

Fort Monmouth Economic Revitalization Authority
Board Meeting
December 21, 2011
Tinton Falls Municipal Building, Tinton Falls, New Jersey

MINUTES OF THE MEETING

I. Members of the Authority present:

- James V. Gorman, Chairman, Fort Monmouth Economic Revitalization Authority (FMERA) - **V**
- Alfred Koeppe, Chairman of the New Jersey Economic Development Authority (NJEDA) - **V**
- Nicole Crifo, Assistant Counsel, Office of the Governor, Authorities Unit – **V (via telephone)**
- Dr. Robert Lucky, Public Member - **V**
- Lillian Burry, Monmouth County Freeholder - **V**
- Gerald Tarantolo, Mayor of Eatontown - **V**
- Michael Skudera, Mayor of Tinton Falls - **V**
- Michael Mahon, Mayor of Oceanport - **V**
- Michelle Siekerka, Assistant Commissioner, NJ Department of Environmental Protection (DEP)
- Charles Richman, Assistant Commissioner, NJ Department of Community Affairs (DCA)
- Mary Ellen Clark, Assistant Commissioner, NJ Department of Labor and Workforce Development (LWD)

Not present:

- Jonathan Lowy, Director of Community and Constituent Relations, NJ Department of Transportation (DOT)

V- Denotes Voting Member

Also present:

- Bruce Steadman, Executive Director, FMERA
- Gabriel Chacon, Deputy Attorney General (DAG)
- NJ Economic Development Authority Staff: Eatontown and Trenton offices

II.

The meeting was called to order by Chairman Gorman at 7:04 p.m. who led the meeting in the Pledge of Allegiance.

In accordance with the Open Public Meetings Act, FMERA Executive Director and Secretary, Bruce Steadman announced that notice of this meeting has been sent to the Asbury Park Press and the Star Ledger at least 48 hours prior to the meeting, that a meeting notice has been duly posted on the Secretary of State's bulletin board at the State House, and the FMERA and the NJEDA websites.

The first item of business was the approval of the September 9, 2011 Special Board Meeting Minutes. A motion was made to approve the minutes by Lillian Burry, seconded by Mayor Tarantolo.

Motion to Approve: LILLIAN BURRY Second: MAYOR TARANTOLO
AYes: 6

Mayor Mahon abstained from the vote stating he was not present at the September Special Board Meeting.

The second item of business was the approval of the November 10, 2011 Board Meeting Minutes. A motion was made to approve the minutes by Mayor Tarantolo, seconded by Lillian Burry.

Motion to Approve: MAYOR TARANTOLO Second: LILLIAN BURRY
AYes: 6

Mayor Mahon abstained from the vote stating he was not present at the November Board Meeting.

Al Koepp arrived at 7:07 pm.

The third item of business was the approval of the December 5, 2011 Special Board Meeting Minutes. A motion was made to approve the minutes by Mayor Skudera, seconded by Lillian Burry

Dr. Lucky and Lillian Burry abstained from the vote stating they were not present at the December Special Board Meeting.

Motion to Approve: MAYOR SKUDERA Second: LILLIAN BURRY
AYes: 6

III. WELCOME

Chairman Gorman thanked everyone for attending the meeting. Mr. Gorman stated that in addition to the regular board matters, the Board would consider the approval of the Memorandum of Agreement (MOA), a binding agreement between the Army and FMERA regarding the redevelopment of the Fort Monmouth property, and the Economic Development Conveyance application (EDC), an application which will begin the transfer of property to FMERA. Mr. Gorman further stated that the Board's approval would be a needed step forward to restore jobs and bring economic recovery to New Jersey. Mr. Gorman commended Executive Director Bruce Steadman and the FMERA Staff for their diligence and perseverance in the rigorous negotiations with the Army.

Chairman Gorman then explained how public comment would proceed at the meeting, with the first public comment period being for agenda items only and the second public comment period being for general comments and questions.

