

APPENDIX

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New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

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Section Chief
(609) 847-3855

June 24, 2015

Honorable Bob Smith
216 Stelton Rd., Suite E-5
Piscataway, New Jersey 08854

Dear Senator Smith:

You have asked us to review the process followed so far by the Department of Environmental Protection (DEP) and the State House Commission (SHC) with regard to the proposed conveyance by the DEP to the City of Millville or its designee of a portion of the Menantico Ponds Wildlife Management Area in Cumberland County. This 81-acre parcel is commonly known as the Durand tract or property. Specifically, you have asked us to identify any procedural or substantive issues related to the proposed conveyance.¹

The process that must be followed before State-owned lands preserved for recreation and conservation purposes ("Green Acres" lands) may be legally conveyed to private parties and diverted to other uses is chiefly laid out in the following laws: N.J.S.A. 13:1D-51 et seq. (commonly known as the "Ogden-Rooney" law or process, named after the original legislative sponsors); N.J.S.A. 13:8C-31 (part of the "Garden State Preservation Trust Act"); N.J.S.A.

¹ Please be advised that this is not a legal opinion of Legislative Counsel and therefore is not a legal opinion of the Office of Legislative Services.

13:8A-48 (part of the original Green Acres program implementing law); and N.J.S.A. 52:31-1.1 (part of the State House Commission law).

The following are the issues we identified in the course of our review:

(1) The DEP is proposing to sell the Durand tract for the price of \$395,000. According to the DEP's October 14, 2014 report on the proposed transaction, which is required by N.J.S.A. 13:1D-52, this amount is intended to cover the fair market value (i.e., \$370,000) of the property at the time the DEP purchased it in July 2013, plus an additional \$25,000 for technical costs associated with the original acquisition and the proposed conveyance. We note, however, that, according to the "Notice of Public Hearings" on this proposed transaction published in the November 3, 2014 New Jersey Register (46 N.J.R. 2199(c)), this appraisal of \$370,000 was actually finalized in January 2013. This means that it is nearly two and one-half years old, is potentially stale, and therefore may not reflect the current fair market value. N.J.S.A. 13:8C-31 states that the fair market value of Green Acres land, purchased in accordance with the Garden State Preservation Trust Act, that is to be sold must be established "*at the time of the proposed conveyance*" (emphasis added). N.J.S.A. 13:8A-48 (a somewhat parallel law applicable to Green Acres lands in general), however, does not include that specific phrase, but arguably and logically it would seem that the principle should still apply.

(2) N.J.S.A. 52:31-1.1 appears to be applicable to this proposed transaction. It provides, in pertinent part:

In the case of lands subject to the provisions of P.L.1993, c.38 (C.13:1D-51 et al.) [*i.e., the Ogden-Rooney law*], the State House Commission shall conduct a public hearing at least 90 days in advance of determining the terms and conditions of the sale or conveyance. In addition to any other applicable requirements of law, rule, or regulation concerning notice for public hearings, the State House Commission shall provide notice of the public hearing at least 30 days in advance of the date of the hearing in the same manner and according to the same procedures prescribed for the Department of Environmental Protection pursuant to sections 3 and 4 of P.L.1993, c.38 (C.13:1D-53 and C.13:1D-54) [*part of the Ogden-Rooney law*]. Any meeting at which the State House Commission is to determine the terms and conditions of the sale or conveyance or to decide to approve or disapprove a conveyance of lands subject to the provisions of P.L.1993, c.38 (C.13:1D-51 et al.) [*the Ogden-Rooney law*] shall be open to the public, and the commission shall provide public notice of any such meeting at least 30 days prior thereto.

We have found no information or evidence indicating that the SHC has conducted the required public hearing and provided the required public notice for that public hearing on the

June 24, 2015

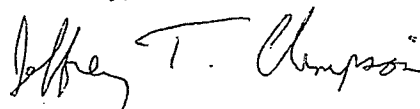
proposed conveyance of the Durand tract. This SHC public hearing is to be held in addition to the two that the DEP must, and did, hold. Similarly, we question whether the SHC has given the requisite and proper 30 days' public notice for a SHC meeting to determine the terms and conditions of the proposed conveyance of the Durand tract, assuming that that determination is intended to be made at the SHC meeting scheduled for June 25, 2015. The proposed agenda for the meeting suggests that such is the case. Also, we understand that you, a member of the State House Commission, did not receive your notice and accompanying materials for the proposed June 25, 2015 SHC meeting until June 19, 2015 at the earliest.

