

Garden State Preservation Trust
October 25, 2005
Meeting Minutes

Chairman DiVincent called the meeting to order at 10:40 a.m. Ralph Siegel, executive director, read a statement certifying compliance with the Open Public Meeting's Act. Public members present were: Robert DiVincent, chair; Dennis Davidson, vice chair; Michael Murphy, Jan Rosenfeld and Herbert Wegner. Ex-officio members present were David Rousseau (for State Treasurer John E. McCormac); Peter Kasabach (for Department of Community Affairs Acting Commissioner Charles A. Richman); and Susan Craft (for Agriculture Secretary Charles M. Kuperus). John Flynn (for DEP Commissioner Bradley M. Campbell) arrived for the meeting at 11 a.m.

OPENING REMARKS

Chairman DiVincent welcomed two new members, Jan Rosenfeld and Michael Murphy, the Governor's appointee. The chairman congratulated Mr. Wegner on his appointment to the Board of Trustees of the Association of New Jersey Environmental Commissions.

APPROVAL OF MINUTES OF JUNE 8 MEETING

Chairman DiVincent called for a motion to approve the minutes from the June 8th meeting.

Moved by Mr. Kasabach

Seconded by Mr. Davidson

Vote 4-0. Motion Fails.

Ms. Rosenfeld, Mr. Murphy, Ms. Craft and Mr. Rousseau abstain.

Mr. Rousseau said while he missed the June 8 meeting he trusts Mr. Siegel's representation of the minutes and changes his abstention to a "Yes" vote to enable the minutes to be approved.

Approved 5-0

Mr. Flynn joined the meeting after this vote.

Mr. Siegel reviews the contents of the Meeting Book for Oct. 25 meeting.

PRESENTATION ON PROPOSED 2005C REFINANCING BOND ISSUE

Pat O'Connell, GSPT consultant and the Financial Adviser for the Series 2005C bond issue, explained the structure of the deal to refinance the Series 2003 "callable" bonds at lower rates and to issue new bonds to refinance interest payments owed on the rest of the Series 2003 bonds that could not be called, both measures to reduce debt service costs. John Carter of Siebert Brandford Shank, the Underwriter, reviewed handouts with the interest rate structure of the bonds to be issued and how debt service savings would be concentrated into the years FY2006 through FY2009 so the savings could be used for land preservation projects. With final pricing unknown, Carter estimated savings of between \$4 million and \$5 million if the bond yields in place today hold by the time of the sale.

Ms. Rosenfeld questioned Mr. Carter about the range of allowable interest costs and whether there was a ceiling after which the refinancing would not save enough money to be worthwhile and therefore would be cancelled. Ms. Rosenfeld questioned why the proposed contract allowed a “true interest cost” of 6 percent, adding she did not believe issuing refinancing bonds at that high an interest rate would save the Trust any money.

Mr. O’Connell and Mr. Carter agreed issuing bonds at a 6 percent interest cost would not be worthwhile. Mr. Rousseau said approval for this refinancing was required from the Legislature’s Joint Budget Oversight Committee, which would stipulate minimum present-value savings. Mr. O’Connell said if the interest rates are not favorable enough to provide substantial debt service savings, the sale would not proceed.

FOURTH SUPPLEMENTAL CONTINUING BOND RESOLUTION

Moved by Mr. Murphy.

Seconded by Mr. Wegner.

Resolution Approved 9-0

RESOLUTION #05-010 TO TRANSMIT EXCERPT OF MINUTES

Resolution approving an excerpt of the minutes of the meeting of October 25, 2005 concerning the Fourth Supplemental Continuing Bond Resolution, and providing staff with authority to provide the Governor’s Authority Unit with this excerpt of the minutes.

Moved by Mr. Rousseau

Seconded by Ms. Craft

Resolution Approved 9-0

EXECUTIVE DIRECTOR’S REPORT (FISCAL)

Mr. Siegel discussed the status of New Jersey Historic Trust expenditures and the adequacy of money in the Garden State Historic Preservation Trust Fund #734. Of the \$1.3 million requested by the Historic Trust, all of it would come from Fund 734.

