

STATE HOUSE COMMISSION
PROPOSED MEETING AGENDA

~~ October 23, 2014 - 9:00 AM ~~

Committee Room 8, Third Floor
State House Annex, Trenton, New Jersey

CALL TO ORDER:

- ~ Amy E. Melick, Special Counsel, Governor's Office
(on behalf of Governor Chris Christie)
- ~ Robert A. Romano, Deputy State Treasurer
(on behalf of State Treasurer Andrew P. Sidamon-Eristoff)
- ~ Charlene M. Holzbaur, Director, Office of Management & Budget
- ~ Senator Gerald Cardinale
- ~ Senator Bob Smith
- ~ Assemblyman Paul D. Moriarty
- ~ Assemblyman David P. Rible

OLD BUSINESS:

1. Approval of the June 16, 2014 State House Commission Meeting (SHC)
Minutes -- The verbatim record of the June 16, 2014 SHC meeting will serve as the official minutes.
2. Patriots Corner Tribute - Patriots Corner, P.L. 2009, c. 274

This law establishes a permanent tribute to New Jersey residents serving in the United States Armed Forces, their reserve components and the New Jersey National Guard. The law provides that the Commission will establish: 1) a prominent location for the tribute within the State House, 2) the type and design of the tribute and what specific information is to be displayed. It also provides that the Commission will be responsible for obtaining the information needed for the tribute and maintaining the site.

The State Capitol Joint Management Commission (JMC) by N.J.S.A. 52:34-34 et seq. is tasked with the "responsibility to maintain, monitor and preserve the architectural, historical, cultural and artistic integrity of any completed project for the restoration, preservation and improvement of the State Capitol Complex and to safeguard any related artifacts, documents and objects, maintain custody of the State Capitol Complex with exclusive jurisdiction with respect to its management and operation, including maintenance, repair, renovation, improvements, security, parking, furnishing, artifact displays and space utilization ..."

Therefore, at its May 27, 2014 meeting, the JMC approved locating the Patriots Corner permanent tribute in the main corridor of the legislative wing, directly across from the water fountains. At its June 29, 2014 meeting, the JMC approved funding the expenditure in an amount not to exceed \$10,000 for the creation of the tribute. A mock-up of the tribute is included in the SHC members' briefing binders.

Today's action seeks approval of the type and design of the tribute and the location of the tribute in the main corridor of the legislative wing on the first floor of the State House.

3. RPR 11-04, Hagedorn Psychiatric Hospital, Block 21, Part of Lot 24, Glen Gardner Borough, Hunterdon County

Requesting Party: The NJ Department of the Treasury, requests approval to lease a former employee apartment building located on the grounds of the Hagedorn Psychiatric Hospital to Freedom House, Inc.

Terms: The lease will be for a term of ten years at an annual rent of \$50,000 with 2% annual increases based on the previous year's rent. Freedom House will be responsible for all necessary repairs and maintenance up to \$5,000 per year. If State or Federal grant funding is awarded for any repair or capital expense, that funding would be given first priority and could be used to satisfy the Lessee's \$5,000 deductible. Any grant money used for repairs or capital expenses would not be subject to rent abatement. Freedom House has leased this property since 1992, however, all leases and renewal options have expired.

4. Project: Hopatcong State Park, Block 10710, Lot 4, Block 1106, Part of Lot 1, Stanhope Borough, Sussex County

Requesting Party: The NJ DEP, Division of Parks and Forestry, requests the amendment of a previously approved ten year lease with the Borough of Stanhope for the continued development, maintenance and operation of outdoor recreational facilities for the benefit of the public. At the December 16, 2013 meeting, the State House Commission approved a ten year lease. During the review of the lease agreement, the Department determined that leasing the property to the Borough of Stanhope for a 20 year term would not interfere with plans for development of the property for recreation and conservation purposes as part of Hopatcong State Park and asks the SHC to approve the request to amend the term to 20 years. The Borough has leased the premises since 1992 and there have been no problems.

Terms: Compensation is a one-time payment of \$20 and the investment being made by the Borough in the maintenance, improvements, equipment replacement and insurance coverage on the property and recreational facilities.