(3) N.J.S.A. 13:1D-53 requires that notice of the DEP's two public hearings must have been provided by mail to all parties, various appropriate local governing bodies, and persons expressing an interest therein in writing in advance, and by publishing in appropriate local newspapers, the New Jersey Register, and the DEP Monthly Bulletin. We have determined that proper notice was published in the New Jersey Register, but as indicated by our research to date, it would appear that no notice was published in the DEP Monthly Bulletin. We cannot know whether the requisite mailings were made and we have not yet checked to see whether the required notices were published in the appropriate newspapers. We can try to obtain proof of the latter if you so desire.

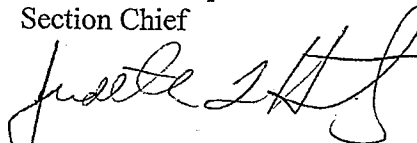
(4) We note that the DEP states on page 2 of its "Green Acres SHC Approval Summary Sheet" (SHC File No. 2014-005) included with your briefing packet for the June 25, 2015 SHC meeting, that the department "has received at least 3000 comments in opposition to the proposed conveyance and less than ten in favor (from members of the public not directly affiliated with the City or County)." The DEP then further states therein that it "has decided to proceed with the proposed conveyance despite the substantial adverse public comment." It is possible that among these many adverse comments, there are at least some that raise legitimate substantive issues with the DEP's findings and conclusions in this matter, especially with respect to those found in its October 2014 report on the proposed transaction.

We hope that this letter has responded fully to your request. If you have further questions or need additional information, please do not hesitate to contact us.

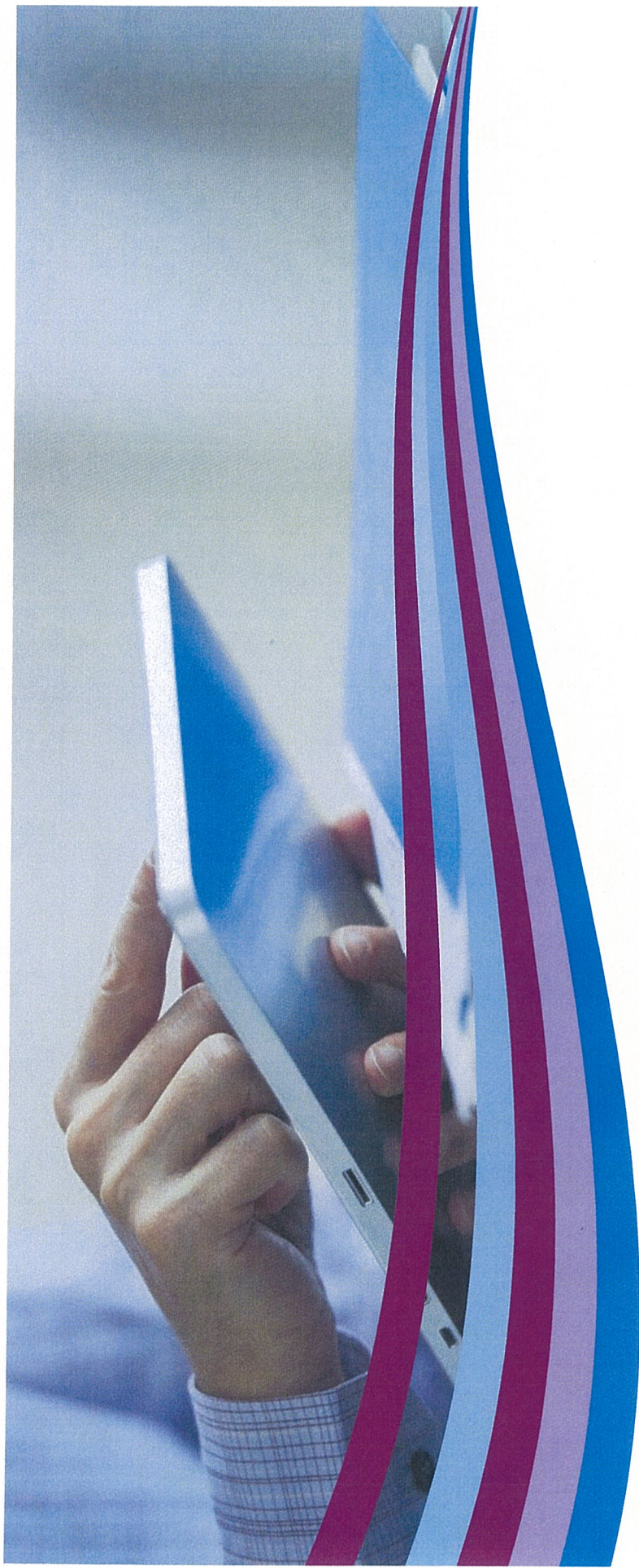
Sincerely,



Jeffrey T. Climpson
Section Chief



Judith L. Horowitz
Principal Counsel



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Judicial Retirement System of New Jersey

