

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

PRESENT

THEODORE MAGLIONE)	ACTING CHAIRMAN
SUSAN E. PAYNE)	DIRECTOR
ROBERT HOLTAWAY)	DIRECTOR
KENNETH KLIPSTEIN)	DIRECTOR
JIM RILEE)	DIRECTOR
RALPH SIEGEL)	DIRECTOR
ROBERT WALTON)	DIRECTOR

VIA TELECONFERENCE

DALE DAVIS III)	DIRECTOR
----------------	---	----------

CALL TO ORDER

The Acting Chairman, Theodore Maglione, called the 12th meeting of the Highlands Development Credit Bank Board of Directors to order at 2:05 pm.

ROLL CALL

Roll call was taken. All members were present with the exception of Dale Davis III.

OPEN PUBLIC MEETINGS ACT

Acting Chairman Maglione announced that the meeting was called in accordance with the Open Public Meetings Act at N.J.S.A. 10:4-6. The Highlands Development Credit (HDC) Bank had sent written notice of the time, date, and location of this meeting to pertinent newspapers of circulation throughout the State and posted the same on the Bank's website.

PLEDGE OF ALLEGIANCE was then recited.

APPROVAL OF MEETING MINUTES AND EXECUTIVE SESSION MINUTES FOR JULY 28, 2010. *Director Rilee introduced a motion to approve the minutes and Director Payne seconded it. Director Siegel thanked Mr. Borden for a nice synopsis of the Executive Session Minutes. Director Klipstein requested clarification on the vote recorded on Pages 5 and 7 and the minutes were voted on with the clarification made as suggested. Director Davis was absent. The motion was APPROVED 5-0, with two abstentions.*

Ms. Swan noted that Nicole Crifo from the Governor's Office Authority Unit was present via telephone conference.

ACTING CHAIRMAN'S REPORT

Acting Chairman Maglione had no report.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

EXECUTIVE DIRECTOR'S REPORT

Ms. Swan began her report aided by a PowerPoint presentation and noted that the presentation, audio and minutes are posted on the website.

HDC Bank Initial Purchase Program

Ms. Swan reported that the HDC Bank created an Initial Purchase Program to acquire Highlands Development Credits from qualified applicants and to date has completed three rounds:

- First Round - 87 Highlands Development Credits on 109 acres acquired for \$1,392,000.
- Second Round - 54.50 Highlands Development Credits on 81 acres to be acquired for \$872,000.

Director Davis was present at the meeting via telephone conference at 2:10pm.

- Third Round – 203 HDCs on 130 acres to be acquired for \$3,248,000.
- The average price per acre for the above properties is \$18,780 which included commercial.

Under the Initial Purchase Program to date, the Bank has acquired 134.25 HDCs resulting in the permanent protection of 174 acres. Closings on six properties are pending.

Ms. Swan continued to report that the HDC Bank approved a Fourth Round under the purchase program. Upon completion of third round of acquisitions, there will be over \$2 million remaining in acquisition funds with the following schedule:

- November 3, 2011 – deadline for submitting HDC Allocation Application to the Highlands Council if property owner has not already done so.
- December 29, 2011 – deadline for submitting HDC Certificate Application to HDC Bank where property qualifies for Bank consideration.
- February 2, 2012 – HDC Bank meeting to review application that qualify for Fourth Round consideration.

Ms. Swan welcomed the two new Bank Board Directors, Mayor Holtaway from Bedminster Township, and Freeholder Walton of Hunterdon County. Ms. Swan explained the difference between an HDC Allocation and a Certificate application where the property qualifies under the criteria set forth for Bank purchase of development rights. At present anyone can seek an HDC Allocation so they would know the number of credits associated with their property under the TDR program. However if they proceed to request that the Bank purchase those credits they then have to meet the eligibility set forth by the Bank Board which will be explained later in the presentation.

