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# *Commission Meeting*

of

## STATE HOUSE COMMISSION

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

**DATE:** June 24, 2019  
9:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

Justin Braz, Chair  
Assemblyman Paul D. Moriarty  
Assemblyman John DiMaio  
Catherine Z. Brennan  
David Ridolfino



**ALSO PRESENT:**

Robert J. Shaughnessy Jr.  
*Commission Secretary*

Gary A. Kotler, Esq.  
*Commission Counsel*

*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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**JUSTIN BRAZ (Chair):** Good morning, and welcome to today's meeting of the State House Commission.

Mr. Shaughnessy, would you mind saying the roll?

**MR. SHAUGHNESSY (Commission Secretary):** Initially, the State House Commission is in compliance with the Open Public Meetings Act. 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 Office of the State House Commission.

Now I'll call the roll.

Deputy Chief of Staff Braz.

**MR. BRAZ:** Here.

**MR. SHAUGHNESSY:** Deputy State Treasurer Brennan.

**MS. BRENNAN:** Here.

**MR. SHAUGHNESSY:** Director Ridolfino.

**MR. RIDOLFINO:** Here.

**MR. SHAUGHNESSY:** Assemblyman Moriarty.

**ASSEMBLYMAN MORIARTY:** Here.

**MR. SHAUGHNESSY:** Assemblyman DiMaio.

**ASSEMBLYMAN DiMAIO:** Here.

**MR. SHAUGHNESSY:** We have a quorum; thank you very much.

Moving on to Old Business: No. 1, approval of the May 9, 2019, State House Commission minutes.

Do I hear any objections or comments to those minutes? (no response)

Hearing none, I'll call the roll.

A motion -- may I have a motion to accept these minutes?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: And second?

MS. BRENNAN: Second.

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

Any opposed? (no response)

Any abstentions? (no response)

That matter is approved.

Under New Business, Department of Treasury requests.

This project, RPR 19-04, Block 3201, formerly 474, part of Lot 1, City of Vineland, Cumberland County.

Treasury, on behalf of the Department of Human Services, requests approval to extend the lease and add acreage to the portion of land currently being leased by the City of Vineland for recreational fields on the grounds of the Vineland Developmental Center. The additional acreage is needed to allow for the construction of a maintenance building and a press box for the recreational fields. The City of Vineland is currently leasing 47 +/- acres of the vacant land for use as recreational fields at \$1 per year.

The current lease, RPR 00-06, is set to expire September 30, 2025. The new lease term will be for 25 years, with one 5-year renewal, and will include an additional 7 +/- acres, for a total of 54 +/- acres. Since this lease will benefit the residents of the City and the surrounding towns, the rent will continue to be \$1 a year.

Are there any members from the public who wish to be heard on this? (no response)

Hearing none, any members have any questions or concerns about this matter? (no response)

Hearing none, motion please.

MR. BRAZ: Moved.

MR. SHAUGHNESSY: Second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

Okay, we're on to No. 3, Department of Transportation requests.

Route 18, Section 2, Slope E of 24B, Block 710.02, Lot 6.02, City of New Brunswick, Middlesex County.

There is a slope easement currently on said block and lot in the City of New Brunswick, Middlesex County, that was acquired as part of the Route 18, Section 2, Parcel 24B project. Due to development of the adjoining property and the construction of a retaining wall, DOT has determined that there is no longer a need for the slope easement and this

may be annulled in accordance with the deed recorded under Book 2241, Page 529, on March 8, 1961, which states that the recited slope easement may be annulled by furnishing and maintaining adequate support and protection of the highway to make the continuance of the slope right unnecessary.

The slope easement shall be annulled as the adjoining property owner, NB Hotel Group LLC, will be rectifying the need for a slope easement on the lot and block by erecting a retaining wall and a stormwater outfall.

The administrative fee to be paid by NB Hotel Group LLC is \$1,800.

Does any member have any questions or concerns about this?  
(no response)

Hearing none, any member of the public wish to be heard on this matter? (no response)

Hearing none, may I have a motion please?

ASSEMBLYMAN DiMAIO: So moved.

MR. BRAZ: Second.