July 1, 2014 Actuarial Valuation State House Commission Presentation
June 25, 2015

buckconsultants



Disclosures

The information contained herein is developed for the State House Commission and the Division of Pensions and Benefits by Buck Consultants, LLC using generally accepted actuarial principles and techniques in accordance with all applicable Actuarial Standards of Practice (ASOPs).

The material contained herein is based on member and financial data, actuarial assumptions and methods, and plan provisions applicable for the July 1, 2014 actuarial valuation of the Judicial Retirement System of New Jersey. Where presented, historical information is based on the parameters of the corresponding actuarial valuation.

No third party recipient of Buck's work product should rely upon Buck's work product absent involvement of Buck or without our approval.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of future results is beyond the scope of this valuation.

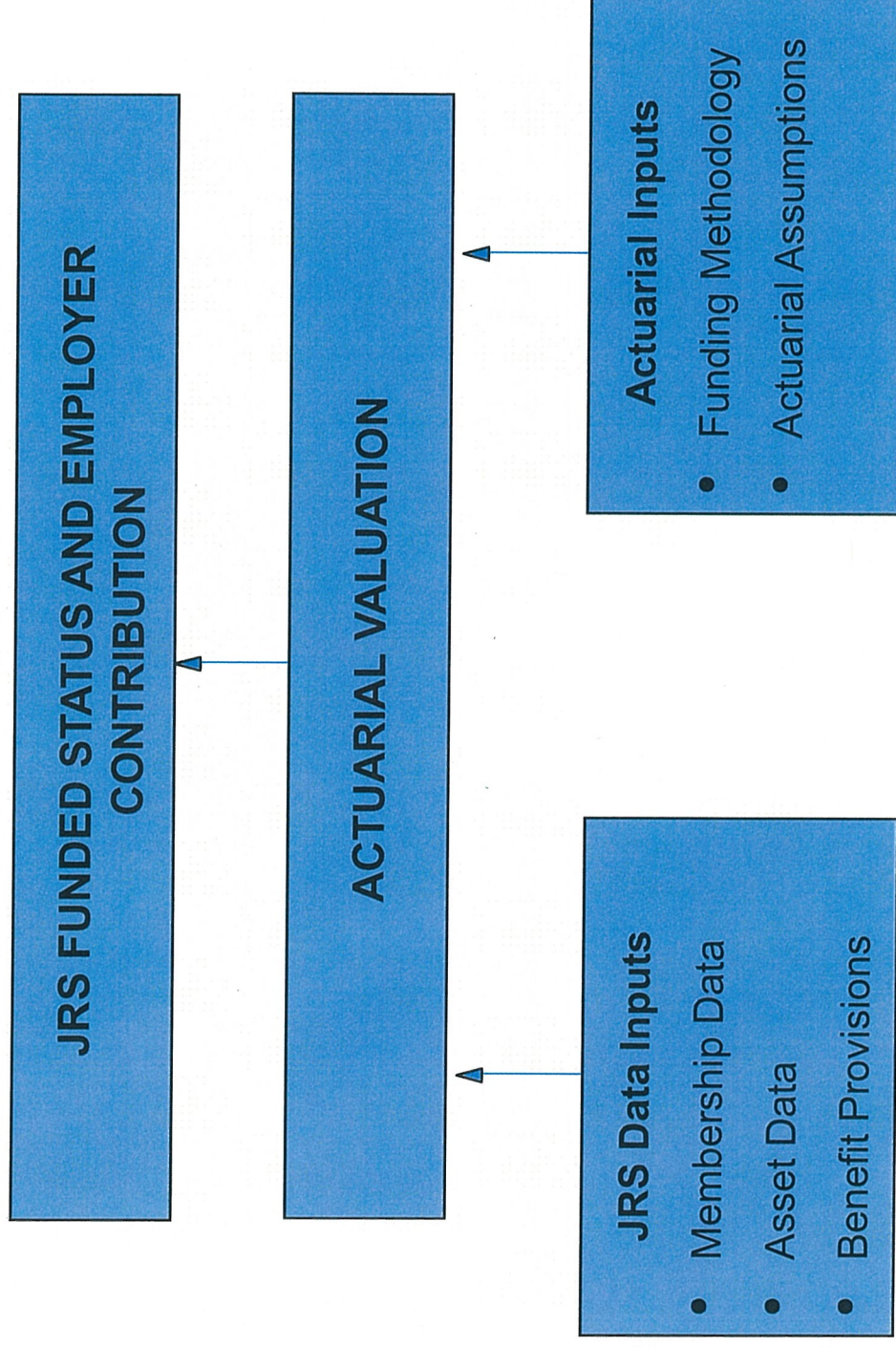
Aaron Shapiro is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. Edward Quinn is a Member of the American Academy of Actuaries. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. We are available to answer any questions on the material contained herein, or to provide explanations or further details as may be appropriate.

