

Garden State Preservation Trust
March 7, 2012 Meeting Minutes

Chairman Ken Atkinson called the meeting to order at 11:07 a.m. Executive Director Ralph Siegel read a statement certifying compliance with the Open Public Meetings Act and then called the roll. Public members in attendance were: Chairman Atkinson, Vice-chairman Mike Murphy, Andrew Buzby and Gregory Romano. Ex-officio members in attendance were Susan Payne (for Agriculture Secretary Douglas H. Fisher), Richard Boornazian (for DEP Commissioner Bob Martin), James Requa (for Department of Community Affairs Acting Commissioner Richard E. Constable III) and James Petrino (for Treasurer Andrew P. Sidamon-Eristoff).

Public board member Robert Hughey was absent, having notified the GSPT office he was on jury duty.

OPENING REMARKS

Chairman Atkinson thanked board members and the staffs of preservation agencies for their work during his year as chairman.

ELECTION OF OFFICERS FOR 2012

Mr. Siegel explained the statutory rotation of chairmanship meant in 2012 the Governor's appointee – Mr. Murphy– was to serve as chair.

Ms. Payne nominated Mr. Murphy as chair for 2012.

Mr. Romano seconded the nomination.

Mr. Siegel conducted a roll call vote.

Approved 8-0 to elect Mr. Murphy chairman for 2012.

(His election does not take effect until the end of the Governor's veto period so Chairman Atkinson remained chair of the meeting.)

Mr. Siegel explained the vice-chairman could be elected from any of the public board members.

Mr. Romano nominated outgoing Chairman Atkinson as vice-chair for 2012.

Mr. Murphy, the chairman-elect, seconded the nomination.

Mr. Siegel conducted a roll call vote.

Approved 8-0 to elect Chairman Atkinson as vice-chairman for 2012.

Mr. Siegel explained the board could elect anyone to serve as Secretary and as Treasurer and could combine the positions. The statute does not require these posts to be held by a voting board member. He explained the posts have been combined since 2004.

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Ms. Payne nominated Mr. Siegel to the combined post of Secretary-Treasurer for 2012. Mr. Requa seconded the nomination.

Mr. Siegel conducted a roll call vote.

Approved 8-0 to elect Mr. Siegel Secretary-Treasurer for 2012.

APPROVAL OF MINUTES OF MAY 4, 2012, BOARD MEETING

Mr. Siegel noted the consideration of these official minutes was a formality because a substantive version of the minutes had been submitted in May and had completed the Governor's veto review process. Mr. Siegel asked if there were any corrections or clarifications to the draft minutes of the meeting. There were none.

Moved by Ms. Payne

Seconded by Mr. Murphy

Approved 7-0.

Mr. Romano abstained from the vote because he was not a member of the board last May.

RESOLUTION #11-030 RATIFYING RESOLUTION HONORING FORMER PUBLIC BOARD MEMBER JAN ROSENFELD

Mr. Siegel noted the resolution to honor the former board member had been approved informally in December by a majority of board members via email consent. He said this was done because the resolution was ceremonial, but that it is not legal to seek board approval for any action in this manner. He asked for formal ratification to make the approval of the honorary resolution official.

Moved Mr. Murphy

Seconded by Chairman Atkinson.

Approved 8-0.

EXECUTIVE DIRECTOR'S REPORT – LEGISLATIVE JOINT BUDGET OVERSIGHT COMMITTEE APPLICATION

Mr. Siegel reviewed the contents of the board members' meeting packets, which included the 2-page resolution to submit an application to JBOC, plus the 16-page "Plan of Finance" explaining the refinancing proposal, plus a one-page chart explaining the key information on Page 8 of the "Plan of Finance," because that page detailed the schedule of debt-service payments and the debt-service savings being proposed in the deal.

Mr. Siegel said the official action proposed for board consideration was the resolution merely to file an application for JBOC consideration. He said the board would not be committing itself to the actual bond issue at this time. However, he said board members were free to discuss any aspect of the financing plan. He pointed out that the

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Treasurer's Director of Public Finance, Mr. Petrino, happened to be a board member present and was ready to accept questions.

