

FARMLAND PRESERVATION, INC.
MINUTES – DECEMBER 9, 2021

The regular meeting of the Lower Makefield Farmland Preservation, Inc. (Farmland) Board of Directors (Board) was held remotely on December 9, 2021. Mr. Blank called the meeting to order at 7:30 p.m.

Those present:

Farmland Preservation, Inc.: Michael Blank, President
Dennis Steadman, Vice President and Acting Secretary
Daniel Bankoske, Treasurer

Absent: Sean Carney, Farmland Preservation, Inc. Member
James McCartney, Supervisor Liaison

APPROVAL OF MINUTES: Mr. Steadman

Mr. Bankoske moved, Mr. Blank seconded and it was unanimously carried to approve the Minutes of November 15, 2021 as written.

TREASURER'S REPORT: Mr. Bankoske

Review of 2020 Tax Return and Financials: Robert Small, CPA

The 2020 tax return was compiled and filed by Robert Small and Associates, LLC. Mr. Small and his firm are the accountants/CPA that have been hired by the Board for a number of years to prepare the non-profit tax return as well as the compilation of financials including Revenues, Expenses, Assets, Liabilities, etc. Mr. Bankoske advised Mr. Small that the Board has recently put into place some of the Policies that his firm had recommended.

Mr. Blank asked Mr. Small to comment on Farmland Preservation, Inc. (the corporation) being a non-profit. Mr. Small stated Farmland Preservation, Inc. is a tax-exempt entity based on an application to the I.R.S. which views the Mission Statement and other relevant information. Farmland Preservation, Inc. was approved as a non-profit in 1985. The Mission is to save farmland and non-developed properties. Section 1 in the Notes of the Compilation Report describes the history. Mr. Small stated a 990 Federal Tax Exempt Form is filed, but the corporation does not file a Pennsylvania form because the corporation does not solicit charitable donations from the general public. He stated this Tax-Exempt entity is self-sufficient, as the corporation does not look for donations or run events to raise funds.

Mr. Small stated the reports are done on a cash basis although they do recognize unrealized and realized capital gains. In this way the reports can tie into the brokerage statements.

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Assets were shown. It was noted by Mr. Small that the corporation does not keep a lot of cash on hand. This is because securities and investments are easily and quickly converted into cash if circumstances demand to pay bills. The cash balance over the last five to six years has ranged from \$10,000 to \$30,000. The security investments are approximately \$1.1 million. The corporation has been the beneficiary of the growth in equity market valuations. Over the last seven to eight years, the security investments have increased by ~80%.

The figure for land of \$197,000 has not changed in fifteen years, which was the valuation of the property at time of acquisition. There have been some improvements over the years primarily fences, etc.; and they are small and depreciable assets.

There are no real Liabilities in the “trade sense.” Bills are always paid within the vendors trade terms. The security deposits have been there for fifteen years for the four/five farm parcels that are managed by the corporation.

There are restricted funds and unrestricted funds. The only assets that are restricted relate to the land. The value of the land is shown at \$197,000, and the restricted funds are \$197,000. The land is set up such that it cannot be sold, and the entity cannot take a loan against it.

A slide was shown with regard to the operating income from the rents for the land of approximately \$15,000, and that figure almost equals the total expenses, which are in the amount of \$14,700. This has been the case for the last six years. Mr. Small stated Mr. Bankoske has indicated that there are some extraordinary maintenance projects over the next twelve to fifteen months. Mr. Small feels that this extraordinary amount of \$8,000 to \$12,000 would be covered by the interest and dividends. The \$14,000 of interest and dividends has been consistent over the last six years; however, given where the interest rates have been over the last year, that \$14,000 is down by 25% to 30% from the interest and dividends of five years ago. Interest rates have gone from 5% to 1%. Mr. Small added that the equity market has more than covered that reduction in earnings from interest. Mr. Small stated the assets, the investments, and the liquidity of the entity are well managed by the corporation, being careful and conservative. He stated a tax-exempt entity should take conservative positions on investments.

