



Board of Chosen Freeholders

County of Hunterdon
71 Main Street, Building #1
PO Box 2900
Flemington, NJ 08822-2900

MEDIA RELEASE

FOR IMMEDIATE RELEASE

DATE: February 20, 2019

Contact: John E. Lanza, Freeholder Deputy Director

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Hunterdon Freeholders Support Homeowners' Call For AG Investigation of Penn East Conflicts

Hunterdon County's Freeholder Board, at the February 19th meeting, joined in support of a request by over sixty local homeowners in the Penn East pipeline path for an investigation of 'significant and troubling' potential conflicts of interest between Governor Phil Murphy's Administration and a company that is part owner of the proposed pipeline.

Freeholder Board Deputy Director John E. Lanza said that in a letter to the New Jersey Attorney General that was copied to the Freeholders, "the homeowners affected by the pipeline are asking legitimate questions about significant and troubling potential conflicts of interest between New Jersey Resources (NJR), a part owner of the pipeline, and the Governor's Administration that has to approve two, difficult to obtain clean water permits."

The homeowners' letter points out that the NJR Chief Executive Officer is Chairman of the Murphy's Economic Development Authority and that same individual is Chairman of the Drumthwacket committee that is raising funds for the renovation of the Governor's Mansion.

The homeowners' letter points out that the pipeline project is critical to NJR, a 20% owner of the pipeline.

The letter also asserts that the company's financial reports show the pipeline will affect the company's future growth and near-term financial performance.

Additionally, the letter states that the CEO's executive compensation and stock options can be positively affected by the completion of the pipeline.

Lanza stated, "There is a lot of money on the table and the homeowners are asking legitimate questions. Answers for which should be sought by the Attorney General.

Not only are the homeowners directly affected by the decision of the Governor's DEP Commissioner on whether or not to issue permits for the pipeline, Hunterdon County holds easements on numerous affected farmland properties. Making the County a directly affected landowner as well."

The members of the Hunterdon County Freeholder Board approved a motion to support the homeowners' call for an investigation.

Attorney General Gurbir Grewal
Office of the Attorney General
Division of Criminal Justice
Corruption and Fraud Bureau
RJ Hughes Justice Complex
25 Market Street, Box 080
Trenton, NJ 08625-0080

February 7, 2019

Dear Attorney General Grewal:

We are requesting that you investigate the conflicted role of Laurence Downes, who is serving as both CEO and Chairman of the Board of New Jersey Resources Corporation (NJR) while also holding various official positions for the State of New Jersey. As you know, NJR owns twenty percent of PennEast, a pipeline project that must obtain two critical Clean Water Act permits from the New Jersey Department of Environmental Protection (NJ DEP) in order for it to be constructed. Mr. Downes has, or appears to have, a serious conflict of interest given the nature and extent of his official roles in NJ state affairs while also leading a company that is seeking approval for the PennEast project from the NJ DEP.

Mr. Downes was appointed to head the Economic Development Authority by Governor Murphy. This is worrisome because pipeline companies routinely tout the economic development that their projects will bring to a state or region as a reason for approving them. Also, Mr Downes is heading a committee to help finance the renovation of Drumthwacket, the governor's mansion. In addition, Mr. Downes has made substantial political contributions to NJ state lawmakers – far more than any other senior executive associated with NJR or any other owner of PennEast. These factors position, or appear to position, Mr. Downes as an “insider” in state affairs with an ability to influence decision makers. We are not alleging that any such favorable treatment has occurred (or will occur) from the administration, but the appearance of this possible conflict is glaring and disturbing.

PennEast is a critical project for NJR. The company's financial reports indicate the pipeline will greatly impact its future growth plans, as well as its near-term financial performance. Since NJR recently sold its wind energy holdings, it is even more dependent on the delivery of gas to bolster its position. In addition, Mr. Downes' executive compensation is directly tied to NJR's financial results, so his annual

performance and stock options will be impacted by the successful construction of the proposed PennEast pipeline. Mr. Downes has much at stake. If PennEast is not constructed, Mr. Downes' personal compensation, job performance, and reputation will all suffer.

