

Garden State Preservation Trust

July 21, 2004

Meeting Minutes

Chairman Davidson called the meeting to order. Ralph Siegel, executive director, read a statement certifying compliance with the Open Public Meeting's Act. Roll call was taken. Public members present were: Dennis Davidson, Chair; Cooper Morris, Maureen Ogden and Herb Wegner. Ex-officio members present were: Dave Rousseau (for State Treasurer John E. McCormac), Gregory Romano (for Agriculture Secretary Charles Kuperus) and Cathy Tormey (for DEP Commissioner Bradley M. Campbell). Ms. Tormey was attending her first meeting and presented a letter from Commissioner Campbell designated her as his representative. The attendance constituted a quorum. Absent were Vice Chair Robert DiVincent and ex-officio representative Marge DellaVecchia (for DCA Commissioner Susan Bass Levin).

OPENING REMARKS

Chairman Davidson thanked the Trust members for their vote of confidence at the April meeting when they elected him chairman. He also thanked former Chairwoman Ogden for her five years of service on the Trust.

APPROVAL OF MINUTES

Members reviewed and approved the language of a copy of the Minutes of the April 7th meeting. Approval was unanimous.

EXECUTIVE DIRECTOR'S FIRST REPORT

Mr. Siegel reported preliminary closing balances for the Green Acres Preservation Trust Fund and the Farmland Preservation Trust Fund in Fiscal Year 2004, and explained these numbers were drafts and would be finalized by the Office of Management and Budget by the end of September. Mr. Siegel provided the FY 2005 forecast of opening balances, expected expenditure and income, and closing balances for the Trust Funds. The balances verified that there were adequate funds available to cover the costs of the Green Acres and Farmland projects to be considered during the meeting. Mrs. Ogden asked Mr. Siegel about expenditures. Mr. Siegel briefly discussed the work on an Expenditure Monitoring Program, still in development, and said he would discuss it in greater detail in his second report. He said the immediate issue was the adequacy of funds in the Trust Funds to cover the proposed projects. Mrs. Ogden agreed to delay discussion about expenditure until the second Executive Director's report.

PRESENTATION BY GREEN ACRES

John Flynn, Administrator of the Department of Environmental Protection's Green Acres Program, presented the Program's recommendations for land acquisition and park development projects for FY2005. Recommendations totaled \$225 million. Mr. Flynn reported applications and requests totaled \$473 million.

Mr. Flynn acknowledged the \$225 million exceeded the \$120 million allocated in the original language of the Act. However, he said the acceleration of expenditures would avoid lost opportunities to acquire land and that a significant portion of the \$225 million includes funding for park development. Mr. Flynn broke down the \$225 million as follows: \$75 million for State land acquisition projects, \$77 million for Municipal and County land acquisition projects, \$50 million for local park development and \$23 million for acquisition by Nonprofit organizations. He stated that Green Acres was currently in negotiations for 380 properties.

Ms. Ogden inquired how Green Acres evaluates projects in urban areas in balance with an objective of preserving open space acreage. Mr. Flynn acknowledged it is difficult to find open space opportunities in urban areas and the emphasis there has been on improving recreational facilities. In a specific case, Mrs. Ogden asked if the acquisition of an available Conrail easement in Hudson County would take priority over redevelopment funds for existing parks. Mr. Flynn said such an acquisition would take precedence and he said there are several opportunities to partner with other organizations to acquire open space in urban areas.

Mr. Morris asked if Green Acres acquisition projects in urban areas took priority over development projects in the same area. Mr. Flynn said they did but he reiterated the policy is driven by the reality there are more opportunities for park development than for land acquisition in urban areas.

Mr. Wegner asked how many acres the money earmarked for acquisition would protect. Mr. Flynn said varying property values make it difficult to set specific acreage targets. Mr. Flynn said local governments and conservation agencies bring as much funding to their projects as the Green Acres program provides.

Chairman Davidson thanked Mr. Flynn for his presentation.

RESOLUTIONS

- Resolution 04-003 To Approve Green Acres State Acquisition, Local Grants And Local Park Development Projects

Moved by Mr. Rousseau, seconded by Ms. Tormey.

This resolution was approved 7-0.

- Resolution #04-004 to approve Green Acres Nonprofit Projects

Chairman Davidson recused himself from these proceedings.

Moved by Ms. Tormey, seconded by Ms. Ogden.