Mr. Siegel reported the fund had a cash balance of \$17 million and during FY2006 would receive a deposit of an additional \$6 million with expenditures not expected to exceed \$5 million.

On appropriations, Mr. Siegel reported that the Historic Trust, which has a 10-year allocation totaling \$60 million, has had \$36.7 million appropriated to date with \$22.8 million remaining for new appropriations according to the latest snapshot. The sum remaining would cover the \$1.3 million recommended today. If approved by the Legislature, this appropriation would leave \$21.5 million for appropriations in FY2007, FY2008 and FY2009.

PRESENTATION OF NEW JERSEY HISTORIC TRUST APPROPRIATIONS RECOMMENDATION FOR FY2006

Historic Trust Executive Director Barbara Irvine greeted the trust and explained \$1.3 million in 41 recommended grants for Historic Site Management Grants of up to \$50,000

to help historic sites prepare preservation plans. Ms. Irvine introduced Ross Sweetland to review all of the recommended grants. Mr. Sweetland conducted a slide show presentation.

Ms. Craft asked about requirements for proposed project sites to be on the National Register of Historic Places. Mr. Sweetland said every site must be deemed eligible and nominated for the National Register in order for advocates to file an application for a grant. He said the site must be formally entered on the State Register with National Register status pending for the grant funding to begin.

Mr. Wegner asked if historic structures which get grant funding can remain in the hands of private owners. Ms. Irvine said all of the applicants must be local governments or nonprofit agencies. Mr. Wegner asked about churches. Mr. Irvine said they are nonprofit organizations.

Mr. Siegel asked Ms. Irvine to explain easements. She said they are not used for Historic Site Management grants but are attached to historic structures that receive the larger capital grants for renovations. Mr. Davidson asked how long these easements last. Ms. Irvine said they once lasted 20 years but with the inception of the GSPT in 1999 the easement was reduced to 10 years.

Ms. Craft asked about projects cut from the funding list. Ms. Irvine said the 41 recommended projects were selected from 65 applications. She said many of these unsuccessful applications had defects.

Mr. DiVincent asked how the grant amount is decided. Ms. Irvine said the grant applicant decides how much money to seek within the cap of \$50,000.

RESOLUTION # 05-011 APPROVING HISTORIC TRUST APPROPRIATIONS

Resolution Of The Garden State Preservation Trust To Approve New Jersey Historic Trust Historic Site Management Grant recommendations for Fiscal Year 2006

Moved by Mr. Wegner
Seconded by Mr. Kasabach
Approved 9-0

DISCUSSION OF PROPOSED GARDEN STATE PRESERVATION TRUST CODE OF ETHICS

Deputy Attorney General Clifford Rones, counsel to the Trust, advised that he wished to discuss certain personnel matters regarding the proposed Code of Ethics. Mr. Rones said it would be best to do so in executive session as a matter of attorney-client privilege.

Keith Barrack of the Governor's Office Authorities Unit asked whether the executive session was noticed in the Open Public Meeting Act compliance announcement. Mr. Siegel said it was not. Mr. Rones said the Trust may decide to conduct an executive session during any public meeting without advanced notice.

EXECUTIVE SESSION

Chairman DiVincent called for a motion to go into closed session for the purposes of discussing personnel matters within attorney-client privilege.

Moved by Mr. Rousseau

Seconded by Ms. Craft
Unanimously approved by voice vote
Executive session minutes will become publicly available Oct. 25, 2006.

Chairman DiVincent called for a motion to end the closed session.

Moved by Mr. Wegner
Seconded by Ms. Craft
Unanimously approved by voice vote

RESOLUTION # 05-012

Resolution of The Garden State Preservation Trust To Adopt the Draft Code of Ethics.

Moved by Mr. Murphy
Seconded by Mr. Kasabach
Approved 9-0

EXECUTIVE DIRECTOR'S REPORT (CONTINUED)

Mr. Siegel said the GSPT hit 94 percent of its expenditure target for FY2005, which he considered a great success especially since the Expenditure Monitoring Program was not enacted until November 2004 midway through the 2005 fiscal year. He said Chairman DiVincent and Treasurer John McCormac sent letters to the Farmland Preservation Program and Green Acres Program congratulating them for their efforts on timely expenditures.