Agenda

1. Overview of Valuation Process
2. Highlights of 2014 Valuation
3. Actuarial Valuation Results
4. GASB No. 67 Results
5. Demographic Summary

6 X

Overview of Valuation Process



7x

Overview of Valuation Process

Actuarial Cost Method

JRS cost method

- Projected unit credit
- Required by statute

Projected unit credit cost method: determines the System's liabilities attributable to service rendered through the valuation date



Funding methodology - Employers' contributions to the System consist of two components:

- Pension benefit earned during year (normal cost)
- Payment towards amortization of unfunded accrued liability (accrued liability contribution)

Per Chapter 78, P.L. 2011: 30-year level dollar amortization phasing-down to a 20-year level dollar amortization beginning 2019

Highlights of 2014 Valuation

Rate of return on total System assets

- Actuarial value of assets: 6.27%
- Market value of assets: 16.29%
- Expected return: 7.90% (valuation assumption)

The total System funded status

- Actuarial value of assets: 40.8%
- Market value of assets: 38.7%

Active membership decreased by 2.9% from the 2013 valuation (8.1% decrease since the 2010 valuation)

The new Society of Actuaries mortality tables are not reflected in the valuation. An experience study will be performed in 2015 and an appropriate mortality assumption will be selected based on the results of the study.

Actuarial Valuation Results

System funded status (\$ millions)

	July 1, 2014 Valuation	July 1, 2013 Valuation
<u>Accrued liability</u>		
Actives	\$186.5	\$183.0
Vested terminated	1.6	1.4
Retirees & beneficiaries	<u>444.6</u>	<u>436.0</u>
Total	\$632.7	\$620.4
Actuarial value of assets (AVA)	<u>258.1</u>	<u>277.0</u>
Unfunded accrued liability	\$374.6	\$343.4
Market value of assets (MVA)	\$244.6	\$244.3
<u>Funded ratio</u>		
AVA	40.8%	44.6%
MVA	38.7%	39.4%

Actuarial Valuation Results

Net actuarial experience for fiscal-year ended June 30, 2014
(\$ millions)

2013 Valuation AVA		\$277.0
2014 Valuation AVA		
- Expected		\$261.5
- Actual		<u>258.1</u>
AVA (gain)/loss		\$3.4
Accrued liability (gain)/loss		<u>(5.4)</u>
Total (gain)/loss		\$(2.0)

Actuarial Valuation Results

Employer pension contribution fiscal year 2016 vs. fiscal year 2015
(\$ millions)

	July 1, 2014 Valuation	July 1, 2013 Valuation
Normal Cost	\$13.5	\$14.1
Accrued Liability	<u>33.0</u>	<u>30.2</u>
Recommended contribution	\$46.5	\$44.3

12X

GASB No. 67 Results

Entry age normal cost required by GASB No. 67

- Individual Entry Age Normal – Level Percent of Pay

Asset valuation method

- Market value of assets

13X

7/1/2013 valuation liabilities rolled forward to 6/30/14

Discount rate determined by depletion date calculation

- Rates determined based on the assumed asset return of 7.90% and the Bond Buyer Go 20-Bond Municipal Bond Index
- 4.88% as of June 30, 2013
- 4.58% as of June 30, 2014

Same demographic assumptions as valuation

GASB No. 67 Results (\$millions)

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2013	\$ 851.0	\$ 225.8	\$ 625.2
Balances as of June 30, 2014	\$ 900.7	\$ 231.5	\$ 669.2

