

STATE HOUSE COMMISSION
PROPOSED MEETING AGENDA

April 8, 2024 – 9:00 a.m.

Committee Room 7 - Second Floor

State House Annex, Trenton, NJ

Email: StateHouseCommission@treas.nj.gov

Formal action may be taken at the meeting.

CALL TO ORDER:

- ~ Assad Akhter, Senior Director of Government Affairs
(on behalf of Governor Philip D. Murphy)
- ~ Aaron Binder, Deputy State Treasurer
(on behalf of State Treasurer Elizabeth Maher Muoio)
- ~ Tariq Shabazz, Acting Director Office of Management & Budget
- ~ Senator Bob Smith
- ~ Senator Anthony M. Bucco
- ~ Assemblywoman Nancy Munoz

OLD BUSINESS:

1. Approval of the November 20, 2023, State House Commission (SHC) Meeting Minutes--
The verbatim record of the November 20, 2023, SHC meeting will serve as the official minutes.

DEPARTMENT OF THE TREASURY REQUESTS:

2. Project: RPR 08-25, Arthur Brisbane Child Welfare Training Facility, Block: 952, Part of Lot: 1, Wall Township, Monmouth County

Requesting Party: The State of New Jersey, Department of the Treasury, requests approval to lease a portion of land located on the grounds of the Arthur Brisbane Child Welfare Training Facility to American Tower Corporation, Limited Power of Attorney for the Verizon Company, for the continued maintenance and operation of a cellular tower and related equipment, together with access to the site. The Verizon Company is

the current tenant, however the current lease and all renewal options are expiring, and a new lease must be approved.

Terms: The lease will be for a term of five (5) years, with three (3) successive, five (5) year renewal options. The annual rent for the first year shall be \$56,961.85, with a 3.5% annual rent increase, based upon the previous year's rent. There will be a co-location fee (subletting tower space to other cell phone companies) of fifty percent (50%) of any fees, rent and/or other income the Verizon Company receives from a co-locater.

3. Project: RPR 20-01, Hagedorn Psychiatric Hospital, Block: 9, Part of Lot: 7, Glen Gardner Township, Hunterdon County

Requesting Party: The State of New Jersey, Department of the Treasury, requests (1) approval of the amendment to convert the existing lease with Evoke Wellness NJ LLC ("Evoke") consisting of 3.3 (+-) acres of land located on the grounds of the Hagedorn Psychiatric Hospital to a ground lease; (2) approval of an assignment of Evoke's leasehold interests to ICON, a new investor, and (3) the sale of the building, known as "East Hall" to ICON contained within the property subject to the ground lease, consisting of 57,462 (+-) square feet.

Evoke currently leases the East Hall as previously approved by the State House Commission at its meeting of September 23, 2019. While in the midst of significant renovations to the building, Evoke suffered financial hardship issues and construction has been halted since October of 2022. As a result, approximately \$2.7 million in construction liens have been placed on the leasehold estate. Multiple negotiations have taken place during that time, and Evoke has found an investor, ICON, who purchased Evoke's membership interests and is now responsible for the project. ICON will pay back all existing construction liens, complete construction and open the facility as a state of the art, high end addiction treatment center.

It is unclear at this time whether the Department of Health or the Treasury is the deed owner of the property. The deed of East Hall to ICON will reflect the proper ownership.

Terms: The new owner, ICON, is requesting that the State sell them the building for the purchase price of \$570,000, based on the appraisal of its "as-is", mid-construction condition, and change the existing building lease with Evoke to a 30-year ground lease. ICON will immediately satisfy all construction liens upon finalization of the agreement. As a result of the purchase price and ground lease the net to the State will be an additional \$2.47 million in back-owed rent. In the event ICON fails to complete the construction of East Hall, the State will retain the option to repurchase the building.

4. Project: RPR 20-04, Trenton Office Complex, Block: 202, Part of Lot: 6, City of Trenton, Mercer County

Requesting Party: The State of New Jersey, Department of the Treasury requests approval to renegotiate the lease terms with A-110 Food Limited Liability Company, more specifically a Blimpies, currently leasing 2,700 (+-) square feet of retail space, located at the Trenton Office Complex. The existing lease terms were approved by the State House Commission at its meeting on February 13, 2020 and included escalations, which have resulted in the current terms being significantly higher than current market rates. In addition, during the COVID-19 pandemic, the tenant suffered severe losses to its income and requested that the rental payments be deferred, as per the Governor's order. As a result, the tenant is \$69,750.00 behind in back rent and has considered filing bankruptcy. The tenant is considered to be an asset to the area and the current vacancy rate for retail space in the building is over fifty percent (50%).

Terms: Based on current market data and discussions with local realtors, the current market rent is estimated to be \$12.50 per square foot, or \$33,750.00 per year. Treasury has negotiated that the tenant pay \$48,000.00 per year (\$4,000.00 per month), which will satisfy the current rent, as well as payment of back rent in a six (6) year period. This term will be retroactive to January 1, 2023 and expire on December 31, 2028. The Lessee will be responsible for all utilities supplied to the lease premises, as well as generally all minor repairs and preventative maintenance.

