

PINELANDS DEVELOPMENT CREDIT BANK

20 West State Street
Trenton, NJ

Minutes

April 17, 2008

- Meeting Location: 20 West State Street, Room 1228, Trenton, NJ
- Members Present: Guillermo Vivas, Executive Director, Pinelands Development Credit Bank, Commissioner's Acting Chair Designee
Assistant Attorney General Lawrence M. O'Reilly, Designee
Susan Craft, Department of Agriculture Designee
Candace McKee Ashmun, Pinelands Commission Designee
Cecile Murphy, NJDEP Commissioner's Designee
Edward J. McGlinchey, At Large Member
- Members Absent: None
- Others Present: None
- Others Absent: Helene Chudzik, Deputy Attorney General, Department of Law and Public Safety (Board Counsel)

Acting Chairman Guillermo Vivas called the meeting to order at approximately 2:07 p.m. and read the Statement of Compliance with the NJ Open Public Meetings Act. Five board members (including Mr. Vivas) were present and constituted a Quorum.

Reading and Approval of Minutes:

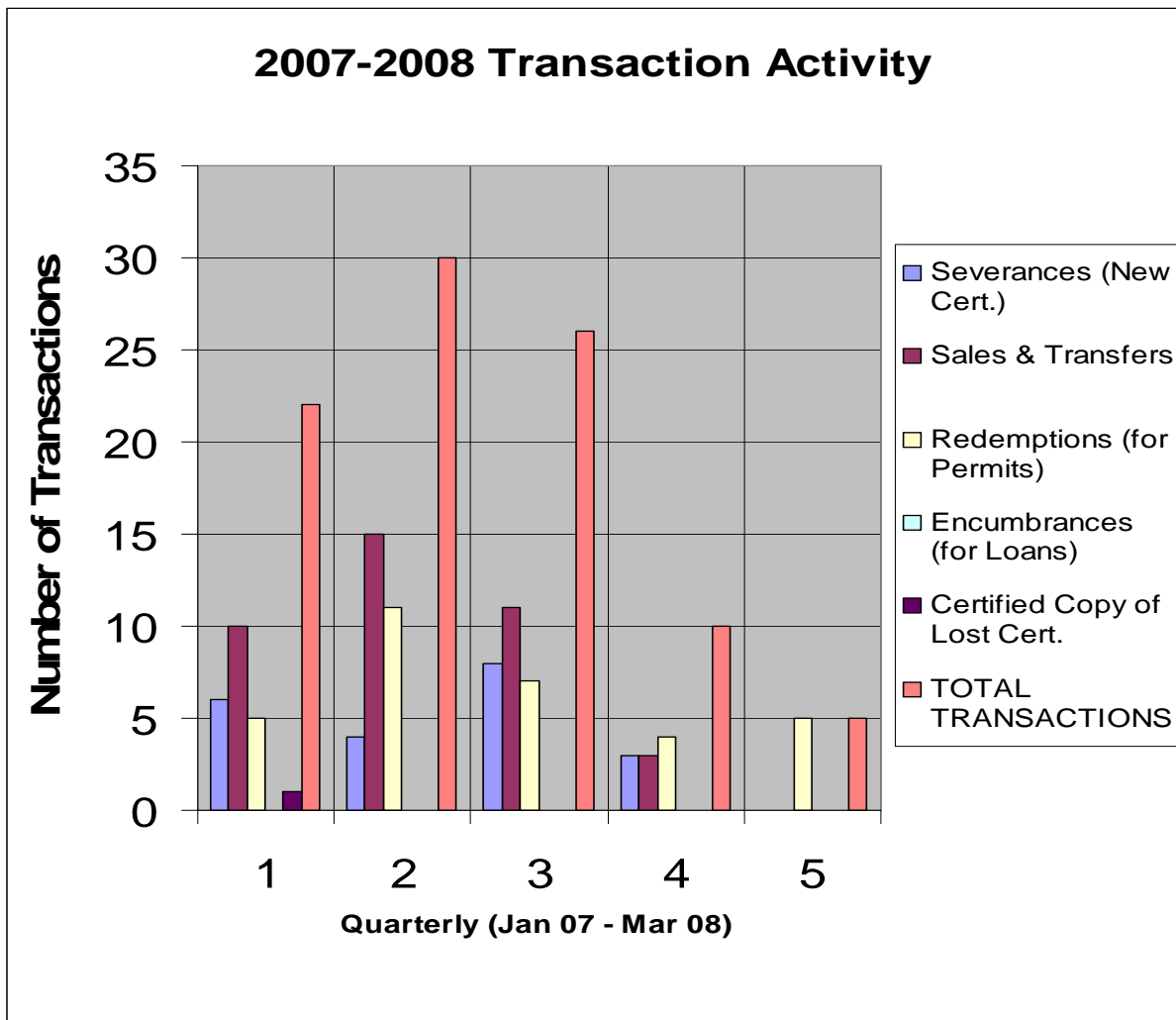
Acting Chairman Vivas called for a motion to accept the minutes of the regular meeting held on April 17, 2007. (There were no meetings since April, 2007, due to lack of quorum.) The motion was properly moved by Ms. Ashmun and seconded by Mr. O'Reilly; motion carried.