MR. SHAUGHNESSY: Motion and second; thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: No. 3 is approved.

No. 4; Route 130, Section 8, Parcel VX19B1, Block 2001, Lot 3, Township of Cinnaminson, Burlington County.

DOT requests approval to convey a vacant piece of excess land, identified above, in Cinnaminson, having an area of approximately 0.413 acres, to the only adjoining property owner, 202 Route 130 LLC, for assemblage to their adjoining commercial property.

The property will be conveyed to 202 Route 130 LLC for the purchase price of \$150,000, which is the appraised value.

Any members have any questions or concerns on this manner?

Yes.

MS. BRENNAN: Yes; can you please clarify whether DOT is availing itself of the online auction system to get the best price?

MR. SHAUGHNESSY: Okay; is there someone from DOT here to answer the question?

Please come up and identify yourself, sir.

**D A V I D K O O K:** My name is David Kook. I am the Manager of Technical Support for the Right-of-Way Division of the Department of Transportation.

We were about to host our first auction with *govdeals.com* when we learned that GovDeals had not been able to renew through the bid process. And now there's a firm, *municibid.com*, and we have requested the

Treasury's Procurement Bureau -- or Division, rather, to provide us with access to that website.

So as soon as we're hooked up with that, we'll have our first auction.

MR. SHAUGHNESSY: Does that answer your question?

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Okay; thank you very much, Mr. Kook.

Any other questions or concerns about No. 4 on the agenda?

(no response)

Anyone from the public wish to be heard? (no response)

Hearing nothing, then I'll take a motion, please.

MR. BRAZ: Motion.

MR. SHAUGHNESSY: Thank you; second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: No. 4 is approved; thank you.

On to No. 5. No 5 is Route 38, Section 4, Parcel VE50, Block 15, Lot 6.08, Township of Lumberton, Burlington County.

DOT requests approval to convey an access easement over the above property, in Lumberton, having an area of approximately 1,285 square feet of vacant excess land, to the only adjoining property owner, Republic First Bank LLC, for access to their adjoining commercial property with the intent to develop a new bank branch.

The easement will be conveyed for the purchase price of \$6,000, which is the appraised value.

Do any members have any questions or concerns about this matter? (no response)

Hearing none, any member of the public here wish to be heard on this matter? (no response)

Again, none.

May I have a motion, please?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Motion; second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Motion and second.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 6 on the agenda.

It's Route 185, Section 1, Parcel R5A, Block 30306, Lot 15, Jersey City, Hudson County.

DOT requests approval to convey a railroad easement over the above property in the City of Jersey City, consisting of excess land and having an area of approximately 8,494 square feet, to the Port Authority of New York and New Jersey for access for the purpose of expanding the railway.

The easement will be conveyed for the sale price of \$1, for the conveyance of a transportation use.

Any members have any questions or concerns about this matter? (no response)

Hearing none, any member of the public wish to be heard? (no response)

Again, none.

May I have a motion, please?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Thank you; second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That-- No. 6 is approved.

We are on to No. 7, University Heights Connector, Parcels VX564B, VX565B, VX566B, VX567B, VX658B. It's Block 1879, Lots 11, 12, 13, 14, and 15, the City of Newark, Essex County.

DOT requests approval to auction the above identified property as part of the University Heights Connector Project. The parcels contain an area of approximately 0.217 acre. The property is a triangle-shaped vacant lot in the City of Newark, Essex County. The property is a buildable lot, and several adjacent property owners have expressed interest in acquiring the property.

The property will be sold via auction, with a minimum starting bid of \$63,000, which is the appraised value.

Do any members have any questions or concerns about this matter?

Oh, I'm sorry; Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Thank you very much.

A question -- who's here to answer questions on this?

MR. SHAUGHNESSY: Mr. Kook, again, from the DOT.

ASSEMBLYMAN MORIARTY: Thank you.

So this is going to be by auction; live auction, or-- You said you're looking for an Internet auction provider?