Mr. Siegel addressed one question that had already been brought up: Why did the Resolution authorize the refinancing at \$350 million when the Plan of Finance proposed a bond issue of only \$277 million. He said it was typical to give plenty of leeway in these sorts of resolutions to permit the underwriter to adjust the deal as necessary at the time of marketing and sale in order to achieve the promised savings.

Mr. Romano asked if the anticipated savings of \$23 million this year was the "net" savings, or true savings, after the costs of issuance had been paid. Mr. Petrino said it was a net savings, and that the total savings over eight years would total \$26 million.

Mr. Murphy asked if it was the recommendation of the Treasurer to approve this resolution. Mr. Petrino said yes. He said JBOC approval was required before the GSPT could issue refinancing bonds. He said the actual bond-issue resolution documents were not yet ready, but the "Plan of Finance" was in place and was adequate for JBOC consideration.

Mr. Murphy noted the timing of the deal was important and he hoped GSPT approval of the application would give JBOC incentive to schedule its meeting to receive the application.

Mr. Murphy moved the resolution.

**RESOLUTION OF THE GARDEN STATE PRESERVATION TRUST
DETERMINING TO ISSUE REFUNDING BONDS TO REFUND CERTAIN
PRIOR SERIES OF OPEN SPACE AND FARMLAND PRESERVATION BONDS
AND AUTHORIZING THE SUBMISSION OF A REFUNDING REPORT TO
THE JOINT BUDGET OVERSIGHT COMMITTEE OF THE STATE
LEGISLATURE FOR APPROVAL**

Before a second was offered to the resolution, Ms. Payne asked about the schedule of debt service payments. She asked why the FY2012 payment was only \$49 million and then jumps to \$98 million for FY2013. Mr. Siegel explained that the \$49 million was only half the payment, noting the first payment for FY2012 had already been made last November.

Mr. Romano raised an issue in the text of the resolution under the NOW BE IT RESOLVED Clause #2 concerning broad discretion given the Executive Director.

Mr. Petrino said an amendment was OK with him. He suggested inserting a phrase to include consultation with the chairman. DAG Cliff Rones asked for Clause 2 to be read aloud in its entirety as amended so the resolution was clear to board members.

Mr. Siegel did so:

"BE IT RESOLVED Clause Number 2 was amended to read as follows: *The Trust hereby authorizes the Executive Director, in consultation with the State Treasurer and with the chairman of the Trust, to make such additions, corrections, or deletions to the Plan of Finance, as he deems necessary or appropriate and hereby designates this Resolution and the Plan of Finance as the Report.*"

Mr. Murphy accepted the amendment to his original motion.

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Moved by Mr. Murphy

Seconded by Mr. Romano.

Approved 8-0.

RESOLUTION #12-001 APPROVING BUDGET RECOMMENDATION FOR PROPOSED GSPT OFFICE BUDGET FOR FISCAL YEAR 2013

Chairman Atkinson advised the board that the Governor's Office was directing agencies and authorities to maintain the same budget funding as in the previous year, which in the case of the GSPT office budget was \$204,000. He said the directive was that agencies "such as ours" were not to incur any new or increased expenditures. He discussed the proposed line item in the budget of \$25,000 to procure "Preserved Farmland" signs. He said it would be best to approve the version of the GSPT budget that did not include the "Preserved Farmland" signs, but that it was the board's prerogative.

Mr. Boornazian said when the proposed budget for FY2013 was compared to the actual expenditures for FY2011, the difference was almost enough to cover the \$25,000 for the signs. "You are almost at the sign number," he said.

Chairman Atkinson said it was within the prerogative of the board to approve the budget as the majority of the members see fit.

Mr. Siegel reminded the board the Legislature each year approved funding for the GSPT office operations as a single line in the State Budget that was much larger. He said the board has been structuring its own smaller office budget from within this single-line appropriation. He said the overall Legislative appropriation would remain unchanged and that any proposal to fund signs would not change this overall State Budget line.

Ms. Payne asked Mr. Siegel to provide background on how the GSPT got involved in the procurement of "Preserved Farmland" signs.

Mr. Siegel said the GSPT began the procurement of these signs in 2004 because no one else was doing it. He noted that Mr. Romano was the director of the State Agriculture Development Committee (SADC) at the time, a position now held by Ms. Payne, and that he could verify his recollections.