IV. SECRETARY'S REPORT

Bruce Steadman stated that Chairman Gorman appointed Mayor Mahon as Acting Chairman of the Audit Committee; and Chairman Gorman appointed himself as Acting Chairman of the Real Estate Committee, due to the resignation of Michael Pane, Esq.

V. TREASURER'S REPORT

Beverlee Akerblom, Director of Finance and Administration, stated that a favorable operating plan budget variance is projected for the Authority's fiscal year 2011. Ms. Akerblom stated that direct office support costs are under budget due to a reduction in planned staffing and hiring of additional staff occurring later in the year than projected. Ms. Akerblom further stated that progress payments against the fixed cost consulting engagements for the Planning, Engineering, Architectural Consulting Services the Business and Operating Plan, are being managed in accordance with the projects' deliverables.

Ms. Akerblom stated that the Environmental Consulting Services is over budget due to the accelerated pace of the negotiations with the Army, and the corresponding front loading of environmental services, which was not anticipated at the time the 2011 budget was prepared. Ms. Akerblom further stated that the work being performed by the environmental consultant has been managed in task order manner.

Ms. Akerblom stated that in preparation for the EDC, staff reviewed and analyzed the 2012 projected financial activity under the EDC and the 2012 EDC budget reflects staff's assessment of information acquired from multiple sources.

VI. PUBLIC COMMENT REGARDING AGENDA ITEMS

Phil Welch of Middletown stated that he submitted comments regarding the Authority's proposed sales rules. Mr. Welch believes, after reading the proposed sales rules, that the bidding and evaluation process can be circumvented. Mr. Welch stated that according to his interpretation of the offer to purchase process, a party can approach FMERA with an offer to purchase without the parcel being advertised.

Mr. Welch was advised that his comments were submitted to the Attorney General's office and that his comments are currently under review. Gabriel Chacon, DAG, stated that there is a process to address Mr. Welch's comments, but there is no specific time frame to complete that process. Mr. Welch asked if a parcel can be sold if the sales rules are not finalized. DAG Chacon stated again that the comments must be addressed now that the public comment period is over, and that if there are changes made to the rules; another public comment period would take place. Mr. Welch asked if his comments were shared with the Board. DAG Chacon stated that the Board must review all public comments.

Mr. Welch asked for the status of the four proposals which were received on Parcel E, and if FMERA has entered into an exclusive negotiating period with any of the four bidders. Mr. Steadman stated that the proposals are currently being evaluated in accordance with the proposed sales regulations.

As Tom Mahedy of Wall approached the podium, the Chair asked Mr. Mahedy if he understood the five-minute limit on public comment. Mr. Mahedy did not answer. Mr. Mahedy began his comments by stating that the public was being intimidated and bullied. Mr. Mahedy was told that he was being disruptive, but Mr. Mahedy continued. The Chairman then asked Mr. Mahedy to leave the podium due to intent to disrupt the meeting. Mr. Mahedy refused to do so and was escorted from the meeting by the attending police officer, as a result of his refusal to leave the podium and his continued comments.

VII. EXECUTIVE DIRECTOR'S REPORT

Odis Jones, Director of Real Estate, reported that the FMERA Staff has had successful discussions with the Army regarding the MOA, which have resulted in the MOA being presented to the Board of Directors for approval. Mr. Jones stated that FMERA has conducted meetings with the Army and Matrix regarding environmental issues at the Fort.

Rick Harrison, Director of Facilities Planning, gave an update on Suneagles Golf Course and Gibbs Hall. Mr. Harrison stated that Suneagles has had a great couple of months since reopening. Mr. Harrison further stated that due to the excellent management of the course by Atlantic Golf, and the extended good weather this fall, many people are taking advantage of this tremendous venue and the course is seeing an abundance of activity. Rick Harrison continued by stating that Sal's 19th Hole and Gibbs Hall are also open and doing well. McCloone's has begun to hold events at Gibbs Hall.