Ms. Swan noted that the HDC Bank has established 5 priority acquisition categories of the HDC Purchase Program as follows:

1. Missed qualifying for Exemption #3 and have extenuating financial circumstances;
2. Suffer from extenuating financial circumstances;
3. Missed qualifying for Exemption #3;
4. Qualified for Exemption #3, but exemption expired; or

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

5. Property located in either Special Environmental Zone or High Value Agricultural Priority Area, and property owner previously offered property for preservation purposes and were denied.

Ms. Swan added that to qualify for extenuating financial circumstances, a property owner must demonstrate that:

- (1) the owner is experiencing an extenuating financial circumstance; and
- (2) that the owner's equity in the property to which HDCs will be allocated is substantial in relation to the owner's net worth.

Through the first 3 rounds, 24 applicants have sought consideration under the HDC Bank's extenuating financial circumstances criteria; 8 of those applications were approved in the first two rounds of consideration; 3 applicants qualified under the third round and 2 have sought an offer through a HDC Certificate Application.

Status of HDC Allocations

Ms. Swan then reported that the Highlands Council has received HDC Allocation Applications from 76 property owners since launching the program in November 2009. This includes 46 new applications received since January 1, 2011. To date 66 applications have received an allocation determination for their property. Forty-nine (49) applicants have received an HDC allocation while the property of 17 applications did not receive any allocation. Properties do not receive an allocation where there is no remaining development potential for which HDCs could be allocated. This may occur because of pre-Highlands Act environmental constraints, access issues, undersized lots, or existing easements or deed restrictions. The Highlands Council has allocated a total of 1,088 HDCs to the 49 applicants' properties representing a total HDC value of \$17,408,000.00 based upon the \$16,000 initial credit price. The total acreage receiving an HDC allocation to date is 2,189.79 acres. The average price per acre is \$7,949.62.

Ms. Swan summarized the status of HDC Allocations as of October 27, 2011:

	Allocation	Offers	Closings
Total HDCs	1,088	424	134.25
Total HDC Value	\$17,408,000.00	\$6,784,000.00	\$2,148,000.00
Total Acres	2,189.79	484.55	173.8
Avg. Price per Acre	\$7,949.62	\$14,000.6 2	\$12,359.03

Director Siegel asked if there is any delay with state funding once the offers are approved by the Bank Board. Ms. Swan reported that there is no delay with funding and closings. Closings can occur within a six month period unless there are other circumstances particular to a specific property.

Work Session on Non-Residential Allocations

Ms. Swan reported that at the last HDC meeting a question was raised as to the non-residential allocations and the values associated with them so staff prepared a memo for the Bank Board to

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

analyze this issue. In August of 2010, the Highlands Council assessed residential allocations in the *Land Preservation in the Highlands Region* report and that analysis demonstrated that the per acre value of residential HDC allocation is, on average, consistent with the per acre value of the transactions completed under the Farmland Preservation Program administered by SADC and the Green Acres Program administered by NJDEP.

Ms. Swan then presented a chart which showed the average per acre costs of existing preservation programs.

Preservation Program	Per Acre Avg.
SADC – Farmland Preservation (Highlands Parcels Only)	\$9,815.88
Green Acres (Highlands Parcels Only; fee purchase)	\$10,264.68
Highlands TDR – Allocated HDCs to Date (49 property owners)	\$7,869.25
• Completed acquisitions (172 residential acres)	\$10,356.29

Ms. Swan then reported that Section 13 of the Highlands act requires that the Highlands Council set the initial value of a development right considering NJDEP rules and regulations in effect the day before the enactment of the Highlands Act. In the RMP, the Highlands Council established a specific methodology to calculate and allocate HDCs for both residential and non-residential properties. Both allocation methods utilized pre-Highlands Act NJDEP rules and municipal zoning as the factors in the allocation method. Within the 859,267 acre Highlands Region, 72,030 acres are zoned non-residential (industrial, office/commercial and retail). Thus 8% of Highlands is zoned non-residential.

