

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

The regular meeting of the Lower Makefield Farmland Preservation, Inc. (Farmland) Board of Directors (Board) was held remotely on May 16, 2023. Mr. Steadman called the meeting to order at 6:00 p.m.

Those present:

Farmland Preservation, Inc.: Dennis Steadman, Vice President
George Heinze, Secretary
Dan Bankoske, Treasurer

Absent: Michael Blank, Farmland Preservation, Inc. President
Sean Carney, Farmland Preservation, Inc. Member
John B. Lewis, Supervisor Liaison

APPROVAL OF MINUTES: Mr. Heinze

Mr. Steadman moved, Mr. Bankoske seconded and it was unanimously carried to approve the Minutes of May 16, 2023 as written

TREASURER'S REPORT & INVESTMENT PERFORMANCE REVIEW: Mr. Bankoske

The Investment Account is at Fidelity. Statements are downloaded every month and are put on the SharePoint site. An on-demand investment review was shown which is effective today. This can be e-mailed to the Board and will also be on the SharePoint. Quarterly reviews are available with information related to the market. Occasionally a re-balancing notification is provided. Re-balancing is not done often, and when it is done, it is relatively minor. We have a mandate for our asset allocation, and they have some leeway as to how much they can go above or below certain percentage allocations; and they will then do a re-balancing.

A slide of the Balance and Performance Summary going back one year from yesterday was shown. The current balance versus May a year ago is almost the same at \$1,091,000 today versus \$1,093,000 a year ago. There are no deposits or withdrawals over that time period. From an operating perspective only the Cash Management Account has been used, and not this Investment Account. The Cash Management Account receives all of the rent and handles all of the bills. There was no excess

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

money to deposit to the Investment Account, but the rental income was able to cover the expenses. This is unlikely going to be true for the remainder of the year; and if the Board plans on doing the amount of work that was done this past winter, some funds will most likely have to be withdrawn from the Investment Account to help cover those expenses.

Mr. Steadman asked if this one-year performance will be compared to a comparable benchmark, and Mr. Bankoske agreed.

A chart was shown of the income over the one year. Two large peaks were shown which were from capital gain distributions/dividends which were received from the Mutual Funds. A slide was shown of the specific analyzed returns. The money-weighted rate of return was noted as well as the Index at a blend of 60% stocks. The 60% blend is the benchmark taking the S & P 500 at 60% and the Bond Market at 40% and averaging those together coming up with the Index benchmark. The three-year return was noted at 6.25% annualized versus the benchmark of 6.63%, and the one-year return at .48% versus the benchmark of 1.48%.

Mr. Steadman asked if that return is after fees, and Mr. Bankoske agreed.

Mr. Bankoske stated he feels the one-year at .48% versus the benchmark of 1.48% has to do with timing of dividends. The large dividend that came in was noted, and Mr. Bankoske stated if that gets invested at that point in time and the market goes down immediately, that results in a decrease versus the benchmark which does not factor in unequal-sized income events over the investment timeline.

A slide was shown defining more specifically the money-weighted rate of return versus time-weighted rate of return. The money-weighted rate of return is factoring in cash flows versus the time-weighted rate of return which does not factor that in.

A slide was shown of the current asset allocation. For the 60% stock we are in the category of growth with income at a 60% weighting in stocks and a 40% weighting in bonds. Fidelity will take that above and below those percentages by a relatively low amount but generally keeps it within a few percent of 60/40.

Mr. Heinze noted the stock piece which is about 56%, and 19% of it is foreign stocks; and he asked how much of that do we give direction to Fidelity or does Fidelity just do what they think is right for that mix of the two different stock components.

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

Mr. Bankoske stated Fidelity uses their optimal asset allocation in blending it between domestic and foreign stock, and we do not give an opinion on that split.

The Board considers what the chances are that a meaningful distribution will need to be taken from the portfolio, and this was considered less than a year ago. The Board also does not want too much risk. Once questions are answered especially as it relates to the risk-tolerance levels and recognizing that Farmland is a non-profit and not paying taxes, Fidelity comes back with their recommendation as to the percentages in stocks and bonds. Slides of the specific funds we are in was shown.

