

Garden State Preservation Trust
November 10th, 2004
Meeting Minutes

Chairman Davidson called the meeting to order. Ralph Siegel, Executive Director, read a statement certifying compliance with the Open Public Meetings Act. DAG Cliff Rones acknowledged compliance. Roll call was taken. Public members present were: Dennis Davidson, Chair; Robert DiVincent, Vice Chair; Maureen Ogden, Herb Wegner and Cooper Morris. Ex-officio members present were: David Rousseau (for State Treasurer John E. McCormac), Robert Baumley (for Agriculture Secretary Charles Kuperus), Marge Della Vecchia (for DCA Commissioner Susan Bass Levin) and John S. Watson Jr. (for DEP Commissioner Bradley M. Campbell).

OPENING REMARKS

Chairman Davidson said this was a good time to reflect on the Trust's accomplishments. He acknowledged and thanked Executive Director Ralph Siegel and the financial advisors for the timely sale of the bonds.

APPROVAL OF MINUTES

Chairman Davidson asked if there were any comments on the minutes of the August 18th meeting. There were no comments or revisions.

Moved by Ms. Della Vecchia

Seconded by Mr. Watson

Minutes Approved 6-0

Mr. Baumley, Mr. Morris and Vice Chairman DiVincent abstained. (None had attended the August 18th meeting.)

EXECUTIVE DIRECTORS EXPENDITURE MONITORING PRESENTATION

Executive Director Siegel prefaced his slide show presentation by explaining the Expenditure Monitoring Program was designed to fulfill the GSPT's regulatory and contractual obligations for the timely expenditure of current and anticipated bond proceeds. Mr. Siegel began his presentation and encouraged members' questions and comments during the presentation instead of waiting until the conclusion.

Cooper Morris said he took exception to the tone of the EMP presentation and questioned why, if we anticipated trouble spending bond proceeds, we issued bonds as we did beginning in 2003. Additionally he wanted to know why the Trust was just now hearing of potential problems in expenditure. Mr. Siegel answered Mr. Morris's question about the timing of the bond issues by explaining the risk of rising interest rates could have affected the ability to issue the additional \$150 million authorized by the voters in November 2003 and that part of the reason to utilize forward delivery bonds was precisely to avoid expenditure problems by timing the arrival of bond proceeds for FY2006 when they would be needed.

Ms. Morris said expenditure problems were precisely why he would not support the 2005A bond issue voted on in April 2004 and sold in May. Mr. Rousseau explained to Mr. Morris the three-year time frame to spend these bond proceeds doesn't begin until

actual delivery of the bonds in December 2005. A discussion ensued of the reliability of the expenditure forecasts from the Green Acres Program and Farmland Preservation Program.

Mr. Rousseau explained that unlike other authorities such as the Economic Development Authority, GSPT does not have direct day to day control over spending and so must rely on these agencies and the forecasts they provide and GSPT accepts. Mr. Rousseau said bond counsel, in order to issue their opinion approving the Series 2005A & Series 2005B bond sales, wanted something like an EMP to demonstrate the GSPT was monitoring and policing timely bond expenditures.

Ms. Ogden recalled the 2003 bond issue and the questions that arose about the size of the bond issue and the spending rates reported at that time. Ms. Ogden said the land preservation agencies had failed in the past to provide timely financial and expenditure to the previous executive director. Mr. Watson said all efforts have always been made and courtesies extended by the Green Acres Program to provide any financial and expenditure data as requested. Mr. Watson said the previous executive director had not made contact with him or with his agency to pursue such requests for information.

Chairman Davidson said the tone of the EMP presentation should be softened but he said oversight was an important component of the Trust's fiduciary responsibilities. Mr. Watson asked for a language change from "expenditure lag" to remove the pejorative connotation.

A discussion about how the IRS might view encumbered funds as expended funds ensued between Messrs. Watson, Siegel, Rousseau, Baumley and Davidson. Mr. Siegel indicated that it is a gray area and is being explored.

Chairman Davidson asked for a motion to move the resolution to adopt the EMP. Before a motion was made Mr. Wegner asked if the EMP would put undo pressure on the departments or impede their ability to function as they have been. Mr. Rousseau said it would not.

Mr. Wegner commented he did not like the fact that the EMP and the expenditure problem was only now being explained to the Trust and he repeated Mr. Morris's concerns about not being properly informed before voting for the bond issues during 2004.