Director Payne asked how many lots the 8% represents. Ms. Swan responded that staff did not have that information but noted that only 3,500 of those acres are vacant, non-residential lands in the Presentation Area, so this is a very limited data set. To date, 9 of 76 applications have involved non-residentially zoned properties.

The RMP allocation method for non-residentially zoned property considers:

- Pre-Highlands Act development potential expressed as permitted square feet of building area; and
- Unit values for different types of non-residential uses (land values on a dollar per square foot vary between retail, office and industrial).

The Highlands Council has issued HDC allocation to 5 non-residentially zoned properties. The average per acre price of those five allocations is approximately \$70,000 per acre. The variability between the five allocations (issued to date) is based on:

- Size of parcel
- Zoning (industrial, office or retail)
- Pre-Highlands Act environmental constraints
- Infrastructure – if area was approved for sewer service prior to Highlands Act (properties on septic systems would yield smaller buildings).

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Ms. Swan showed a chart of the non-residential allocations to date:

County	Municipality	Block	Lot(s)	Acres (GIS)	HDC Allocation	Total Value of HDC Allocation	Per Acre Cost
Warren	Franklin	15	11.03	9.69	42.00	\$672,000.00	\$69,349.85
Morris	Mt. Olive	8301	13	2.31	23.25	\$372,000.00	\$161,038.96
Warren	Independence	1	67	26.76	30.25	\$484,000.00	\$18,086.70
Passaic	West Milford	6902	23	6.95	30.25	\$484,000.00	\$69,640.29
Passaic	West Milford	6803	4	16.11	30.25	\$484,000.00	\$30,043.45

Ms. Swan also showed a chart on the non-residential properties preserved by SADC or Green Acres:

County	Muni	Block	Lot(s)	Acres	Zoning	Source	Total Acquisition Cost	Price/Acre	Closing Date
Morris	Washington	19	3 & 4	24.82	Office/Comm	SADC	\$2,285,605.00	\$92,087.23	4/29/10
Warren	White	52	18 & 19	3.77	Office/Comm	Green Acres	\$400,000.00	\$106,100.80	Post Act

Ms. Swan noted that using the limited non-residential closings by SADC and Green Acres in the Highlands Region, the average per acre price of those transactions is approximately \$100,000 per acre. The \$70,000 per acre average per acre price of the five allocations made to are realistic per acre values when examined against \$100,000 per acre average of actual land preservation transactions.

Ms. Swan then showed a chart on the comparable non-residential Highlands Properties:

County	Municipality	Block	Lot	Acres	Zoning	Sales Date	Sales Price	Price/Acre
Warren	Washington Twp.	64	4	217	Hwy Commercial	5/12/03	\$200,000.00	\$92,165.90
Warren	Lopatcong	16	24.01	0.91	Hwy Business	7/11/03	\$145,000.00	\$159,340.66
Warren	Washington Twp.	30	5	2	Hwy Commercial	7/19/02	\$172,500.00	\$86,250.00

Ms. Swan further reported that the assessment also evaluated comparable land sales data to the HDC allocation for the farm property in Franklin Township. This 9.69 acre property received an HDC allocation of 42 HDCs valued at \$69,349.85 per acre. In comparison, the 3 similarly situated parcels examined had a per acre value of approximately \$113,000. The \$70,000 per acre average per acre price of the five allocations made to date are realistic per acre values when examined against \$113,000 per acre average of comparable land sales.