Mr. Siegel said the GSPT since its inception had been involved in various "marketing" efforts to inform the public of conservation accomplishments, which includes the preservation of privately owned farmland. He said in 2004 this GSPT policy changed to include the procurement and installation of "Preserved Farmland" signs because "it is the only way to inform the taxpayers that a farm has been preserved." He said the SADC had more recently received an appropriation to fund these signs but that it had now run out.

Mr. Romano said the first "Preserved Farmland" signs were funded from the Governor's discretionary fund.

Mr. Boornazian asked if SADC had any funding for signs in its own budget. Ms. Payne said there had been an appropriation for signs but it had been exhausted. She urged the GSPT to approve it.

Mr. Romano asked if the GSPT budget funds were coming from the General Fund of the State Budget or from the GSPT trust funds.

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Mr. Siegel said all of the administrative budgets for all of the conservation and historic preservation agencies, including the GSPT, were taken from the GSPT trust funds. He noted it made little actual difference if the SADC budget or GSPT budget paid for the signs because their budgets came from the same pot. He said none of it came from the General Fund of the State Budget.

Chairman Atkinson asked if there was a prospect of supplemental funding that would enable the GSPT office budget to be amended at a later time to include some funding for signs.

Mr. Siegel explained many of the charges in the GSPT budget are for “bench charges” assessed by Treasury for such things as GSPT office equipment, computer services, travel, phone and postage. He said the actual expenditures rarely equate these bench charges, noting that \$5,000 for travel is an automatic insertion but represents a sum the GSPT has never expended. He said past budgets included a \$10,000 item under “Professional Services” for an independent audit. He said he had never agreed such an audit was necessary, and Treasury has recently concluded the Office of Management & Budget can conduct the audit of the GSPT office budget without cost. He said this represents an immediate savings of \$10,000, which was reflected in the FY2013 budget proposal. He said it might be possible to have some allocations shifted to the proposed line item for the signs.

Mr. Requa asked how many “Preserved Farmland” signs could be procured for \$25,000. Mr. Romano said based the costs when he was at SADC, that sum could procure 62.5 signs. Mr. Siegel said the actual sign cost would be established by the timing and size of any proposed contract.

Chairman Atkinson said the shift in funds if \$10,000 to the “Preserved Farmland” signs appeared in keeping with the directive to keep all budgets flat because the bottom line of \$204,000 would not change.

The budget recommendation as amended changed to \$204,000.

Moved Ms. Payne.

Seconded by Mr. Murphy.

Approved 8-0.

RESOLUTION #12-002 TO RENEW DIRECTIVE TO CONDUCT ONGOING SEMINAR AND WORKSHOP PROGRAM ON TAX BENEFITS OF LAND CONSERVATION

Mr. Siegel reviewed the history of the seminar program, noting that it was triggered in 2006 by the passage of the HR-4 Pension Act that dramatically increased tax deductions available for conservation easement donations and bargain sales. He said the GSPT had approved these training programs by passing board resolutions in 2006 and in 2007, but that he and the Chairman concurred it would be best to have the board memorialize these old resolutions by a new authorization.

Mr. Siegel said it was critical for the landowners to be aware of the tax benefits, and that staffs of nonprofit land trusts and county agencies should be informing landowners about them. He said the training seminar program had been dormant, in part

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because the GSPT's projector broke and that it took some time to acquire a new one. He said the GSPT resolution reinforces the training program as part of his job description.

Ms. Payne said the tax benefits seminars were a positive contribution and a good role for the GSPT.

Chairman Atkinson said it was important for the land preservation professionals to have this information so they could advise their landowners to look into the tax benefits available to them.

Moved by Mr. Boornazian

Seconded by Mr. Requa

Approved 8-0.

Chairman Atkinson said Resolution #12-003 Authorizing White Paper on "Conservation & Property Taxes" had been withdrawn from the agenda.

BOARD MEMBER DISCUSSION -- IDENTIFICATION OF CANCELLED PROJECTS FOR FUTURE APPROPRIATIONS.

