel may be able to speak to it, but I am sure that the regulations were followed in regards to the advertising requirements.

T E J A S P A T E L: I agree with Mike -- this is Tejas Patel.

All the public part is sufficient, as per the statutes and our manuals will be followed. That is the best practice which we have as DOT.

MR. KUZMA: We are required to advertise all public auctions, and are required to have a list of attendees at the auctions, and it will be done.

It can certainly wait until the next month meeting if Senator Oroho has further questions; we have no problem holding off.

ASSEMBLYMAN MORIARTY: OK, I mean, I'm fine backing up another member of this panel and asking that something be pulled from the agenda.

It's just curious that this is a location outside of Senator Oroho's area, and I'm just wondering if he has other information that he could have shared with the rest of us, you know, if there are concerns.

But, I'll be happy to table it.

MR. AKHTER: Thank you, Assemblyman.

This is, as I mentioned, this is our first time with the new members of this team. And, we did not give as much notice on this as we might have normally liked.

So, I do -- I am sensitive to that as far as any of these items, and questions. But, I think we can bring that up at the next meeting directly.

ASSEMBLYMAN MORIARTY: Thank you.

MR. KUZMA: Thank you, sir.

MR. BROPHY: A motion to remove from the agenda -- a second?

If there are no further comments -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Senator Moriarty -- Assemblyman Moriarty, I promoted you.

ASSEMBLYMAN MORIARTY: Abstain.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: Four yes, one abstention -- I'm sorry, five yes, one abstention.

Number 10, Rahway Valley Railroad, Parcel B-200, L-2, part of Block 200, Lot 2, in the Township of Union.

NJDOT is requesting approval to lease an approximately 7,100-square-foot portion of Parcel B-200, L-2 on the Rahway Valley Railroad, which is not currently in use, to the adjoining property owner, Maxon Hyundai. Maxon would like to build a tent or other temporary structure they will use as a showroom and store vehicles in.

The term of this arrangement: The lease will be for a term of 12 months. Rent will be \$7,649, which is the yearly appraised value, payable in monthly amounts of \$637.42.

Can I have a motion?

MR. BINDER: Motion.

MR. BROPHY: Can I have a second?

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Any questions, discussion by the Board? (no response)

Any public member have any questions about this transaction? (no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 11: Route 88, Parcels VX88 and VX89, bisecting portions of Block 39, Lot 1, Block 169.01, Lot 34, a/k/a Old Route 88 in Point Pleasant Borough, that's in Ocean County.

The NJDOT Division of Property Management requests approval from the State House Commission to dispose of surplus unused portions of roadway, Parcels VX88 and VX89 in Point Pleasant Borough in Ocean County, which is known as the Old Route 88, by way of a tri-party agreement to be entered into by and between NJDOT, Point Pleasant Borough, and the County of Ocean.

Unused portions of roadway were caused by the 1983 reconstruction of the Route 88 Canal Bridge, resulting in some land adjoining Route 88 no longer being needed by NJDOT for the public highway. This roadway is a takeover road, never acquired in fee by NJDOT. No sale can be affected, only ceding of title rights and interests to remove these properties from State's control and maintenance.

The tri-party agreement would allow the State to vacate and release its rights, title, and interest in the property. Jurisdiction over the property would revert to the County. The County would then vacate and release any rights, title, or interest in the property to the Borough. The Borough would then proceed with the disposal of these surplus properties as the Borough--

Can we turn off microphones if we're not speaking?

--wants these lots added to the tax rolls for tax-assessment purposes.

That's Number 11. Can we have a motion for that?

ASSEMBLYMAN MORIARTY: I'll make that motion.

UNIDENTIFIED SPEAKER: So moved.

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Any questions or concerns by the Board? (no response)

Any public member have any questions about this transaction?
(no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 12: Project is Route 541, Mount Holly Road. Parcel is VX129B and VX161F in the township of Burlington, in Burlington County.

NJDOT requests approval to dispose, via direct sale, Parcels VX129B and VX161F of County Route 541 in the township of Burlington in Burlington County, having an area of approximately 400 square feet to LIT Burlington Mall, LLC for the proposed mixed-use redevelopment of the former Burlington Mall. The redevelopment plan incorporates the relocation of the jughandle identified as VX161E, which was previously approved for direct sale to LIT Burlington Mall, LLC at the November 29, 2021 State House Commission meeting.

The proposed sale amount is \$4,000, which is the administratively determined value of the sale price based upon the recent appraisal of Parcel VX161E, which is in the vicinity of Parcels V129B and V161F.

Can we have a motion?

ASSEMBLYMAN MORIARTY: So moved.

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: I'm sorry, I missed those motions, can you repeat the motions?

ASSEMBLYMAN MORIARTY: Moriarty made the motion.

MR. BROPHY: Got it, thank you.

ASSEMBLYMAN DiMAIO: And, DiMaio seconded it.

MR. BROPHY: Got it.

Any questions for discussion by the Board? (no response)

Does the public have any questions or comments for the Board?

(no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 13: It's a Department of Environmental Protection request. Passaic River Park, Block 201, part of Lot 2, Township of Berkeley Heights in Union County.