In an effort to provide as much information as possible in assessing the method to value non-residential property staff also examined sales of 7 undeveloped commercial properties in the Highlands Region both before and after passage of the Act (Note: simulated allocations were not based upon the full level of detailed review that would normally occur with an actual HDC

HIGHLANDS DEVELOPMENT CREDIT BANK

MINUTES OF THE MEETING OF OCTOBER 27, 2011

allocation application, including a site visit, examination of sewer infrastructure & capacity, water infrastructure & capacity; road frontage/access restrictions, contract conditions easements, approvals & status of permits, contamination, violations, required roadway or other public improvements and right-of-way dedications). Ms. Swan explained that staff couldn't find comparable sales in the Preservation Area so it used information from the Planning Area. Ms. Swan also noted that these lands are in the Existing Community Zone and thus would not be eligible for the TDR program. The model was not designed to handle these lands but staff wanted to test the model as much as possible and so continued. Assessment compared the estimated HDC allocation for each with the actual sale. On average, the per acre value of the actual sales of the 7 properties examined was \$197,645 per acre which is comparable to the average HDC per acre value of \$193,000. Even though these values involve lands in the Planning Area and all are in the Existing Community Zone where they would not be eligible for the TDR Program the model still functioned within acceptable parameters..

Ms. Swan showed a chart on the comparison of non-residential land sales to estimated allocations:

Town	Block	Lot	Acres	Sales Price	Sale Date	Sale Price/Acre	HDC Value	HDC Price /Acre	HDC Use
Denville	21203	1	14.4	\$1,800,000	5/10/2002	\$124,671	\$2,868,000	\$198,642	retail
Mansfield	1105	12.02	7.2	\$1,300,000	12/2/2003	\$181,666	\$1,884,000	\$263,276	retail
Rockaway Twp	22401	3.06	25.4	\$4,000,000	9/30/2005	\$157,183	\$4,824,000	\$189,563	office
Mount Olive	106	2	9.2	\$1,000,000	3/5/2008	\$109,206	\$1,600,000	\$174,730	office
Randolph	145	2	3.4	\$900,000	5/22/2008	\$261,628	\$ 904,000	\$262,791	retail
Roxbury	5001	1	3.0	\$650,000	4/22/2009	\$215,232	\$524,000	\$173,510	office
Clinton Twp	78	1	1.4	\$466,500	3/24/2011	\$333,930	\$247,500	\$177,165	office

Ms. Swan concluded noting that the residual value of non-residential property under the Highlands Act is minimal as these landowners retain vacant land that is deed restricted for agricultural or conservation purposes unlike a residential property that may have a residence (using applicable exemption) and deed restrict remaining lands. Also, the average of \$70,000 per acre for HDC allocations to non-residential properties is significantly higher than the average per acre value for that of residential properties (presently at the range of \$8,000 to \$10,000), the Highlands Act requires that the value of a development right reflect the pre-Act development potential. The properties that were zoned for non-residential use, such as office/commercial, retail and industrial use, have a higher per acre value because such uses reflect a more valuable level of development potential before the passage of the Act.

Ms. Swan ended her presentation to say that as a result of the analysis Council staff are confident that the methodology holds up and the analysis was as in depth as it could be using the data available. The assessment certainly demonstrates that the TDR program has a viable working model for evaluation purposes.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Acting Chairman Maglione thanked the Council staff for getting the information to the Board almost a month in advance for review. Acting Chairman Maglione commented that staff did a good job in assessing all the various information and in proving that the model the Board is using is working as it was intended. Acting Chairman Maglione feels that the Board's questions raised at the last meeting have been answered. Acting Chairman Maglione opened up the work session for Board discussion.

Board Discussion

Director Payne thanked the staff for the report and found it very interesting and informative. Director Payne commented that the Board is in the early stages of the program so should keep honing their skills in the process. Director Payne still has serious concerns about the value on non-residential properties. The last table presented by Ms. Swan showed that the HDC value would exceed the actual sales in four of those seven cases by 160% higher on two of them (which Ms. Swan noted as a very small sample). Director Payne commented that there is enough information to raise some questions as to whether the process is perfect or perfect enough for the Board to continue to spend money. Director Payne still thinks that the Board will be better served to check the evaluations associated with these non-residential properties with an actual appraisal. Director Payne commented that there is enough information here to make her uncomfortable.