Mayor Tarantolo asked if the lease agreement for the golf course and associated facilities is for one year. Mr. Harrison stated that there is a one year lease agreement with an option to extend the lease on a month-to-month basis. Mr. Harrison stated that McCloone's is a sub-contractor of Atlantic Golf.

The Executive Director's Report concluded with Mr. Steadman providing an overview of FMERA action items for next several weeks, which include the following:

- Continued work with Matrix and the NJDEP to identify environmental issues of concern
- Continued meetings and tours with the interested prospective employers and investors
- Continued outreach to our stakeholders
- Continued collaboration with our Trenton office on marketing and business development opportunities
- Continued work on the Notice of Interest (NOI) evaluation process
- FMERA has issued a request for quotes for an Appraiser
- FMERA anticipates issuing an RFP for a Surveyor and a Master Broker in the next 30 days
- FMERA anticipates issuing Requests for Offer to Purchase (RFOTP) for Parcel C, C-1, Golf Course and Howard Commons

VIII. COMMITTEE REPORTS

a) AUDIT COMMITTEE (MICHAEL MAHON, ACTING CHAIRMAN):

Mayor Mahon stated that the Audit Committee met on December 6, 2011 at the FMERA Office. Mr. Mahon noted that the Committee approved the prior meeting minutes and the proposed 2012 Audit Committee meeting schedule. Mr. Mahon stated that the meeting schedule predicts various benchmarks in the annual audit cycle and working with the independent auditor.

Mr. Mahon further stated that the Committee reviewed and discussed FMERA's 2012 Consolidated Fiscal Plan and the supporting memorandum, the draft 2012 Fiscal Plan, the draft 2012 Operating Plan and draft 2012 Economic Development Conveyance (EDC) Plan. Mr. Mahon stated that the Committee agreed to refer the 2012 Fiscal Plan to the full Board for final review and approval at the meeting.

Mr. Mahon then called upon Beverlee Akerblom, Director of Finance and Administration, to present FMERA's draft 2012 Consolidated Fiscal Plan.

Ms. Akerblom stated that the draft 2012 Consolidated Fiscal Plan consisted of the draft 2012 Operating Plan and the draft 2012 EDC Plan. Ms. Akerblom stated that the 2012 plan highlighted that the Consolidated Net Operating Earnings are projected to exceed \$12 million dollars. Ms. Akerblom further stated that the Operating Plan expenses are lower than 2011's Operating Plan and the projected actuals and consists of a favorable Operating Plan budget variance for 2011.

Mayor Mahon made a recommendation to the Board to approve the 2012 Consolidated Plan and to approve authorizing the Executive Director to submit grant requests and any other necessary documentation, to the Office of Economic Adjustment (OEA) for federal funds in an amount not to exceed \$2,180,084.

DAG Gabriel Chacon read the resolution which is attached hereto and marked Exhibit 1.

Mayor Tarantolo asked if the match is against the federal grant. The Mayor also asked why the State match is higher than 10%. Beverlee Akerblom answered yes, the 10% match pertains to the federal grant and that it is greater than 10% because certain expenses are not reimbursable under the grant.

Mayor Tarantolo asked when the FMERA Office would be moving to Fort Monmouth. Mr. Steadman stated that the move should occur in the May or June time frame. Mr. Tarantolo asked if the public will have access to the FMERA Office on the Fort and was told yes.

Chairman Gorman called for a motion to approve FMERA's 2012 Consolidated Fiscal Plan and authorization of FMERA's Executive Director to submit grant requests to the Office of Economic Adjustment as necessary.

Motion to Approve: AL KOEPPE Second: MAYOR MAHON
AYes: 8

Resolution Attached and Marked Exhibit 1.