14x

Demographic Summary - Active Membership

Item	July 1, 2014 Valuation	July 1, 2013 Valuation
Number	397	409
	-2.93%	
Annualized salaries (Total salaries)	\$ 66.0 Mil	\$ 67.8 Mil
	-2.65%	
Average compensation	\$ 166,319	\$ 165,795
Average age	58.7 Yrs.	58.4 Yrs.
Average Service	14.9 Yrs.	15.3 Yrs.
Fiscal year	2015-2016	2014-2015
Appropriation payroll	\$ 66.0 Mil	\$ 67.8 Mil

Demographic Summary - Annuitant Membership

Item	July 1, 2014 Valuation	July 1, 2013 Valuation
Number		
Annuitants	402	390
Survivors and beneficiaries	152	151
Disabled annuitants	<u>7</u>	<u>8</u>
Total	561	549
	2.19%	
Annual annuities		
Annuitants	\$ 41.298 Mil	\$ 39.846 Mil
Survivors and beneficiaries	7.830 Mil	7.462 Mil
Disabled annuitants	<u>.819 Mil</u>	<u>.929 Mil</u>
Total	\$ 49.947 Mil	\$ 48.237 Mil
	3.54%	
Average annuities		
Annuitants	\$ 102,731	\$ 102,170
Survivors and beneficiaries	51,514	49,419
Disabled annuitants	<u>116,938</u>	<u>116,088</u>
Total	\$ 89,031	\$ 87,864
	1.33%	

16x

X71



Bussell, Cynthia

From: Shaughnessy, Robert
Sent: Monday, June 22, 2015 10:15 AM
To: Bussell, Cynthia; Kotler, Gary
Subject: FW: urgent comments for state house commission on monday at 9 am in trenton

Cindy,

Please make sure Members have this. Thanks.

Gary,

I will try to call you this morning.

From: jean public [<mailto:jeanpublic1@gmail.com>]
Sent: Sunday, June 21, 2015 9:01 AM
To: Shaughnessy, Robert; Ridolfino, David; jungaro; INFO@njtaxes.org; INFO; media
Subject: urgent comments for state house commission on monday at 9 am in trenton

I have coments for the record on some public issus to be heard onday at 9 am. why is there no email address for public contact with the state house commissoin on the website. its time to open up to let the public contact this cmmision easily.

2. the rent to comdata network of \$666. a month seems very low for the site and full utilities, which alone can run very high. i thnk this rent needs to be inceased. why would you renew a lease at the same rate established n 1997? wherre is the increase. taxpayers get increases every year. why shoudnt comdata?

3. Morven. Non profits in NJ ae getting rich and taxpayers are suffering. If this on profit has so much money, its time for their lease to be paying back N taxpayers. they are making money and taxpayers ae suffering. i am in favor of no expansion and letting this non profit help nj taxpayers. isnt that why non profits were craeated. instead we have non profits in nj some having assets of \$40million while taxpayers are suffering. we cannot afford to let non profits get rich at taxpayer expense anymore. i am not in favor of expansion at all. you lost the historic peespective. i do ont think this area needs more "education" facilities. I am not in favor of allowing htis non profit to pay \$1 a year lease anymore. If they are making money, let it go to benefit of taxpayers, who own this site.

4. i see no reason why any open space in newark is bing "disposed of. the public needs much more informaiton on what is gong on here. the description seems deficient.

5 and 6 - the public wants to know why we are leasing one and sellign the other site. the public is entitled to know who is the profiteer taking on this issue. why is the information given in this notice to the public so insufficient.

7. the public wants property owners affected by these transactions identified at all times.the public is netitled to know what transaction is gong on with who what when and where. not just parts of information.

8. i am definitely opposed to the sale to milville of this open space. it was a valid purchase and should remain so. i also think if a sale is decided despite oppositoon, and there is much opposition, then the sellgn price should be \$975,000 for th etaxpayers, who have had huge legal bills in this entire process.

9. no sale for such a low price should be allowed. The price for over an acre should be \$50,000.

10. the price should be upped to \$25,000 to cover th cost of all the legal fees that taxpayes are paying on this transacton. its time to help taxpayers of this state with costs.

11. since this project benefits the entire state tourism and many state residents come to this site, there should be no price of \$10,000 chargd to hunterdon county.

these comments are for the publi record and should go to all members.jean publi jeanpublic1@gmail.com

WHY ISNT THERE A CLEAR ADDRESS TO WRITE TO THE SECRETARY OF THIS COMMISSION.
WHY DO YOU HIDE OUT FROM THE NJ PUBLIC?