

TO: Members of the Board

FROM: Bruce Steadman
Executive Director and Secretary

DATE: August 24, 2017

SUBJECT: Agenda for Special Board Meeting of the Authority

1. **Call to Order – James V. Gorman, Chairman**
2. **Pledge of Allegiance**
3. **Notice of Special Public Meeting - Roll Call – Bruce Steadman, Secretary**
4. **Welcome – James V. Gorman, Chairman**
5. **Public Comment Regarding Board Action Items**
6. **Board Actions**
 - Consideration of Approval of a Purchase and Sale Agreement and Ground Lease Agreement for the Bowling Center in Eatontown.
 - Consideration of Approval of an Agreement with New Jersey American Water (NJAW) for a new Main Post water main.
7. **Other Items**
8. **Public Comment Regarding any FMERA Business**
9. **Adjournment**

ADOPTED
August 24, 2017

Resolution Regarding
**Purchase and Sale Agreement and Ground Lease with Fort Monmouth B.E.C., LLC for
the Bowling Center Parcel in Eatontown**

WHEREAS, on June 7, 2017, FMERA issued and publicly advertised a Request for Sealed Bids (RFB) for the Bowling Center Parcel, a 2.7± acre tract of land in Eatontown containing Building 689, an approximately 17,599 sf bowling alley and Building 682, a 4,720-sf structure targeted for demolition; and

WHEREAS, the RFB gave bidders the option of proposing to purchase the Bowling Center and ground lease the 2.7 acres of land, rather than purchasing both the land and the building as ground leasing the land from FMERA would make the lessee potentially eligible to obtain a special concessionaire permit from the State of New Jersey, Division of Alcoholic Beverage Control to serve alcohol on the premises; and

WHEREAS, FMERA received one proposal for the property on July 10, 2017, and an evaluation committee evaluated and deemed the proposal from Fort Monmouth B.E.C., LLC (FMBEC) compliant; and

WHEREAS, FMBEC will be obligated to demolish Building 682 and install necessary site improvements at its sole cost and expense and intends to finance the project through its own funds and a leasehold mortgage; and

WHEREAS, negotiations with FMBEC have resulted in the attached Purchase and Sale Agreement (PSA) and Ground Lease; and

WHEREAS, the terms of the proposed PSA include FMBEC's payment of \$1,300,000 for the improvements and a ground lease for the land for ninety-nine (99) years for \$1 per year and initial closing will occur upon the earlier of (i) thirty (30) days of satisfaction of the conditions precedent, which include FMBEC completing due diligence and receipt of a final remediation document, or (ii) December 1, 2017; and

WHEREAS, additional terms of the PSA include: the renovation of the existing structure as a bowling entertainment center, the installation of site improvements, and the demolition of Building 682, and where FMBEC will be obligated to obtain a Certification of Occupancy within twelve months of closing, and FMBEC will invest approximately \$3,700,000 to complete the project; and the Purchaser also covenants to create eight (8) permanent full-time equivalent jobs and fifty-two (52) part-time jobs within eighteen (18) months of completing the initial renovation and receipt of certificate of occupancy.

THEREFORE, BE IT RESOLVED THAT:

1. The Authority approves the selection of Fort Monmouth B.E.C., LLC as the purchaser of the Bowling Center and associated property in Eatontown pursuant to the June 7, 2017 Request for Sealed Bids (RFB), on terms substantially consistent to those set forth in the attached memorandum and the attached Purchase and Sale Agreement and Ground Lease and on final terms acceptable to the Executive Director and the Attorney General's Office, and authorizes the Executive Director to execute the PSA and Ground Lease and take any necessary actions to effectuate the selection of Fort Monmouth B.E.C., LLC as the purchaser.

2. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor of the State of New Jersey shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

Dated: August 24, 2017

EXHIBIT 1

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

RE: Purchase and Sale Agreement and Ground Lease with Fort Monmouth B.E.C.,
LLC for the Bowling Center Parcel in Eatontown

DATE: August 24, 2017

Request

I am requesting that the Board authorize the execution of a Purchase and Sale Agreement (“PSA”) and a Ground Lease with Fort Monmouth B.E.C., LLC (“FMBEC”) for the sale of the Bowling Center (the “Project”) and the lease of its underlying land in the Eatontown Reuse Area.

Background

FMERA issued a Request for Sealed Bids (“RFB”) on June 7, 2017 in connection with the sale of the 2.7 acre Bowling Center Parcel in Eatontown. The Bowling Center, also known as Building 689, is an approximately 17,599 sf structure located at the corner of Saltzman and Wilson Avenues. The 2.7 acre parcel also includes Building 682, a 4,720 sf wood frame building constructed in 1941, which must be demolished by FMBEC. The RFB gave bidders the option of proposing to purchase Building 689 and ground lease the entire 2.7 acres of land, rather than purchasing both the land and the building. Ground leasing the land from FMERA would make the lessee potentially eligible to obtain a special concessionaire permit from the State of New Jersey, Division of Alcoholic Beverage Control to serve alcohol on the premises. However, the PSA and Ground Lease are not contingent on FMBEC’s ability to obtain a special concessionaire permit, which is at FMBEC’s sole risk, cost, and expense.

Responses to the RFOTF were due on July 10, 2017 and FMBEC submitted the sole response. The bidder proposed to purchase the improvements on the property and ground lease the underlying land. An evaluation committee scored the proposal and deemed it compliant. As the winning proposal, the evaluation committee recommended proceeding with negotiations for a PSA and Ground Lease.

FMBEC is owned by Keith Dougherty, who also owns Circle Bowl & Entertainment in Roxbury, New Jersey. It is affiliated with Holiday Bowl located in Oakland, New Jersey owned by Edward



Dougherty. The Dougherty family has been in the bowling business since 1959. Circle Lanes was completely renovated in 2015 and is a successful entertainment venue, with 25 lanes for bowling, an arcade, laser tag, a restaurant and a bar.

The Doughertys plan to renovate the Fort Monmouth Bowling Center into an expanded entertainment destination, with 20 renovated lanes, a full kitchen, sports bar lounge, arcade game room, two-story laser tag arena, and an outdoor beer garden with a fire pit and bocce courts. The Purchaser will be obligated to demolish Building 682 and install necessary site improvements at its sole cost and expense. FMBEC intends to finance the project through its own funds as well as through a loan secured by a leasehold mortgage on the property. After Building 682 is demolished, FMBEC will be allowed under the Land Use Rules (based on the maximum floor area ratio) to a potential expansion of Building 689 by 10,000± sf.

Purchase and Sale Agreement and Ground Lease

Pursuant to the terms of the PSA, FMBEC will pay \$1,300,000 for Building 689 , which exceeds the \$1,130,000 minimum bid specified in the RFB, and ground lease the entire 2.7 acre Bowling Center Parcel for ninety-nine (99) years for \$1 per year. Closing will occur upon the earlier of: (i) thirty (30) days after satisfaction of the conditions precedent to closing, which include FMBEC's completion of due diligence and receipt of a final remediation document; or (ii) December 1, 2017. FMERA will convey title to the improvements and ground lease the land to FMBEC in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property.


The project will consist of the renovation of Building 689 as a bowling entertainment center, the installation of necessary site improvements, and the demolition of Building 682. FMBEC will be obligated to demolish Building 682 and obtain a Certificate of Occupancy for Building 689 within twelve (12) months of closing. Provided the Purchaser is diligently pursuing the issuance of the Certificate of Occupancy and completion of the project, FMBEC shall have the right to extend the time period for completing the project for an additional six (6) months. FMERA will have the right to repurchase the property if construction is not timely completed. FMBEC represents that it will invest approximately \$3,700,000 to complete the project. The Purchaser also covenants to create eight (8) permanent, full-time equivalent jobs and fifty-two (52) part-time jobs at the property within eighteen (18) months of completing the initial renovation and receiving a certificate of occupancy.