The NJDEP, on behalf of the County of Union, requests approval to allow the County to convey 0.243 acres of Passaic River Park to Chevron USA, to resolve a long-standing boundary dispute and encroachment issue. The proposed disposal will allow Chevron to file a Deed Notice on the entirety of this property, so as to, thereafter, fully comply with DEP remediation requirements for the property.

To compensate for the proposed disposal, Chevron proposes to remit \$60,267 which was determined by the Township's Tax Assessor to the Green Acres Program for deposit into the Garden State Preservation Trust Fund.

Can we have a motion?

ASSEMBLYMAN MORIARTY: So moved.

MR. BROPHY: Thank you.

Second?

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Thank you.

Any questions or discussion among the Board? (no response)

Does the public have any questions or comments for the Board?

(no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

R O B E R T M O S S: I had my hand raised.

MR. BROPHY: OK, sorry about that; didn't see it.

MR. MOSS: Sorry, I'm on the telephone here, and it may not -- I clicked raise hand, and I didn't know you could hear me without doing that.

This is Robert Moss from Bloomfield, and I have addressed this question before, so I'll try to be brief.

It is not my understanding, when compensation funds go into the Garden State Preservation Trust Fund -- it is not my understanding that there's a separate account for each diversion for which this is done. In other words, in this case, it's adjusting a boundary dispute, or settling a boundary dispute.

But, the fact that there's not a separate account means that there's no way to see if another part of the regulations is enforced. Which is that compensation land must be reasonably equivalent to that which was disposed of.

So, briefly, I did the petition for a rule change on this, and that was rejected last year; however, part of the reason for rejection is that DEP is reviewing all their rules right now. So, I've brought this topic up before.

I would just like to urge DEP to address this problem. I think it's a defect in the rules. This year, they're just starting the process. I urge DEP to resolve this problem, so that when land is disposed of or diverted to another use, that we really can know that the replacement land ultimately is reasonably equivalent to that which was lost or partially lost.

Thank you.

MR. BROPHY: Thank you, sir.

Ms. Yeany, do you have any response or any--

J U D E T H Y E A N Y, ESQ.: Yes.

This is Judeth Yeany, Y-E-A-N-Y. I am with the Office of Transactions and Public Land Administration, which is now responsible for

administering the post-funding compliance aspects of the Green Acres Program.

What Mr. Moss is referring to is that we classify certain diversions and disposals of parkland as “minor,” and, in those cases, we allow the applicants -- if they choose -- to remit the compensation to the Garden State Preservation Trust Fund, basically to be mixed into the large pot of funding either for acquisition or park development and sent back out to other applicants. And, he’s correct that we don’t track that by project.

But, the thinking is that for these small diversions -- which, generally speaking, have an obvious public purpose and a very small footprint -- that it’s not necessary to -- it’s very hard to come up with compensation land that’s in the general vicinity and of a very small size. And, that by requiring higher ratios for our major diversions, things do balance out in the end as far as ensuring that we don’t have a net loss of parkland.

So, we made a choice in duly promulgated rules 15 years ago, that for these smaller diversions we would not require the replacement to be reasonably equivalent right next door to the site of the diversion. Some applicants still choose to acquire replacement land, and, if they do, they have to meet those criteria; but, the option is there under our rules to just write that check. It goes into the fund; it goes out and it buys something someplace else. And, that’s what’s being proposed here.

We are willing to look at that as part of the rulemaking that we’re now undergoing, but under the current rules, that’s the thinking. And, what’s been proposed here is completely consistent with the rules.

MR. MOSS: Thank you, Judeth.

I'm going to get back to this when we get to South Mountain, which is coming up later.

MR. BROPHY: Any other public comments?

KEVIN CAMPBELL, ESQ.: Yes, this is Kevin Campbell, on behalf of the County of Union.

Just of note -- and, I'm following up on Ms. Yeany's comments -- there is no replacement land in this particular application.

MR. BROPHY: Thank you for that clarity.

Any other public comments? (no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 14: South Mountain Reservation, Block 5503, part of Lot 1, in the Township of Millburn in Essex County.

The DEP, on behalf of the County of Essex, requests approval to allow the diversion of a total of 0.11 acres of Green Acres encumbered

parkland, known as South Mountain Reservation, within Millburn Township, in connection with a critical water infrastructure project for the protection from floodwater damage being undertaken by the City of Orange Township.

The County proposes to convey a 20-foot-wide subsurface easement to the City to allow the replacement and relocation of a 20-inch water main from beneath the Glen Avenue Bridge over the West Branch of the Rahway River to an area upstream of the bridge. The water line relocation is necessary to allow the City to continue to provide reliable water service to approximately 33,000 residents.

To compensate for the proposed minor diversion, the County proposes to remit \$104,082.05, which was determined by the Township's Tax Assessor, to the DEP's Green Acres Program for deposit into the Garden State Preservation Trust Fund. As mitigation for the loss of nine trees, the County proposes to remit \$198,465 which was the cost determined by a tree expert of replacing the trees to the DEP for deposit into the Shade Tree and Community Forest Preservation License Plate Fund. The combined monetary compensation and tree mitigation compensation for the diversion is \$302,547.05.

