



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

TELECOMMUNICATIONS

IN THE MATTER OF THE APPLICATION OF VERIZON)
NEW JERSEY INC. FOR THE APPROVAL OF THE)
SALE AND CONVEYANCE OF REAL PROPERTY)
LOCATED IN THE CITY OF NEWARK, ESSEX)
COUNTY, NEW JERSEY TO HALSEY CENTRAL)
ASSOCIATES, LLC)
ORDER OF APPROVAL

DOCKET NO. TM15121336

Parties of Record:

Sidney D. Weiss, Esq., Attorney for Verizon New Jersey, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By letter dated December 4, 2015, Verizon New Jersey Inc. ("Petitioner") or ("VNJ") filed a Verified Petition ("Petition") for approval of the sale and conveyance of real property located at 540 Broad Street, City of Newark, Essex County, New Jersey ("Property") to Halsey Central Associates, LLC. ("Buyer"). According to the Petition, there is no relationship between the Petitioner and the Buyer other than that of transferor and transferee.

The Property consists of a twenty story, 427,720 square foot building on approximately 0.7735 acres of land that was acquired on October 1, 1927, at a purchase price of \$100. Improvements to the Property consist of the existing 427,720 square foot building and subsequent internal improvements, at a total cost to date of \$83,856,749. The Property was used as the site for Petitioner's New Jersey Headquarters. The book value of the Property is \$8,004,798. The Property is not income producing, and its 2015 assessed value is \$38,147,200.

On August 2012, Petitioner determined that it has no present or prospective use for the Property for utility purposes subject to the specific easement and leases described herein. On September 10, 2012, Petitioner obtained an appraisal of the Property from Cushman and Wakefield, Inc., which determined that the market value of the Property as of September 10, 2012 (with certain reservations of space by Petitioner more particularly described in the Sale Agreement ("Agreement") attached to the Petition) was \$9,850,000.

The Petition states that the Property is the same property approved for sale by the Board in its Order dated April 15, 2015, I/M/O The Application of Verizon New Jersey, Inc. For the Approval of the Sale and Conveyance of Real Property Located in the City of Newark, Essex County, New Jersey to 540 Broad Street Associates, L.P., Docket No. TM15030285. Subsequent to the

Board's Order approving that sale, the buyer defaulted and the contract of sale was terminated by Petitioner.

Thereafter, on October 12, 2015, Petitioner received an offer in writing and a signed contract from 540 Broad Street, Inc. (no relationship to 540 Broad Street Associates, L.P. despite the similar name) to purchase the Property for the sum of \$13,800,000. Subsequently, in accordance with the Board's Rules regarding advertising at N.J.A.C. 14:1-5.6 et seq., Petitioner advertised the Property for sale on October 29, 2015 and November 5, 2015. In response to the advertisements, on November 16, 2016, one bid was received in addition to the pending offer from 540 Broad Street, Inc. (which was considered a sealed bid pursuant to N.J.A.C. 14:1-5.6 (c).¹) The one bid received and opened on November 16, 2015 was that of Buyer in amount of \$16,510,000. After comparing the offers of 540 Broad Street, Inc. and Buyer, Petitioner accepted the bid of \$16,510,000 submitted by Buyer, which Petitioner believes is the best price attainable for the Property and represents the fair market value of the Property.²

Pursuant to the Agreement, the Petitioner will lease floors 2, 3, 6, 7, 10 and 11 of the Property for a period of one year from the date of closing in order to have sufficient time to relocate its business operations to other locations. The terms and conditions of the lease are set forth in Exhibit B annexed to the Agreement and referred to therein as the "VZNJ Lease." Furthermore, Petitioner's affiliate, MCI Communications Services, Inc. ("Verizon MCI") will lease the 4th floor and additional ancillary space of the Property defined in the Agreement as the "Telecom Space". Verizon MCI proposes to use the Telecom Space for continuation of its existing use as a telecommunications equipment facility. The terms and conditions of the lease are set forth in Exhibit C annexed to the Agreement.