This resolution was approved 6-0 with Mr. Davidson's recusal and abstention.

PRESENTATION BY FARMLAND PRESERVATION PROGRAM

Rob Baumley, Assistant Director of the State Agriculture Development Committee (SADC), conducted the presentation. Mr. Baumley said just as Green Acres saw a need to accelerate their expenditures, the same premise held for Farmland Preservation Program. Mr. Baumley said his agency is working to achieve the Governor's goal of preserving 20,000 acres this year and that the program had since inception preserved over 127,000 acres on 1,149 farms.

The program is requesting their largest appropriation ever with a recommendation of \$130 million. The total figure represents \$117 million in new money requests from bond proceeds and about \$13 million from previously appropriated funds being reallocated.

Mr. Baumley broke down the recommendations as follows: \$39.8 million in County Easement Purchase program representing 107 farms and 6,280 acres in 16 counties; \$19.5 million for the State Direct Easement Purchase program representing projects in 10 counties; \$8 million for the Pinelands County Easement Purchase program representing 12 projects with about 4,000 acres; \$25 million for the Fee Simple program; \$25 million for the Planned Incentive Grant program allocating funds for municipalities and counties to preserve farms in SADC approved planning areas, and \$2.5 million for Nonprofit organizations representing six projects and 1,500 acres.

Mr. Wegner asked how the associated costs for appraisals and title search were to be paid. Mr. Baumley said they are included as a lump sum in the requested funds in order to expedite appraisals. Mr. Romano told members about the problem with having to wait for an appropriation before ordering appraisals and executing a contract with a landowner.

Mr. Wegner, Mr. Morris, Mr. Romano and Mr. Baumley discussed the abundance and beauty of operating farms in Salem County. Mr. Wegner and Mr. Morris said preservation in this area must be a priority because it is the section of New Jersey where agriculture remains a "serious" industry.

Mr. Wegner suggested the GSPT pursue a State and Federal income tax exemption for income earned by landowners from land preservation. Ms. Ogden requested the GSPT staff prepare a resolution supporting that exemption. Mr. Rousseau noted that the tax savings to a New Jersey farmer from a State exemption to the capital gains tax would be minimal compared to a Federal tax exemption.

Chairman Davidson asked Mr. Baumley which programs had the best expenditure rates and which had the worst. Mr. Baumley said that with regard to timeliness of expenditure, the various programs would be ranked as follows: Fee-Simple, State Direct Easement Purchase, County Direct Easement Purchase and Pinelands County Direct Easement Purchase, the Nonprofit program and the Planning Incentive Grants.

Mr. Baumley said reasons why expenditure takes so long include municipalities and nonprofit agencies which lack the resources and have frequent changes in attorneys. Mr. Baumley said the objective of the SADC staff in reviewing farmland preservation projects was to ensure everything is done correctly to the SADC's standards so those in the future will not ask, "What happened on this closing?"

RESOLUTIONS

- Resolution 04-005 To Approve the State Agriculture Development Committee County Easement Purchase, Pinelands County Easement Purchase, State Direct Easement Purchase, Planning Incentive Grant Allocations And State Fee-Simple Purchase Projects

Moved by Mr. Romano, seconded by Mr. Rousseau.

This resolution was approved 7-0.

- Resolution #04-006 to approve State Agriculture Development Committee Nonprofit Projects

Chairman Davidson recused himself from these proceedings.

Moved by Mr. Romano, seconded by Mr. Rousseau.

This resolution was approved 6-0 with Mr. Davidson's recusal and abstention.

Mr. Siegel requested a voice-vote resolution to provide staff with the authority to transmit to the Governor's Authority Unit an excerpt of the minutes for the July 21, 2004, GSPT meeting concerning the Green Acres and Farmland Preservation Program project approvals.

Moved by Mr. Romano, seconded by Mr. Rousseau.

- Voice Vote Resolution of the Garden State Preservation Trust Approving the Minutes of the Meeting of June 21, 2004, with regard to Resolutions 04-003, 04-004, 04-005 and 04-006 approving Green Acres and Farmland Preservation Program projects, so these minutes could be immediately transmitted to the Governor's Authority Unit.

This resolution was unanimously approved.

- Resolution 04-007 Urging Prompt Consideration Of Senate Bill 1370.

Mr. Siegel explained the GSPT because of investment restrictions incorporated in the 1999 statute was unable to invest Trust Fund money into longer-term, higher yield investments. He said the bill introduced by Sen. John Adler at the GSPT staff's behest would correct this defect and would add as much as \$6 million a year to Trust Fund revenues.