Can I have a motion?

ASSEMBLYMAN MORIARTY: So moved.

MR. BROPHY: Thank you, Assemblyman.

A second?

MR. BINDER: Second.

MR. BROPHY: Thank you, Aaron.

Any discussion by the Board? (no response)

Do any members of the public have any questions or comments for the Board?

MR. MOSS: Yes, this is Robert Moss again.

I would like to just quickly follow up with one of Judeth's remarks.

Essex County actually should-- The Reservation is nearly surrounded by residential properties. Essex County should -- and, I believe they can -- obtain these properties with a provision that the current owners stay there. This is done in a lot of Green Acres land. And, this would be a way to get compensation land that's in the Reservation. Eventually the family would move out, you know, pass on, and the land would become part of the Reservation.

And, this would be a way to give compensation land within the Reservation to something that *is* a disruption. I hike by that area routinely, and eventually they have to go in and do maintenance, so it is a disruption to the woods there.

But if residential properties were bought, eventually the owners move out or give it up, it's added to the Reservation, and if it's more than is needed for that pipeline, the County could set up a little land bank. You know, the next time somebody wants a pipeline and they could also get credit out of that bank where property was added to the Reservation.

So, it's something that can be done.

Thank you.

MR. BROPHY: Thank you, Mr. Moss.

Any other comments? (no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Fifteen: This is Division of Pensions and Benefits.

Before we get to that, I am going to make a statement, and then we'll reopen for any comment on any of the matters heard already, 1-14, and then we'll go to the Division of Pensions and Benefits.

Notice of this meeting was given by way of notice filed with the Secretary of State, delivered to the State House Press Corps, and posted in the offices of the State House Commission as well as on the State House Commission's website.

So, what we're going to-- Do we have any other comments about those items? (no response)

OK, so, we'll make a motion to adjourn the State House Commission meeting.

So, if I could get a motion from one of the Board members. (no response)

Right, so the motion is going to be to adjourn the State House Commission meeting and to sit as the Judicial Retirement System Board. So, we're going to switch hats.

So, can I have a motion for that purpose?

SENATOR SMITH: So moved.

MR. BROPHY: Thank you.

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Thank you.

Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Do we have somebody from Pensions and Benefits?

DAVID PRESTON: Yes, this is David Preston, the Assistant Director of Finance here at Pensions and Benefits.

And, today, we have with us Cheiron, the actuaries who do the actuarial evaluations for most of our pension fund. And, in accordance with

Title 43, Chapter 6A-31 of the New Jersey State Statute, they perform an actuarial evaluation report every three years.

And, today, they'll be going over their actuarial experience study from the period of January 18 to January 30, 2021. And, that includes the analysis and results of the study as well as recommended assumptions for consideration by the State House Commission to be used in July 1, 2022 evaluation.

It also will include the estimated financial impact of the assumption changes, and with that, I'll just introduce Janet Cranna and Anu Patel, who are the actuaries for Cheiron, so that they can give their presentation.

MR. BROPHY: Thank you, Mr. Preston.

Ms. Cranna and Ms. Patel, can you just give us one second while we get our other items of business out of the way, and then we'll listen to your presentation?

JANET CRANNA: Sure, thank you.

MR. BROPHY: Great; thanks.

So, Number 1 on the agenda for the Division of -- I'm sorry, for the Judicial Retirement System Board, is approval of the minutes of the meeting held on June 13, 2022.

Can I have a motion for that?

UNIDENTIFIED SPEAKER: So moved.

ASSEMBLYMAN DiMAIO: Second.

MR. BROPHY: Who was on second there, was that Senator Smith?

ASSEMBLYMAN DiMAIO: DiMaio, thank you, sir.

Any questions by the Board? (no response)

Mr. Akhter.

MR. AKHTER: Abstain.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor, one abstention.

Number 2 is the confirmation of Death Claims, Retirements, and Survivor Benefits. All of this was provided to the Board members, so you should have that in your packets for all of these items.

Can I have a motion for that, for Number 2?

ASSEMBLYMAN DiMAIO: So moved.

SENATOR SMITH: So moved.

MR. BROPHY: I've got Assemblyman DiMaio on the motion and Senator Smith on the second.

Any questions or concerns from the Board? (no response)

Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

Number 3: Financial statements for February 2022 through June
2022.

Can I have a motion?

MR. BINDER: Motion.

ASSEMBLYMAN MORIARTY: Second.

MR. BROPHY: Thank you.

Any questions or concerns? (no response)

Hearing none -- Mr. Akhter.

MR. AKHTER: Yes.

MR. BROPHY: Mr. Binder.

MR. BINDER: Yes.

MR. BROPHY: Ms. Azarchi.

MS. AZARCHI: Yes.

MR. BROPHY: Senator Smith.

SENATOR SMITH: Yes.

MR. BROPHY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. BROPHY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. BROPHY: All in favor.

And, then, Number 4 is our presentation.

So, Ms. Cranna, Ms. Patel, I leave it to you.