Mr. Bankoske stated he had advised Mr. Small that in conjunction with discussions with Fidelity Investments (Fidelity) that Fidelity had recommended a 60/40 split between Equities/Bonds; and that is the current make-up of its investments at Fidelity. This recommendation is based upon a number of factors including, cash flow, expenses, potential timeline of expenses, and potential for larger, unusual expenses, Mr. Bankoske stated the investments are all mutual funds, and there are no stock positions. He added the portfolio recommendation is reviewed by a portfolio committee at Fidelity, and it is not the Board self-managing the account. Mr. Small agreed that it is appropriate to have a full-time professional managing the portfolio make-up.

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Mr. Steadman stated he credits this Board and past Boards for the growth in the assets that have been managed well. He stated he subscribes to the conservative approach; and since our operating income is approximately \$15,000, we should try to live within those means, which the Board has done with only minor exceptions. He stated in this way the assets can accumulate to assure the non-profit can meet its charge of taking care of this land in perpetuity.

Mr. Small stated over the last twelve years, only two years had a loss; and that was due to the drop in the equities market, which is beyond the control of the Board.

Mr. Blank stated the focus of the Board is on the land only, and they are clearing buffers, putting up and repairing fences, etc. They are not investing in capital equipment, and it is the farmers who lease the land who purchase the farm equipment. This is why there is a steady balance sheet.

Mr. Steadman stated another benefit of having reserves is that should there be an opportunity to add to preserved farmland in the Township, we want to be in a position to take advantage of that. The land that has been acquired so far has been through contributions/negotiations between developers and the Township, but having a capacity to purchase new parcels is useful. Mr. Small stated if there is an opportunity for an acquisition as described by Mr. Steadman, being able to show prudent, strong fiduciary management of the Assets they currently have will bode well.

Mr. Small made note that the last time there were higher maintenance expenses than the norm was in 2016 when more than \$20,000 was spent on maintenance. He stated \$8,000 was spent in 2020 and 2021 and \$20,000 may be spent in 2022 for some “catch-up maintenance.” The maintenance being done is to protect the property and is therefore justified.

Mr. Small stated over the last six to twelve months, the Board has consolidated and reduced the number of bank and investment companies and simplified the accounts somewhat, which has worked out well. Mr. Blank stated the Board went through an extensive review of the investments and the companies used, which was led by Mr. Bankoske. The Board decided to consolidate everything with Fidelity. The Board also decided that the investments would be actively managed by Fidelity rather than the Board. This has been very beneficial and allows the Board to focus on preserving the farmland. Mr. Bankoske stated that has been included in the Notes to the Financial Statement. Mr. Small stated that was a very wise decision. Mr. Steadman stated this is a part-time, volunteer Board, and this change means funds are now managed by professionals working on this 24/7. Mr. Steadman stated the management fee was ~ 0.3% on the value of the assets. Mr. Small stated having it self-managed is an

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“indefensible position.” Mr. Small stated consolidating and investment management were positive changes to be implemented.

Over the last twelve months, Mr. Smith’s firm has created a ledger system where all the transactions are recorded and information will more assessable and useable going forward. They are moving toward having historical transactions recorded in a ledger system, and they are using QuickBooks, which is a widely-known software accounting tool. He stated they should continue to do what has been done over the last two years. He added that if something were to come up that he felt needed the Board’s attention, he would contact the Board.

Mr. Small stated a number of years ago certain policies and procedures were adopted and implemented, and one of those was the Conflict of Interest questionnaire; and the Board members should fill that out once a year.

There was no one from the public wishing to speak on this matter.

UPDATE ON FENCING AT 1201 BRIDLE ESTATES DRIVE: Mr. Steadman

Mr. Steadman stated there has been no change since the last meeting. He will meet with Apex Fencing tomorrow at 9:00 a.m. on the neighbor’s property to discuss what Apex needs to do.

There was no one from the public wishing to speak on this matter.