Pursuant to the Agreement, Petitioner reserves, on behalf of Petitioner and its affiliates, continuing ownership of all ducts, cables, wires, fixtures and facilities for telecommunication services which are located in the streets adjoining the Property and the right and easement to place, replace, construct, reconstruct, install, operate, use, repair, maintain, relocate and remove such telecommunication facilities in, on, over, under and through the streets adjoining the Property which are described in the Deed attached to the Agreement. Pursuant to the Agreement, Petitioner also reserves an easement for the cable dehydrators on the terms set forth in Exhibit J to the Agreement.

The Petition states that the rights reserved by Petitioner referred to above are essentially the same as the reservations approved by the Board in its Order dated April 15, 2015 in Docket No. TM15030285, supra, with the exception that Petitioner will pay rent for the space being leased pursuant to the VZNJ Lease, for a period of up to one year from the date of closing, as more particularly set forth in the form of lease attached to the Agreement as Exhibit B.

On December 18, 2015, the New Jersey Division of Rate Counsel filed a letter indicating that it will not file comments for Board consideration on this matter.

¹ N.J.A.C. 14:1-5.6(b)(6) provides that ". . . an offer or agreement to purchase . . . in writing received by the utility or executed before the first date of advertising and still in effect at such date, shall be considered as if it were a sealed bid, provided such offer or agreement . . . meets all other conditions of sale or lease, if any, included within the advertising."

² The Petition indicates that the Property had been previously advertised on five separate occasions, including two sales approved by the Board which were never consummated, a contract that was terminated by the buyer before Board approval, and two advertisements that failed to produce an acceptable offer.

DISCUSSION

After reviewing the Petition and supporting exhibits, the Board **HEREBY FINDS** that VNJ has complied with substantially all of the statutory and regulatory requirements regarding the sale of utility property, as contained in N.J.A.C. 14:1-5.6 and N.J.S.A. 48:3-7.

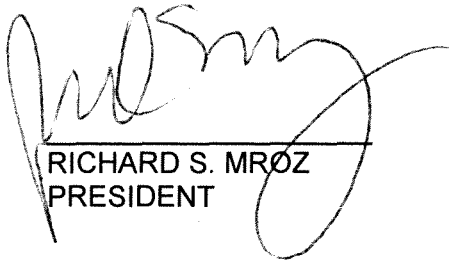
The Board **FURTHER FINDS**, pursuant to N.J.A.C. 14:1-5.6(i)(4) and (1), that the proposed sale of said Property will not affect Petitioner's ability to provide safe, adequate and proper service, is in the public interest and in accordance with law, and accordingly **HEREBY APPROVES** the sale, subject to the following conditions:

1. Petitioner is directed to advise the Board of the date on which the transaction is completed, within ten (10) days of completion;
2. This Order shall be of no effect, null and void, if the sale hereby approved is not completed within six (6) months of the date hereof, unless otherwise ordered by the Board; and
3. The approval of the proposed journal entries regarding the sale of this Property shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceeding with respect to rates, financing, accounting, capitalization, depreciation or in any other matters affecting Petitioner.

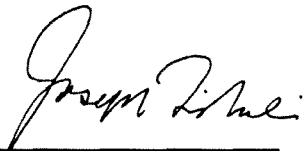
This Order shall become effective on February 6, 2016.

DATED: *Jan 28, 2016*

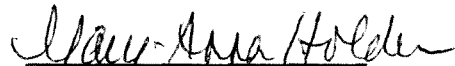
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER



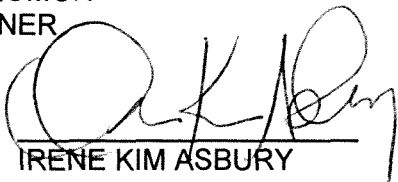
MARY-ANNA HOLDEN
COMMISSIONER



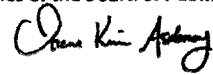
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



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CITY OF NEWARK, ESSEX COUNTY, NEW JERSEY TO HALSEY CENTRAL ASSOCIATES,
LLC. - Docket No. TM15121336**

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