

PINELANDS DEVELOPMENT CREDIT BANK

20 West State Street
Trenton, NJ

Minutes

October 18, 2006

Meeting Location: 20 West State Street, Room 223, Trenton, NJ

Members Present: Terry K. McEwen, Director of Banking/Chair
Assistant Attorney General Lawrence M. O'Reilly, Designee
Marci Green, Department of Agriculture Designee
Candace McKee Ashmun, Pinelands Commission Designee
Fawn Z. McGee, Department of Environmental Protection
Designee

Members Absent: Donald McCauley, At Large Member
John J. Tarditi, Jr., At Large Member

Others Present: Guillermo Vivas, Executive Director, Pinelands Development
Credit Bank
Helene Chudzik, Deputy Attorney General, Department of
Law and Public Safety (Board Counsel)

Chairman McEwen called the meeting to order at 2:05 p.m. read the Statement of Compliance with the NJ Open Public Meetings Act. Mr. Vivas introduced Lawrence M. O'Reilly, who will be the official designee for the Attorney General in 2006-2007.

Reading and Approval of Minutes:

The Chairman called for a motion to accept the minutes of the July 19, 2006, Regular Meeting. Ms. Green moved for approval, seconded by Ms. McGee. Motion carried unanimously.

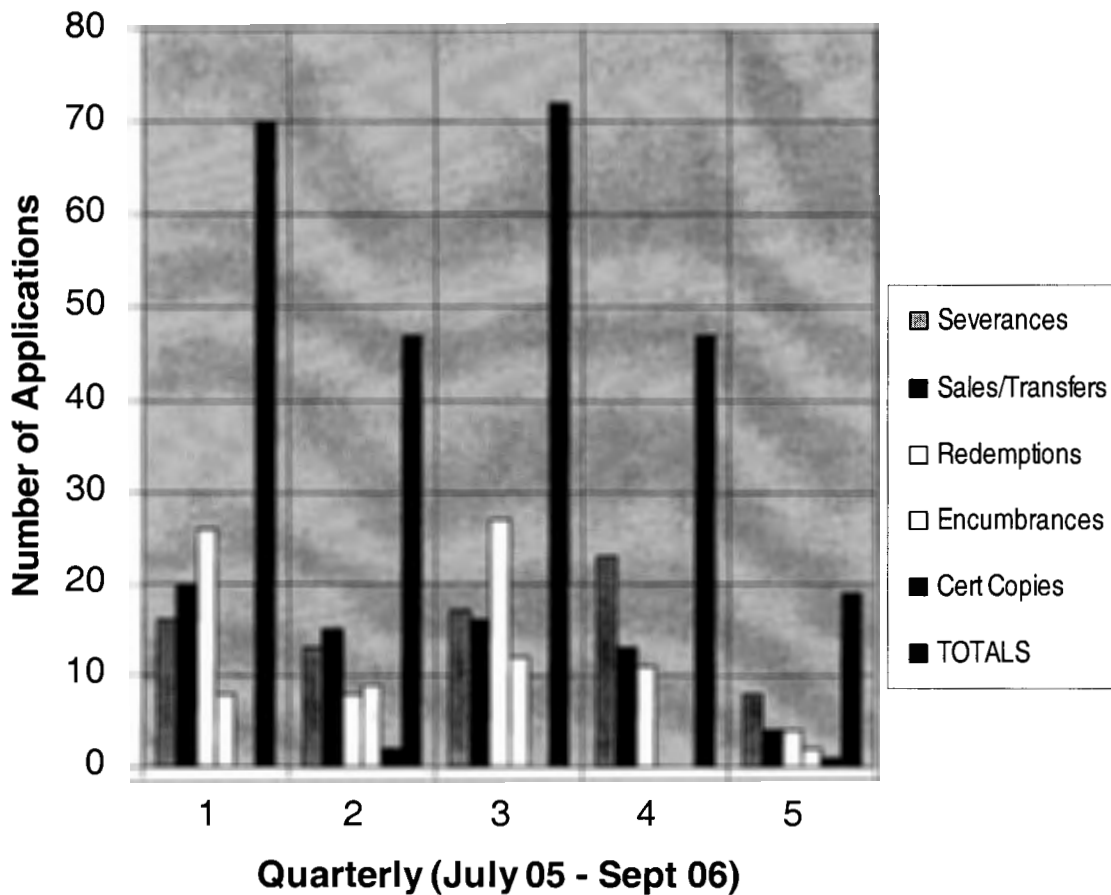
Executive Director's Report:

- Mr. Vivas reported that there are presently 11 PDC Certificate applications under review; although not all are new (some have remained incomplete for several months).
- For the period covering July, 2005 through September, 2006, we processed applications as indicated on the following chart distributed to the Board, using the chart to illustrate trends, such as the decline in activity (corresponding to recent trends in the real estate market). He also commented on the increase in encumbrances during the fall and winter months last year, as farmers use the credits as collateral for loans towards the next season's crops:

Pinelands Development Credit Bank
Application Activity 2005-2006

	Jul-Sep 2005	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006	Jul-Sep 2006
Severances (New Cert.)	16	13	17	23	8
Sales & Transfers	20	15	16	13	4
Redemptions (for Permits)	26	8	27	11	4
Encumbrances (for Loans)	8	9	12	0	2
Certified Copy of Lost Cert.	0	2	0	0	1
TOTAL TRANSACTIONS:	70	47	72	47	19

PDC Bank Activity 2005-2006



PREPARED BY: GUILLERMO VIVAS, ACTING EXECUTIVE DIRECTOR
 LAST UPDATED: 10/12/2006

- Mr. Vivas reported on the continued updating and enhancements of the PDC Bank's web site and showed them a copy of the new 2006 Private Sales Report (in Excel), and the totally re-done application form and instructions, both now on the website. He continues working on reviewing and editing all application related forms to be placed on the site in electronic format. (The existing forms on the website were Adobe Acrobat PDF files, scanned from paper copies and have poor quality.)
- Mr. Vivas discussed the continuing PDC Bank's outreach program. With the reduction in staff since last October, most of the efforts have been placed on hold, as application reviews and other work required completion. Once a new staff person comes on board, we will resume work the local mailings and "town meetings" to continue promoting the PDC program.
- The new PDC Tracking computer system nearing completion, and hopefully will be launched by the end of this calendar year, if the large amount of inconsistent data cleanup and other quality control work can be completed.
- There have been changes in personnel and staffing for the Bank. The Positions of Project Manager and Deputy Executive Director have been eliminated and replaced with a new middle-management position of "Program Development Officer". Interviews were held in mid-July and a candidate with ample Pinelands experience and strong organizational skills was selected. She will be able to start three weeks after the necessary paperwork has been approved by the Governor's Office.
- Mr. Vivas informed the Board that the PDC Bank will be relocating in the near future to the 5th floor (in this same building).

Business of the Board:

- There continues to be a need to fill the two existing vacancies on the Board. Chairman McEwen explained that he would like to have a selection of three to five qualified candidates to present to the Commissioner for forwarding to the Statehouse. Ed McGlinchey's name (Winslow Twp.) has been on the table for over three years. Mr. Vivas contacted the NJ Builders Association and they submitted a resume for John H. Hooper of Moorestown (who is not involved with Pinelands related development projects). Through Marci Green, Agriculture Secretary Charles Kuperus submitted the name of a farmer, Roger R. Kumble, of Southampton Township. Unfortunately, it has turned out that Mr. Kumble has a Letter of Interpretation #1238, issued in 1997 with an allocation of 3.25 PDCs that he has never severed, and this could be perceived as a conflict of interest. Discussion ensued about the intricacies of coming up with a farmer as a potential candidate. Ms. Ashmun said she

would take on that task and try to provide two potential (farmer) candidates to the Board by the next meeting.

- Discussion ensued about PDC Bank's fiscal issues. The Bank was funded by a one time appropriation from the State's General fund and the Statute (establishing the PDC Bank) calls for any funds remaining funds (at the sunset of the PDC Bank) to be returned to the State. The original legislation had an ending date for the Bank's funding of 15-years from the effective date of the Act (or August 28, 2000). It has been extended twice; the most recent in 2005 for ten additional years. Out of the original \$5 million appropriation, \$3.5 million were paid pack a few years ago. Of the remaining funds, the current balance is less than \$800,000 which, using previous two years salaries and expenses would last less than four years.

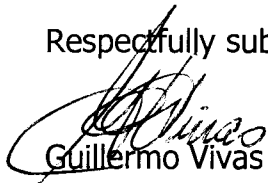
The concept of establishing fees was not favored by the special committee—chaired by Marci Green along with John Stokes, Executive Director of the Pinelands Commission and Cecile Murphy of the DEP. After a teleconference meeting with Commissioner Goldman on August 9th (Mr. McEwen also present at that committee meeting), an agreement was reached to place the concept on hold, and re-visit at a later date and it was suggested a year-and-a-half to two years. Meanwhile, the PDC Bank should consider holding three or four auctions and sell small amounts of the 27.25 PDCs (109 development rights), perhaps a quarter to a third of the total owned. Although cautioned not to wait until the existing funds are nearly depleted, the present drop in PDC sales prices does not make this the right time to sell. Mr. Vivas is to keep track of the market trends and alert the Board when the PDC values start gaining strength again.

Other Business:

- There was no one from the public in attendance to speak at this moment.

Adjournment: 3:00 p.m. on a motion by Ms. Ashmun, seconded by Ms. Green, and a unanimous affirmative vote.

Respectfully submitted,


Guillermo Vivas
Executive Director