- b) REAL ESTATE COMMITTEE (JAMES V. GORMAN, ACTING CHAIRMAN): Chairman Gorman noted that the Real Estate Committee met on December 14, 2011 at the FMERA Office. Mr. Gorman stated that the Committee was given an overview of the Request for Offer to Purchase (RFOTP) process for Parcel E. Mr. Gorman stated that four proposals were received and are still being evaluated. Mr. Gorman stated that the Committee reviewed staff's evaluations of the Notices of Interest (NOIs) and the evaluation is ongoing. Mr. Gorman further stated that the Committee would continue their review of the NOIs at the January meeting. Mr. Gorman stated that based on staff's recommendations, the Committee would extend invitations to several entities to address the committee regarding their NOI.
- c) ENVIRONMENTAL STAFF ADVISORY COMMITTEE (MICHELE SIEKERKA - NJDEP): Michele Siekerka noted that the Environmental Staff Advisory Committee met on December 19, 2011 at the FMERA Office. Ms. Siekerka stated that the Committee was given an overview

of the NJDEP and Army Coordination Meeting on November 21, 2011. Coordination meetings are standard NJDEP practice. The coordination meetings with the Army are intended to create a timeline to address environmental issues with regard to the transfer of Phase 1 parcels and to create carve outs of areas that need to be further addressed. Ms. Siekerka stated that the Army has presented several reports to the NJDEP regarding the Baseline Ecological Evaluation (BEE) of which the NJDEP is in the process of evaluating.

Ms. Siekerka stated that the Committee reviewed the Finding Of Suitability to Lease (FOSL) on Suneagles Golf Course. Ms. Siekerka stated that the Committee also discussed the community's environmental concerns regarding properties outside of the Fort Monmouth footprint, specifically Wampum Lake. Ms. Siekerka stated that with the help of committee members, NJDEP is compiling information requests to review the concerns at Wampum Lake.

- d) HISTORICAL PRESERVATION STAFF ADVISORY COMMITTEE (BRUCE STEADMAN, FMERA) Bruce Steadman noted that the Committee met on December 13, 2011 at Fort Monmouth and toured both the interior and exterior of historical buildings at the Fort. Mr. Steadman stated that the Committee brainstormed possibilities for the reuse and redevelopment of the properties in the historical district, and the importance of having the buildings occupied to avoid deterioration.
- e) HOUSING STAFF ADVISORY COMMITTEE (CHARLES RICHMAN, DCA): Mr. Richman noted that the Committee did not meet this month.
- f) VETERANS STAFF ADVISORY COMMITTEE (FREEHOLDER LILLIAN BURRY): Ms. Burry noted that the Committee did not meet this month. Ms. Burry stated that Soldier On continues to be of interest to the Committee. Ms. Burry stated that she has been contacted by corporate sponsors who are interested in becoming involved with Soldier On.

IX. Board Actions

The next item before the Board was the Consideration of Approval of Memorandum of Agreement (MOA) with the U.S. Army and Economic Development Conveyance (EDC) Application.

Gabriel Chacon read the resolution which is attached hereto and marked Exhibit 2.

Bruce Steadman stated that Governor Christie signed P.L. 2010 c. 51 on August 17, 2010 to create the Fort Monmouth Economic Revitalization Authority (FMERA or the Authority). The economies, environment, and quality of life of the host municipalities, Monmouth County, and the State will benefit from the efficient, coordinated, and comprehensive redevelopment and revitalization of Fort Monmouth.

Fort Monmouth closed on September 15, 2011. However, the U.S. Army still owns the property and has authority to dispose of it in various manners, including by public auction. One of the U.S. Army's obligations is to obtain value from the property for the U.S. Treasury. However, in order to accomplish FMERA's charge, FMERA has been negotiating a Memorandum of Agreement (MOA) with the U.S. Army for FMERA to control the process by which the property is conveyed and redeveloped.

The essential component of Fort Monmouth's initial redevelopment effort is finalizing the MOA with the U.S. Army. The MOA is the binding document that contains the terms of the Economic Development Conveyance (EDC) of property from the U.S. Army to FMERA; the EDC application is the formal request to the U.S. Army to transfer property through an EDC. The MOA establishes a timeline by which the U.S. Army will transfer property to FMERA and sets forth the responsibilities of each party. It must be executed by both FMERA and the U.S. Army before the EDC application can be formally reviewed by the U.S. Army.