Mrs. Ogden said she had been unaware this restriction existed and that it made no sense.

Moved by Mr. Wegner, seconded by Ms. Ogden.

This resolution was approved 7-0.

Resolution 04-008 honoring Christopher J. Daggett For His Tenure and Service

Chairman Davidson explained this resolution proposes to erect a plaque or sign in a park near Mr. Daggett's home containing the commemorative statement in the resolution. Several members asked if permission had been received to place this plaque. Mr. Siegel said such inquiry would occur if and when the resolution was approved.

Moved by Mr. Wegner, seconded by Mr. Rousseau.
This resolution was approved 7-0.

EXECUTIVE DIRECTOR'S SECOND REPORT

Before embarking on his report, Mr. Siegel addressed Ms. Ogden's inquiry about expenditures. He said staff has been focusing its energy on developing an Expenditure Monitoring Program and a public presentation to explain the program to Trust members, relevant officials and agencies. He said the work is not complete and that a draft of the Expenditure Monitoring Program will first be reviewed with attorneys and cabinet officers.

Mr. Siegel noted the Governor's veto period of the April 7 minutes expired April 24 without action, and so the appointment of Mr. Davidson as chairman, Mr. DiVincent as vice-chairman and Mr. Siegel as secretary/treasurer for 2004 were affirmed and became official.

Mr. Siegel recounted the events of the sale of the forward delivery bond contract on May 5, 2004. He said it was a volatile time in the municipal bond market but the Trust did well. As a result of the rates achieved in our May 5 sale, the final \$150 million to be financed by the forward delivery of bonds can tolerate an interest rate as high as 6.3% and still preserve the GSPT's ability to secure the full \$150 million in bond proceeds. Mr. Siegel said GSPT financial advisors and the lead underwriters, Bear Stearns, both believe it is likely interest rates will remain well below this threshold through the rest of 2004.

Despite positive projections for 2004, Mr. Siegel said the focus of the staff was to prepare the necessary bond documents and to work with the Treasurer's Office to schedule a sale as soon as possible to reduce any market risks. Mr. Siegel announced the finance team was convening via conference call Thursday, July 22, to begin scoping out the preparation for this final bond issue contract, and that he was cautiously hopeful that a Third Continuing Bond Resolution could be put before the Trust at its next meeting.

Mr. Siegel stressed the importance of passing S-1370 and the forfeited income to the Trust Funds because we cannot invest our funds at higher rates.

Mr. Siegel reviewed staff expenditures since the last meeting to include procurement of 300 "Preserved Farmland" signs over the next 18 months, employment of a shared receptionist/Web consultant, retention of Riverfront Associates of Trenton for editorial services in conjunction with the annual report and public relations matters, and continuing retention of Evergreen Capital Management of Princeton for policy consulting. Mr. Siegel introduced Daniel Patrick O'Connell, principal of Evergreen Capital Management, who was in the audience.

TRUST MEMBER COMMENTS

Mr. Morris inquired as to the cost for the Riverfront Associates contract. Mr. Siegel said they would bill per diem for the work with a cap for the year of \$20,000. Mr. Morris said it was his belief previous reports were completed “in house” with no outside expenditure.

Ms. Ogden requested a discussion with our consultant, Mr. O’Connell, at a future meeting about installment purchase agreements. Mrs. Ogden requested Mr. Siegel prepare a memo with his thoughts on the subject.

A discussion between Mr. O’Connell, Ms. Ogden and Mr. Siegel ensued about the possible future use of installment contracts in Morris County and possible similarities with the program in Burlington County, where Mr. O’Connell serves as a consultant.

Mr. Wegner thanked Mr. Romano and his staff for their efforts with regard to farmland preservation in South Jersey. He said the number of acres being preserved should be advertised throughout the State and that installment of “Preserved Farmland” signs was a good measure.

Ms. Ogden updated the members on the progress of the Federal Highlands bill in the U.S. Senate.

PUBLIC COMMENTS

No members of the public offered any comment. Allison Mitchell of the New Jersey Conservation Foundation had attended the meeting but was absent for the public comment portion.

ADJOURNMENT

Meeting was adjourned at the direction of Chairman Davidson.

Respectfully submitted

Ralph Siegel
executive director
board secretary

August 18, 2004