Acting Chair Maglione commented on the evaluation based on the lot size and that there could be environmental constraints to be taken into consideration. Acting Chair Maglione also commented that the Board shall strive to get the most accurate, fair values for landowners but he is of the opinion that as a Board we are only going to get to that point when we have a free market flowing system. In light of the information presented, the model is functioning better than appraisals. Appraisals in this climate can be all over the charts and appraisers do not want to over value a property. Acting Chair Maglione further commented that the Board should try to give the landowners the most reasonable compensation equity and for those reasons believes the model is working properly and it isn't necessary to change at this point.

Director Holtaway commented that the process requires the Board to use the model in the RMP so if the Board wants to consider a change this Board would have to pass a resolution requesting the Highlands Council to go through the process all over again. Ms. Swan concurred that the Council would have to change the RMP.

There was further discussion about the powers of the Bank Board and the Highlands Council and the decisions made by both and how the current process is working. The Board also mentioned criteria on hardship.

Ms. Swan commented that the decision on hardship is made by the Council, but that all materials submitted may be reviewed by any member who has a question, either Council members or Bank Board Directors. The Council approves the minutes of the Bank Board so any action by the Bank Board can actually be vetoed by the Council. The Council sends the minutes of their meeting to the Governor and at that point the Governor has veto power over the Council.

Acting Chair Maglione commented that there are multiple steps in the approval process. Ms. Swan added that the Council set the initial HDC price and that is in the Act.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Director Siegel agreed with all the remarks Acting Chair Maglione said except on the approval process. When the Board has a technical assignment and it goes to a council or policy board there is a heavy reliance on the expertise of the finding. Director Siegel has concern for the advocacy for appraisal. Director Siegel was satisfied with the report. Director Siegel also commented that the Governor's office does not always review this type of information. Ms. Swan responded to say that Council has a working relationship with the Governor's Authorities Unit and Ms. Swan keeps them fully informed and they do go over all the information. Director Siegel understood what Ms. Swan said but feels there is a benefit of the doubt given to underlying decisions of a technical nature. Acting Chairman Maglione commented that that is why the Board is here.

Director Rilee commented that the Governor's office relies on the expertise of this Board. Director Rilee asked for clarification on the beginning comment made by Director Payne. Director Payne responded that a tremendous amount of time was put in at the early stage of the Bank Board's life and the Board should not be so worried about the implications of questioning where the Council or Bank Board has been because we are still learning and the Board should stay very open to observations and new recommendations along the way. Director Payne further commented that the Board needs to be careful that the values may be representative of more potential value than the market value. Director Rilee commented that the property owner will not get the values in the future. Director Klipstein stated that under any appraisal, there is a small data set and the free market would make a difference. Director Klipstein was satisfied with the report.

Acting Chair Maglione commented that we are discussing non-residential property which is very different from residential due to such property's income producing potential. Seeing no further need for action at this point on the work session, Acting Chair Maglione introduced the proposed Resolution.

CONSIDERATION OF RESOLUTION – *Authorization to acquire Highlands Development Credits under the third round of acquisition consideration.*

Acting Chairman Maglione noted that the Resolution is the Board's first reconsideration and felt that perhaps it is necessary to go into Executive Session since the Board has two new members. Ms. Swan responded that the Board can go into Executive Session for appropriate reasons. Mr. Borden added that Council staff has prepared a presentation and after the presentation the Board can address if it is necessary to go into Executive Session at that point.

Ms. Swan began her PowerPoint presentation and noted that at its July 28, 2011 meeting, the HDC Bank approved the purchase of HDCs from 5 of the 7 properties under consideration. The properties owners of the two properties not approved are seeking reconsideration. One property qualified for consideration on basis of that all or portion of property is within the High Value Agriculture Priority Area, property was offered for preservation, but not eligible; the other property qualifies on the basis of extenuating financial circumstances. Ms. Swan listed the two properties to be reconsidered as:

- A. Franklin Township, Block 15, Lot 11.03
- B. Washington Township (Warren), Block 40, Lots 33.01 & 109.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Ms. Swan stated that Property A is being reconsidered in light of the previous discussion regarding the assessment of the non-residential allocations made to date. Ms. Swan showed maps of Property A and noted that Property A is 9.69 acres, zoned for commercial use, has 42 HDCs allocated (valued at \$672,000) and an agricultural deed of easement will be applied.