MR. KOOK: We were originally hooked up with *govdeals.com*, which I am familiar with their technology. *Municibid*, which is the new Treasury contract holder for the auctions -- I am not familiar with them because until I am hooked up with them, I can't -- I don't know who to contact or what information-- I'm going to assume that it's going to be the same similar thing, where they advertise it to the Internet, and-- For GovDeals, it was an extended period of time where people bid in. It wasn't limited. So I am assuming Municibid does the same thing.

ASSEMBLYMAN MORIARTY: Are you familiar with these lots?

MR. KOOK: No, I am not familiar with these particular lots.

ASSEMBLYMAN MORIARTY: These are buildable lots, though; is that correct?

MR. KOOK: They are buildable, in terms of-- Newark's zoning code is very flexible on what makes things buildable. The triangular lots -- they're just buildable, I would say. They're not particularly attractive for more than a home lot.

ASSEMBLYMAN MORIARTY: Okay, thank you.

MR. SHAUGHNESSY: Thank you, Mr. Kook.

Any other members have any questions or concerns about No. 7 on the agenda? (no response)

Hearing none, are there any members of the public who wish to be heard in this matter? (no response)

None, also; so I need a motion on this, please.

MR. BRAZ: So moved.

MR. SHAUGHNESSY: And a second.

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: And Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: No. 7 is approved.

On to, I believe, the last -- yes, the last DOT request.

Again, University Heights Connector, Parcels VX561B, VX562, VX563B, Block 1879, Lots 18, 19, and 20, City of Newark, Essex County.

DOT requests approval to auction property identified above--

Just bear with me a second.

(consults notes)

Okay, so it is VX562; it's not a B; okay. I just wanted to make sure it's correct in the agenda.

DOT requests approval of an auction of the above property as part of the University Heights Connector Project also.

The parcel contains approximately 0.117 acres. The property is a triangular-shaped vacant lot that is in the City of Newark. The property is a buildable lot, and several adjacent property owners have expressed interest in acquiring the property.

The property will be sold via auction, with a minimum starting bid of \$44,000, which is the appraised value.

Any members have any questions on this one? (no response)

Hearing none, any members of the public wish to be heard? (no response)

None, also.

May I have a motion, please?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Thank you; and a second?

MR. RIDOLFINO: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: No. 8 is approved.

Moving on to the Department of Environmental Protection requests.

No. 9 on the agenda, Newark-Pequannock Watershed Lands, Block 36, part of Lot 56; Block 43, part of Lot 2; and Block 60, part of Lot 15, Township of Hardyston, Sussex County.

DEP requests approval to convey approximately 0.544 acre of Green Acres-funded conservation easements, held by the DEP on land owned by the City of Newark, to the New Jersey DOT in connection with proposed improvements to New Jersey State Highway Route 23 in Hardyston Township.

The proposed road improvements are needed for right-of-way purposes to mitigate safety and operational deficiencies, a high accident rate, and poor levels of service.

To compensate for the requested conveyance and other mitigation associated with the permits for the project, the NJDOT proposes to convey 4.61 acres of land to the City of Newark in fee. The City and the NJDEP will then remove the conservation restriction from the NJDOT project site and extend it to at least 1.8 acres of the replacement parcel; representing more than a 3-to-1 replacement ratio based on size.

This application will also be subject to the review and approval by NJDEP of the Preliminary Assessment Report for the compensation lands.

And I just want to add -- which I think I neglected in the outset of the meeting -- we received comments on Friday from Jean Public, and

they've been distributed to the members, and they will be incorporated into the State House records as well.

So I've just described No. 9. Do any members have any questions or concerns about No. 9? (no response)

Hearing none, any members of the public wish to be heard? (no response)

No members of the public on this matter? Okay.

May I have a motion, please?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Motion and second.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

We are now on to No. 10 on the agenda.

No. 10 is Allaire State Park, Block 50, Lots 19, 19.01, and 48, Township of Howell, Monmouth County.

DEP requests approval to execute a 20-year lease agreement with New Jersey American Water for the purpose of installing, maintaining, and operating a new 42-inch water transmission main to accommodate for projected increases in demand by year 2020 and 2030.

The proposed terms are as follows.