The MOA between FMERA and the U.S. Army sets forth a two phased property transfer. Phase 1 will include the transfer of nine parcels to FMERA by February 1, 2013. This includes six parcels in the Charles Wood Area (Golf Course, Howard Commons, Parcel C, Parcel C1, Parcel E, and Parcel F) and three parcels in the Main Post (Clinic Parcel, Marina and Parcel B). The Phase 2 transfer will include the balance of the Main Post. The two phased approach allows FMERA to build momentum for the redevelopment effort by conveying Phase 1 parcels more expediently because the U.S. Army can transfer these properties more quickly, as it views them as less mission-critical areas. Please see the attached maps for the location of each parcel.

The MOA also sets forth how FMERA and the U.S. Army will share sale and lease proceeds. The U.S. Army's share of the proceeds will by law be deposited into the U.S. Treasury. Under Base Realignment and Closure (BRAC) law, FMERA's share of the Phase 1 proceeds, obtained until the end of the seventh year after the transfer of the last Phase 1 property, must be reinvested within 12 BRAC pre-determined expense categories. The subsequent phase will have its own seven-year period restriction. In addition, EDC regulations require an annual audit to confirm that lease and sale revenue has been reinvested appropriately.

The MOA also addresses environmental considerations, specifying that property cannot be transferred without the Finding Of Suitability to Transfer (FOST). Similarly, the Army cannot lease a property without a Finding Of Suitability to Lease (FOSL). The FOST and FOSL document the current environmental condition of each parcel, notes any usage restrictions, and how the U.S. Army has met its legal obligations under applicable environmental law. If there have been any contaminated areas, the FOST and FOSL will address the achievement of a No Further Action (NFA) status through the N.J. Department of Environmental Protection (NJDEP). Under CERCLA, the U.S. Army must meet all federal environmental standards based on the Army's use, before a property can be transferred. The NJDEP is an active participant in determining that the Army satisfies its environmental obligations. The U.S. Army is responsible for all environmental remediation on the property forever for contamination the U.S. Army has caused.

The MOA outlines other key points. It stipulates that FMERA must sell and lease all property through a competitive process. In addition, FMERA's obligation associated with Legally Binding Agreements (LBAs) for homeless assistance will be funded by payments from property purchasers. The Army will provide caretaking services for all of the former Fort Monmouth property until transfer of title or leasehold interest. The U.S. Army will also allow for lease opportunities prior to property transfer to generate early revenue.

The EDC application is FMERA's formal request for the U.S. Army to transfer to FMERA title to the Fort Monmouth property. The EDC application contains the detailed justification for such transfer, which BRAC law requires to be based on job creating potential and financial implications to the host municipalities. The EDC application contains the business plan with a 20 year pro-forma. The 20 year

pro-forma estimates that the Phase 1 sale and lease proceeds will be approximately \$138 million; and while various land transfers will have differing share percentages initially, the pro-forma estimates that the split over the 20-year period will be approximately 50% going to FMERA and 50% going to the Army. Furthermore, the EDC application shows a breakdown of the acreage to be transferred with the potential for commercial and residential redevelopment, in accordance with the Fort Monmouth Reuse and Redevelopment Plan.

The Board of Directors and the Authority's Real Estate Committee have reviewed the Army's negotiating positions in the past. The MOA and EDC application together make up the eventual EDC agreement with the U.S. Army. Upon the execution of the MOA by both FMERA and the U.S. Army, FMERA will submit the EDC application to the U.S. Army. When the U.S. Army approves the EDC application, the complete EDC agreement will be established with FMERA.

Bruce Steadman concluded by stating FMERA's mission which is to create an atmosphere in which employers will employ and investors will invest, to maximize the jobs created and the value of the property.

Mr. Steadman recommended that the Board of Directors approve the MOA and EDC application in the current substantially final form and authorize the Executive Director to execute the MOA and submit the EDC application to the U.S. Army.