The stakes are also high because the Federal Energy Regulatory Commission's (FERC's) certificate guarantees a 14% rate of return to PennEast and its investors. Many NJ state and local leaders have referred to this exorbitant rate of return as blatant corporate welfare, much of which will be paid for by New Jersey's consumers. The New Jersey Division of Rate Council has called it a "windfall" for PennEast and continues to assert that there is no need for this pipeline.

The Attorney General's office has acted strongly to protect NJ's open space from seizure by PennEast and is vigorously challenging FERC's flawed conditional approval of this unneeded pipeline. Given the potential conflict of interest with Mr. Downes, his position within the state government and his financial contributions and fund-raising, we ask the Attorney General's office to investigate Mr. Downes' roles and activities. Because of the appearance of conflict, we believe that Mr. Downes should be required to step down from his position as the head of the Economic Development Authority, the committee to renovate Drumthwacket, and any other prominent or influential role he holds in the State of New Jersey while his company's applications are pending before state agencies.

Thank you for your consideration

Sincerely,

Representatives of Directly Impacted Homeowners on the Proposed PennEast Pipeline Route and Concerned New Jersey Residents of Hunterdon and Mercer Counties

(See attached list of Names)

REGARDING: Laurence M. Downes – Perceived Conflict of Interest

FROM: Directly Impacted Homeowners on the Proposed PennEast Pipeline Route and Concerned Residents in New Jersey

NAME (print)	SIGNATURE
Edmond L. Swicko	Edmond Swicko
Patty Ceanak	Patty Ceanak
Annabel Cieser	Annabel Cieser
Daria M. Karas	Daria M. Karas
Mureck Sproutow	Mureck Sproutow
Sally Gullett	Sally Gullett
Bonita Johnson	BONITA JOHNSON
Mary Ditzler	MARY DITZLER
Karyl Patterson	Karyl Patterson
MARY & JACK MACCONNELL	Mary E. MacConnell
WILLIAM PANDY	William G. Pandey
Beth Pandey	Beth Pandey
Lu Tsai - Kase Buchanan	Lu Tsai
Joseph Buchanan	Joseph Buchanan
GEORGE R LEAP JA	George R. Leap Ja
Susan D. Lockwood	Susan D. Lockwood
Joan E. Warner	Joan E. Warner
Vincent DeGrado	Vincent DeGrado
Selva Manni	Selva Manni
Fal Manni	Fal Manni
ROSEMARIE SEAVETTREA	Rosemarie Seavettrea
WALTER NIEMCZYK	Walter Niemczyk
Richard O. LaFevre	Richard O. LaFevre
FRANK R WAHL	Frank R. Wahl
Bernie Wahl	Bernie Wahl
Otto Fleishman	Otto Fleishman
Jay & Becca Hoff	Jay & Becca Hoff
Elysebeth Koller	Elysebeth Koller

REGARDING: Laurence M. Downes - Perceived Conflict of Interest

FROM: Directly Impacted Homeowners on the Proposed PennEast Pipeline Route and Concerned Residents in New Jersey

NAME (print)	SIGNATURE
Nglerie Tucci	
Karen E. Kohler	
Jackie Freedman	
DANIEL FREEDMAN	
Deborah J Kratzer	
C Brant Switzler	
Tom Kowalczuk	
ANGELE SWITZLER	
HUAND C. LORENTE	
Viola Markus	
VINCENT DI'BIANCA	
Michelle Sandrow	
EDWARD ROBINETT	
RED BRYANT	
Sue Barnes	
Gloria Stone	
PATRICIA OCEANAK	
RICHARD P. DI'BIANCA	
ALEXANDRA A. SWITZLER	
BRANT V. SWITZLER	
Angela Karas	
Maryanne Flynn	
Jack Wesen	
Richard Karas	
Jessica Keenen	
Christhermen	
JEFF SHAFER	
Steven B. Smotrich	