The annual rent for the first year will be \$1,420, with a 3 percent annual escalation, for a total rent of \$38,154 over the 20-year lease period. The rental rate of \$0.1845 per square foot was established based on the annual adjustment of the original \$0.15 per square foot in the August 18, 2011, *Interagency State Land Lease Valuation Report*.

That's the matter that is up for proposal.

Do any members have any questions or concerns about this matter?

MR. BRAZ: Is someone from DEP available to explain how they achieved this rental rate per year?

MR. BRAZ: Good morning.

J U D E T H P I C C I N I N I Y E A N Y, Esq.: Hi; I'm Judeth Yeany, from the Green Acres Program.

Just to be clear, Green Acres did not negotiate this lease. But there is no one here from our Office of Leases and Concessions, and I know a little bit about how the valuation was derived.

MR. BRAZ: Okay; to the best of your knowledge, can you please explain?

MS. YEANY: Sure.

So to start, the Office of Leases and Concessions tries to minimize what is leased. So you'll notice in your packet it says that the

easement -- the proposed easement is four feet wide. So even though it's a lengthy easement -- almost 2,000 linear feet -- it's only four feet wide, and the total acreage is less than two-tenths of an acre. So we have a small number on which we're basing that valuation.

The Office of Leases and Concessions also used the number, as Bob said, from the *Interagency Leasing Report* in 2011. It's been adjusted for time, and the floor is now 18 cents a square foot. So that's where they got the \$1,420 for year one; and then it escalates 3 percent a year since then -- or after that.

MR. BRAZ: So as a basis for using a report from 2011 with--

MS. YEANY: Adjusted at a rate of-- I forget whether it's 2.5 percent or 3 percent per year to raise the floor from that valuation that was set back then.

MR. BRAZ: Has the valuation-- For instance, I know the original term-- Let's say it's 3 percent every year, right?

MS. YEANY: Yes.

MR. BRAZ: So it starts at \$1,420 a year; and by year 2020, it's \$2,490 per year.

MS. YEANY: Yes.

MR. BRAZ: Is that \$1,420 -- is that assumed the inflation from the 2011 report to 2019? Or are we starting from a 2011 valuation?

MS. YEANY: So the base was raised from 15 cents to 18 cents, as the year one starting point. And then it escalates 3 percent a year after that for all 20 years of the lease.

The other thing that we, perhaps, could have explained a little better in the summary is, for this segment of the project -- because the other

two applications that you have coming are the same project -- but for this segment of the project, the installation is by horizontal directional drill. They're going completely under a layer for 2,000 linear feet, so that no trees are disturbed. And there is a cost associated with that. I can't quantify that, but that is a cost to the company in the initial phase of the project.

Part of the concept behind the valuation report was that after the expiration of the first 20 years, then the lease gets renegotiated at that point. I don't know whether a higher rate would be appropriate or not.

That's as much as I know about it. (laughter)

MR. BRAZ: Right; I appreciate that.

Cathy.

MS. BRENNAN: Is there an alternative to, here for us, in terms of-- You know, the lease is based on the footage. Is there -- are there alternatives for based on usage?

MS. YEANY: That's raised from time to time. That's not an approach we're ever taken. The alternative is usually an appraisal. So depending on-- You're not going to use 18 cents a square foot in Liberty State Park. We do get appraisals in particularly high-value areas. I have looked at the valuations in this area, and they were not-- I explained to Bob earlier in the week -- they were kind of all over the map, as far as how township values land in that area. Some of the valuations were high, some were low. And even ones that had houses on them -- the land values were kind of low. So it was unclear whether an appraisal would get you a higher number in that area.

MS. BRENNAN: I think we'd want to see -- at least I would want to see that alternative.

MS. YEANY: The usage, or an appraisal?

MS. BRENNAN: An appraisal.

MS. YEANY: I know there are representatives from the company here. And I think there is a time factor associated with this project -- that they felt they needed to be approved in June. But they could explain that to you more.

MR. SHAUGHNESSY: Okay, thank you.

MR. BRAZ: Do any other members of the Commission have any questions for DEP currently? (no response)

Would you mind hanging out here in case we--

The members of the company who would like to come up to the dais--

**J A M E S S. S C H A L L E R:** Good morning.

MR. BRAZ: Good morning, sir.