Ms. Swan asked Acting Chair Maglione if she should continue with the second property. Acting Chair Maglione asked Ms. Swan to continue

Ms. Swan stated that Property B has no bearing on the first property. It is being reconsidered because the property owner satisfied the eligibility criteria because of extenuating financial circumstances and that the financial hardship was not self-created. It was also noted that the TDR provision of the Highlands Act (Section 13) does not restrict eligibility based on ownership prior to the passage of the Highlands Act.

Ms. Swan noted that this is an important consideration and asked Mr. Borden to explain it to the Board and look at how the Legislature treats the different preservation programs so the Board can better know their intent. Mr. Borden responded that in the Highlands Act the dual appraisal methodology was created for both the Green Acres and SADC programs. In those provisions of the Highlands Act, a provision was added that landowners first participating in the dual appraisal approach must have owned the property prior to the passage of the Act or family members related to them. Section 13 (TDR section) did not include a provision to that effect. He noted that statutory interpretation requires that the Legislature knew what they were doing when they passed the Act. The Legislature did not want to impose such a restriction for the use of TDR. This reading of the statute is very consistent with our approach in the TDR program that we use a methodology to provide equity where property owners have not been able to participate in other programs and that TDR is the last resort so the least restrictions should be imposed as possible. Council Staff recommended that the Board not create a limitation on financial extenuating circumstances if landowner purchased after the passage of the Act. Acting Chairman Maglione asked if the Act enacted that provision (having to own the property before the Act) the Board would actually be in violation of the intent of the Act. Mr. Borden concurred that such action would be contrary to the intent of the Act.

Ms. Swan showed maps of Property B and noted that Property B is 43.75 acres, zoned for residential use, 16.75 HDCs allocated (valued at \$268,000.00 , may be less if the owner retains an exemption),and an agricultural deed of easement with conservation protection will be applied (woodland management exemption); conservation deed for small parcel. Director Walton asked what road the property was on. Mr. LeJava responded to say Jackson Valley Road and that there is a shared driveway. Director Holtaway asked if there is a cross easement on the access to the driveway. Ms. Swan responded that access does exist and there is an existing driveway. Director Siegel asked if these subject lots are treated as one parcel for our consideration. Ms. Swan responded that there are two separate parcels and each parcel has a deed so there is nothing prohibiting them to be sold separately with a right of access with separate HDCs given.

Director Holtaway asked about the hardship issue defined by the Bank and if it has been settled. Ms. Swan responded that the hardships are done by Council staff and have been resolved. At the last Bank meeting in Executive Session the Bank was privy to those materials and they were discussed during Executive Session.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Director Payne commented that she was caught off guard at the last meeting because the Board was considering hardship for a property owner who bought property after the Highlands Act. Director Payne understands the desire not to exclude them but thinks the Bank Board should give some consideration to a lower priority for those kinds of applications in our environment of limited funding. Director Payne recommended that the Board discuss the criteria at a later meeting. There was further discussion on the hardship decision making process and how the hardships are prioritized.

Acting Chair Maglione commented that the Bank should not exclude based on when the property was purchased.

Director Rilee made a motion to approve the Resolution and Director Holtaway seconded it.

Acting Chairman Maglione opened the floor to public comment on the Resolution.

PUBLIC COMMENT ON THE RESOLUTION

Monique Purcell, Department of Agriculture – Ms. Purcell commented on Property B which was purchased after the Highlands Act. Ms. Purcell added that the fact that there was an exemption on the property, which was inspected and guaranteed, the property owner had an expectation to develop a house on the property which turned into a litigation nightmare.

