

Garden State Preservation Trust

April 7, 2004

Meeting Minutes

Chairwoman Ogden called the meeting to order. Clifford Rones, Attorney General's office, read a statement certifying compliance with the Open Public Meeting's Act. Public members present were: Maureen Ogden, Chair; Cooper Morris, Vice Chair; Dennis Davidson, Robert DiVincent, Herbert Wegner. Ex-officio members present were Joanna Dunn Samson (for DEP Commissioner Bradley M. Campbell); David Rousseau (for State Treasurer John E. McCormac); Marge DellaVecchia (for Department of Community Affairs Commissioner Susan Bass Levin); and Gregory Romano (for Agriculture Secretary Charles Kuperus.)

OPENING REMARKS

Chairwoman Ogden welcomes Mr. Davidson to his first meeting as a member of the Trust and congratulates him on his appointment by the Senate President. Chairwoman Ogden thanks former Trust member Christopher Daggett for his service to the Trust from 1999 to 2004 and requests that a resolution honoring Mr. Daggett be prepared for consideration by the Trust at the next meeting.

APPROVAL OF MINUTES

Members reviewed and approved the language of a copy of the Minutes of the Dec. 22 meeting of the Garden State Preservation Trust conditioned on several changes in phrasing. The language of the minutes was approved unanimously by acclamation. (Note: The minutes of the Dec. 22 meeting had been officially approved in Resolution F at the Dec. 22 meeting and immediately transmitted to the Governor's Authority Unit. The action of the Trust members today was a formality to preserve a record for the Trust that the members agree is representative.)

PRESENTATION

Discussion concerned the Second Supplemental Bond Resolution on the agenda to contract with Bear Stearns as lead underwriter to market a bond issue to borrow \$500 million between Dec. 1 2005 and Dec. 31 2006. The resolution included the employment of associated consultants and advisers.

Stephen Pearlman, Esq., made a presentation concerning changes to the Second Supplement Bond Resolution appearing on the agenda from the preliminary drafts members received on or about March 29; further explained what the bond resolution does; elaborated on what "forward delivery bonds" are and why tax law does not permit a bond issue today. Mr. Pearlman also reviewed True Interest Cost (TIC), the Official Statement and the Continuing Disclosure Agreement.

Charles Ellinwood, Managing Director of Bear Stearns, and Noreen White, financial advisor with Municipal Advisory Partners, made a presentation on the financing and cost

of the \$500 million bond issue; discussed present market volatility, “zero coupon” bonds and details of the proposed sale such as the premium for the forward delivery. Vice Chairman Morris asked if interest rates in the Bear Stearns proposal were in fact municipal bond rates. Mr. Ellinwood said they were. Mr. Wegner commented on the efficiency of zero coupon bonds to minimize debt service before 2010, then asked the cost difference of the forward delivery versus waiting until 2006 for a traditional issue. Ms. White explained the cost of issuance could change based on credit rating, bond insurance and the underwriters discount subject to the market, and that the ranges presented to the Trust members by GSPT staff and by financial advisors were estimates and ranges. Ms. White said it could not be known what interest rates would be in 2006 but that her advice was to plan for them to be higher. Mr. Wegner asked about proceeds from issuing zero-coupon bonds in 2006. Ms. White said there is no way of knowing what sum could be borrowed then. Vice Chairman Morris asked if we are assuming interest rates will rise and if it is the practice at Bear Stearns to predict rates in such a manner. Mr. Ellinwood and Ms. White said an upward trend in interest rates is likely but never certain, and that markets have no guarantees.

Mr. Rousseau highlighted advantages of the proposal to minimize the risk of losing proceeds because of higher rates. Chairwoman Ogden asked for assurance the full \$98 million dedication would be used up for debt service after 2010. Mr. Ellinwood said all but about \$40,000 of the full \$98 million will go to debt service when the next resolution for \$150 million is taken into account.

Vice Chairman Morris asked how much remained from the 2003 bond issue and when more funds are needed. Mr. Siegel said most of the 2003 bond issue was still in the trust funds but will be exhausted by 2006 according to expenditure forecasts from Green Acres and Farmland Preservation Program. Mr. Romano said he is comfortable the money will be expended in time. Vice Chairman Morris asked about the public perception and the response by the rating agencies of borrowing money we don't need now. Ms. Flynn said no debt is actually issued until 2006 and no debt service paid until November 2006. She said rating agencies favor such transactions. Mr. Rousseau said the prudent measure was to act now to preserve our ability to borrow funds.

Vice Chairman Morris asked Mr. Ellinwood if Bear Stearns pays a lobbyist. Mr. Ellinwood said the firm has consultants. Mr. Pearlman said obedience to MSRB rules on lobbying are stipulated in the Bond Purchase Agreement. He said Bear Stearns is in compliance. Vice Chairman Morris asked if other firms use consultants. Mr. Ellinwood said he would not speak for other firms.

Mr. Wegner asked if estimates rates proposed by Bear Stearns reflect possible downgrades in New Jersey's credit rating. Mr. Ellinwood said they did not.

RESOLUTIONS

- Second Supplemental Bond Resolution to contract for the forward delivery of \$500 million in bonds through Bear Stearns.

Moved by Mr. Rousseau, seconded by Mr. DiVincent.

This resolution was approved 8-0 with abstention by Vice Chairman Morris.

