

**Pinelands Development Credit Bank Board
Offices of the Pinelands Commission
15C Springfield Road
New Lisbon, NJ 08064**

MINUTES
June 21 2012
2:00 p.m.

Board Members Present:

Christopher Hughes, Dept. of Banking & Insurance Designee
Candace McKee Ashmun, Pinelands Commission Designee
Fawn McGee, Department of Environmental Protection Designee
Helene Chudzik, Department of Law & Public Safety Designee
Edward McGlinchey, At Large Member
Robert Shinn, At Large Member

Board Member Absent:

Susan Payne, Department of Agriculture Designee

Others Present:

Susan R. Grogan, Executive Director, PDC Bank
DAG Mark Collier, Board Counsel
Larry L. Liggett, Director, Land Use and Technology Programs, Pinelands Commission
Paul Leakan, Communications Director, Pinelands Commission
Betsy Piner, Recording Secretary for PDC Bank Board

1. Call to Order

Chairman Hughes called the meeting to order at 3:15 p.m. and read the Open Public Meetings Act Statement. Mr. Hughes called the roll.

All present pledged allegiance to the Flag.

2. Adoption of Minutes of the March 27, 2012 meeting.

Chairman Hughes presented the minutes (open and closed sessions) of the March 27, 2012 Bank Board meeting. Mr. McGlinchey moved the adoption of the minutes. Ms. McGee seconded the motion and all voted in favor.

3. Update on Burlington County's Route 530 road widening project in Pemberton and Southampton Townships

Ms. Grogan summarized the activity that had occurred since the last Board meeting at which Burlington County's proposed road widening project for Route 530 had been discussed. She said that the packet for today's meeting had included a copy of the Commission's June 8, 2012

resolution and report approving the project. She said that Burlington County believes that it holds the easement on the preserved lands (Katona Farms) where an encroachment of roughly 3.5 acres will occur to accommodate this project. The County does not believe it needs to approach Green Acres regarding lifting the easement. Upon hearing that this is the County's position, Commission staff believed it was appropriate to proceed with the approval of the project. One condition of the approval deals with lifting the conservation easement. The County has agreed to either protect agricultural lands in the Pinelands Area portion of the County to which a minimum of 5.25 PDCs have been allocated (roughly 126 to 189 acres) or to contribute \$202,986.00 (an amount equivalent to the first quarter sales price of 5.25 PDCs) to the Pinelands Conservation Fund. Such funds would be used for the conservation of agricultural lands in the Pinelands Area of Burlington County. Ms. Grogan said that this was the offset presented by Ms. Stacey Roth at the Board's February 16, 2012 meeting. She said that the County preferred this latter route despite their very active and successful farmland preservation program, perhaps to expedite the road project.

Ms. Grogan reminded the Board that the Pinelands Commission neither purchases nor owns land so will look for a partner to preserve appropriate lands. She said that the Commission hoped to satisfy this obligation soon while the PDC prices are relatively low.

Ms. McGee clarified that actually, it is not Green Acres, rather the DEP Commissioner, who is involved with lifting the deed restriction. She said that her office understands that the County should go through the formal process with the Commissioner.

In response to questions from the Board how the process will work with the lifting of the deed restriction and the project moving forward, Ms. Grogan said that she understood that the County has already written the check for land acquisition. For the benefit of other Board members, she described the Pinelands acquisition process and the current contracts with Conservation Resources, Inc. (CRI) for land acquisition using two specific funding sources. She said that this latest funding source is relatively small and probably not worth the effort of issuing an RFP for a consultant. It is likely that the Commission staff will handle this project alone but will reach out to Burlington County and SADC for suitable projects.

Ms. Grogan confirmed Chairman Hughes' assertion that Burlington County must demonstrate that the lands to be encroached upon are no longer subject to the easement.

Mr. Shinn stated that he opposed the way this issue was resolved. He said that it was precedent setting to reduce the size of the farm without mitigation elsewhere on the farm. He said that each farm is an entity unto itself and needs a critical mass for productivity. He said that the County had targeted farms on either side of the Katona farm for acquisition and he believed that some of those lands should have been added to Katona. No matter how much money is received, he wanted assurance of the long term survivability of the farm. He said that although they are both County agencies, the missions of the County Departments of Farmland Preservation and the Department of Transportation were different.

Commissioner Ashmun said that now that the responsibilities of the Permanent Land Protection Committee have been undertaken by the CMP Policy and Implementation Committee, Mr. Shinn might be interested in sharing his concerns with them.

Mr. Shinn said that the Haines family had established a foundation to provide funding for acquisition. Ms. Grogan responded that the Commission was partnering with them on a project in Medford and Shamong Townships.

4. Discussion of webpage law (L. 2011, c.167)

Mr. Collier reviewed his April 11, 2012 memorandum to Ms. Grogan regarding the Bank's obligation to provide certain materials on its web site. He said that he thought that such obligations had already been met on the new web site (created after the MOU was signed between the Department of Banking and Insurance and the Pinelands Commission to staff the Bank). He noted that an audit was required "as applicable" and said that he was unaware that the Bank required that an audit be conducted. However, he would investigate this.