Executive Director's Report:

- Mr. Vivas reported that there are 15 applications for new PDC severances under review. All Sales and redemptions are current and no backlog exists.
- We continue to clean-up the existing data in PDC Tracking. The data from the early years of the program is inconsistent and has to be checked out against the actual files.
- For the period covering January 1 through March 30, 2007, the PDC Bank processed applications as indicated on the following chart distributed to the Board that illustrates trends, such as the decline in activity (corresponding to recent trends in the real estate market, rise in interest rates and stock market activity).

**Pinelands Development Credit Bank
Application Activity 2007-2008**

	Jan-Mar 2007	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2008
Severances (New Cert.)	6	4	8	3	0
Sales & Transfers	10	15	11	3	0
Redemptions (for Permits)	5	11	7	4	5
Encumbrances (for Loans)	0	0	0	0	0
Certified Copy of Lost Cert.	1	0	0	0	0
TOTAL TRANSACTIONS	22	30	26	10	5



ACRES PROTECTED through PDC Program: 426.24ac. Jul-Sep & 139.94ac. Oct-Dec 2007

PREPARED BY: GUILLERMO VIVAS, EXECUTIVE DIRECTOR
LAST UPDATED: 4/17/2008

- The Pinelands Commission continues urging the resumption of outreach efforts by the PDC Bank. Mr. Vivas indicated that as a temporary approach we will resume work on systematic mailings to selected target areas on an on-going, weekly basis to continue promoting the PDC program.

Business of the Board:

- Mr. Vivas reported that former DEP Commissioner Robert Shinn was just appointed to fill one of the existing vacancies on the Board. There are still two at-large Board member vacancies.
- Mr. Vivas explained that the Bank's Rules are due to expire in a few months and that the Legislative section of the Department of Banking & Insurance (DOBI) had been diligently assisting with the preparation of the necessary documents for the re-adoption of the Rules. Frank O'Shea (of DOBI Legs & Regs), DAG Helene Chudzik, David Eber (DOBI Legislative Liaison), and Guillermo Vivas met to discuss what steps needed to be taken, both for the re-adoption of the rules, and also for the PDC Bank to be able to hold an auction to raise operating capital, as the current operating funds will only carry the bank for another two years or less.

Extensive discussion ensued, with some Board members expressing their displeasure over the fact that this was the first time they had been exposed to this material and were expected to vote on it. Mr. Vivas explained that the situation had come to happen because the Board had not had a quorum—and thus had not been able to meet—for a year; meanwhile, the Rules were about to expire unless immediate action was taken.

