

Pine Barrens Credit Clearinghouse

James T.B. Tripp, Esq., Chairman
Andrew P. Freleng, Vice Chairman
Daniel P. McCormick, Member
Mitchell H. Pally, Esq., Member
Robert Anrig, Member

Pine Barrens Credit Clearinghouse Board of Advisors Meeting Summary (Final-Approved 12/1/17) For March 15, 2017 11:00 a.m. Commission Office, Westhampton Beach, New York

Present: Board members: Mr. James Tripp (representing the Town of Brookhaven); Mr. Andrew Freleng (representing the County of Suffolk), Mr. Robert Anrig (representing the Town of Southampton), Mr. Mitch Pally (representing New York State), Mr. Dan McCormick (representing Town of Riverhead)

Mr. John Pavacic, Ms. Judy Jakobsen, Ms. Julie Hargrave, Ms. Carol Ostrowski and Mr. John Milazzo (from the Commission).

Administrative

The meeting began approximately at 11:00 a.m. with a quorum present.

Public Comment

No public comments were made.

Minutes

A motion was made by Mr. Anrig and seconded by Mr. Pally to approve the minutes from the May 31, 2013 Clearinghouse Board Meeting, which was passed by a 5:0 vote.

Financial Report and the Program Overview

The attached financial and program overview reports were distributed and reviewed by the members. The financial report ending balance as of February 28, 2017 was \$2,514,556.69 and interest earnings for January – February 2017 was \$826.56, with no recent disbursements.

Program Overview – -Pine Barrens Credits Owned by Clearinghouse & Future role of the Clearinghouse

The Clearinghouse members discussed current issues affecting the Credit program at this time and how the price of Credits has changed over time. It was noted that the Commission has a standing offer to purchase PBCs at the price they were valued at in 1995. Additional points that were discussed included, the number of Credits available affects the valuation of PBCs and the Clearinghouse is the entity that advises the Commission on Credit program matters and when changes are recommended to the Credit program. Mr. Freleng noted that the Credit Clearinghouse needs to maintain its ability to be the buyer of last resort and Mr. McCormick noted that the Commission is concerned about the status of the \$2.5 million in Clearinghouse funds.

Other discussion points included, the Commission has expressed concerns about the need to continue utilizing the Clearinghouse Board to oversee the works of the Credit program and the ability of the staff to manage the transfer development rights program without the oversight of the Clearinghouse Board. It was noted that the Board has the expertise to advise the Commission on issues affecting the effectiveness of the Credit program and the valuation of Credits, issues concerning receiving areas, the Clearinghouse funds and other complicated matters affecting the program. Mr. Milazzo noted that the main concern for the Commission is to demonstrate that it is maintaining its fiduciary oversight of the \$2.5 million in funds.

Mr. Tripp stated that there should be additional reasons other than to review the financial report for the Clearinghouse Board to justify meeting routinely. There were additional points discussed that included, the necessity for an analysis of the ratio of outstanding Credits to receiving areas, options that the Towns offer for redemption of PBCs and the role of the Clearinghouse Board to maintain the viability of the Credit program. Other items that were discussed included, 2016 program statistics and it was noted that 42 Credits were sold during 2016.

Mr. Pavacic reported that the Commission staff is in the process of preparing the Supplemental Draft Generic Environmental Impact Statement (SDGEIS) for the CLUP Amendments and Commission staff requested the Towns to send current statistical information related to receiving areas and numbers of Credits owned and Credit redemptions to update the statistical information in Chapter 6 of the CLUP. Mr. Milazzo commented that this meeting is timely considering the fact that the information the Clearinghouse Board is seeking is the same as what staff has requested from the Towns.

