

PINELANDS DEVELOPMENT CREDIT BANK
BOARD MEETING
Thursday, October 14, 1999

The meeting was called to order by Acting Director Nicholas J. Ketcha Jr., who then read the Open Public Meeting Act Statement.

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

MEMBERS

Nicholas J. Ketcha Jr., Acting Director, Department of Banking & Insurance
Carol Shipp, Department of Agriculture
George Rover, Office of the Attorney General
Alan W. Avery, Jr., New Jersey Pinelands Commission
John J. Tarditi, Jr., Public Member
Donald McCauley, Public Member

OTHER OFFICIALS

John Ross, Executive Director, Pinelands Development Credit Bank
Dennis Massimo, Project Manager, Pinelands Development Credit Bank
Helene Chudzik, Deputy Attorney General, Department of Law & Public Safety
Lorraine Strickland, Recording Secretary

MEMBERS ABSENT

Richard Chinery, Public Member
James F. Hall, Department of Environmental Protection

Minutes from the meeting of January 14, 1999 were unanimously approved.

Mr. Ross asked the Board to authorize a sale of Bank owned Pinelands Development Credits. Mr. Ross stated that the Bank had been contacted by a number of builders and developers expressing concern that they are unable to purchase credits in the private market, and that they have an immediate need, otherwise their projects could not receive approval.

Mr. Ross proposed that the Bank make 200 rights available for sale, at a minimum bid price of \$4,500 per right. The sale would be conducted by sealed written bid. The high bidder would be awarded the number of Pinelands Development Credits bid on. If the high bid does not purchase all 200 rights, the remaining credits would be available for sale at the high bid price. Other bidders would be allowed to supplement their original bids to the high bid, and would be awarded the remaining credits. Mr. Ross stated that the sale would also have a provision for a deferred purchase. Successful bidders would be allowed to defer purchasing the credits for up to 18 months after the bid opening. Bidders electing to defer closing would make a 10% non-refundable deposit of their total purchase price, and would pay a carrying cost of prime plus 2 points on the balance owed.

Mr. Tarditi asked if people are sitting on rights because buyers are not offering enough. Mr. Ross responded that he had contacted all sellers and most private credits had either been sold or are under option to be sold, and that only a handful of rights were available.

Mr. Ketcha questioned why the minimum bid was being set a \$4,500, when the last sale was \$5,000. Mr. Ross said that the \$5,000 was for a single right, and that the average price for multiple rights was closer to \$3,800 per right. Mr. Ketcha asked why we wouldn't want to get the higher price. Mr. Ross said that he thinks the higher minimum bid would possibly discourage some bidders; he also said that the average price for the past couple of years has been \$3,500. He said that the \$4,500 is justifiable, and that he expects the bids will go higher.

Mr. Rover wanted to know what price would prevent someone from bidding. Mr. Ross said that he thinks \$5,600, or even \$5,000, would be too high for a minimum bid. Carol Shipp asked about the issue of developers looking to buy rights from private individuals. She said people who have rights may want to sell. Mr. Ross said that many people are entitled to rights, but have not yet severed them from the land, which makes them available for immediate sale. Ms. Shipp also feels that a larger group can be contacted to let them know that credits can be sold. Mr. Ross said, based on the results of the sale, that we will probably see an increase in the number of private sellers.

Mr. Ketcha said the question for the Board is whether the minimum bid should be higher than \$4,500. Mr. Ross said that he feels that a higher minimum would discourage bidders. Mr. Massimo said he thinks it would be forcing builders to bid high. Mr. Avery said not to set the value too high, or it may have a negative impact on the overall program. Mr. Tarditi said that he feels comfortable with the recommendation of \$4,500.

Mr. Ketcha asked for a recommendation for Resolution 1-99. Mr. Tarditi made a motion to approve, with a second from Mr. McCauley. The vote was unanimous.

Mr. Ross informed the Board that \$3 million had been approved to purchase Pinelands Development Credits from land owners, and retire them. He also said that, over the next two years, another \$37 million could be available for this program. Mr. Ross stated that this program is separate and apart from the regular Pinelands Development Credit Program, and that he did not think that it would impact the regular program. However, by purchasing these credits, it will lower supply, and that could have a positive effect on sales prices. He went on to say that the Bank would be responsible for contacting and explaining the program to land owners, and also making the purchases.

If acceptable, the Board was asked to authorize Mr. Ross to enter into a Memorandum of Agreement with the Pinelands Commission and the Department of Environmental Protection.

Mr. Ketcha called for a motion to accept the Memorandum. Ms. Shipp approved it, with a second from Mr. Tarditi. The Board voted unanimously to approve.

Next on the agenda was the authorization to enter into a Memorandum of Agreement with the Pinelands Commission and the Department of Environmental Protection to facilitate a General Permit for Cranberry Growers.

Ms. Chudzik and Mr. Rover said that the Board may want to delay taking action on this matter, due to revisions that are still being discussed. If necessary, the Board could meet by teleconference.

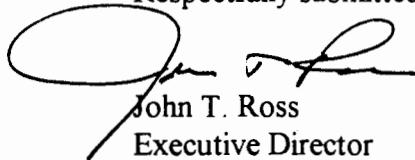
Mr. McCauley asked Mr. Ross if the Bank had enough staff to handle the additional work load. Mr. Ross reminded the Board that he was still half-time. Mr. Tarditi asked Mr. Ross to put together an analysis of work load and staff for the next meeting.

The Board authorized the Year 2000 Meeting Schedule as follows:

January 13, 2000
May 18, 2000
October 12, 2000

John Tarditi made a motion to close the meeting, with a second by Mr. Avery.

Respectfully submitted.



John T. Ross
Executive Director