While the developer would be able to expand Building 689 under the Land Use Rules after demolishing Building 682, any such expansion is not encompassed in the PSA, as the PSA does not include the terms for a redevelopment agreement.

Attached are substantially final forms of the PSA and Ground Lease between FMERA and FMBEC. The final terms of the PSA and Ground Lease are subject to the approval of FMERA's Executive Director and the Attorney General's Office.

Recommendation

In summary, I am requesting that the Board authorize the execution of a Purchase and Sale Agreement and a Ground Lease with Fort Monmouth B.E.C., LLC for the Bowling Center Parcel in Eatontown.



Bruce Steadman

Attachments: Purchase and Sale Agreement
Ground Lease
Parcel Map

Prepared by: Kara A. Kopach & David E. Nuse



Battery Avenue

Messenger Avenue

North Drive

Saltzman

Sama

00602

00677 00678

00676

00675

00682

105 Parking

2.7 ac +/-

00689

Bowling

ATTACHMENT

[The attachment that the preceding memo refers to has been removed from this full agenda.]

ADOPTED
August 24, 2017

Resolution Regarding
**Approval of an Agreement with New Jersey American Water (NJAW) to install a new
water main on the Main Post**

WHEREAS, FMERA is currently the owner and operator of the former Army water system that serves the Main Post, including the RPM Development's (RPM) project, Tetherview's facility at Russel Hall, the FMERA offices at Building 502, Triumphant Life Church at the Main Post Chapel, Building 501, the Fitness Center, the Main Post Firehouse, Squier Hall and future development. The Purchase and Sale Agreements that have been approved to date for the above properties require FMERA provide water service at or near the property borders; and

WHEREAS, in December 2015 the Board approved a Memorandum of Understanding (MOU) with the borough of Oceanport to fund the design and engineering by the borough engineer of a water main application to be submitted to NJAW for the construction of a new water main in the Oceanport area of the Main Post; and

WHEREAS, FMERA submitted the application to NJAW with a \$25,000 deposit on June 16, 2017 and NJAW put the proposed new water main construction out to bid and selected J.F. Kiely as the contractor; and

WHEREAS, the estimated cost for the project is \$2,358,532.45 which will be divided between FMERA and RPM, with RPM required to pay for the replacement of pipes within their property. The estimated amount to be paid by FMERA is \$846,874.70, and an amount of \$440,000 is available from the RPM off-site contribution. NJAW has agreed to an initial payment of \$440,000 from FMERA with the remainder to be paid by December 1, 2017, and the estimated RPM portion of \$1,511,657.70 was submitted to NJAW; and

WHEREAS, staff recommends that the Board approve the use of delegated authority to make additional payments of up to 10% of the total estimate should the project over-run the estimate; and

WHEREAS, the project will eliminate FMERA's flushing program, reduce the expense of repairing water main breaks, eliminate the need to pay a licensed operator, reduce FMERA's water bills and ensure safe quality water for our tenants and purchasers; and

WHEREAS, the final terms of the amendment necessary to NJAW's standard form of agreement is subject to the approval of FMERA's Executive Director and the Attorney General's Office.

THEREFORE, BE IT RESOLVED THAT:

1. For the reasons expressed in the attached agreement, the Board authorizes the Agreement and Amendment with New Jersey American Water (NJAW) to install new water mains on the Main Post for an estimated total cost to FMERA of \$871,874.70. In addition to the \$25,000 deposit, payment will be made in two (2) installments, with the first payment of \$440,000 funded by the RPM off-site contribution when this resolution becomes final and the remaining \$406,874 by December 1, 2017.

2. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor of the State of New Jersey shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

Dated: August 24, 2017

EXHIBIT 2

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

RE: ~~Agreement with New Jersey American Water (NJAW), to install new water mains on the Main Post.~~

DATE: August 24, 2017

Request

I am requesting that the Board of Members approve an agreement with NJAW to install new water service on the Main Post to service RPM Development's (RPM) project, Tetherview's facility at Russel Hall, Building 502 (the FMERA offices), Triumphant Life Church at the Main Post Chapel, Building 501, the Fitness Center, the Main Post Firehouse (currently leased to the Oceanport Police Department), Squier Hall and future development at a total cost of \$871,874.70.

Background

FMERA is currently the owner and operator of the former Army water system that currently services the Main Post. This system is over capacity, deteriorating and requires an aggressive flushing program to keep it in compliance with state and federal regulations. Our PSARAs for the above properties require that FMERA provide water service at or near the property borders. Further, the PSARA for RPM Developers required RPM to replace the water pipes within their footprint as well as provide \$700,000 in funding for "off-site" improvements, including sewer and water service. On December 16, 2015, the Board approved an MOU with the borough of Oceanport to fund the design and engineering by the borough engineer of a water main application to be submitted to NJAW for the construction of the new water main in the Oceanport area of the Main Post. The application for the proposed new water main construction was submitted to NJAW along with a \$25,000 deposit on June 16, 2017. NJAW put the proposed new water main construction out to bid and has selected J.F. Kiely as the contractor. The estimated cost for the project is \$2,358,532.45 to be split between FMERA and RPM based on the linear feet of pipe within the RPM property and on FMERA property. The estimated amount to be paid by FMERA is \$846,874.70. An amount of \$440,000 is available from the RPM off-site contribution of \$700,000. NJAW will agree to an initial payment of \$440,000 with the remainder to be paid by December 1, 2017. The RPM portion is estimated to be \$1,511,657.70 which has been submitted to NJAW.

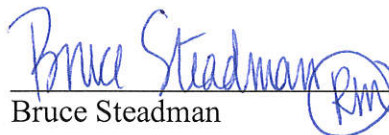
Staff further recommends that the Board approve the use of delegated authority to make additional payments up to 10% of the total estimate should the project over-run the estimate.

This project will eliminate the need for our aggressive labor-intensive flushing program, reduce the expense of repairing potential water main breaks, eliminate the need to pay a licensed operator, reduce the FMERA water bills significantly and more importantly ensure safe quality water for our tenants and purchasers. An estimate of these costs to FMERA is approximately \$18,000 per month.

NJAW's standard form of agreement is attached. The agreement will be amended to clarify the following terms: (1) The only physical work required as a condition of the agreement is the sewer infrastructure work that RPM is committed to complete under an agreement with FMERA. All other physical work will be done at a later time at FMERA's discretion; (2) FMERA will provide the necessary easement for NJAW to complete the work on FMERA's property. Per the Conditional Access and Infrastructure Agreement approved by the Board, RPM will provide NJAW with the necessary easements to perform the installation. NJAW confirmed that no easement is necessary for County property; (3) Any additional over-run costs beyond the 10% approved by the Board will require FMERA Board approval. Also attached is the cost breakdown for the project. The final terms of the amendment are subject to the approval of FMERA's Executive Director and the Attorney General's Office.

Recommendation

I am requesting that the Board of Members approve the Agreement with New Jersey American Water (NJAW) to install new water mains on the Main Post for an estimated total cost to FMERA of \$871,874.70. In addition to the \$25,000 deposit, payment will be made in two (2) installments the first payment of \$440,000 funded by the RPM off-site contribution when this resolution becomes final and the remaining \$406,874 by December 1, 2017.


Bruce Steadman

Attachments: NJAW Agreement and Amendment
Cost Breakdown

Prepared by: Rick Harrison

ATTACHMENT

[The attachment that the preceding memo refers to has been removed from this full agenda.]