MR. SHAUGHNESSY: Please identify yourself, sir.

MR. SCHALLER: My name is James Schaller. I'm the Project Manager for this project -- for the Howell transmission main.

MR. BRAZ: Can you explain how you reached the valuation?

ASSEMBLYMAN MORIARTY: Excuse me, Chairman.

Do you work for American Water?

MR. SCHALLER: I do.

ASSEMBLYMAN MORIARTY: Thank you; sorry. Sorry to interrupt.

MR. BRAZ: Assemblyman, I appreciate that clarification.

Two things: One, can you explain how you reached this agreement with DEP, in terms of how this was the value which you agreed to for the rent, for this particular property?

MR. SCHALLER: I can't address that. I wasn't involved with that evaluation.

MR. BRAZ: Okay. Then can you please address, I guess, the need for timeliness on this project, and what will this project be doing?

MR. SCHALLER: I can; yes.

This project here is important for New Jersey American Water. We had a whole planning study completed for this area, and we see an increase in usage, moving forward.

From a standpoint of the company, we have this project budgeted for 2020. And, you know, moving past that year would not be beneficial to New Jersey American Water. We would have some issues with withholding a budget for another year. It's a large project for New Jersey American Water. We estimate somewhere around \$17,000, \$18,000 -- I'm sorry -- \$17 million, \$18 million to complete this project.

We've already completed Phase 1; Phase 1 is in the ground and in use at this point. Phase 2 would get us to our treatment plant. The treatment plant has been upsized, from 7 million to 14 million gallons a day. We're not utilizing that at this point; we have no place to send the water. This pipeline would help with sending that water south, or into the areas that are needed for usage.

MR. BRAZ: What is the purpose of this project? What's the end goal?

MR. SCHALLER: Again, the end goal is to take the water that's been treated at the Oak Glen Water Treatment Plant and distribute it throughout the area for New Jersey American Water.

MR. BRAZ: So do you see-- So there is a need for-- I assume this is going to be increasing the capacity of what American Water can do?

MR. SCHALLER: It will increase the capacity, somewhat, of the distribution system. But the real goal here is to increase the capacity of the plant, which has been done. So the upgrade has been done, Phase 1 has been done. So Phase 2 will get us from plants-- Now there's a gap between the plant and our current distribution main. So we're going to put that together and be able to utilize the 14 million gallons from the Oak Glen Water Treatment Plant.

MR. BRAZ: Okay.

MS. BRENNAN: Do you consider \$1,400 a fair price as an annual lease?

MR. SCHALLER: I can't answer that; I have no idea what the going rate would be for that. I know the other easements that we're seeking -- we do get property valuations, and then we come up with a number. I'm not sure how this number was agreed upon.

MS. BRENNAN: And if we held this and waited until the next meeting so we could have that additional piece of information -- what would be the implications of that?

MR. SCHALLER: Again, if this is approved today, or within the next month, we expect to put out RFPs to contractors and get the ball rolling to have us starting construction the first of the year.

I think if we push this out to the next State meeting -- September or October -- I don't think we can start in January. And it's important that we start in January because it's about a 12-month project. So we're just pushing the end of 2020 construction.

MR. BRAZ: Assemblyman, please.

ASSEMBLYMAN MORIARTY: I hear what you're saying about the implications to the company. Can you tell me the -- how many water users this effects, and how it will benefit them, if at all? Or is it--

MR. SCHALLER: Well, again, it's a planning study that we developed. I didn't do the planning study, but I do know that we do expect more customers in that corridor. And again, we try to stay ahead of the curve, so we don't want to be caught behind. So again, we anticipate an increase in usage.

ASSEMBLYMAN MORIARTY: Do you not have the capacity to fulfill your mission in that area at the moment?

MR. SCHALLER: We do.

ASSEMBLYMAN MORIARTY: Or is it--

MR. SCHALLER: Again, we're always a step ahead; we try to stay ahead of that curve.

ASSEMBLYMAN MORIARTY: So you're trying to stay ahead by being able to produce enough capacity for what you expect in the future.

MR. SCHALLER: Correct.