VICE PRESIDENT’S REMARKS: Mr. Steadman

Farmland Preservation, Inc. is a non-profit organization that has the sole purpose of managing the preserved farmland properties that are in its name. It is a separate entity from Lower Makefield Township and has its own finances and its own Board. The Board of Supervisors appoints the five-member Board. The Farmland Board’s responsibility is to manage and maintain about 340 acres that the entity owns, of which about 290 acres are farmland. Therefore much of the farmland that is seen in Lower Makefield Township is owned by this Board. The land is to be kept in agriculture for perpetuity. While a surplus or deficit may occur in any one given year, there is a requirement for reserves to make sure that the farmland is maintained in what is no longer a farming community as it is a suburban community, and that can be a challenge.

INDIVIDUAL PROPERTY ISSUES & UPDATES: All

Mr. Heinze stated there was a follow-up on the parcel of land at Bridle Estates behind 1201 Bridle Estates Drive where a portion of fence had been taken out to accommodate deer running through that area. The fencing and buffer area behind are in good shape behind that house, and there is a very well-defined opening between where the fence stops on the neighbor’s property and then it is about 3’ that is open to where the next post is where the fence starts again. Mr. Heinze stated one option is to close the gap with fencing.

Mr. Steadman stated the resident at 1201 Bridge Estates had made contact a few years ago because there was a constant flow of deer in that location, and that fence was always needing repair and small deer were getting trapped in it. Mr. Steadman stated he met

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

with the neighbor and it was suggested that the fence be opened in the area which would be a path for the deer. The resident made contact recently and indicated that there were now too many deer using this path. Mr. Steadman stated while the fence can be put back, we will be back where we were before. Mr. Heinze had indicated that he was having difficulty reaching the neighbor, and Mr. Steadman will re-send the contact information so that they can discuss alternatives. Mr. Steadman added that this is a path that the deer have been taking long before the fence was installed.

Mr. Steadman stated the Red Tag deer season is over.

OTHER BUSINESS: All

Mr. Bankoske asked Mr. Steadman if he had talked to the resident who was concerned about what farms were listed in our letter about preserved farmland. Mr. Steadman stated he did speak to Sharon Kimmel who owns the horse farm of a little over 100 acres on the corner of 332 and Lindenhurst Road. The Board had sent out a letter to those properties that neighbor the preserved farmland that Farmland Preservation owns, and she had gotten a copy of that letter from someone else and felt that her property should have been cited as well since her property had been enrolled as preserved farmland although not part of Farmland Preservation as Ms. Kimmel owns it. She was under the impression that the letter was talking about all preserved farmland in Lower Makefield, but it is not, and it was talking about the eleven parcels totaling about 340 acres for which Farmland Preservation is responsible.

Mr. Steadman stated it was interesting to learn that Ms. Kimmel has all of the same issues with neighbors that the Board has in terms of fencing, material growing on fences, trees falling down, and trespassing. They agreed to stay in touch as two entities trying to preserve farmland in Lower Makefield.

Mr. Steadman noted the proposal that was circulated to the Board a month ago and re-sent today from the Lower Makefield Environmental Advisory Council about planting trees on our fields that run along Dolington Road, and follow the curve where Dolington curves into Woodside Road. Mr. Steadman stated he has talked to Mr. Bray a few times about that proposal, and he has provided the Board with the detailed proposal. Mr. Steadman noted the row of sycamore trees along Woodside Road across from the Golf Course, and it would that be that kind of setting which is attractive. Mr. Steadman stated while he is a proponent of

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

planting trees, he would be concerned with planting trees where the Environmental Advisory Council is proposing. He stated we are responsible for keeping the fields in agriculture, and this would be substituting a strip of farmland to plant trees and a grassy area for the Township to mow which he feels while beautiful, is suburbia and not farmland. Mr. Steadman stated he does not feel we need more suburban space, and he feels we need to have more farmland or at least keep the farmland space that we have. He feels the proposal would be inconsistent with the mission of our Board of preserving farmland and would not want substitute any of it into suburban space.