- Resolution #04-001 Of The Garden State Preservation Trust Approving The Minutes Of The Meeting Of April 7, 2004, with regard to the Second Supplemental Bond Resolution, so these minutes could be immediately transmitted to the Governor's Authority Unit.

Moved by Ms. DellaVecchia, seconded by Mr. DiVincent.

This resolution was approved unanimously by acclamation.

- Resolution #04-002 Resolution Of The Garden State Preservation Trust Urging Prompt Consideration Of Senate Bill 249 to increase the debt limit to \$1.15 billion.

Mr. Siegel tells the board that the legislation was reintroduced and Mr. Wegner had requested this resolution. Mr. Wegner said such a resolution is appropriate considering the urgency of the matter prompting the present meeting. Mr. Rousseau asked the Senate and Assembly minority leaders and respective budget or appropriations chairs be added to the distribution list.

Moved by Mr. DiVincent, seconded by Mr. Wegner.

This resolution was approved unanimously.

ELECTION OF OFFICERS

Considering the Governor's Veto on Jan. 13 of the Garden State Preservation Trust election of officers at its Oct. 16, 2003, reorganization meeting, Chairwoman Ogden suggested the Trust suspend the ByLaws procedure of selecting a nominating committee for officers and then awaiting a report from this committee. Chairwoman Ogden also noted the Trust Bylaws require rotation of chairmanships according to whether the person was appointed by the Governor, Senate President or Assembly Speaker, and that for 2004 the rotation turned to an appointee of the Senate President. Chairwoman Ogden then invited nominations from the floor.

- Ms. Samson made a motion to nominate Mr. Davidson as chair. Mr. Rousseau seconded the motion.

Ms. Samson remarked on Mr. Davidson's experience as an administrator of Green Acres and architect of many specific land preservation programs. Mr. Romano remarked on Mr. Davidson's experience as an ex-officio member of the State Agriculture Development Committee for approximately 15 years.

Chairwoman Ogden said it would be best to consider the election of all officers in a single resolution, Ms. Samson and Mr. Rousseau agreed.

- Ms. DellaVecchia nominated Mr. DiVincent as vice-chair. Mr. Rousseau seconded the nomination.
- Mr. Rousseau nominated Executive Director Ralph Siegel as Secretary-Treasurer of the Trust. Mr. DiVincent seconded the nomination.

Mr. Rousseau and Ms. DellaVecchia said it was common at other authorities and it was considered efficient to have the agency's executive director function as official Secretary-Treasurer for the prompt handling of financial documents and similar matters.

Mr. Wegner complimented Vice Chairman Morris as an outstanding member of the board and wanted to nominate him as Chairman. Ms. Ogden explained the Governor had vetoed the Oct. 16 minutes which had included the election of Cooper Morris as chair.

A vote was taken. The resolution was approved unanimously by acclamation.

- Mr. Rousseau made the motion that the Minutes of the April 7, 2004 meeting of the Garden State Preservation Trust concerning the election of officers be approved and expedited to the Governors Authority Unit so Mr. Davidson can assume the chairmanship at the next meeting.

This resolution was approved unanimously by acclamation.

EXECUTIVE DIRECTORS REPORT

Mr. Siegel prefaced his report by thanking Mr. Pearlman, Ms. White, Mr. Ellinwood, Isabel Miranda, Esq., and the Treasury Department Office of Public Finance for their work and cooperation with him in the preparation of the \$500 million forward delivery bond issue proposal.

Mr. Siegel said particular gratitude was owed to former Trust member Christopher Daggett with whom Mr. Siegel said he had the most intensive and productive discussions on the bond issue proposal. Mr. Siegel said any credit owed to the quality of his staff memos and of his recommendation concerning the bond issue was due Mr. Daggett because of Mr. Daggett's contribution in identifying critical issues and in providing guidance on them.

Mr. Siegel then reported general summaries for the Garden State Preservation Trust's three trust funds concerning opening balances, expenditures to date for Feb. 29 and forecasts of closing balances. Mr. Siegel reported on appropriations and expenditures since 1999 to date through the GSPT, and estimates of total acres preserved through the different programs.

Mr. Siegel reported on the status of Senate Bill 249 to increase the GSPT debt limit to \$1.15 billion and Senate Bill 1370 to permit longer-term investments of GSPT trust funds.

TRUST MEMBER COMMENT

Vice Chairman Morris asked Mr. Siegel about compliance with reporting obligations. Mr. Siegel said the schedule is to provide an interim report in July and a final report in September. Vice Chairman Morris asked Mr. Siegel to inquire as to the status of a draft Fiscal Year 2002 report prepared by the previous staff. Mr. Siegel said he had no knowledge of one but would inquire. Chairwoman Ogden said she did not believe a report had been completed.

Ms. Samson noted Mr. Daggett's service and endorsed Chairwoman Ogden suggestion that a commemorative resolution be considered at the next meeting.

Ms. Della Vecchia congratulated Mrs. Ogden for her service as Chairwoman.

PUBLIC COMMENT

No members of the public were present at this portion. Jeff Tittel, executive director of the New Jersey Chapter of the Sierra Club, had been present during the meeting but had departed.

ADJOURNMENT

Meeting was adjourned at the direction of Chairwoman Ogden.

Respectfully submitted

Ralph Siegel
executive director
board secretary

July 21, 2004