Ms. Della Vecchia lauded the EMP as a positive step in that the Trust was finally going to monitor where the funds stood with relation to expenditure. Vice Chairman DiVincent said he found the concept of the EMP to be productive and necessary and would like to see the resolution adopted. Chairman Davidson again called for a motion.

Ms. Della Vecchia asked to amend a "whereas" clause of the resolution by changing "expenditure shortfall" to "expenditure not meeting the forecast." All agreed to this change.

RESOLUTION # 04-010

To Approve and Adopt the Expenditure Monitoring Program

Moved by Mr. Rousseau

Seconded by Vice Chairman DiVincent

Approved 9-0

PRESENTATION BY NJ HISTORIC PRESERVATION TRUST (NJHT)

Mr. Siegel introduced Barbara Irvine, the new Executive Director of the NJHT, and reported to the GSPT members that there were enough funds available to accommodate the NJHT's appropriations request for \$18 million for FY2004-FY2005. Ms. Irvine addressed the Board and explained the process by which the Historic Trust awards money for its projects. Mr. Sweetland from the NJHT conducted a slide show presentation of each proposed project, its features, its location and its cost.

Mr. Sweetland answered questions from GSPT members with regard to matching funds, public access and clarifications about the award process. Chairman Davidson asked for a motion on the resolution to approve the appropriation request.

RESOLUTION # 04-011

To Approve New Jersey Historic Trust Capital Level II, Capital Level I, and Historic Site Management Grants

Moved by Mr. Wegner

Seconded by Ms. Della Vecchia

Approved 9-0

Mr. Siegel asked for approval to submit expedited minutes on Resolution #04-011 to the Governor's Counsel's Office to speed introduction of appropriations legislation. Approval was granted in a unanimous voice vote.

EXECUTIVE DIRECTORS REPORT

Deputy Executive Director Penn addressed the administration's request for all state agencies to identify an across-the-board 10% reduction in spending. He reported on the administrative costs of GSPT affiliated land preservation agencies relative to size of the GSPT trust funds. He said the administrative costs within the GSPT were proportionately far below those of other similar agencies.

Mr. Penn also reported statewide open-space referendum trends and results from the November elections.

Mr. Siegel explained two resolutions before the board, #04-012 & #04-013. The first would approve technical additions to the Green Acres State Acquisition projects for FY2005, the next would be to comply with Executive Order # 122 to require State commissions and authorities to establish an Audit and Finance Subcommittee.

RESOLUTION # 04-012

To Approve Additions To The New Jersey Green Acres State Acquisition Projects

Moved by Vice Chairman DiVincent

Seconded by Ms. Della Vecchia

Approved 9-0

RESOLUTION # 04-013

To Assign To The Chairman Authority To Appoint Audit Committee With One Public And Two Ex-Officio Members

Resolution 04-013 brought discussion about the structure of the subcommittee. The resolution as proposed called for the Chairman to appoint to one public member to serve with two ex-officios or their designees. Mr. Morris noted that the board was comprised of five public members and four officials and he said the subcommittee should reflect a majority of public members. Mr. Siegel explained it was written the way it was to mirror what other similar agencies had done.

Ms. Della Vecchia pointed out that ex-officio's are in town anyway and it could be difficult trying to get two public members on a particular day. She then suggested that the Chairman serve along with the two public members.

Mr. Morris wanted to know who could break a tie vote. Mr. Rousseau explained how the subcommittee would work and there will be no instance where that should be an issue. Ms. Della Vecchia explained that any necessary actions would be brought back to the full board.

Mr. Morris said he was comfortable with the way the resolution was originally written.

Moved by Mr. Rousseau
Seconded by Mr. Watson
Approved 9-0

TRUST MEMBER COMMENTS

Mr. Wegner inquired about the status of the Farmland Signs. Mr. Siegel told him the first 50 were due this week.

Mr. Wegner asked if any action had been taken with regard to making funds farmers receive for preservation purposes tax exempt. Mr. Siegel responded that he was not aware of any such legislation and that there was nothing new to report at this time.

PUBLIC COMMENTS

There were no public comments

ADJOURNMENT

Chairman Davidson adjourned the meeting.

Respectfully submitted

Ralph Siegel
executive director
board secretary
April 14, 2005