ASSEMBLYMAN MORIARTY: And what is the future? Ten years, five years, two years--

MR. SCHALLER: Well, I think the study said--

ASSEMBLYMAN MORIARTY: Twenty years?

MR. SCHALLER: Yes, I think the study is year 2020 through 2030. So right now, I mean, that's what this project is going to be covering. That's where the advantage is going to be for us.

ASSEMBLYMAN MORIARTY: Thank you.

MR. BRAZ: I know there's no one here from your company who can talk to the valuation. I think there's a little bit of reticence around the price of the annual rent at \$1,420 a year for what is a substantial piece of property. I understand, through DEP's testimony, that it is -- we're talking about property that is four feet wide. But I think before I feel comfortable moving forward on something like this, I need to see a little bit more valuation, in terms of what the appropriate price could potentially be.

I understand the time frame that you are operating under, and we certainly don't want to stand in the way of an important infrastructure improvement. But at the same time, as we talked to Bob and Gary, we may have an opportunity to revisit this by phone over the summer if the members are obliged, and they feel confident with and comfortable with the valuation determination between the company and DEP. Unfortunately, I think neither the company nor DEP is represented by the appropriate person to answer these questions at the time. And I think we need a little bit more clarity before moving forward.

Assemblyman.

ASSEMBLYMAN MORIARTY: Can I just make a suggestion?

I don't know whether -- if we went back and got another valuation -- whether this is going to double, triple, or be about the same. And I don't know whether it's going to make or break the State if we make another \$1,000 a year, or \$3,000 a year.

Would it be possible -- would the company be able to move forward if we granted that price for the first two years, and revisited it for beyond? And if we found a much different number going forward, we could fold in that number going forward to compensate for the first two years of a discount?

MS. BRENNAN: Or alternatively, for the first year? I mean, there's no reason why we can't, you know, at the next meeting, consider the remainder of the lease.

ASSEMBLYMAN MORIARTY: Would that allow your company to go forward, if we said we're just going to approve the first year lease of -- whatever the price is, \$1,420 -- but we're going to reconsider going forward?

MR. SCHALLER: I don't think our company would have any problem with that; thank you.

ASSEMBLYMAN MORIARTY: Is it possible to make a motion to move it, with the condition that it's for one year only; and that we will revisit it at a future meeting?

MR. BRAZ: That's what I'm completely comfortable with. That's a reasonable solution.

MR. SHAUGHNESSY: The State House Commission has control over the terms and conditions.

MS. BRENNAN: But at the next meeting, we should have an appraised value.

MS. YEANY: Actually, I was going to mention that it would probably be helpful to have more than a month to come up with an appraisal. We have to go through Procurement like everybody else; we have

to bid that out. So if we could have a couple of months to get the appraisal, that would be helpful.

MR. BRAZ: At whichever time, I think, that we'll have, one, the appropriate representatives from both DEP and the company; and plus a full appraised value and understanding what that is.

MS. YEANY: Absolutely.

MR. BRAZ: If we're given the grant -- as the Assemblyman came up with -- if we're giving a grant for a year, I think we have a little bit of time to make sure that when we're assessing the future value of this rent, that we'll have enough information to be able to make an educated and informed decision.

So if you're not available -- if you're not ready for the next month's meeting, then let's come to an agreement in terms of what time frame you'll be able to come here and have the appropriate information. You don't have to answer that now, because I know we have to go and assess. But through Bob and Gary, if you can get that information in short order so we could schedule for the next-- Or whenever is the next meeting that you would have the information available.

MS. YEANY: That works for DEP; thank you.

MR. SCHALLER: Thank you.

MR. BRAZ: Assemblyman.

ASSEMBLYMAN MORIARTY: So if the Deputy State Treasurer is comfortable with this suggestion, I would move this agenda item, but amended so that it's for one year only at a rental rate of -- or a lease rate of \$1,420 for the first year only; and this Commission would

revisit this at our next meeting to determine what the rate should be going forward after that first year.

MR. SHAUGHNESSY: Okay, so we have a motion by Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: That's my motion.

MR. SHAUGHNESSY: Okay; is there a second to the Assemblyman's motion?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Okay, second.