5. Project: Stafford Business Park Open Space Areas, Stafford Township, Ocean County

Requesting Party: The NJ DEP, on behalf of the Township of Stafford, requests approval of the Township's application to amend the November 2010 Green Acres diversion approval for the installation of a solar facility on the former Stafford landfill by the Walters Group to incorporate the following changes:

. Reduction of the diversion area within Block 39, Lot 25 from approximately 47 acres to approximately 34 acres (a 28% reduction in the footprint of the project).

. Acceptance of Block 54, Lots 21.01 and 26, totaling approximately 40 acres, as replacement land for the diverted area.

. Acceptance of the revised financial terms between the Township of Stafford and Walters Group for the underlying lease. However, as provided in the original approval, the rental payments from the Walters Group to the Township, including the \$114,500 "additional rent" payment, are to be used by the Township for "its operating, maintenance or capital expenses related to its funded parkland or to its recreation program as a whole".

Terms: In November 2010, the DEP and the SHC approved a request by Stafford Township to enter into a 30 year lease with Walters Development Group for installation of solar panels on top of a closed landfill that had been restricted with a conservation easement. In January 2011, several environmental groups appealed the approval. In December 2013, the DEP and the SHC approved an order directing Stafford to amend its Green Acres diversion application to address several issues raised in the appeal (primarily related to compensation and mitigation). The Township now seeks approval for the amended application, which now includes replacement land. Please see the September 30, 2014 memo in the Members' briefing materials for more details on the amended application and procedural history.

6. Project: Millville Wildlife Management Area
Downe Township: Block 24, Lots 1, 2, 3, Block 25, Lot 1, Block 26, Lots 1, 4, 10, Block 28, Lot 1
Commercial Township: Block 3, Lot 1
Millville City: Block 141, Lot 2

Requesting Party: The NJ DEP, Division of Fish and Wildlife, requests the amendment of a previously approved 20 year lease with Atlantic City Electric (ACE) for the use of a Right of Way (ROW) for the operation, maintenance, repair, renewal and removal of an existing 69kV transmission line for the distribution of electricity. At its June 16, 2014 meeting, the SHC approved a 20 year lease with ACE. The new lease will replace and supersede a 50 year lease with ACE that expired in 2009 for the same ROW.

Terms: During the Department's reviews and drafting of the lease agreement, it was determined that the following require amendment of the previously approved 20 year lease:

- Block 26, Lot 4, Downe Township, Cumberland County should be included in the leased premises.
- Six parcels were acquired by the State of NJ after the 1959 lease agreement was executed. The owners of these parcels received a one-time payment and executed permanent ROW easements with ACE. These easements were assumed by the State of NJ at the time of their acquisitions. The DEP cannot collect rent on these parcels.
- The annual compensation is based on the 2,831,177 square feet (64.99 acres) of the ROW identified in the lease agreement.
- Corrected in the Property section of the SHC Fact Sheet was the total length of the ROW identified in the Summary. This was incorrectly identified in the original approval as 26,254.92 foot long.
- The property to be leased consists of a ROW that is 100' wide and 32,098' long, totaling approximately 73.69 acres.
- For leases with public entities for public works projects, the DEP uses the State's August 18, 2011 Interagency State Land Lease Valuation Report which recommends \$0.15/square foot for private sector projects, with a 2.5% annual escalation clause. Based on this rate, the amended rent for the first year will be \$424,677.00. With the 2.5% annual escalation, the total amended rent for the 20 year term will be \$10,854,733.00.

NEW BUSINESS:

DEPARTMENT OF TREASURY REQUESTS:

7. RPR 14-18, Former Marlboro Psychiatric Hospital, Block 159, Part of Lot 11, Marlboro Township, Monmouth County

Requesting Party: The NJ Department of the Treasury requests approval to grant a utility easement to JCP&L on the grounds of the former Marlboro Psychiatric Hospital. As part of the demolition and site restoration, the power house, which supplies utilities to the water and waste water treatment plants will be demolished. In order to proceed with the demolition and site restoration project, utilities at the power house must be terminated and delivered to the site from an alternate location on State owned property along Conover Road.

Terms: Since this project directly benefits the State, the easement will be granted for \$1.00.