David Shope, Lebanon Township - Mr. Shope commented that it is his understanding that when a deal is rejected by either side there is a two year waiting period to reconsider. He is raising that issue and asked the Board to deal with it.

Karen Koerner, owner of Block 15, Lot 11.03 in Franklin Township – Ms. Koerner commented that she is the property owner of Property A which the Board rejected on July 27, 2011 because some of the Board members questioned the Board's method of determining the value offered to her in the Board's allocation letter of May 5, 2010. Ms. Koerner feels her application was, and still is, in complete compliance and the Board's allocation letters support her eligibility. The Board has approved other non-residential applications and she feels her application should be processed under present rules and regulations like the other applicants. Ms. Koerner feels the Board should have addressed their concerns before July's meeting. Ms. Koerner further stated that it has been a six year project for her and would like to get this settled.

Acting Chairman Maglione called for a roll call vote. All Directors present voted to approve the Resolution with the exception of Director Siegel who voted "no" and Director Payne who abstained. APPROVED 6-1, with one abstention.

PUBLIC COMMENT

Monique Purcell, Department of Agriculture – Ms. Purcell commented that she credits the work of the Council staff to show that the methodology is working because it is a very complicated process in terms of coming up with the allocation method. Ms. Purcell understands Director

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

Payne's concerns and that the responsibility is taken away from the Bank Board in terms of allocations and pricing. Ms. Purcell concluded that it never hurts to question or discuss the process as experts serving on this Board.

David Shope, Lebanon Township – Mr. Shope reiterated what he commented previously that once a deal is rejected by either party, it cannot be reconsidered for two years. Mr. Shope intends to challenge the Board on it. Mr. Shope also commented that the TDR program according to the Act should have been established after the passage of the Act or the middle of 2006. Mr. Shope added that years have been lost because this part of the program has failed until now. Mr. Shope wonders how approximately 45% discount qualifies as an acceptable parameter for determining the model and a fair methodology for verifying properties.

Helen Heinrich, New Jersey Farm Bureau – Ms. Heinrich asked if the members have come in contact with a report by PlanSmart NJ on TDR in the seven counties in the Highlands Region. Ms. Heinrich further commented that it is very realistic and thought provoking and suggests that the Board receive copies or at least a summary of it.

Ms. Swan responded that links will be provided to the Board. Ms. Swan also noted that Council staff gave guidance and provided information on that report and were very much involved.

David Peifer, Association of New Jersey Environmental Commissions – Mr. Peifer commented about the lack of current value reality check going forward in this program. Mr. Peifer noted that the Internal Revenue Service will not recognize the 2004 values as legitimate and will only accept the current value.

Acting Chair Maglione welcomed Directors Walton and Holtaway to the Board and apologized for not doing so earlier. Acting Chair Maglione also reported that Director Halpin has decided to leave the Board. Acting Chair Maglione recognized Director Halpin for his valuable service and great insight into the financial dealings with the various property issues. Director Halpin will be sorely missed.

Director Holtaway asked what would happen if the program picks up steam, would there be a fifth round of funding. Ms. Swan responded that Council staff is not expecting a large number in the fourth round but if we do then the Bank would prioritize the applicants if we run out of funding.

Director Rilee made a motion to adjourn the meeting and Director Holtaway seconded it. The meeting was adjourned at 3:44 pm.

**HIGHLANDS DEVELOPMENT CREDIT BANK
MINUTES OF THE MEETING OF OCTOBER 27, 2011**

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the meeting of the Highlands Development Credit Bank Board.

Date: 2/2/12

Name: Annette Tagliareni
Annette Tagliareni, Executive Assistant

<u>Vote on the Approval of Minutes of October 27, 2011</u>	<u>Motion</u>	<u>Second</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>	<u>Absent</u>
Director Davis					✓	
Director Holtaway			✓			
Director Klipstein	✓		✓			
Director McElroy					✓	
Director Payne			✓			
Director Rilee			✓			
Director Siegel						✓
Director Walton		✓	✓			
Acting Chair Maglione			✓			