Just before-- Any member of the public out there who would like to be heard on this matter before we take the roll? (no response)

Hearing and seeing none, we have a motion and second.

Deputy Chief of Staff Braz.

MR. BRAZ: As amended, yes.

MR. SHAUGHNESSY: Yes, thank you.

Deputy State Treasurer Brennan.

MS. BRENNAN: As amended.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Same, as amended.

MR. SHAUGHNESSY: Okay; Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes, as amended.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes, as amended.

MR. SHAUGHNESSY: Okay, that matter, as amended, is approved.

MR. SCHALLER: Thank you.

MR. SHAUGHNESSY: And we'll be moving forward.

And we are now to the last two matters on the agenda, and we'll try to get through these quickly.

This is No. 11, Howell Park Golf Course, Block 50, Lot 46, Township of Howell, Monmouth County.

DEP, on behalf of the County of Monmouth, requests approval to allow the diversion of 0.248 acres of the Howell Park Golf Course in connection with the New Jersey American Water Howell-to-Lakewood Transmission Main Project.

The diversion will consist of a conveyance of a 20-foot wide subsurface easement to NJAW for the construction, operation, and maintenance of a drinking water main.

To compensate for the proposed diversion, including the associated tree removal, Monmouth County will receive \$942,500 in monetary compensation from NJAW for future acquisition of at least 0.496 acre of forested land for recreation/conservation purposes located within the County.

I just will note briefly that in the summary sheet contained in the members' binders -- it's the bottom of page 3 of 7 -- there is a reference to an addition to this 0.248 subsurface easement use of a 15-foot wide temporary construction area. However, that should be disregarded; I don't think it's part of this project.

Okay; do any members have any questions or concerns about this matter? (no response)

Hearing none, any member of the public wish to be heard? (no response)

Again, none.

May I have a motion?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

MS. BRENNAN: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

On to No. 12, the Municipal Complex and Alfred C. Sauer Park at Echo Lake, Block 28, Lots 1.04, 2 and 3; and Block 50, Lot 44.01.

DEP, on behalf of the Township of Howell, requests approval to allow the diversion of a total of 0.61 acre of parkland within portions of the Municipal Complex and the Alfred C. Sauer Park at Echo Lake in connection with the New Jersey American Water Howell-to-Lakewood Transmission Main Project.

The diversion will consist of a conveyance of a 20-foot wide subsurface easement to NJAW for the construction, operation, and maintenance of a drinking water main.

To compensate for the proposed diversion, including the associated tree removal, the Township will receive \$64,000 in monetary compensation from NJAW for a future acquisition of at least 1.22 acres of land for recreation and conservation purposes located within the Township; and an additional \$139,380 for the purchase and planting of trees in various Township parks, including Soldier Memorial Park.

That's the matter for consideration.

Do any members have any questions or comments about this?

(no response)

Seeing none, any member of the public want to be heard in this matter? (no response)

Again, none.

May I have a motion?

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Thank you; second?

ASSEMBLYMAN DiMAIO: Second.

MR. SHAUGHNESSY: Thank you.

Deputy Chief of Staff Braz.

MR. BRAZ: Yes.

MR. SHAUGHNESSY: Deputy State Treasurer Brennan.

MS. BRENNAN: Yes.

MR. SHAUGHNESSY: Director Ridolfino.

MR. RIDOLFINO: Yes.

MR. SHAUGHNESSY: Assemblyman Moriarty.

ASSEMBLYMAN MORIARTY: Yes.

MR. SHAUGHNESSY: Assemblyman DiMaio.

ASSEMBLYMAN DiMAIO: Yes.

MR. SHAUGHNESSY: That matter is approved.

And that concludes our agenda for today.

Is there any other business to come before the Commission?

(no response)

Any member of the public who wishes to be heard about anything? (no response)

“No” on both fronts; so then I’ll just have a motion to adjourn.

MR. BRAZ: So moved.

MR. SHAUGHNESSY: Second?

MS. BRENNAN: Second.

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

Any objections? (no response)

Any abstentions? (no response)

Okay, thank you very much.

This concludes the meeting for today.

**(MEETING CONCLUDED)**