Additional points that were discussed included, other uses for PBCs due to diminishing quality of receiving areas as well as capacity, other Suffolk County conflicting TDR programs, workforce housing development rights and Brookhaven Town multifamily (MF) code. The Clearinghouse Board should begin exploring additional areas to where PBCs can be used, such as, East Hampton, Mastic and at EPCAL and new recommendations, the Clearinghouse Board should make to the Commission. It was noted that it is important for the Clearinghouse Board to continue to meet in order to make recommendations to the Commission in terms of policy and to advise on uses for the Clearinghouse funds, such as holding reverse auctions.

Mr. Milazzo made a suggestion to the Board that it should meet at least on a quarterly basis since the Members agreed that they should continue providing recommendations to the Commission on issues related to the viability of the Credit program. Mr. Milazzo explained that Credit Allocation Appeals have been handled by the Commission through the public hearing process and that the role of the Clearinghouse Board has been in policy recommendations about other Clearinghouse matters. He noted if the Board is interested in having more direct involvement in Credit Appeals they should make that recommendation to the Commission.

Pine Barrens Credits owned by the Clearinghouse

Mr. Tripp provided background information related to the 10.19 Credits the Clearinghouse owns and additional points were discussed such as, circumstances under which the Clearinghouse should buy and sell Credits. Mr. Milazzo explained that the process of selling Clearinghouse Credits must be transparent and publicized, the purchaser must use them for a project that requires the redemption of PBCs and the Credits must be redeemed in a limited period, within 3 months of their purchase. He further advised that the Board should obtain an appraisal of the current market

value of a single credit and a discussion ensued pertaining to the criteria the Clearinghouse should use to develop a clearly defined method of selling Credits, determining a fair market value for PBCs and the process related to conducting a Credit Auction. Mr. Milazzo noted that the Commission would hire an Appraiser from a request for proposal made by the Suffolk County Water Authority.

Mr. Milazzo explained the next steps for the Clearinghouse was to make a recommendation to the Commission to hire an appraiser to establish a minimum bidding price to sell Credits. He estimated the time period to hire an appraiser and establish a price per Credit is about 3 months and the Board should meet after to make plans to conduct a reverse auction. It was noted that once the process is established for selling Credits through a reverse auction the Clearinghouse can schedule additional auctions.

Discussion of allocation for Core Area Parcels with title issues

Mr. Tripp discussed background information pertaining to parcels with overlaps that have title issues and that most overlaps occur with Suffolk County owned parcels. He reiterated the role of the Clearinghouse Board is to resolve issues with the Credit program and the problems related to overlaps is preventing Pine Barrens land from permanent protection, therefore a practical method for solving the problem of overlaps should be found. Additional points were discussed such as, the unknown number of parcels with overlaps, issues concerning taxes and the County. Mr. Freleng discussed the new S.C. Watershed Waste Water Management Plan that will affect wastewater and land use and he recommended that Mr. Dawydiak from SC Health Department should be invited to a future meeting to discuss the issue. The next meeting of the Credit Clearinghouse was scheduled for Friday, June 16th at 9:30 a.m.

The meeting ended at approximately 1:30 p.m.

Attachments:

1. Sign in sheet
2. Meeting minutes of 10/19/15
3. Credit program financial report for December 31, 2016
4. 2015 and 2016 Pine Barrens credit Clearinghouse Year End Reports

Pine Barrens Credit Clearinghouse

James T.B. Tripp, Esq., Chairman
Andrew P. Freleng, Vice Chairman
Daniel P. McCormick, Esq., Member
Mitchell H. Pally, Esq., Member
Robert Anrig, Member

Pine Barrens Credit Clearinghouse Board of Advisors Meeting Summary (Final Approved 3/15/17) For December 1, 2017 8:30 a.m. Commission Office, Westhampton Beach, New York

Present: Board members: Mr. James Tripp (representing the Town of Brookhaven); Mr. Andrew Freleng (representing the County of Suffolk), Mr. Robert Anrig (representing the Town of Southampton), Mr. Mitch Pally (representing New York State), Mr. Dan McCormick (representing Town of Riverhead)

Mr. John Pavacic, Ms. Judy Jakobsen, Ms. Julie Hargrave, Ms. Carol Ostrowski, Mr. Jerry Tverdy, and Mr. John Milazzo (from the Commission).