Mr. Steadman stated he also knows that the farmers would not support this as it would be a very big inconvenience for the farmers since they have to pull in very large equipment; and on wet days, they do not know exactly where they will be able to pull in. He stated if there were to be a row of trees at that location, as they grow they would shade the fields and compete for nutrients and water.

Mr. Heinze stated generally he agrees with Mr. Steadman. He stated he has walked the pathways, and he noted the second picture provided on Page 7 where there is an area labeled "A." He stated he believes that in that area, there is a hill that goes up to the farm field and that could possibly be a place where trees could be added along the walkway at the base of the hill depending on the type of trees that they were recommending. Mr. Heinze stated in all the years he has lived in the area, he has never seen farm equipment in that area of the farm, although he sees it all the time in the other areas. Mr. Heinze stated we would have to be careful as to how many trees should be planted if we permitted them to plant trees there.

Mr. Bankoske stated he believes that there is a pipeline that runs along part of road in the area which would also create an issue. He stated between the two areas labeled "B," there is also a steep hill which would mean that they would be planting even more into the field. He stated he feels what they are proposing would impact a significant amount of tillable land that would turn into grass. He stated he does not believe we have the ability to modify the Leases that we have in place with farmers now without getting their consent, and the farmers have already expressed that they are not willing to go along with this. He stated he does not feel we should be taking away farmable, tillable land. With regard to the strip Mr. Heinze noted, Mr. Bankoske stated that may be a spot where they could put a few trees; however, we would need to make sure that there is the ability to plant there given the location of the pipeline. He would not be in favor of taking away any of the farmland.

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

Mr. Steadman agreed to further explore the area Mr. Heinze noted on site. He stated he would also like to talk to the farmers given that there have been issues in this field with drainage. The grassy drainage area in the middle of the field can get very wet which causes issues during harvesting. Trees planted in certain areas would negatively impact the access of the heavy equipment. While it is possible that trees could be planted in the area noted by Mr. Heinze, it would still be taking 15 to 20 yards of productive farmland and putting it in grass and trees which need maintenance; although this could be explored a little further.

Mr. Bankoske stated maintenance should definitely be considered. He noted the trees along Woodside, and while the Township has cut that grass along the walking path, they have not done much maintenance on the trees. He stated he and Mr. Carney went along there and trimmed twenty trees and hauled the material away. He stated these were also the trees where Mr. Steadman had to remove nails and staples when people were posting things on the trees. He stated he is not sure that the EAC understands that Farmland Preservation and the farmers would be responsible for the maintenance of any trees planted. Mr. Steadman stated when trees are planted along a farm field and road, someone has to maintain them.

Mr. Bankoske asked the next steps with regard to this proposal. Mr. Steadman stated he will contact the EAC about the Board's discussion. He stated that prior to the next Board meeting, he will talk to the farmers, and we should go out to the area that was labeled "A" to see if it is a potential exception to what the Board has said.

PUBLIC COMMENT

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

REVIEW OF ACTION ITEMS: Mr. Heinze

1. Mr. Steadman – Contact EAC about the Board's discussion with regard to trees and have discussion with the farmers. Board to look at the area labeled as "A" to see if this is a potential area for trees
2. Mr. Steadman – Re-send contact information to Mr. Heinze for 1201 Bridle Estates Drive

FARMLAND PRESERVATION, INC.
MINUTES – MAY 16, 2023

3. All – Follow-up with Mr. Steadman about available dates to set up Executive Session to discuss the development of a new policy of neighbors dumping yard waste over the Farmland fences

There being no further business, Mr. Heinze moved, Mr. Bankoske seconded and it was unanimously carried to adjourn the meeting at 6:45 p.m.

Respectfully Submitted,

George Heinze, Secretary