They also expressed unhappiness with the fact that the proposed Rule re-adoption document fixed the purchase price [by the Bank] §3:42-5.6 (a fixed dollar amount) and the minimum bid for sales §3:42-7.3, both at \$74,000 per whole PDC, rather than using a formula of "not to exceed 80% of the market value" of a credit, that would self-adjust with market fluctuations. If the market value of PDCs went up or down in a year, another amendment would be necessary. Mr. Vivas explained that the formula approach had been looked into already but had been advised that the law required that an actual dollar amount be specified. Ms. Chudzik was not present to advise the Board members on the specific requirements of the law.

In view of the fact that the Rules will need to be further amended prior to holding an auction, and the timing sensitivity of getting the Rules re-adopted before they expire, the Board reached a consensus that the re-adoption document be approved.

Mr. O'Reilly made a motion, seconded by Ms. Craft, to approve the re-adoption document as presented however, letting it be known that the preference of the Board would be to have the 80% formula rather than the rulemaking stated legal obligation to have an actual dollar value as proposed. The motion was carried by a unanimous affirmative vote.

The **Resolution** to authorize the preparation for the auction was amended in several places after discussion and was adopted as shown below. Ms Ashmun moved for adoption and was seconded by Ms. Murphy:

RESOLUTION OF THE PINELANDS DEVELOPMENT CREDIT BANK

No. 1-2008

Date of Introduction: April 17, 2008

Title

RESOLUTION

Authorizing Advance Preparation for the Sale of Pinelands Development Credits (PDCs) Owned by the Pinelands Development Credit Bank

Executive Director Guillermo Vivas presents the following Resolution:

WHEREAS, the Pinelands Development Credit Bank (Bank) owns 27.5 Pinelands Development Credits, and

WHEREAS, N.J.A.C. 3:42, Subchapter 7, authorizes the Bank to sell all, or a portion, of its Pinelands Development Credits if there is sufficient interest in the purchase of its Pinelands Development Credits to warrant such a sale, and if the timing of the sale and the number of Pinelands Development Credits to be sold will not substantially impair the private sale of Pinelands Development Credits, and

WHEREAS, the balance of funds remaining from the original appropriation is reaching critically low levels and the sale of some of the Bank-owned PDCs is the only available source of funding to ensure continuation of the Pinelands Development Credit Program for the next few years, the Executive Director has recommended that the Bank sell some Pinelands Development Credits at a minimum bid price of \$74,000 per one full Pinelands Development Credit, (\$18,500 per quarter [0.25] PDCs).

WHEREAS, the Executive Director has submitted information to the Board concerning the demand for Pinelands Development Credits, their availability for sale, and recent purchase prices; and

WHEREAS, the Executive Director will prepare a proposed Notice of Sale, which will contain a summary of the terms and conditions of the sale;

NOW, THEREFORE, BE IT RESOLVED that

1. The Board of Directors hereby finds that the sale of some Pinelands Development Credits is warranted by sufficient interest in their purchase and for funding the continuation of the PDC Program.
2. The Board directs the Executive Director to provide a report at the next meeting, providing a date and time for the proposed sale, the number of PDCs to be sold and

documentation that such sale will not substantially impair the private sale of Pinelands Development Credits.

3. The Executive Director is authorized to engage in the necessary preparations to conduct the sale in the near future in accordance with N.J.A.C. 3:42, Subchapter 7, subject to final approval by this Board.

RECORD OF BOARD OF DIRECTOR VOTES

Motion by: Candace Ashmun Second by: Cecile Murphy

<u>DIRECTORS</u>	<u>AYE</u>	<u>NAY</u>	<u>NP</u>	<u>ABS</u>
Guillermo Vivas Acting Chair for Terry McEwen				X
Susan Craft	X			
Cecile Murphy, designee for Fawn McGee	X			
Candace Ashmun, designee for Daniel Kennedy	X			
Lawrence O'Reilly	X			
Edward McGlinchey	X			

Adopted at a meeting of the Pinelands Development Credit Bank
Date: April 17, 2008

Executive Director

Acting Chair Designee

Other Business:

- None.

Adjournment: The meeting was adjourned at 3:25 p.m. on a motion by Ms. Ashmun, seconded by Ms. Murphy and a unanimous affirmative vote.

Respectfully submitted,

Guillermo Vivas
Executive Director