8. RPR 15-02, 155 Willowbrook Boulevard, Block 210, Lot 15, Wayne Township, Passaic County

Requesting Party: The NJ Department of the Treasury, on behalf of the Division of Lottery, requests approval to sublease up to and not to exceed 5,790 square feet of office space.

Terms: The Division of Lottery pays \$26.75 per square foot for 5,790 square feet of Class B office space. With the cost of tax and operating escalations, the effective rental is \$27.48 per square foot. The lease expires on April 30, 2017. The State has two, five year renewal options at \$30 and \$32.50 respectively. In any event, the State will not be exercising any renewal options. The Lessor is willing to cooperate on a sublease and is currently asking \$17.50 per square foot plus tenant electric for new tenants in the building. In any sublease, the State would continue to pay the Lessor the difference between the sublease rental and the State's effective rental of \$27.48 per square foot for the remaining term expiring on April 30, 2017. The State may need to pay for the Lessor to complete a work letter for any new tenant which is approximately \$15.00 per square foot or \$86,850. The State will market the property through the Lessor and also directly offer the space to the public on one or more real estate sites made available to the public at large. Additionally, the State may need to pay the Lessor a sublease approval fee of 5% which amount will be calculated on the square footage of the space subleased and the sublease rent.

The sublease shall be on substantially all of the same terms as set forth in the State's lease and shall contain the requirement that the sublessee be obligated to obtain and maintain customary liability, property and other standard insurance coverages for the benefit of the Lessor and the State. The sublessee shall also arrange for Chapter 51 approval to be obtained prior to the commencement of the sublease term.

The State shall obtain net cost savings under any sublease. For example, if the State had subleased the office space at \$17.50 per square foot effective as of October 1, 2014, the State would have reduced its rental obligation by approximately \$260,000 over the remaining term. Lump sum costs to the Lessor may total \$99,850 (\$86,850 work letter and \$13,000 fee). The final savings to the State after all costs would be approximately \$160,150.

All of the above is subject to consent from the current Lessor and execution of a sublease agreement in a form satisfactory to the State.

9. RPR 15-06, Trenton Office Complex, 225 East State Street, Suite 8, Block 202, Lot 6, Trenton City, Mercer County

Requesting Party: The NJ Department of the Treasury, requests approval to lease commercial space within the Trenton Office Complex to Blimpie, d.b.a. at 1195 B.A. Realty, Inc. (Kimberly A. Lane), to be used for retail services. Blimpie is the current tenant of this space, however the current lease is expiring at year end and a new lease must be approved.

Terms: The lease will be for a term of five years with two, five year renewal options. The annual rent for the first year will be \$52,200, with annual increases of 2.5% based on the previous year's rent.

DEPARTMENT OF TRANSPORTATION (DOT) REQUESTS:

10. Project: Route 4 (Currently Route 9), Section 1, Parcels VX4 & VX5, Block 1622, Adjoining Lot 1, City of Somers Point, Atlantic County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to dispose of 0.024 acre or 1,040 square feet of excess surplus vacant lot in the HC-1 Highway Commercial One zone. 720 New Road LLC is the contract purchaser for the property adjacent to parcels VX4 and VX5 and wishes to acquire the parcels for assemblage to the adjacent commercial property to allow for greater vehicle circulation and parking for the proposed commercial development on the adjacent property.

Terms: The property will be sold directly to the contract purchaser of the only adjacent property, 720 New Road LLC, (Larry Berman, Sole Member/Manager) after acquiring the adjacent property. The recommended sale price is \$22,000, appraised value.

11. Project: Route 1, Section 8, Parcel VXR81B, Block 337L, Adjacent to Lot 15A, Edison Township, Middlesex County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to dispose of an irregular shaped lot containing an area of approximately 0.078 acres (3,400 square feet) adjacent to the only adjoining property owner, Dana Ciobanu, for \$5,000, appraised value.

Terms: The property is being acquired for assemblage to Ms. Ciobanu's adjacent residential property to allow her to have additional yard space for her personal enjoyment.

12. Project: Route 4 (Current Route 9), Section 40, Part of Parcel 9A, Block 18.01, Adjacent to Lot 1.03, Manalapan Township, Monmouth County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, is seeking approval to lease on a month to month basis to PMG, New Jersey, LLC an area of 25 square feet. The property is adjacent to property owned by PMG, New Jersey, LLC (Abdolhossein Ejtemai, President, PMG Petroleum Marketing Group) and will be used for that portion of the footing and base of an existing Shell Identification Sign.