HANEY PROPERTY BORDERING HEATHER RIDGE & EASEMENT REQUEST FROM BUILDER

Mr. Chance Worthington and Mr. Tyler Shagen were present with a request for an easement at Heather Ridge. Mr. Worthington bought an old farm house bordering Farmland property at 1491 Heather Ridge Dr (aka the Haney property). and plans to renovate the house and re-sell it. The property is a four-acre flag lot. He stated the well and septic are inadequate, and the plan is to tie into public water and sewer, and they would like to gain an easement from Farmland so to run the utilities. An aerial was shown, with a red line for the proposed utility easement. Mr. Worthington stated the red line is not the exact path, but just an illustrative example. They want a path that preserves as many trees as possible. He stated they need to tie into utilities at the intersection of Heather Ridge Dr. and Ridgewood Lane.

Mr. Steadman asked how deep they would need to go, and if there would be any restrictions as to what would go over the surface after installation, including if there are weight restrictions as there could be heavy farm equipment passing over that area. Mr. Worthington stated typically they are 4 to 6 ft. deep and if they need to encase in conduit, they would do that. They will explore those issues the utility companies. He stated there would be 8” crushed stone in the

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trench and they do this for well lines and site-based utilities all the time. He felt that there would not be any weight concerns.

Mr. Bankoske asked if they are looking for water, sewer and gas; and Mr. Shagen stated they are in the early stages of working with PECO to get gas. Mr. Majewski was consulted and he did not know if gas extended to that part of Heather Ridge, and they might have to go to Lindenhurst. Mr. Blank asked if it is common practice to run three lines in the same trench, and Mr. Worthington stated that would be ideal from a cost-effectiveness standpoint and to minimize disturbance; however, in speaking with one of his engineers, he indicated that sometimes they require them to be in separate trenches. He stated they will get a more detailed proposal on a surveyed Site Plan. He stated the location at the intersection is for sewer, and he is pretty sure that they can get water there. They do not know about the gas as they have not heard back from PECO yet.

Mr. Steadman stated they would not need an Easement if they tied in and went up the driveway of the property and all the underground utilities would then be on the owner's property rather than cutting across another property. Mr. Worthington stated the issue is they have to go up the driveway and they go along Heather Ridge Drive to get back. Mr. Worthington stated he wanted to keep it on their property as well, but they have to tie in at the intersection. Mr. Shagen stated at least for the sewage they have to tie in there. He believes the water runs along Heather Ridge Drive, and they are not sure about PECO yet.

Mr. Shagen asked if there is an area at some point off of Heather Ridge Drive where they could go down the driveway of the property and then back up to the intersection or is that still technically going through the farmland. Mr. Blank stated there is a sidewalk so there would be the area between the sidewalk and the street. Mr. Worthington stated he feels they would still need permission from Farmland Preservation since it is still their ground by Deed.

Mr. Blank noted lawn cutting that was being done on the Haney property. Mr. Shagen stated they now have their own lawn service cutting it, and he believes the prior owner was cutting much closer to the property line. Mr. Bankoske stated Farmland Preservation is a neighbor on three sides of this property. The previous owner of the property was cutting into the Farmland side as well to keep it neater. Mr. Blank stated they believe that the Township may be doing some of the lawn cutting at this time. Mr. Shagen stated he noticed that his lawn cutter was cutting less than Mr. Haney had been. Mr. Steadman stated Mr. Haney was a good neighbor, and it was to his benefit to keep the area neat which the Board appreciated.

Mr. Steadman stated conceptually he has no objection to running utilities to the historic property, but for the Board to formally approve it they would need more specificity as to the location, depth, and number of trenches. Mr. Worthington stated once they get "green lights"

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from the relevant utilities, they will then have their surveyors and engineers prepare a more specific plan for the Board.

Mr. Blank stated he would not commit at this point. He stated the Board wants to be good neighbors, and they were good neighbors with Mr. Haney. He stated he personally would withhold judgment until the Board received more information. Mr. Worthington stated he understands, and he just wanted to introduce the plan at this level; and if there was a major issue, they wanted to know now. Mr. Bankoske stated he would agree with Mr. Blank. He stated there are some trees that are dead and need to come down on the Farmland property. Mr. Blank stated they intend to take them down over the winter.