MS. CRANNA: Thank you.

A N U P A T E L: Good morning, everybody.

My name is Anu Patel, and, with me, Janet Cranna.

We're from Cheiron, we're the systems actuaries, and we're here to present the Actuary Expense Study for the three-year period from July 1 2018 to June 30 2021.

I am trying to share my screen here; just give me a second.

Can everybody see our presentation?

MR. BROPHY: Yes.

UNIDENTIFIED SPEAKER: Yes.

MS. PATEL: So, on today's agenda, we're going to review background for what an expense study is, why we perform it. We'll do a summary of the assumption changes and review the cost impact of those recommended changes. And, then, we'll do an in-depth look at the specific assumptions and our process in determining those.

Actuary assumptions are used to calculate liabilities, which is what we need to use to determine the statutory contributions for the system. An experienced study is a detailed review of those assumptions where we look at the actual performance of the assumptions to the expectation. This is performed every three years in accordance with New Jersey statute.

The assumption changes we will review today need to be adopted for the 7-1-2022 valuation. There are two broad categories that we review: Economic assumptions -- primarily deal with systemwide elements like salary increases and price and (indiscernible) inflation; and then the second group is the demographic assumptions. And, these are more -- these assumptions deal specifically with membership behavior. So, what's the expectation that members will retire, or terminate; retire with a disability retirement; or mortality, which is death-related benefits. And, then, family composition, which covers the age difference assumption between males and females and the assumption -- the marriage assumption.

So, actuary assumptions are intended to be long-term in nature. We review these assumptions for reasonability -- both individually, by assumption, and then in aggregate for the entire system. Every time we do an experience study, we will review the actual experience versus what was expected based on our assumptions in place.

Generally, we'll propose changes when the current assumption is either not reflecting the actual experience, or we have information or knowledge that says the expected future times are going to be different than what was previously seen in historical analysis.

When making adjustments, we want to reflect any differences between historical and future expectations, and, specifically, if there's prior experience that has -- that may have specific factors that were temporary. As mentioned, these assumptions are long-term in nature, and we are only going to propose changes when we think those changes are changes in future trends. This is specifically important this year as we review the last three years of experience, which includes the impact of the COVID-19 pandemic.

So, on page four here, we're looking at the historical gains and losses and the changes of the unfunded actuarial liability. This is a graph that we share in our typical actuary evaluation report, and it shows, by source, one of the sources of the gains and losses -- which means variations from expectations. It includes all of the sources, including plan changes, investment gains and losses, assumption changes, but primarily for today's report and for the experience study, we want to focus on what we call the "liability gains and losses." That's the silver portion.

This is over the 10 years, you can see that the silver bars are very small -- in some years they gain, some years are losses. The 2018-2019 were a little bit bigger, which, the impact of these was factored into the previous experience study. So, since the last expense study, we have two years of (indiscernible) we can see in aggregate. When the gains and losses are small, that means the assumptions are actually working.

So, moving on to these other numbers behind the graph we just saw. And, overall, over the 10-year period, the variations in liability, due to the assumptions actual versus expected, is \$7.6 million. Which, in comparison to some of the other sources, is pretty small. And, then, just to note that since the last expense study, we've only had two years of data and that does include the COVID-19 pandemic.

So, some area of all of the recommended changes -- we will look in depth to some of these assumptions later in the presentation. But, big picture is that all of the categories of assumptions we've looked at. Some mortality assumptions -- there's two items that actually build into the mortality assumption, is the base mortality table, and the future generational improvements, which are based on generational improvement skill. So,

currently, we had the Pub 2010 tables that were being used, using the latest available data produced by the Society of Actuaries. And, similarly, latest available projection skill, which was MP-2018.

In reviewing the mortality assumption, we do not recommend any changes to the base table, but we will be updating the mortality improvement scale to what is called the MP-2021, which is based on the latest data now available for the projection improvement.

The retirement assumption -- this varies by age and service. We will look at this. We have three categories we look at for those with service less than 15 years; members with service between 15 and 20 years; and then members with more than 20 years of service. And, we're proposing site reductions for the one category from 15 to 19 years of service.

Termination -- the current assumption is that there are no terminations. This means that members are not leaving the system before being retirement eligible. And, we propose no changes there.

Disability retirements -- currently, we have rates that vary by age. No changes proposed for that, either.

Family Composition -- 90% married and, we're assuming that male spouses are three years older than female spouses. The 90% marriage assumption still is reasonable based on the experience. We are proposing that the age difference be reduced from three to two years between male and female spouses.

Price and wage inflation -- Current assumption is 2.75 and 3.25 for the wage inflation. No changes -- and, we will go into this, where some of the high inflation in our current environment is temporary, we believe, and long-term (indiscernible).

Salary increases -- currently, we have 2% per year through 2025, and then 2.75% thereafter. And, this is based on contracts already signed, and we have no proposed changes there either.

Any questions before we move onto the cost impact? (no response)

So, here on this page, we're showing the impact -- financial impact -- of the cost. This is based on the July 1, 2021 valuation, which was the latest data at the time that we completed the expense study in November. Since then, we have completed the July 1, 2022 valuation on a preliminary basis. And, the changes are very comparable.

