

PINELANDS DEVELOPMENT CREDIT BANK
BOARD MEETING

Thursday, January 13, 2000

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

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

MEMBERS

Nicholas J. Ketcha Jr., Director, Department of Banking & Insurance
Samuel Garrison, Department of Agriculture
George Rover, Office of the Attorney General
Susan Uibel, New Jersey Pinelands Commission
John Tarditi, Jr., Public Member
Richard Chinery, Public Member

OTHER OFFICIALS

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

OTHERS PRESENT

Maureen McAndrew, Department of Environmental Protection

MEMBERS ABSENT

Cari J. Wild, Department of Environmental Protection
Donald McCauley, Public Member

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

Mr. Ross informed the Board that the Bank's recent Pinelands Development Credit auction resulted in a new all time high sales price for Pinelands Development Credits. Credits sold for \$7,236.00 for each 1/4 Pinelands Development Credit. He went on to say that the sale attracted twelve bidders, and that the high bid of \$7,236.00 set the sale price. The high bidder purchased 50

rights, leaving a balance of 150 rights from the original 200 available for sale. The other bidders were offered the opportunity to increase their original bid to the high bid. This resulted in a total of 191 rights ultimately being sold at \$7,236.00 per right. The Bank also offered the option of deferring the purchase of credits for up to eighteen months after the auction. The Bank required a 10 percent non-refundable deposit, and charged a carrying cost equal to the prime rate, plus two points. Mr. Ross said that the net financial result is that the Bank will receive a total of \$1,423,534.00 for the sale, and that the Bank has already received \$1,090,646.00, with the balance due over the next eighteen months.

Mr. Ross said that the auction was a tremendous success, and that, while there were twelve bidders, many more developers are still looking to purchase Pinelands Development Credits. Mr. Garrison questioned why these builders did not participate in the auction. Mr. Ross said that he believes that several builders wanted to wait and see what resulted. They didn't want to put up bids that could increase sales prices. He also said that this is okay, because the high bid price should set the sales price in the private market, and that the buyer will have to pay private individuals a price comparable to the Bank's sale price.

Mr. Garrison also asked if the Bank is holding credits in reserve. Mr. Ross said that the Bank has 90 rights, which should be sufficient.

The next thing under discussion was the authorization to enter into a Memorandum of Agreement between the Department of Environmental Protection, the Pinelands Commission, and the Pinelands Development Credit Bank, to facilitate a general permit for the cranberry grower's expansion. Mr. Ross mentioned that this is something that has been before the Board for a few years. It will allow the cranberry growers to expand their bogs. This has been controversial, but the Department of Environmental Protection has now signed off, and the Commission has decided to enter. It's up to this Board to decide whether to approve. Mr. Ross said that Maureen McAndrew was present from the Department of Environmental Protection. She said they are in favor. Mr. Ross said if all the cranberry growers expand into certain wetlands, the maximum expenditure to the Board is estimated not to exceed \$400,000. Mr. Tarditi asked Mr. Ross if he was recommending approval, and Mr. Ross stated that he was, because the Board's regulations are being met with this program. Helene Chudzik, Deputy Attorney General, and the Board's Legal Counsel, presented the Board with a report on the background and legal implications of the program. Mr. Rover asked if this was the first program that has been done. He said that he thinks that this will be a legal issue. Ms. Chudzik said that it was not a significant area of concern for the Bank, but legal challenges may occur. At this point, Mr. Rover thanked Ms. Chudzik for the preparation of a thorough and candid report.

Mr. Tarditi made a motion to enter into the Memorandum of Agreement. This was seconded by Mr. Rover. A "no" vote was cast by Mr. Chinery, with the balance of the Board voting "yes".

Next on the agenda was the staffing needs for the Bank. Mr. Ross gave a recap of the Bank's present staffing, which included himself as a part-time Executive Director, Mr. Massimo, as a 944 hourly employee, and Denise Bushnell, a full-time secretary from a Temporary Agency. He then enumerated the Bank's day to day activities, and what will be required for the two new programs (the

Special Purchase Program, and the Cranberry Grower's General Permit). He continued by saying that the Pinelands Development Credit Program, by itself, is becoming very successful, and the workload of the two new programs will require additional help. He said that the Governor's Office has acknowledged that the Special Purchase Program will add a substantial workload, and has given the Bank \$27,000 for the balance of this fiscal year to assist in staffing.

