

FARMLAND PRESERVATION, INC.  
MINUTES – NOVEMBER 15, 2022

The regular meeting of the Lower Makefield Farmland Preservation, Inc. (Farmland) Board of Directors (Board) was held remotely on November 15, 2022. Mr. Blank called the meeting to order at 6:00 p.m.

Those present:

Farmland Preservation, Inc.: Michael Blank, President  
Dennis Steadman, Vice President  
George Heinze, Secretary  
Dan Bankoske, Treasurer  
Sean Carney, Member

Absent: James McCartney, Supervisor Liaison

APPROVAL OF MINUTES: Mr. Heinze

Mr. Steadman moved, Mr. Carney seconded and it was unanimously carried to approve the Minutes of October 18, 2022 as written.

TREASURER’S REPORT: Mr. Bankoske

Investments – Fidelity Strategic Review

On an annual basis Fidelity reviews our investment decisions and objectives and confirms what they recommend our asset allocation to be. We had an investment objective of what was defined as “balanced” which was 60% equities/40% bonds; and that ebbs and flows, and they make adjustments to the portfolio as needed, but it basically stays within 5 percentage points of the objective. The letter from Fidelity was e-mailed to the Board and is also in the SharePoint file. Fidelity has recommended that we stay with the same allocation of 60/40 balanced investment objective.

With regard to the risk tolerance question as to how we would consider our corporate financial situation, the answer was “secure.” The question as to investment knowledge was answered “sophisticated.” The question with regard to risk tolerance from one to ten was answered “5.” With regard to the stock market decline, the first question was “if there was a short-term drop in the market what would you do,” and the answer was that “we would not panic and would sell less than 25%” which was the lowest option that could be chosen. Questions around taxes were not applicable because we are exempt. With regard to corporate liquidity needs,

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the way the question was answered was that we do not have significant needs to pull from the principal but we could see a situation where we may need something larger over the longer run no shorter than six years. Mr. Bankoske stated we were saying that we would not start making withdrawals from the principal until at least six years out, and we chose the lowest percent they had. This is the same way we answered the last time, and we do not use much of the principal if anything, and we do not even use our investment income most years either. It was indicated that there was significantly less than a 50% chance that we would take something meaningful out of the principal and that it would be more than six years out. We said that it was unexpected that we would have any significant corporate contributions.

What we have is a Fidelity-managed account, and Fidelity uses their mutual funds. Fidelity mutual funds and ETFs are in our portfolio. We chose to invest in solely Fidelity funds so that we would have a lower fee.

#### 2021 Financials Review

Mr. Robert Small, CPA, stated that the Fidelity investment fees in 2021 were \$6,352 which is on a percent basis for the assets they are managing which are greater than \$1.2 million. He stated the fee compared to what he sees others are paying is modest. Mr. Blank stated that is about .5%, and Mr. Bankoske stated he recalls that it was between 45 and 50 basis points. Mr. Small stated looking at the operating Income, which is excluding investment activity, versus the operating expenses which includes repairs, maintenance, and some overhead fees, we are slightly positive over a nine or ten year period. He stated on an annual basis the rent income on average is covering all of the expenses. The investments currently total around \$1.2 million where ten years ago it was \$600,000 so the securities/ investments have doubled over the last ten years. Mr. Small stated we are a tax exempt entity, and there is not a reliance on contributions.

Mr. Steadman asked if the operating income was covering the operating expenses for the year 2021. Mr. Small stated looking at the last three years, it is slightly negative because there were higher maintenance needs in 2021 including fence repairs and other deferred maintenance. He stated in 2020 it was positive about \$700 and in 2019 it was negative by a few thousand dollars.

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Mr. Carney asked with regard to the questions discussed by Mr. Bankoske, were they trying to take our pulse on how we feel about market changes or if we are answering that we are not going to be pulling on principal for a certain number of years, is it allowing them to put us in anything that could not be as easily sold in the marketplace. Mr. Bankoske stated everything Fidelity is allowed to put us in is daily traded and we can get out.

Mr. Blank stated our costs for these investments are not just in basis points for management fees, but also in expense ratios for each mutual fund in the portfolio; and Mr. Bankoske agreed that the Fund itself has an underlying fee as well.