Terms: The monthly lease amount is \$10.83 per month, inclusive of the Municipal In Lieu of Taxes, for a yearly rental for \$130, appraised value. The rental will increase according to the rent schedule of the lease.

13. Project: Route 130, Section 8, Parcels V116 & V106A, Block 1407, Adjacent to Lot 29.01, Block 1404, Lot 1, Cinnaminson Township, Burlington County

Requesting Party: The NJ DOT, Division of Right of Way, Property Management Unit, requests approval to exchange an irregular shaped lot containing approximately 1.151 acres (0.517 acres for Parcel V116 and 0.634 acres for Parcel V106A) of excess surplus land in Cinnaminson Township to the only adjacent property owner, New Plan Cinnaminson Urban Renewal LLC, for assemblage to its adjacent developed commercial property for its property known as Parcel 104C and 107 of the Route 130, Section 8 Project and containing approximately 3.472 acres (0.825 acres for Parcel 104C and 2.647 acres for Parcel 107) which has been used for Route 130 related roadway improvements.

Terms: Property Parcels V116 and V106A will be sold/exchanged to the only adjacent property, New Plan Cinnaminson Urban Renewal LLC for Parcels 104C and 107 and \$1.00.

DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP) REQUESTS:

14. Project: Municipal Open Space, Block 2711, Part of Lot 104.01, Wayne Township, Passaic County

Requesting Party: The NJ DEP, on behalf of the Township of Wayne, requests approval to allow the Township to convey a subsurface water line easement to DJK Property, LLC, (Julie Ezra, Principal), through 0.011 acre of municipal open space for the purpose of providing portable water service to a new business located on Block 2711, Lot 102. The subsurface easement will be located beneath a retention basin and a paved roadway that will provide vehicular public access to the parkland once it is developed for active recreation.

Terms: As compensation, DJK Property, LLC shall pay \$2,500 to the Township. The Township shall deposit these funds into its dedicated Open Space Trust account for future acquisition of parkland. This amount was derived by applying the minimum amount of monetary compensation for a private subsurface easement per N.J.A.C. 7:36-26.10(g). No adverse public comments were received at either hearing held on February 19, 2014 or May 21, 2014.

15. Project: Newton Lake Park, Block 1.01, Part of Lot 1, Oaklyn Borough, Camden County

Requesting Party: The NJ DEP, on behalf of the Camden County Parks Department, requests approval to allow the diversion of a total of 0.013 +/- acre of parkland within Newton Lake Park, in connection with the northern phase of the Public Service Electric and Gas Company's (PSE&G) Southern Reinforcement Program. The PSE&G project consists of the construction of two new 230kV underground circuits to connect the company's Gloucester Switching Station, Cuthbert Substation and the Camden Switching Station. The diversion involves the

installation of an underground 230kV electric circuit under a 0.013 acre portion of Newton Lake Park.

Terms: To compensate, the County shall pay \$2,500 to be deposited into the Garden State Preservation Trust Fund for land acquisition and/or park development purposes. No public or written comments were received at either hearing held on January 8, 2014 or July 10, 2014.

16. Project: Weiner Homes Property, Block 394, Lot 9 and 136, Toms River Township, Ocean County

Requesting Party: The NJ DEP, on behalf of the County of Ocean, requests approval to allow a diversion of approximately 4.2 acres of parkland, known as the Weiner Homes Property, for the construction of a third access driveway to the Ocean County College campus. The County asserts that existing and projected traffic conditions warrant an additional access point for the students, faculty, staff, nearby residents and commuters that travel to, from and by the College daily. The current and projected college enrollment cannot be safely accommodated by just the two existing points of access; even at current enrollment figures, many intersections in the area surrounding the college campus are rated as being unsafe.