DEPARTMENT OF ENVIRONMENTAL PROTECTION REQUESTS:

5. Project: Cape May Point State Park, Block: 760, Lot: 6, Township of Lower, Cape May County

Requesting Party: The NJDEP, requests approval of a lease amendment to add an additional four (4) years and three (3) months (or until March 26, 2029) to a twenty (20) year lease agreement to Cape May MAC, which was previously approved by the State House Commission on September 23, 2004. The current lease is set to expire at the end of 2024. Under the lease, Mid-Atlantic Center for the Arts, Inc. d/b/a/ Cape May MAC, a nonprofit organization, is authorized to operate, interpret, maintain, improve, repair and preserve the Cape May Fire Control Tower ("Tower") in Lower Township, Cape May County. The proposed amendment to the lease will serve the public's benefit by continuing to allow the tenant to offer cultural, educational, and community activities within Cape May Point State Park and allow the Department to synchronize the term of

this lease with another lease held by the Cape May MAC for the operation of the Cape May Lighthouse (“Lighthouse”) that expires on March 26, 2029. On or before March 26, 2029, the NJDEP will publicly offer a lease for both the Tower and the Lighthouse as one operation through a Request for Proposal (RFP).

Terms: Consistent with the September 23, 2004 State House Commission approval, the proposed rent for the extended term of the lease is a payment of one dollar (\$1.00) per year plus the ongoing investment by the tenant in the development, improvement, interpretive staff, utility expense and insurance coverage on the Tower (totaling approximately \$50,000.00 dollars per year).

6. Project: Founders Park, Block: 17, Part of Lot: 1.02 (formerly Block 17, Lots: 5, 6 and 7), City of Newark, Essex County

Requesting Party: The NJDEP, on behalf of the City of Newark (“City”), requests approval to allow the City to amend the location and size of the compensatory replacement land required in connection with its Founder’s Park disposal application, previously approved by the State House Commission.

On October 31, 1995, the State House Commission approved the City of Newark’s application to relocate Founder’s Park to accommodate the construction of the New Jersey Performing Arts Center (“NJ PAC”) on approximately 0.176 (+-) acres of property that was formerly designated as Block 17, Lots 5, 6 and 7 and is currently designated as a portion of Block 17, Lot 1.02 (the “Founder’s Park Disposal Area”). The purpose of the 1995 disposal application was to enable the NJ PAC to construct a world-class cultural center in the heart of the City and to allow the New Jersey Department of Transportation to improve McCarter Highway’s vertical and horizontal geometry, realign intersections, and upgrade the lighting and landscaping throughout the City’s central business district. The approval authorized the City to relocate Founder’s Park across the street to a nearby compensatory replacement property at the newly created intersection of Centre Street and McCarter Highway. The replacement property was comprised of small portions of Block 137, Lot 56 and a NJDOT-owned right of way, which were to be assembled for that purpose (the “Original Proposed Replacement Land”) to satisfy the 1:1 replacement land ratio in place under Green Acres regulations in effect at the time. During the public hearing that preceded the approval, the public overwhelmingly supported the project.

Before Founder’s Park could be relocated to the Original Proposed Replacement Land, the property was developed as part of New Jersey Transit’s Light Rail system and is therefore unavailable. The City is now seeking approval to modify the location and size of the Original Proposed Replacement Land that was previously approved as compensation for the disposal. Specifically, the City is proposing to use a portion of

“Mulberry Commons,” designated as Block 166, lot 1.03 (160-172 Mulberry Street and Block 167 Lot 10.02 (8-12 Columbia Street), approximately 0.352 (+-) acres of land, to serve as the revised compensatory replacement property (“Revised Replacement Land”) for the Founders’ Park disposal. Compared to the Original Proposed Replacement Land, the Revised Replacement Land is in a location that is more accessible to the public and more suitable for park use.

Terms: Since the Original Proposed Replacement Land was never developed and the “new” Founder’s Park, and is now unavailable, the NJDEP is requiring the City to comply with the current Green Acres regulations. When the City received approval in 1995 to relocate Founder’s Park, it was required to compensate for the approximately 0.176 (+-) acre loss of the parkland (the Founder’s Park Disposal Area”) by providing an equal amount of replacement land. At the time, the Green acres regulations only required a 1:1 replacement land acreage ratio for diversions or disposals of Parkland.

Under the current rules, an applicant proposing to compensate for a major disposal of parkland to accommodate a public project must offer replacement land at a 2:1 ratio (based on size), of a least equal market value and that meets the requirements in N.J.A.C. 7:36-26.10(d). To compensate for the lost acreage at a ratio of 2:1, the Revised Replacement Land must be at least 15,332 square feet (0.352 acre) in size. The available acreage at Mulberry Commons, is approximately 120,552 square feet (2.77 acres) broken down between the two parcels, Block 167, Lot 10.02 (8-12 Columbia Street), 64,596 square feet (1.483 acres), with an appraised value of \$6,800,000.00 and Block 166, Lot 1.03 (160-172 Mulberry Street), 55,956 square feet (1.285 acres) with an appraised value of \$5,700,000.00. The appraised value of the Founder’s Park Disposal Area (0.176 acre) is \$390,000. The public hearing for this proposed amendment took place on July 7, 2021.