Chairman Hughes said that he appreciated Mr. Collier having brought these issues to the Board's attention. Ms. Grogan added that she was pleased that the appropriate materials had already been posted on the web site prior to the receipt of Mr. Collier's memo.

5. Discussion of the current PDC supply

Ms. Grogan distributed a copy of the PDC Sales Report for the current fiscal year (*Attachment A*) and noted that 26 rights had been sold at an average sales price of \$10,500 per right. She also distributed a map entitled *Preserved Lands and Potential Pinelands Development Credits in the Preservation, Agricultural Production, and Special Agricultural Production Areas (Attachment B)* and said that the map represents the potential supply of available PDCs. She said that, given the Bank's limited resources, the PDC Bank staff can do little to promote the PDC program. However the Bank hopes that the Pinelands Commission will enhance the program by increasing the demand for PDCs. She noted that some years ago the Commission had drafted new rules to balance PDC supply and demand. There are more PDCs to be used than opportunities for them to be used. She said that the Pinelands Commission was embarking on its periodic Plan Review and that Commissioner Ashmun is chairing that Committee.

Commissioner Ashmun stated that PDCs will be one of the topics but, with limited staff and resources, the process would be very narrow in scope. This led to a brief discussion of outreach efforts.

Mr. Liggett provided a PowerPoint presentation (*Attachment C*) to review PDC issues. He said that in 2009, the P&I Committee had recommended a PDC rule proposal but it was never advanced. He said that current Commission research indicates that 6,780 rights will be available for use while there will be only 5,200 opportunities, at most, for them to be used. These are far fewer opportunities than the Commission feels are necessary to assure that all rights will be utilized. He said that the demand will continue to shrink as land is developed so the Commission is interested in increasing PDC use through a series of "enhancements."

He said that previously, the Commission had proposed that every residential project use PDCs on a sliding scale with projects built at increased densities requiring fewer PDCs than those built at lower densities. The builders objected on the basis that such an obligation was a tax or a fee. Staff re-looked at the approach and the latest proposal is to drop the PDC use threshold from 66% to a lower threshold, perhaps 34% or even 0%. This would be project based, not zoning based, and on a sliding scale. By requiring PDCs on a sliding scale, one can accommodate Affordable Housing requirements as they are typically built at higher densities. Another element of the proposed changes would be the use of PDCs in Pinelands Towns, in addition to the Regional Growth Area. Although staff had considered requiring PDC use for commercial development, the municipalities objected on the basis that it would discourage much needed ratables. Another consideration was to allocate PDCs to the Forest Area (FA), should there be a market demand. There is much FA worthy of preservation but PDC holders in the Agricultural Production Area objected so it is not being considered at this time. He said that the Commission's goal is to either mandate PDC use for every project or lower the threshold at which they are required. In any case, the Commission wants to simplify the proposal from the 2009 version and try to reduce the objections.

Ms. Grogan said that it is important to both the Commission and the Board as the success of the PDC program is critical to the success of the Pinelands Plan.

Mr. Shinn said that the Bank needed to do a mailing and report on sales and prices as there are many landowners who are unaware of the PDC program. Perhaps the Bank staff could develop a concept plan.

Ms. Grogan said that when the Bank has done that in in the past, it had increased the number of applications submitted to the Commission for Letters of Interpretation. There were many outreach efforts that the staff would like to be able to do.

In response to Commissioner McGlinchey's reference to Winslow Township's PDC obligation for commercial/industrial development based on floor area ratio, Mr. Liggett said that the focus was switched to impervious cover due to resistance from the municipalities and it will be a judgment call to retain that provision.

Commissioner McGlinchey reminded everyone that the cost of PDCs is passed on to the homeowner and is *not* absorbed by the developer.

Commissioner Ashmun said that PDCs will not be the only subject of Plan Review and that the process would be limited by the lack of staff and resources.

Mr. Shinn said that the County Geospatial Group could offer hands-on help for mapping if the Commission should need it for such projects. He also said that it might be helpful to do press releases in some of the newspapers that cover the more remote sending areas such as Washington and Bass River Townships.

Mr. Hughes said that all the funds to support the PDC Bank had been expended and that there was no additional funding available.

Commissioner McGlinchey said that there needed to be outreach to stakeholders to let the public know about the PDC program.

When asked about public service announcements on public television, Mr. Leakan said that he had had no experience with NJTV although its predecessor, NJN, had been at the Commission on numerous occasions to cover stories.

Ms. Grogan said that following the retirement of Mr. Jack Ross (the first Executive Director of the PDC Bank), she had been involved with a series of town meetings, jointly with SADC staff. The meetings had been useful as they allowed landowners to ask questions and pick up application forms. Such meetings did much to stimulate applications for Letters of Interpretation at the Commission.

6. Public comment

There were no members of the public present.

7. Other Items of Interest

Mr. Shinn said that he would be interested in seeking funding for the PDC Bank in order to purchase PDCs to relieve hardship of landowners and he noted that the purchase of PDCs was a good investment. He would like to see contributions of \$1 million each from SADC and DEP.

Chairman Hughes said that he believed all present were aware of the fiscal state of New Jersey but he encouraged Mr. Shinn's attempts.

Chairman Hughes adjourned the meeting at 3:15 p.m.

Betsy Piner, Recording Secretary, PDC Bank Board

Adopted April 26, 2013

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