Mr. Bankoske stated Mr. Small has been doing our taxes for many years and a number of years ago we started doing an official compilation. Mr. Small stated we do the required filings with the IRS; but because we are not soliciting contributions from the public, we are not required to file a Pennsylvania return. He stated the federal form 990 does become public information, and the public can get a copy of our 990. He stated given the assets that are there, the Farmland Board had decided to do the Financial Report and it provides some historical information. He stated the financial report is in layman's terms and easier to read than a 990. He stated with the compilation, (i.e. the prepared financial report), there are notes about the organization, how it is managed, etc. which he feels is appropriate.

Mr. Small stated we have consolidated some of the cash investment assets. He stated there are not a lot of transactions. Mr. Small stated Mr. Bankoske is managing operating transactions under the Fidelity umbrella, and having it under one entity we know it is all consistent which has worked out well. Mr. Bankoske stated the investments were previously with Vanguard; and when we paid bills, depending on the amount, sometimes it was paid from Vanguard and sometimes it was paid from the William Penn checking account. He stated when we started doing our investments at Fidelity, we eventually put all the investments with Fidelity, and now all we have just two accounts – a cash management account with Fidelity that is used to pay the bills, and a separately managed investment account at Fidelity.

Mr. Small stated if there were more trade transactions we might go back to a traditional bank checking account, but at this point he does not see that changing, and the minimal transactions that we have are predictable and with some of the same players so it has worked out well the way Mr. Bankoske has set it up.

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Mr. Blank asked about QuickBooks. Mr. Small stated the way QuickBooks has changed its fees, we would spend \$600 to \$900 for QuickBooks and that expense could not be justified. Mr. Small stated he has created an Excel file that tracks historical transactions and it is reconciled with the compilation report and the Form 990. Mr. Bankoske stated everything is on the SharePoint in the financial section including the compilation report.

Mr. Steadman asked Mr. Small if there are any tax implications if Farmland Preservation, Inc. were to sell a farm product. Mr. Small stated the revenue, cost and margins would have to be reported separately within the Form 990. He added it is unusual that a tax-exempt organization would be buying and selling products for a profit although it is allowed. Mr. Steadman asked if it would help if a product were provided as a reward for a contribution. Mr. Small stated it adds another variable that has to be tracked. He added if we were to begin doing that we would have to file a Pennsylvania DC010. He stated he sees other tax-exempt, non-profit entities which need income from products to survive, but with the assets that Farmland has, we would not want to do that. Mr. Small stated something could be given away to promote awareness of Farmland Preservation.

Mr. Small advised the Board they could contact him at any time if they have a question or need guidance. He stated he has kept his Fee at about 50% of the market rate because he enjoys being part of the group. Mr. Small was thanked by the Board for his support.

UPDATES

Makefield Brook: Missing I-295 Fence: Mr. Steadman

The fence is still missing. The contractor has still not responded to the Township. Mr. Steadman will continue to follow up. Mr. Heinze asked how long we will wait to get the fence installed. Mr. Steadman stated the Department of Transportation is obligated to put a fence along the road to insure limited access. Farmland is on the other side of the fence, and he is trying to remind them of their obligation. It is not on Farmland property and does not present a safety issue for the farmer. Mr. Heinze stated he does not see the need for the Board to consider this further. Mr. Steadman stated he will advise the Township one more time about this. Mr. Blank suggested that Mr. Steadman suggest that the Township write a letter to the Department of Transportation that the contractor has not responded.

Clearview: Open Utility Box and Limbing Needed on Access Road: Mr. Steadman

The utility box is on Township property right beside Farmland property, and for someone working the field, it does represent some risk. The farmer is aware of it, and it has been

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flagged off. The owner of the tower has not responded. The Township will be reminded about this again.

Mr. Blank stated Mr. Stewart has advised that there are tree branches that are hitting their equipment at Clearview. Mr. Blank had contacted the Township asking them to limb the trees; and while he was initially advised it was Farmland property, the Township subsequently indicated that they are actually Township trees. Mr. Steadman stated he e-mailed the new head of Public Works, Derek Fuller, about these trees as well as the utility box. Mr. Fuller had asked if there was any urgency with regard to limbing the trees, and Mr. Steadman advised it needs to be done before planting time in the spring. Mr. Steadman stated he will contact him again in January/February asking for a date when this will be done.