NEW BUSINESS:

DEPARTMENT OF THE TREASURY REQUESTS:

7. Project: RPR 21-07, Lodi Armory, Block: 286, Lot: 1.01, Borough of Lodi, Bergen County

Requesting Party: The State of New Jersey, Department of the Treasury, on behalf of the Department of Military and Veterans Affairs, requests approval to dispose of the former Lodi Armory located at 178 Essex Street in Lodi, which has been considered surplus to the department’s needs. The property currently houses the Bergen County Meals on Wheels Program and the NJ State Central Motor Pool. The property contains three buildings: Armory, 22,333 square feet, Garage-1, 12,810 square feet, and Garage-2,

12,180 square feet, situated on 4.01 (+-) acres. The property has an appraised “value in use” of \$4,100,000.00.

Terms: A direct sale to the County of Bergen has been negotiated for the value in use, based on the County of Bergen agreeing to a long-term lease at below market rates with the NJ Central Motor Pool, who is a current occupant at the site. In the event the above direct sale does not occur, Treasury will dispose of the property via Internet Auction at the minimum bid price of \$6,540,000.00, the appraised “fair market value”. Due to the fact that Bergen County will be leasing a significant portion of the building to the State at below market rates, the “value in use” is considered the only appropriate measurement. It should be noted that all State leases are subject to approval by the State Leasing and Space Utilization Committee.

8. Project: RPR 24-05, 238-50 Provost Street, Block: 7203, Lot: 2, Jersey City, Hudson County

Requesting Party: The State of New Jersey, Department of the Treasury, requests approval of a direct sale of 0.4 (+-) acre of land and improvements located at 238-50 Provost Street, in Jersey City, Hudson County that includes the Holland Tunnel Service Garage to the Port Authority of NY-NJ (PANYNJ). The Holland Tunnel Service Garage is a parcel that sits in Jersey City outside of the entrance to the Holland Tunnel that has been controlled and maintained by the PANYNJ since 1931. This sale has been introduced as legislation via bill A2608 and S741. The bill was passed by the Senate and referred to the Assembly State and Local Government Committee.

Terms: The property was intended to be automatically transferred to the PANYNJ once the bonds were paid, however the paperwork was lost on 9/11, as a result the PANYNJ will be purchasing the property for \$1.00. The PANYNJ has been and will continue to be responsible for monitoring, recordkeeping, reporting and maintenance obligations for this property and any remediation action required because of the continued use and operation of the property.

DEPARTMENT OF ENVIRONMENTAL PROTECTION REQUESTS:

9. Project: High Point State Park, Block: 146, Part of Lot: 6, Township of Wantage, Sussex County

Requesting Party: The NJDEP, requests approval to execute a farm lease agreement on approximately 36.39 acres of land located in the High Point State Park in the Township of Wantage, Sussex County to the current tenant Joseph Wagner, who has occupied the proposed leased premises under a lease that expired on December 31, 2023. Since there is no direct access to the proposed leased premises from a public road, nor is the leased premises accessible through other lands managed by the NJDEP, the NJDEP was not able to include the proposed leased premises in the public auction of farm leases that it conducted on August 10, 2023.

Mr. Wagner approached the NJDEP about continuing to farm these lands. The NJDEP has reviewed the request and has determined that leasing the property to the Tenant for agricultural purposes will not interfere with the protection and enhancement of wildlife habitat or the operation of the High Point State Park. The Tenant will access the NJDEP lands through adjacent private property owned by a family member.

Terms: The initial term of the agreement is for five (5) years, with an option to renew for three (3) additional five (5) year terms. The proposed rental rate for the initial five-year lease term is \$1,066.40 per year, which is based on soil rental rates set by the Farm Service Agency (FSA) of the United State Department of Agriculture. As a result of prior discussions with the New Jersey Department of Agriculture and New Jersey Farm Bureau, the NJDEP agreed to reduce the FSA rental rate by 20 percent to account for the disadvantages of farming on NJDEP land. The NJDEP believes that 20 percent is a reasonable reduction because although there are some disadvantages to farming on NJDEP land, the disadvantages do not significantly reduce the productivity of the land.

The rental rate will be increased at the beginning of each renewal term to reflect the current fair market value of the leased premises based on the Consumer Price Index, FSA soil rental rates or value of similar real estate rentals. However if the Consumer Price Index and value of similar real estate rentals decrease or remain stable, the rent will not decrease.

DIVISION OF PENSIONS AND BENEFITS' REQUESTS:

10. 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 meeting held on November 20, 2023.
2. Confirmation of Death Claims, Retirements and Survivor Benefits.
3. Receive Financial Statements for July and August 2023.
4. Honorable Lourdes Lucas appeals the Division's decision denying the purchase of previous service.
5. Honorable Service Review for Judge Deborah Gross-Quatrone
6. Presentation of the JRS Actuarial Valuation Report and Results for July 1, 2023

OTHER BUSINESS (as necessary)

ADJOURNMENT