Chairman Atkinson said "it is pretty obvious" conservation agencies may not have fully funded appropriations rounds for a few years and that the GSPT trust funds would be drawn down over the next 12 to 18 months. He said state and local agencies would be taking a sharp look at shifting money from old projects to reallocation for new appropriations. He also said there was an increasing emphasis on transparency in appropriations. He suggested the board members discuss a policy to require a strict accounting of cancelled projects before reallocations are approved for new appropriation.

Chairman Atkinson said, "When new projects come before us based on cancelled projects, that the Trust would require some type of inventory of what these cancelled projects are. I know that if I am reallocating funds at the county level, my treasurer's office requires that I tell them what projects we cancelled and where this money is coming from."

Mr. Boornazian, the administrator of the Green Acres program, said he was concerned about a new "reporting requirement" that would create an added burden on his staff.

Mr. Siegel said that every appropriations request that has come to the GSPT since 2004 has included some reallocation of funds from cancelled projects to enhance the total appropriation. He said the reporting being discussed would only concern those specific reallocations which were being proposed as new appropriations to the GSPT.

Mr. Siegel said these problems came to a head in 2011 with confusion over a \$1.3 million appropriations request from the New Jersey Historic Trust. GSPT data showed insufficient capacity in the GSPT Historic Preservation Trust Fund to cover these new appropriations. He said this was resolved when the Historic Trust demonstrated they had cancelled old grants totaled \$1.3 million, which meant that sum could be reallocation to fund the requested appropriation. He said if some sort of policy had been in place

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requiring the reporting of such cancelled projects up front, the confusion, controversy and two-month delay would have been avoided.

Mr. Siegel said past appropriations show the GSPT board can expect reallocations of cancelled grants to be part of the next appropriations recommendations. He said it is important as the GSPT Trust Funds are drawn down to the bottom that these reallocations are actually available, and that funds committed to projects are not inadvertently appropriated a second time. He said, "As we scrape the bottom of the bucket, we want to make sure we do not go through the bottom of the bucket and start appropriating money that isn't there."

Mr. Siegel said it is possible the agencies might look at a new grant round without a source of new money, which means the recommendations could rely entirely on the reallocation of cancelled grants.

Mr. Boornazian said this identification of cancelled grants was part of Green Acres operations.

Mr. Romano noted that reallocations are common in approval from the Joint Budget Oversight Committee to change appropriations bills that have already been enacted. He said these reallocations cannot go to entirely new projects. The GSPT reallocations are used to fund new projects.

Ms. Payne said the object is to identify for the Legislature the projects they have previously approved that the agencies might propose cancelling. She said it was appropriate for these cancellations to be certified in some way.

Mr. Boornazian repeated he was concerned about documenting projects being pursued by municipalities or counties that receive lump-sum grants, "about another report, another hoop we have to jump through."

Ms. Payne said Mr. Siegel was using the terms projects and grants interchangeably and it was causing confusion.

Mr. Siegel provided an example. He said in 2011, the Treasury Department specifically disallowed any reallocation of grants funded from the 2007 Bond Fund. He said the Farmland Preservation Program identified two specific projects funded from the 2007 Bond Fund that were cancelled, and because of this specificity the Treasury Department made an exception in this single, narrow instance.

Mr. Siegel accepted direction to develop a policy proposal in consultation with the chairman and the executive directors of the funded agencies.

BOARD MEMBER COMMENT

Mr. Romano asked that the handout provided by Mr. Siegel for board discussion concerning annual trends in preservation of acreage and in expenditure from the GSPT Trust Funds be augmented to include annual appropriations.

Mr. Siegel said he would provide this at the next meeting.

PUBLIC COMMENT

Chairman Atkinson invited members of the public to address the board or to offer a comment. There was none.

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ADJOURNMENT

Chairman Atkinson asked to adjourn the meeting.

Moved by Ms. Payne

Seconded by Mr. Boornazian

Approved by voice vote 8-0.

Respectfully submitted

Ralph Siegel
executive director/board secretary
March 28, 2012

Others in attendance representing agencies:

Leah Sandbank Esq. of McManimon & Scotland acting as Trust bond counsel; Brandon Minde, Governor's Counsel, Authorities Unit; OLS staff member Carrie Anne Calvo-Hahn; and various legislative staff members.