Mr. Ross presented the Board with two possible options to address staffing needs.

Option 1 would be for Mr. Ross to remain as part-time Executive Director, increase the Project Manager's hours from 944 to 1,248, hire a full-time Project Specialist, and hire a full-time Assistant.

Option 2 would be for Mr. Ross to become a full-time Executive Director, keep the Project Manager at 944 hours, hire a full-time Assistant, and hire a part-time Contract Secretary.

At this time, Messrs. Tarditi and Rover motioned for the Board to go into Executive Session to discuss this matter.

After discussion, Mr. Ross was called in, and the Board went back into its regular session. Mr. Ketcha asked Mr. Ross if he had a preference as to being full-time Director with the Bank, or staying on part-time with the Bank and the Department of Environmental Protection. Mr. Ross said that over the past twelve years the part-time arrangement worked for the Bank and the Department of Environmental Protection. Now, however, with the additional workload, he feels that he would be doing a disservice to both agencies by not being able to give both the attention that they need. Mr. Ross said that because he was involved with Bank from its inception, he would prefer, and be honored, to be full-time Director. Mr. Ketcha asked if the Bank could still be housed at the Department of Environmental Protection if Mr. Ross were to become full-time. Mr. Ross said that he would speak with the Administrators of the Green Acres Program, however, they also are hiring new staff, and are short on space. He said that being located there is good, due to the related circumstances of both agencies, but that it is not absolutely necessary.

Mr. Ketcha suggested not increasing Mr. Massimo's hours, if Mr. Ross became full-time. Mr. Massimo's hours are set at 944 by the Department of Banking and Insurance's Shared Services. Mr. Ross suggested investigating other part-time positions that may allow for more than 944 hours.

Mr. Tarditi said that if the Bank went to a full-time Director, wouldn't it pay to hold off on a full-time Assistant, keep Mr. Massimo at 944 hours, and keep the current secretary.

Mr. Garrison asked what duties a full-time Assistant would be performing, and whether that would be comparable to a full-time secretary. Mr. Ross said that the program is so complex that this position requires an individual that is not only a secretary, but someone who has some knowledge of real estate or a paralegal. They are the first person the public speaks with, and they must be able to

explain the program in detail, along with instructing them on the proper completion of legal documents. In addition, this person must have the ability to run the office, do secretarial work, data entry, etc.

Mr. Rover suggested looking into Mr. Ross becoming full-time, along with having a full-time Assistant, and Mr. Massimo increasing his hours. Mr. Tarditi wanted to know what would be the logical first step. Mr. Ross said that the easiest transition would be for him to move over full-time; if nothing else could be accomplished, at least he would be able to dedicate his full attention to the Bank until the issues regarding Mr. Massimo and an Assistant can be resolved.

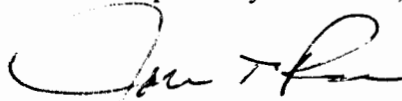
Mr. Ross left the room, and the meeting went back into Executive Session. After discussion, Messrs. Ross and Massimo were asked to come back in, and the meeting went into Public Session.

Mr. Ketcha asked that a motion be made for the Board to approve a modified Option 2 for staffing, to include a full-time Executive Director, a part-time Project Manager, rules permitting, to let the hours go up to 1,248 a year, and a full-time Assistant (Secretary/Para Professional). This approval would also give Mr. Ketcha the authority to negotiate with the Department of Environmental Protection and the Department of Banking and Insurance to move forward, with the basic reasons being (1) the Pineland Special Purchase Program, (2) the Cranberry Growers General Permit, and (3) the continued expansion of the Bank's basic program. Mr. Chinery made the motion to approve, with a second from Mr. Tarditi. The motion was unanimously carried.

Mr. Chinery said that he has tried, for the past thirteen years, to get Mr. Ross to come on board full-time. He said that Mr. Ross does an excellent job, and truly is the Pinelands Development Credit Bank.

Motions to adjourn the meeting were made by Messrs. Tarditi and Garrison.

Respectfully submitted,



John T. Ross
Executive Director

JTR:db