Mr. Worthington and Mr. Shagen were thanked for coming in to discuss this so quickly with the Board. There was no one from the public wishing to speak on this matter.

UPDATE ON WINTER JOBS FOR CORCORAN LANDSCAPING: Mr. Blank

Mr. Carney was unable to attend the meeting, but he updated Mr. Blank on this issue and indicated that he will meet with Mr. Corcoran to survey the jobs on the list which was created, and that list has been put on the shared drive for updating and comment. Mr. Blank stated he added Farmview II, which is on the north side of Dolington. On the part of that parcel which runs along Sunnyside Lane there have been some bamboo shoots that have come up, and he would like Mr. Corcoran to see if anything needs to be done there.

Mr. Steadman stated he hopes to join Mr. Carney and Mr. Corcoran tomorrow.

There was no one from the public wishing to speak on this matter.

WINTER TOUR OF FARMS: Mr. Bankoske

Mr. Bankoske will advise the Board members if he does intend to tour the farms.

There was no one from the public wishing to speak on this matter.

STATUS UPDATE ON STRNAD PROPOSAL TO ADD HONEYBEE HIVES ON MAKEFIELD BROOK:

Mr. Steadman

There is no update since this last meeting. Dr. Strnad is receptive to this, but he has not provided any additional details on his plans.

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OTHER BUSINESS: All

Mr. Blank stated the Township received a request today from Lisa LeVeglia who grows flowers in her back yard which she gives to neighbors, and she asked if there was one to two acres of farmland available where she could grow flowers as a business. Mr. Bankoske suggested that she be invited to the next Board meeting so that she can provide more detailed information as to what is needed including a timeline, need for water, fencing, etc. Mr. Steadman agreed, adding that flowers are a horticultural crop so they meet the definition of agriculture. He stated he believes it should be a business and not just a hobby as the farmland is not for use as a community garden. He stated he would like to see a business plan including what and how much she will grow, planting season, and harvest. Mr. Steadman stated none of the fields have access to water which could be an issue.

Mr. Blank asked if it would be a sub-lease from one of the farmers. Mr. Steadman stated there are a few sites which could be considered including ground near the Haney property. Mr. Steadman stated when this was discussed with regard to the honeybees, instead of a sub-lease, we modified the Lease with the farmer to exclude the area that was going to be put to a different use, and then entered into a direct Lease with the new tenant. This way it would be more under the Board's purview than relying on the tenant farmer to enforce a sub-lease. Mr. Blank stated they would then reduce the farmer's annual Lease payment; and Mr. Steadman agreed, and if they pay per acre if two acres were taken off, it would be that much less for the farmer. Mr. Steadman stated he does not believe that any of the farmers would want to have to deal with a sub-tenant.

Mr. Blank will ask Ms. LeVeglia for a business plan and more details.

Mr. Blank stated hopefully the Board will have a new member named George Heinze who was recruited by Mr. Carney and lives in Mr. Carney's neighborhood. He has submitted an e-mail and resume to the Township which was provided to the Board. Due to scheduling, the interview with the Board of Supervisors will not take place until January 19, 2022. Mr. Blank stated he feels in the meantime, we could share some of our documents with him to familiarize himself with some on-going issues. He has already looked at the Minutes which are available on the Township Website.

Mr. Blank stated he has not heard anything from the township about scheduling January and February meetings. The Board is in favor of continuing with the Zoom meetings for the foreseeable future.

There was no one from the public wishing to speak at this time.

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REVIEW OF ACTION ITEMS: Mr. Blank

1. Mr. Blank - Invite Lisa LeVeglia to the next meeting
2. Mr. Steadman – In process with Bridle Estates fencing

There being no further business, the meeting was adjourned at 8:30 p.m.

Respectfully Submitted,

Michael Blank, President