Mr. Siegel reported 11 appropriations bills totaling \$365 million for GSPT projects passed the Legislature in late June and were signed by Acting Gov. Codey at an August 8 ceremony in Freehold.

Mr. Siegel reported S-1370 to improve GSPT interest earnings on trust fund dollars stalled again in June.

Mr. Siegel reported on the July 12 Installment Purchase Agreement conference. He said it was well-attended and thorough. He said an entire IPA marketing package would be prepared for Trust consideration.

Mr. Siegel reported on the progress of the stewardship research work directed by the Trust at the June 8 meeting. He said surveys have been developed and sent to key figures in the land preservation and wildlife refuge communities.

PRESENTATION ON STEPHEN SMALL LETTER

Mr. Siegel made a presentation on a 2001 letter from Stephen J. Small Esq. to the New Jersey Conservation Foundation concerning New Jersey's State Agriculture Development Committee easements on preserved farms. The presentation was made at the direction of Chairman DiVincent given at the June 8 meeting.

Mr. Siegel reviewed facts in the letter, Mr. Small's credentials and his own research effort, which included discussions with State agency officials, e-mail traffic with Mr. Small and an interview with Mr. Small conducted by GSPT consultant Pat O'Connell.

Mr. Siegel discussed Mr. Small's viewpoint that SADC deeds of easement on preserved farmland fail to meet IRS requirements for tax deductions because the allowance for agricultural development does not comply with IRS requirements for conservation of land. Mr. Siegel said Mr. Small suggests limitations on allowable ground coverage by structures or paving to correct the defect.

Mr. Siegel in his own analysis said protecting tax deductions are important to stretch GSPT dollars over more projects. He said landowners who make voluntary donations or bargain sales to gain tax deductions are fiscal partners to the GSPT and for this reason he said it was essential for the GSPT to monitor and address tax deduction issues.

Ms. Craft and Mr. Wegner said the GSPT should not pursue this matter and they did not know why the Small letter was a topic for a GSPT meeting. Ms. Craft said few farm owners offer bargain sales and so the tax deduction question is not relevant in farmland preservation.

Mr. Wegner said he took a tax deduction on the easement he sold on his family farm in Pittsgrove. Mr. Siegel said he had been of the impression bargain sales were common in farmland preservation. Mr. Davidson said bargain sales and tax deductions were instrumental in most preservation deals conducted by nonprofit agencies.

Mr. Davidson said he wanted some policy limiting coverage of preserved farms but he did not believe the tax-deduction issue was the way to address the matter.

Mr. DiVincent said the Small letter need not be discussed further or pursued at future meetings.

RESOLUTION #05-013 HONORING MAUREEN OGDEN

Chairman DiVincent called for a motion to approve a resolution honoring long-time Trust member and founding chair Maureen Ogden. Before the vote he read a portion of the proposed resolution into the record:

“Former Assemblywoman Maureen Ogden of Millburn, N.J., is honored by her fellow members for her tenure as a founding member and twice chairwoman of the Garden State Preservation Trust from 1999 to 2005. Maureen Ogden’s incomparable career of service to the cause of land preservation has given her standing as one of the most influential environmental figures in New Jersey’s 230-year history. Her vision, her foresight and her determination place her contribution above all others in establishing one of the largest state-funded land preservation programs in the United States.”

Moved by Mr. Davidson
Seconded by Mr. Wegner
Approved 9-0.

TRUST MEMBER COMMENTS

Chairman DiVincent asked if there were additional comments from the members. There were none.

PUBLIC COMMENTS

Chairman DiVincent asked if there were any public comments. There were none.

ADJOURNMENT

Chairman DiVincent adjourned the meeting at 1:25 p.m.

Respectfully submitted

Ralph Siegel
executive director
board secretary

May 16, 2006

Approved 6-0 May 16, 2006