Administrative

The meeting began approximately at 8:30 a.m. with a quorum present.

Public Comment

No public comments were made.

Minutes

The motion was made by Mr. Pally and seconded by Mr. Freleng to approve the March 15, 2017 minutes. The motion was approved unanimously.

Financial Report and the Program Overview

The attached financial and program overview reports were distributed and reviewed by the members. The financial report ending balance as of October 31, 2017 was \$2,513,730.13 and interest earnings for January – October 2017 was \$6,772.04 with no recent disbursements.

Program Overview - Overall Program Report and Statistics

Mr. Tverdy reviewed the program statistics including, 12 new parcels received conservation easements which generated 7.84 Credits, 9.94 Credits were redeemed between the three Towns related to health department commercial projects, 8.28 Credits have been sold and the average price was \$80,000 per credit. The Clearinghouse owns 10.19 Credits.

The members discussed the status of potential Credits that have not yet been generated and Mr. Tverdy noted that the Town of Southampton is currently performing an analysis of outstanding potential Credits by the Town's school districts. It was noted that 448 Credits have been generated that have not been redeemed and that a total of 10 Credits were redeemed at the Suffolk County Health Department this year for commercial projects. The point was made that the Carmans River core boundary expansion increased the number of outstanding Credits on the market which may have caused changes to the number of sending and receiving areas. A discussion

ensued pertaining to projects that are currently being proposed that could possibly lead to Credit redemptions and it was noted that Credit redemptions for single family projects are more unlikely than for multifamily use.

Mr. Tverdy discussed the attached table containing the total number of potential Credits that could be generated if the Governor signs the proposed bill that would add the National Grid property in Shoreham to the Core Preservation area. Additional points were discussed that included, creating an incentive for developers to pay a premium price for Credits by allowing them additional building units in return for more Town Credits redemptions, the relationship between the status of SEQRA, the July 2017 Brookhaven Town Code Amendment and Brookhaven data that reflects available receiving areas that could potentially absorb new Credits from the Shoreham property should the Core area expansion occur.

Mr. Tripp mentioned that he would like to meet with Town of Brookhaven staff to discuss creating an incentive for builders to purchase Pine Barrens Credits to increase density and identify receiving areas to absorb additional Credits on the market. Mr. Milazzo made the suggestion that the Clearinghouse should wait until the newly elected Town of Riverhead Supervisor is apprised of the Commission and Clearinghouse business after she takes office in January 2018 and then the Clearinghouse could at that time offer their recommendations on all matters related to the value of Credits and efforts to sustain the Pine Barrens Credit program.

Pine Barrens Credits owned by the Clearinghouse and Appraisal Results

Mr. Tverdy discussed the previously distributed Credit appraisal report that was prepared by Mr. Glenn Gabberty, RM, SRA and he discussed results of the appraisal of Credits noting that the market value of the 10.19 PBCs owned by the Clearinghouse was \$815,200. Mr. Milazzo suggested that the Clearinghouse write a letter to the Commission that recommends the Commission hold a reverse auction to sell the Clearinghouse owned Credits. Other recommendations that should be included in the letter were discussed such as, only builders with final approved projects could purchase Credits and the sales should be finalized within 30 days. The next Clearinghouse meeting will be scheduled for a day in January 2018 prior to the Commission meeting.

The motion was made by Mr. Freleng and seconded by Mr. Anrig to adjourn the meeting. The motion was approved unanimously.

Attachments:

1. Sign in sheet
2. Meeting Minutes of 3/15/17
3. Credit Program Financial Report for October 31, 2017
4. Table: Potential Pine Barrens Credits Allocation for the Property of National Grid, Shoreham
5. Self Contained appraisal Report /Appraisal of Pine Barrens Credits – owned by and prepared for the Commission as of August 28,2017 Prepared by Glenn A. Gabberty, RM, SRA