Longshore: “Respect our Trees Signs Taken Down”: Mr. Steadman  
Mr. Fuller has no knowledge of what might have happened to the signs. Consistent with the last discussion, we will wait to see if the issue arises again with people posting things on the trees; and if the issue does not come back, no more time or money will be spent on this topic.

WINTER WORK FOR CORCORAN LANDSCAPING: Mr. Carney  
As discussed at the last meeting, the fourth and final buffer cutting has been done. Mr. Corcoran provided some addresses for the Board to look at where there was debris thrown over the fence. Some of the neighbors were contacted about how the debris may have gotten there, and were advised that it would be picked up with the agreement that they will not throw any more debris there. Some debris has been picked up on different farms, but there are two places on Fairfield Rd (Makefield Brook) which cannot be accessed by a truck so that still remains as an area where some additional work needs to be done.

There is a ten working-day contract with Corcoran; and after speaking with Mr. Corcoran and input from Board members, Mr. Carney proposed one day behind 2088 to 2092 Farmview Drive (Leedom) to begin fence line clearing and clean-up that extends about 120 yards in length. The area in this buffer is not consistent with the rest of Leedom. This work will not be accomplished on one day, and it will be an on-going project, with one day allocated annually until it is done. The area has been marked with fluorescent, orange flags. Two days would be allocated behind 2015 to 2019 Leedom Drive (Stackhouse) to begin a fence line clearing and clean-up that extends 100 yards in length. The growth limits the ability to get

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ability to get machines through the buffer area consistent with the rest of the area. This area is also marked with two fluorescent orange flags. This is an area that Mr. Corcoran has highlighted which is very overgrown with some trees needing to be raised, some trees needing to be removed, and some debris removed. Mr. Heinze stated he has walked this and agrees that clearing needs to be done in this area. Five days have been allocated to the area behind 1367 to 1385 Brentwood Road (Makefield Brook) and is a priority to do an intensive fence line clean-up as well as tree work. This area is not consistent with our buffer areas, and it needs to be addressed now. Trees need to be elevated and limbs need to be removed that are over the buffer area and into the farming area. When Mr. Corcoran is on the property, Mr. Steadman will be notified as he has a vision as to how this should look.

Two days would be held in case there is the need for additional time to complete a project and there are also some small, low-priority projects that could be done if there is time including 1620 to 1630 Fairfield (Farmview I) where there is some debris that has been thrown over the fence and the buffer area is very narrow because some trees need to be raised. Another project is on Heather Ridge off of Trowbridge where some work was done about one year ago partnering with a neighbor, and there is still about a half day to one day's work in this area.

Mr. Steadman agreed with only allocating eight days in case some emergency work needs to be done. Mr. Blank agreed adding the neighbors are recognizing how good the buffers look. Mr. Carney stated meeting with Mr. Stewart on the buffers was productive.

Mr. Steadman asked about payments being made to Corcoran. Mr. Carney stated the day after Corcoran cuts the buffer, he invoices Farmland and Charlann; and Mr. Corcoran has indicated that he gets Charlann's checks quickly. There is one final payment due Mr. Corcoran for the final buffer cutting. The ten winter days is a separate contract handled on our own.

Mr. Corcoran will be contacted on what the Board has decided with regard to the work to be done, and Mr. Corcoran will decide when the work will be done during the winter months making sure that the work is done before planting season. Mr. Heinze asked if the high priority items will be done first. Mr. Carney stated Mr. Corcoran knows that the priority job this year is Makefield Brook since it was on last year's list and we did not get to it due to extended work needed at Farmview I.

Mr. Blank moved, Mr. Heinze seconded and it was unanimously carried to approve the projects for Corcoran Landscaping as detailed by Mr. Carney.

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PUBLIC COMMENT: Mr. Blank

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

REVIEW OF ACTION ITEMS: Mr. Heinze

1. Mr. Steadman – Follow up one last time with the Jim Majewski regarding the missing fence and with Derek Fuller regarding the utility box.
2. Mr. Steadman – Follow up with Derek Fuller regarding tree trimming on the Township land near the radio tower (Clearview farm parcel) early next year to see if there has been some progress.

There being no further business, Mr. Blank moved, Mr. Steadman seconded and it was unanimously carried to adjourn the meeting at 7:00 p.m.

Respectfully Submitted,

George Heinze, Secretary

