

Fort Monmouth Economic Revitalization Authority (FMERA)
Special Board Meeting
October 14, 2016
FMERA Office, Oceanport, New Jersey

EXECUTIVE SESSION MINUTES

Members of the Authority present:

- James V. Gorman – Chairman, Fort Monmouth Economic Revitalization Authority (FMERA) – V
- Lillian Burry – Monmouth County Freeholder – V
- Dr. Robert Lucky – Public Member – V
- Gerry Turning – Mayor of Tinton Falls – V
- Jay Coffey – Mayor of Oceanport - V
- Dennis Connelly – Mayor of Eatontown – V (via phone)
- Tim Lizura – President & Chief Operating Officer, NJ Economic Development Authority – V
- Michael Collins – Assistant Counsel, Authorities Unit, Office of the Governor – V
- Kenneth J. Kloo, Director, Site Remediation Program, NJ Department of Environmental Protection
- Gina Fischetti, Chief Counsel, Local Planning Services, NJ Department of Community Affairs (via phone)
- John Raue, Senior Policy Advisor to the Commissioner, NJ Department of Labor & Workforce Development
- William Riviere, Principal Planner, NJ Department of Transportation

V- Denotes Voting Member

Also present:

- Bruce Steadman, Executive Director, FMERA
- Ed Pillsbury, Deputy Attorney General
- Gabriel Chacon, Deputy Attorney General
- Robert Tuteur, Outside Bond Counsel
- FMERA staff

Executive Session – OPMA EXEMPTION N.J.S.A 10:4-12(b)(7): Update on Financing Negotiations with the County of Monmouth

James V. Gorman, Chairman of the Board, began the Executive Session at 2:23 P.M. Bruce Steadman, Executive Director of FMERA, thanked the County and the FMERA legal team for working diligently to produce substantially final documents in preparation for this special meeting of the Board. Dave Nuse, FMERA Director of Real Estate, provided a summary of the documents before the Board for their approval at today's meeting. He noted that a Reimbursement Resolution was previously approved by the Board at its July 2016 meeting. The terms of the financing deal remain substantially the same as previously shared with the Members. FMERA is seeking financing for the purchase of the Phase 2 properties through funding from the Monmouth County Improvement Authority (MCIA). The requested financing structure entails MCIA's issuance of taxable or tax-exempt notes to provide the consideration to be paid to the Army, along with the cost of issuance. The original principal amount of the notes is estimated to be an amount not to exceed \$35 million, with the notes to be issued prior to the closing of FMERA's purchase from the Army. FMERA will pay down approximately \$10 million in principal upon its sale of the first three parcels to developers; those three parcels are under contract

and the sales are anticipated to occur within six months of FMERA's closing with the Army. The remaining principal balance on the notes will be repaid by FMERA from a portion of the sale proceeds of Phase 2 parcels. The County's Board of Chosen Freeholders has authorized a payment guaranty for the notes for five (5) years. The County will hold a mortgage against the Phase 2 parcels which mortgage will be released on a parcel by parcel basis as and when FMERA is ready to convey individual parcels to third party purchasers. During the five-year term of the County's guaranty, principal payments will be made from and only to the extent that sale proceeds are available.

Mr. Nuse noted one minor change from the previously discussed repayment terms. Previously, FMERA was obligated to pay only the interest on the loans in 2017. The County requested, and FMERA agreed, that in the event that sales in 2017 exceed the current projection of \$10.1 million, or FMERA has more than \$3 million in cash on hand at year-end 2017, FMERA will be required to provide principal reduction payments. Mr. Nuse stated that FMERA's goal is to completely pay off the notes within 4-5 years, while planning for necessary infrastructure improvements during that period.

Chairman Gorman added that the difficulty in preparing the legal documents has been in identifying and adequately capturing the potential risks for all parties in the transaction. Freeholder Lillian Burry stated that the Board of Freeholders will be voting on the documents at their next meeting. She added that the County and FMERA had to come to terms on two final items in the days leading up to the FMERA Board meeting: concerns about adequately demonstrating the Authority's commitment to the necessary sewer improvements, and the process for addressing the deer population prior to the opening of Avenue of Memories. Mayor Jay Coffey, Oceanport, added that the Borough Police Department shared their concerns with the road opening with the County officials as well, and discussed the issues at a public meeting of the Borough Council.

Chairman Gorman asked the Members to raise any specific questions on the financing documents. Ed Pillsbury, Deputy Attorney General, provided clarity on the inclusion of language that identified certain terms to be subject to further discussion; these terms are not material terms of the financing structure but have to do with the process for addressing the deer issue and with notice of default terms.

Michael Collins, Governor's Authorities Unit Representative, also requested additional clarity on the resolution coming before the Members related to the deer culling program. Mr. Steadman provided a summary of the need to address the deer population (as set forth in a NJDEP letter dated August 19, 2016), FMERA's discussions with the U.S. Department of Agriculture (USDA) and the County and the NJDEP, and noted that the program would be subject to all necessary permitting requirements. The Members discussed the likelihood of meeting the County's timeline to address the issue prior to closing with the Army.

The Members discussed the plan to address sewer improvements currently under negotiation with Two Rivers Water Reclamation Authority (TRWRA). FMERA has continued to budget for significant utility and infrastructure improvements, including approximately \$12 million related to sewer upgrades. Discussions with TRWRA will continue to finalize a Memorandum of Understanding.

On a motion by Robert Lucky, seconded by Freeholder Burry, and unanimously approved by all voting members present, the Board adjourned the Executive Session at 2:53 P.M. and opened the Public Session.

Certification: The foregoing and any attachments represent a true and complete summary of the actions taken by the Fort Monmouth Economic Revitalization Authority at its meeting.



Bruce Steadman, Secretary