Terms: To compensate, the County shall encumber with Green Acres' restrictions, an adjacent 99 acre property which currently has no restrictions. The ratio of replacement land acreage to parkland diverted is greater than 24 to 1 (based on size). Through this application and mitigation, requirements imposed by other DEP permitting programs, construction of the proposed driveway will result in the permanent preservation of a total of 400 acres of land near the College campus. Public opposition to the diversion was expressed at both the May 2, 2013 and April 17, 2014 hearings. Several regional environmental organizations expressed concern that the diversion and subsequent construction of the third access driveway would result in adverse impacts to endangered, threatened and rare species as well as fragmentation of the existing forested habitat for these species. Several commenters were concerned that the replacement parcel is not comparable in value, utility or accessibility to the land proposed for diversion. (Additional comments and responses thereto are contained in the SHC members' briefing materials.)

17. Project: Liberty State Park, Block 24501, Part of Lot 2, (0.13 acres) Jersey City, Hudson County, Upper New York Bay: 0.16 acres

Requesting Party: The NJ DEP, Division of Parks and Forestry, requests approval to lease approximately 0.29 acres of land within Liberty State Park with the Jersey City Municipal Utilities Authority for the purpose of the installation, maintenance and repair of water and wastewater pipelines to Liberty Island. Liberty Island is owned by the federal government and the National Park Service oversees all aspects of its maintenance and operation. The Jersey City Municipal Utilities Authority provides water and wastewater services for Liberty Island.

Terms: The lease will be for 20 years. The rental was established by appraisal completed by Sterling Disanto & Associates dated February 4, 2014 and includes a 2.5% annual escalation clause. The rent for the first year is \$5,460 (calculated on 12,632.40 square feet at \$0.43 per square foot) and with the 2.5% escalation, the total rent over the 20 year term will be \$139,473.96.

18. Project: State Park Service, Block 447, Part of Lots 4 and 7, Jefferson Township, Morris County

Requesting Party: The NJ DEP, State Park Service ("Department"), requests approval to execute a 20 year lease agreement with Kean University ("Kean" or "University"), on an approximately 41 acre parcel within a property known as the Mt. Paul site.

Terms: The Department purchased the entire Mt. Paul site of over 1,100 acres in 2009 for \$12 million using Federal Forest Legacy funding for the forested land and Green Acres funding for the 40.734 acre leased premises (containing a dormitory building, house and minor outbuildings). Kean plans to expend over \$14 million on upgrading the dormitory building to make it a LEED certified "green" building in which to hold biodiversity and environmental education programming and classes. The dormitory use will be limited to accommodate the water and septic conditions onsite in accordance with the Highlands Water Protection and Planning Act and Kean has held preliminary discussions with the Highlands Council over the concept for the project and has modified the concept to be in compliance with the Highlands Water Protection and Planning Act. The design is currently only in the concept stage. The University will not move forward with designing the project until the lease has been executed.

The leased premises are steeply sloped at approximately 30 degrees. The areas that are not forested are dotted by large boulders and rock outcroppings. The existing paved one lane access road winds between boulders and trees. The dormitory and small paved parking lot are situated on a flat area approximately one acre in size and the land slopes from this flat area approximately 40 degrees downward to the man-made lake. The leased premises shall remain heavily forested and tree removal will be limited to ensure the site retains most of its present character. The University will comply with the No Net Loss Reforestation Act by replacing any and all trees removed or damaged during construction. The University will be responsible for all maintenance and upkeep of the leased premises excluding capital repairs to the dam which will remain the responsibility of the Department.

The Department has not been able to find any other interested parties after an RFP process and soliciting proposals from various educational entities. At the end of the lease, the Department will own the LEED certified improvements and, during the term of the lease, the Department will not have to expend over \$25,000 per year in heating and maintenance costs thereby avoiding spending over \$500,000 during the lease term. In addition, the Department avoids the expense of demolishing the buildings at an estimated cost of \$750,000.

The Department will lease the property for the nominal amount of \$20 (\$1.00/year for the 20 year lease). This nominal amount is due to the Department being unable to find entities interested in the property, the Department is avoiding maintenance and repair costs and Kean is putting over \$14 million into the property. The total estimated investment by Kean for this project is \$14.65 million of which \$11.60 million is a NJ Department of Education grant and \$3.05 million is from Kean's Capital Improvement Funds. This investment is comprised of the following:

- . Design/Construction Administration: \$850,000
- . Construction: \$11.55 million
- . Laboratory Equipment: \$1,250,000
- . IT Infrastructure Upgrades/Connectivity: \$250,000
- . Furnishings: \$750,000

Taking the \$14.65 million investment and spreading it over the 20 years of the lease, Kean will have spent \$732,500 per year plus the cost of maintaining and repairing the property.

