

PINELANDS DEVELOPMENT CREDIT BANK BOARD MEETING

THURSDAY, MAY 25, 1995

The meeting was called to order by John Tarditi, Vice Chair who then read the Open Public Meeting Act Statement.

The roll was called by Executive Director John Ross. Present at the meeting were:

Members

John Tarditi Jr., Vice Chairman, Public Member
George Rover, for Attorney General Deborah Poritz
Richard J. Sullivan, Chairman, NJ Pinelands Commission
James F. Hall, for Honorable Robert C. Shinn, Jr.
Samuel Garrison, for Honorable Arthur Brown
John Traier, for Commissioner of Banking Elizabeth Randall

Other Officials

John Ross, Executive Director, PDCB
Richard Osborn, Program Consultant, PDCB
Lorraine Strickland, Recording Secretary

Members Absent

Richard Chinery, Public Member
Vacant, Public Member
Vacant, Public Member

The minutes of the meeting of January 12, 1995 were approved as read.

Mr. Ross stated that there has been an application made by Mr. Joseph Guarino for the Board to purchase 14.75 Pinelands Development Credits. He said it would be a purchase under the hardship provision. This application has been reviewed by Deputy Attorney General John M. Van Dalen who said that it met all criteria. Executive Director Ross recommended approval to purchase these credits.

Mr. Rover asked if this request for purchase was unusual. Mr. Ross said that this is the first application for purchase that the Bank has received in years. This is primarily due to a favorable private market, and the renewal in December 1994 of the Bank's authority to purchase which had expired in December 1992.

Mr. Rover wanted to know the policy of the Board with respect to purchasing. Mr. Ross stated that the Bank had adopted rules and regulations that established the criteria that allows the Bank to purchase credits when a financial hardship exists or when the severing lands complement or buffer state owned lands. Mr. Ross also said that he did not foresee increased interest in selling directly to the Bank.

Mr. Tarditi asked if Mr. Guarino tried for a private purchase. Mr. Ross stated that he believes Mr. Guarino attempted to sell privately but, due to the large number of credits, he did not find a buyer. He feels Mr. Guarino's motivation is to alleviate his hardship through selling all of his credits to the Bank in one transaction, vs. selling piecemeal on the private market. Mr. Rover suggested keeping an eye on the market in case people start trying to sell to the Bank.

Mr. Tarditi asked if Mr. Guarino's application fulfills the hardship provision and if there is any downside to the bank purchasing the credits. Mr. Ross stated that Mr. Guarino's application meets both criteria for Bank purchase and that, if Mr. Guarino sold in the private market at an artificially low price, it may impair the overall PDC program.

Mr. Tarditi and Mr. Rover asked if the Board should step in only to the extent of the hardship rather than buying all the credits. Mr. Tarditi suggested that this matter be put aside for the time being until Mr. Osborn tallied Mr. Guarino's bills.

The meeting continued with Mr. Ross discussing a letter that the PDCB received from the Pinelands Commission regarding the use of PDCs as collateral for loans. The letter specifically asked if there are any impediments to using PDCs as collateral, if the Bank has been asked to guarantee any loans, if the Bank needed to adopt rules that would allow loan guarantees, and the value that the Bank would use if it were to guarantee loans.

Mr. Ross informed the Board that currently PDCs may be used for collateral and that the Bank's Instructional Guide explains the process. He also stated that the Bank has only received one inquiry about loan guarantees since it became operational. Based on the current ability for credit owners to use them as collateral and the limited activity, Mr. Ross feels that adopting rules at this time is not necessary.

Mr. Ross suggested that the Board may want to take a look at private sales prices and perhaps raise the Bank's purchase price. He stated that he would analyze private sales and report back to the Board at the October meeting.

The Board went into Executive Session.

When the meeting reopened, Mr. Tarditi said that the Executive Director recommended that the Board extend its contract with Mr. Osborn through December 1995. In addition, Mr. Osborn would work half time for Department of Environmental Protection Green Acres and the Bank would be reimbursed for that time resulting in a net cost to the Bank of \$12,500. The vote was unanimous that Mr. Osborn be engaged in this capacity.

Mr. Ross mentioned that the Board may need to look at new staffing arrangements for the PDCB in the near future.

Mr. Osborn was brought back into the meeting. He advised the Board that he calculated Mr. Guarino's bills to be in the range of \$90,000 and still had many more to be counted. Mr. Traier asked that the Board consider buying all of Mr. Guarino's credits.

A motion was made by Mr. Sullivan and seconded by Mr. Traier. It was unanimously approved.

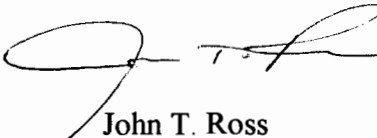
Mr. Tarditi suggested that for future hardship purchases, the applicant should provide a certified financial statement in addition to outstanding debt.

Mr. Rover asked if Mr. Osborn could contact the various townships concerning Mr. Guarino's tax bills. Mr. Osborn stated that he has already been in touch with some but would continue to contact the others.

Mr. Ross advised the Board that the William Penn Foundation grant for the Bank's three year outreach project was about to expire in June. He stated that he would be reporting the project's results to the Foundation and that in measuring success, it appeared that the effort was very successful. Mr. Ross also said that he would like to contact William Penn about possibly participating in another project.

Mr. Tarditi stated that the next meeting will be October 12, 1995.
There being no public comment and no further business, the meeting was adjourned.

Respectfully submitted,



John T. Ross