So, actuarial liability, under the current assumption as of 7-1-2021, the liability was \$854 million. This is decreasing based on the changes and the assumption to \$843.9 million. That's a \$10.4 million increase; as a percent, that's 1.2%. So, relatively small change, but it is decreasing the liabilities.

The assets remain the same, so, the unfunded liability decreases by the same amount as the actual liability. The funded ratio is the ratio of actuarial assets to actuarial liabilities, and there's a small decrease there of 0.3%.

The statutory contribution -- when determining contributions, there's two pieces, there's the State portion of the normal cost, which is -- the gross normal cost is the annual cost of the pool of benefits. Expected member contributions will decrease the State's portion of the benefits. So, looking at the State portion, there is a decrease of \$404,000 -- 2.2% decrease. The liability decrease of 10.4 is amortized and in fact results in a \$148.93 million

amortization payment. So, overall, the statutory contribution then decreases from \$68.3 to \$67 million -- a \$1.26 million decrease.

Going into the breakdown of how that \$10.4 million decrease -- primarily, 6.7 of that -- so, you know, more than 50% of that decrease -- is coming from a change in the mortality assumption, which is a change in the projection for future improvements. The retirement rates -- using the retirement rates reduces the liability; that's \$2.4 million. And, then, the spousal age difference has a small impact of \$1.2 million.

So, in actuary liability, similarly for the statutory contribution, the bigger impact is coming from the mortality rates.

Any questions before we move on? (no response)

So, Janet will now pick up, and we're going through our process for comparing the assumptions.

MS. CRANNA: OK, thanks Anu.

We're just going to review a few of those assumptions that we're proposing some changes to. Before that, we just want to give you a brief background of how we do our analysis. For each assumption, we're going to look at what actually happened during the three-year period compared to what we expected based on the current assumptions. So, for instance, we're going to look at the actual number of retirements compared to what was expected. We're going to take into account any external influences. And, as Anu mentioned, two of the three years included in this analysis we were under the COVID-19 pandemic, so we do want to take that into account in our analysis. We also want to look at future trends. We know from various studies that people are expected to live longer, so somebody that's born today

is assumed to have a longer life expectancy than somebody born, say, 20-30 years ago. So, we want to take mortality improvement into account.

And, so, we're going to go through the assumptions and make our recommendations. Anu gave you a high-level background to some of those recommendations. And, we also want to look at the credibility of the data. Do we have enough information to know if there's going to be an actual change in the trend? And, this is really determined by how many -- how much experience we have. The more experience we have, then the more credible the data is.

There's a few terminology that we use to do experience studies. The actual-to-expected ratio, or A over E, that's the actual number of occurrences compared to what we expected. And, our goal is to get that ratio closer to 1 when we set the assumptions.

R^2 is another statistic that we use to measure how well our assumptions fit the data. And, again, we try to move that closer to 1. And, we also look at a 90% confidence interval, which is the range in which the rates fall during the experience study. You want to see if they fall within 90% of that. And, so, if we have a lot of data, that range is going to be very small; if we don't have a lot of data, you'll see that range be very large.

Just looking at mortality, as Anu mentioned, this one had the largest impact on the assumptions. We have separate mortality rates for males and females and for the different groups of retirees -- groups of members. We weight the experience by salary and by pension benefits the retirees are receiving. As Anu mentioned, we're not going to make any changes to the base mortality tables. The results that we saw were very close to expected, and we also -- we had slightly more deaths than expected. But,

again, we think a lot of that was due to the COVID-19 pandemic, so we don't want to make any large changes at this time, so we're going to keep the same base mortality tables. But, as Anu mentioned, we are going to update that improvement scale to the Society of Actuaries' most recent table, which is the MP-2021 table.

For this system, we use the Pub 2010, teachers above median mortality tables. The Pub 2010 tables are the most recent mortality tables for public sector systems that the Society of Actuaries has developed, so we're using their most recent tables. We have a separate table for healthy retirees; we have another table for disabled retirees; and another table for active members.

Moving onto the next slide. For each one of the assumptions, we have tables and charts to illustrate the analysis. On the top of this slide, you'll see the graph. And, a lot of times, what we will do is we will group the data into age bands to make it easier to analyze the data. So, we have several bands. The black dots that you see are the actual number of deaths during this three-year period. There's a green line and a red line -- the red line is the current assumption, and the green line is the recommended assumption. You can see here that the green is pretty much on top of the red line, because as we mentioned, we're not changing the base table, just the mortality improvement scale. So, those two lines, for the most part, overlap. And, you can see where -- if you look at the 65 to 74 age group, that gray band is very narrow, because we have a significant number of deaths during that period. But, if we look at the 55 to 64 age band, that gray bar is very large, meaning that we don't really have that many deaths so the data is not as credible.