Kean shall also be responsible for the maintenance and repair of the leased premises during the lease term which includes but is not limited to structural repairs and the cost of all utility services. Kean will be responsible for the dam inspections and surrounding grounds maintenance. Kean facilities are maintained in accordance with the appropriate maintenance schedule and these buildings will also be maintained per that schedule. In addition to a mechanical system Preventive Maintenance program, Kean has a staff of over 150 persons dedicated to the maintenance and repair of all University facilities. The University maintains a Deferred Maintenance Fund equal to a maximum of 5% of the University's operating budget for maintenance, preservation and renewal of capital structures and facilities and these funds will be used to maintain the leased premises at Mt. Paul.

19. Project: Spicers Creek Boat Ramp, Block 753.01, Part of Lot 39.05, Lower Township, Cape May County

Requesting Party: The NJ DEP, Division of Fish and Wildlife ("Department") requests approval to enter into a 20 year ground lease with New Cingular Wireless PCS, LLC at the area known as Spicers Creek Boat Ramp to place an equipment shelter and diesel generator on the ground adjacent to an existing Atlantic City Electric, Inc. utility pole. Atlantic City Electric has a permanent deeded right of way that was assigned to the Department when the Property was acquired from the United States of America in 1960.

Terms: The ground lease will consist of a pad area 18' x 34' wide and two 10' x 10' areas for the guide wires. Annual rental of \$700 per year with 2.5% annual increases. The annual rent is the minimum lease fee established by the NJ Interagency Land Lease Valuation Project for linear corridor projects associated with telecommunications. Total rent for the 20 year term will be \$17,881.00.

20. Project: Delaware & Raritan Canal State Park (Cavallo Park), Block 1043, Part of Lot 6, Lambertville City, Hunterdon County

Requesting Party: The NJ DEP, Division of Parks and Forestry ("DEP"), requests approval to transfer a 0.97 +/- acre portion of Block 1043, Lot 6 to the City of Lambertville for continued use as a municipal park (known as Cavallo Park).

Terms: The transfer would be in fee, at no cost, subject to (1) the imposition of a permanent conservation easement or restriction in a form acceptable to the NJ Economic Development Authority ("NJEDA") and (2) the inclusion of a reverter clause prohibiting the future sale or transfer of the property for non-parkland purposes. The imposition of a conservation easement or restriction is required as a condition of the City's future receipt of funds from the Hazardous Site Discharge Remediation Fund administered by the DEP and the NJEDA. A recent subsurface analysis indicates the presence of a small amount of contaminated soils that requires remediation in a portion of the park, most likely resulting from its former use. Available records indicate the site contained storage and maintenance buildings until the 1930s and that the park has existed since at least 1960. The City of Lambertville plans to excavate and replace the contaminated soils and to redevelop and improve the park; including the replacement of the existing fence, playground equipment and landscaping and the construction of a circulation path, bicycle racks, an entry court with a kiosk and a 16' by 28' open pavilion.

Given the public benefits from the City's receipt of NJEDA clean up funds and implementation of the redevelopment plan for Cavallo Park, no additional compensation is proposed for the parkland transfer. However, in order to prevent the City from reaping a financing benefit from future sale or transfer of the park for non-parkland purposes, the deed will include a reverter clause requiring the City to transfer the park back to the DEP, at no cost, in the event it ceases operation of Cavallo Park in this location. The technical costs of the transfer (survey, deed recording fees, etc.) are to be borne by the City.

DIVISION OF PENSIONS AND BENEFITS' REQUESTS:

21. Judicial Retirement System -
Requesting Party: The NJ Department of the Treasury, Division of Pensions & Benefits
Terms: The SHC shall sit as the Board of Trustees for the Judicial Retirement System to approve the following:
1. Approval of the Minutes of the Meeting Held on June 16, 2014
 2. Confirmation of Death Claims, Retirements & Survivor Benefits
 3. Receive Financial Statements from March, 2014 to June, 2014

EXECUTIVE SESSION (as necessary)

OTHER BUSINESS (as necessary)

ADJOURNMENT