The bottom chart shows the same information, but in table form. We look at the exposures, which is the number of members of the system that are exposed to that assumption over the three-year period. The next column is the actual deaths. So, during the three-year period there were 51 retirees who had died -- these are male retirees. We weighed it by benefits, and then we look at actual compared to current compared to recommended assumptions. So, you can see from those three columns that we had slightly more deaths than expected. We think that a lot of this was due to the COVID-19 pandemic, which is why we're not making any changes to the base table. And, if we look at actual over expected, it's about 121% for the current assumptions. And, with the modifications, it will be slightly lower at 120%. So, again, only a very small change to the improvement scale for this assumption.

The next assumption we're going to talk about is retirement. As Anu mentioned, we've looked at several different service groupings. We looked at retirements for those judges who had between -- who had under 15 years of service; also 15 to 19 years of service, and then 20+ years of service. And, the only changes we are recommending is for the 15 to 19 years of service.

These next set of graphs and tables are for the judges who have had less than 15 years of service. We had only eight actual retirements during the period; our assumption was 9.5 members. So, you can see what actually happened was very close to what our expectations were. So, we're not recommending any changes to this assumption.

The next slide shows the same analysis, but for those judges who retired with 15 to 19 years of service, we had 15 actual retirements during

the three-year period. Our assumption expected 32 retirees, and so we are recommending that we lower that retirement assumption to bring actual more in line with -- (indiscernible) expected in line with what we're actually seeing. So, just a small change in the assumption here.

The next slide shows the same analysis, but for those judges who retired with 20 or more years of service. We had 16 retirements here versus 21 expected. So, our actual and expected are still relatively close. So, no changes to this assumption.

I just want to talk a little bit about inflation. Inflation is used to determine both the investment rate of return, as well as the salary increase assumption. Just to note that we do not discuss the investment rate of retirement assumption here, because the State Treasurer is the person in charge of that assumption. But, we do want to just talk a little bit about inflation. The current assumption is 2.75% per year. Now, that does seem relatively low compared to what inflation is now. However, this is meant to be a long-term assumption, and, historically, if we looked at the CPIU over the past 50 years, inflation averaged 4% a year; over a 30-year period it averaged 2.5%; over 10 years, the last 10 years, it was 2.6%. So, yes, in the last two years inflation was higher -- 5.4% for '21 and 9.1% in '22. However, if we look at what expectations are over the long-term -- when we look at forecasters and surveys that have been done on the public sector, and if we also compare treasury bonds and inflation projected in securities, that average, over the long-term, is expected to be between 2.7 and 2.8%. So, we feel that the current assumption of 2.75% is still reasonable for valuation purposes.

For the salary increase assumption, we are not recommending any changes. And, this assumption is primarily set from looking at Chapter 14, Public Law 2018. Because that is the chapter that granted salary increases to judges. For 2018, '19, and '20, judges were awarded an \$8,000 increase. And, also in that chapter, for the next four years after that, salaries were to be changed based on CPI not to exceed 2%. Therefore, we have a current assumption in place; that salary increase will be 2% through Fiscal Year 2025 and thereafter we're just basing the salary increase assumption on our inflation assumption of 2.75%. And, we will keep those assumptions in place until such time as there's legislation that passes that grants judges additional salary increases.

So, those were the prepared presentation that we have. But, we'll be happy to answer any questions that you may have.

SENATOR SMITH: So, a question, if I might.

MS. CRANNA: OK.

SENATOR SMITH: So, Janet, the net result of accepting the assumptions -- actuarial assumptions -- is the decrease or increase in the premium payment paid by the judges toward their retirement?

MS. CRANNA: The amount that the judges actually pay has not changed, but the contribution rate that the judges themselves pay is based on statute.

However, the State contribution, what the amount that the State pays into the system, that will change based on the new assumption.

SENATOR SMITH: And, how will it change? Decrease or increase?

MS. CRANNA: Yes, that will go down by approximately \$1.3 million a year. And, that was shown on slide -- I think--

MS. PATEL: I think page seven.

MS. CRANNA: On slide seven.

SENATOR SMITH: So, my question comes down to, in these very volatile, crazy times -- whether it's disease, war, expected recession in 2023 -- should we be lowering premiums? Should we be lowering what the State pays to the pension system?

MS. CRANNA: OK, what the State pays is actually determined in statute. The statutes say that the State is going to pay -- as Anu pointed out, there's two components to the contribution. The first is that normal contribution, which is the value of benefits that accrued during the year. And, the second component of that is the amortization of the unfunded accrued liability, which is for the '21 valuation, that amortization payment was amortized over 28 years. When we get to the 2022 valuation, that amortization period drops to 27 years.

So, the manner of determining the contributions that are paid by the State is set in statute.

SENATOR SMITH: Right. But, so--

MS. CRANNA: Yes, and all we're doing is modifying the assumptions used. Because, according to State statute, we are required to update these assumptions every three years based on the experience that we're seeing in the data.

SENATOR SMITH: So, you're suggesting that these assumptions are not necessarily recommendations, but we are required by statute to adopt them?

MS. CRANNA: Well, we're to do an analysis, and then it's up to the State House Commission to, you know, approve those assumptions.

SENATOR SMITH: All right.

MS. CRANNA: And, just so you also know, too, the assumption studies are done every three years. So, three years from now, we will come back and do a similar analysis. You know, looking at what actually happened during the prior three years with what our expectations were, and we'll make any changes as needed.

SENATOR SMITH: OK, thank you.

MS. CRANNA: Mm-hmm.

MR. BROPHY: Any other questions from the Board? (no response)

OK. Hearing none, we're going to -- I need a motion to close out the Judicial retirement portion. So, if I can have a motion for that.

SENATOR SMITH: So moved.

MR. BROPHY: Second?

MR. BINDER: Second.

MR. BROPHY: All right.

So, all in favor of that by the Board.

UNIDENTIFIED SPEAKER: Aye.

MR. BROPHY: So, that concludes that Judicial portion.

We need a motion to reopen the State House Commission portion--

SENATOR SMITH: Well, before you do that, a little discussion.

By closing that section of the program, have we adopted those assumptions?

The question is, by closing out that portion of the Judicial--

MR. BROPHY: Yes, understood.

Yes, Senator, I think this was just a presentation, right? This was not a formal request to approve.

SENATOR SMITH: All right. So--

MR. BROPHY: So, we sit again -- and when we sit again, Senator, that may come up again.

And, if that's the case, then that vote will come up.

SENATOR SMITH: OK.

So, let me just throw that to my colleague--

ASSEMBLYMAN MORIARTY: Hey, Senator.

So -- it's Assemblyman Moriarty. I'm so sorry to interrupt, but I have to get to a funeral, and I am so sorry but I have to leave.

SENATOR SMITH: All right.

I'll bring up (indiscernible) the next time we meet.

MR. PRESTON: Can I just make a statement, briefly, on behalf of the Treasurer's Office?

MR. BROPHY: Sure, go ahead, Mr. Preston.

MR. PRESTON: So, we do recommend that the experience study be approved. And, we think that the body should approve these assumptions today on behalf of the Division of Pensions and Benefits.

MR. BROPHY: OK. I mean, we'll leave it out as a--

UNIDENTIFIED SPEAKER: Senator Smith, Assemblyman Moriarty already left.

SENATOR SMITH: OK.

UNIDENTIFIED SPEAKER: So, if you want to share your thoughts.

SENATOR SMITH: Sure, sure, sure, sure.

So, having been in the Legislature for a significant period of time, I've been around, previously, the adjusted assumptions, and got our rear ends bitten and shredded. The one that comes back to me vividly is the one that was done for the NJEA (indiscernible) 20 years ago, where we reduced the amount of contributions and ended up with a back portion of the state system really underfunded and giving us a great deal of financial agita.

So -- and, by the way, that's not to in any way disparage the study. The study, I'm sure, was done in a rigorous manner. But, the act of reducing contribution scares the bejesus out of me. Everything that's predicted about the future is pretty ugly, whether it's disease, war, or recession.

And, I mean, it's always a nice thing when the State of New Jersey can "save a little money," but we don't save any money if we end up with a bigger pension burden. So, I haven't been convinced that this is riskless or this is not going to have a devastating impact on the judicial retirement system if some of the assumptions about the economy in 2023 -- the war in 2023, for the disease, you know, the current pandemic, end of the pandemic -- whatever you want to call it.

So, I have a lot of concerns about it. And, not based on the work that was done by our consultants. They've done a very thorough job. Just that I've been around long enough to see reductions and contributions to be a real problem.

So, that's my two cents, for what it's worth.

MS. PATEL: Can I add that the reduction that we reviewed today is based on strictly the assumptions used in the valuation?

The reduction 20 years ago when the contribution wasn't paid in, that was the statutory contribution not being paid in. So, the appropriation amount -- in calculating the statutory contribution, that tells the State what the required statutory contribution is. And, the State currently is paying 100% of that contribution. They could choose to pay more of it, or the State would get the 100%.

But, the key being that the State-- The statutory contributions being determined each year -- because evaluations are done each year -- sticking to that discipline of paying in the required amounts is very important, and I can't stress enough for the health of the system and the future improvement in that funded status, which is below 30% currently.

So, introducing in this small reduction -- which, you know, was based on 2021 -- is not saying that the State should pay any less than what's required. What's required is determined in statute, and, you know, as of 2021, that's a slight reduction. In fact, we have done the 2022 valuation and the contribution remains level at the \$68.3 million.

Does that -- I don't know if that's helpful. But, the appropriation amount of paying in what's determined as the statutory contribution is the most important.

SENATOR SMITH: So, the question is, do we have the discretion to not accept the assumptions?

And, the theory behind it -- the question behind it -- if we're going to end up putting \$1.3 million more into the Judicial retirement system, it's not going to make the system worse or less solvent. It can only make it

better. But are we statutorily required to accept the assumptions, or do we have discretion?

MS. PATEL: I don't believe you're statutorily required to approve the assumptions. But -- I don't know if you want to add anything, Janet, there -- but, the analysis we completed is based on (indiscernible) practice. We make the recommendations, certainly; if the recommendations are not accepted, then the prior assumptions could hold.

MS. CRANNA: Yes, I think -- my understanding is it is up to the State House Commission to approve. I don't know if anybody else at Treasury has final say, that I'm not sure about.

Now, just -- I'll just point out, too. Last year, the State Legislature actually appropriated 107% of the statutory-required contributions. So, you know, the way we do the calculations is done based on what's in the statute. But, then it's up to the State Legislature to appropriate the money.

So, there-- And, there have been many years where the State did not appropriate the full amount. That went on for a number of years. But, for the last couple of years, the State has put in I guess it was 107% last year, and the plan is to put in at least 100% this year.

So, the State has finally phased in up to putting up the full amount of the statutory contribution. So, that's been done the last couple of years.

MR. PRESTON: I think they actually put it an additional \$505 million in 2022, and got it up to 107.9%.

And, then in 2023 -- well, it was 103.6%. That was of the overall contributions.

SENATOR SMITH: So, David, just to try and glean what I can from your comments.

Are you saying no matter what we do with the assumptions, the Treasury will put a recommended budget together, and that's what we're going to be faced with voting on? Correct?

MR. PRESTON: We normally listen -- we're trying to put at least 100% of the full actuarially recommended contribution into the system. And, the reason that that's recommended is because over time, over 30 years or over 28 years, it's supposed to get the system so that it's fully funded. It went down slightly for JRS because of the mortality, the retirement, and disability termination. And, finally, composition rates. And, those were the main items that the actuary saw and it caused them to reduce the contribution to JRS just slightly.

All of the other systems--

SENATOR SMITH: So--

MR. PRESTON: --overall were actually paying more in contributions into all of the systems this year by about \$105 million.

So, I know that it's a slight reduction, and I certainly understand your concern. But, I don't think that it's going to have a long-term negative impact. The contribution is calculated every year so that if even if there's a slight decrease this year, the next year they're going to go back and do the actuarially recommended contribution again. And, if there is any slight impact, then next year's contribution would be reflected, you know, in that contribution.

SENATOR SMITH: So, it's the Treasurer's recommendation to go ahead with these assumptions.

MR. PRESTON: Yes.

SENATOR SMITH: OK.

And, by the way -- I'm planning to be around for another couple years -- if it goes down the tank, I am going to say I told you so.

And, by the way, I'm not suggesting that the world is coming to an end. I'm just trying to be as conservative as I can be with pension contributions, because, you know, we've looked at the last 10 years and they've been ugly with regard to pension. So, you know, (indiscernible) making full contributions these days -- which is a good thing. But for years we weren't, and it's just a concern.

Listen, if the Treasurer says, "we know what we're doing," I'm a Legislator, I don't know what I'm doing on pensions. If you're sure this is the right thing to do, I'm OK with it. I will no longer voice any objections.

MR. PRESTON: Thank you.

And, let me just say that as a State employee, I appreciate your feelings which align with my own about making full contributions to the pension system.

MR. BROPHY: So, any other questions or comments from any of the Board members? (no response)

So, Senator Smith, if we could -- perhaps you could revise your motion to accept the suggested changes, and for an adjournment of the Judicial Retirement System Board.

SENATOR SMITH: So moved.

MR. BROPHY: Thank you.

Second -- Mr. Binder, are you good with the second on that?

MR. BINDER: Second; yes.

MR. BROPHY: All in favor?

MR. BINDER: Yes.

SENATOR SMITH: Aye.

MS. AZARCHI: Aye.

MR. BROPHY: OK.

And, now, we need a motion to reopen the State House Commission so that we can then adjourn.

So, can I have a motion for that as well?

UNIDENTIFIED SPEAKER: Motion.

SENATOR SMITH: Second.

MR. BROPHY: And, just -- I want to make one comment.

This is on other business. We just want to acknowledge that we received, via email, from Jean Public, some comments on the various transactions and proposals that the Board approved today.

So, I just want to make the record clear that we did receive that, those comments, and they were considered.

So, now, we can have a motion to adjourn.

MR. AKHTER: Before we adjourn, I do want to propose and ask quickly the opinions of the members to have the next meeting in person, on a date likely to coincide with a day that Legislature is in session, and in accordance with the schedules of the members. But, to try and do the next meeting in person.

I wanted to quickly get the thoughts of any members of the Commission if there were any objections to that.

UNIDENTIFIED SPEAKER: The only thing I can say -- it would have to be pretty early, because in my role -- and, I think Leader Oroho's role -- we tend to have a lot of things to do before we even get to session.

MR. AKHTER: We can certainly work with you, Leader, to talk about your schedule and see if that could work on a date.

But, I know we prefer to meet in person and to allow the public to be heard and to get rid of some of these inadequacies of meeting virtually.

So, we will consult on a schedule and present it to the public.

And, if there's a motion to adjourn, we can accept it.

UNIDENTIFIED SPEAKER: So moved.

MR. BROPHY: Thank you.

Second.

UNIDENTIFIED SPEAKER: Second.

MR. BROPHY: Thank you.

All in favor?

UNIDENTIFIED SPEAKER: Yes.

MR. BROPHY: All right, thank you everyone.

MR. AKHTER: Thank you everyone for your patience.

MR. BROPHY: Have a great day.

(MEETING CONCLUDED)