Mayor Tarantolo stated that he would like to go on record with regard to the statement "the U.S. Army is responsible for all environmental remediation on the property forever for contamination the U.S. Army has caused". Mayor Tarantolo stated that his view is that the U.S. Army is responsible for the remediation of any contamination on properties adjacent to Fort Monmouth as well, if it can be conclusively proven that the U.S. Army caused the contamination.

Gabriel Chacon, DAG, stated that the MOA pertains to Fort Monmouth only and that there may be separate laws regarding the Army's responsibility for any clean-up of any contamination not on the Fort.

Mayor Tarantolo clarified that his vote on the MOA would not be a qualified vote.

Chairman Gorman called for a motion to approve the Approval of Memorandum of Agreement (MOA) with the U.S. Army and Economic Development Conveyance (EDC) Application.

Motion to Approve: MAYOR MAHON Second: MAYOR TARANTOLO
AYes: 8

Resolution Attached and Marked Exhibit 2.

X. Other Items

There were no other items for discussion.

XI. Public Comment

Linda Zucaro of Tinton Falls asked if there are current discussions with regard to modifying the Reuse Plan due to concerns over Parcel E proposals that may conflict with the Plan. Mr. Gorman stated that when the Reuse Plan was developed, the Plan was based on the current economic conditions at that time, and as those economic conditions changed over the years then the Reuse Plan may also have to change.

Bruce Steadman stated that it is important to begin the process to implement the Reuse Plan. Mr. Steadman continued by stating that pursuant to advice from counsel, the Board of Directors and staff are limited in the information they can address and convey to the public regarding the review process for the RFOTP for Parcel E at this time. Mr. Steadman stated that job creation is the main goal of FMERA, but FMERA continues their legal and moral obligation regarding the housing development set forth in the Plan.

Ms. Zucaro asked if there was to be a change to the Reuse Plan, would the public be notified at the time when the Board of Directors votes on the change. DAG Gabriel Chacon explained that the municipality where the change would occur would be notified in advance of the proposed plan change coming to the FMERA Board for consideration of approval, and that any changes to the Plan would be conducted in accordance with FMERA's legislation.

Ms. Zucaro asked for the status of the housing guidelines, which were endorsed by the Housing Staff Advisory Committee and submitted to the Real Estate Committee. Mr. Gorman stated that the guidelines are still under review.

Ben Forest of Red Bank stated his concerns regarding the contamination of Wampum Lake and that the Army should address the issues with the Borough of Eatontown.

Wanda Chang of Eatontown stated that during the redevelopment of Fort Monmouth that FMERA has the ability to acknowledge the injustices that occurred to the Lenape Indians. Ms. Chang stated that FMERA should offer the Indians the opportunity to live on and restore Fort Monmouth back to its original state. Ms. Chang also stated that this would provide for a unique tourist attraction to Monmouth County.

Phil Welch of Middletown asked for clarification on the heat being turned off in certain buildings, specifically those buildings being considered for homeless service providers. Mr. Steadman explained that the Army caretaker plan has a Category 1-4 plan (1 being the greatest) as to which buildings will be heated. Mr. Steadman stated that he would discuss the buildings with the caretaker and advise Mr. Welch.

Mr. Welch stated that it would be helpful for the public to have appraisals available before properties are conveyed.

Enis Bengul of Long Branch stated that Stanford University dropped out of New York City's RFP process and asked if the Board can have discussions with the Governor to have a university program located at Fort Monmouth. Mr. Bengul also asked if FMERA has been in contact with entities regarding building a research park.

Al Koepppe stated that the possibility of bringing a university to Fort Monmouth is being contemplated not only within FMERA, but also with the NJEDA and other government agencies.

Mr. Bengul stated that while housing is important, research and development corporations would offer more job creating opportunities at Fort Monmouth.

The next item on the agenda was to adjourn the Public Session of the Meeting and enter into **Executive Session - OPMA Exemption N.J.S.A. 10:4-12b (5) and (7): Pending Real Estate Negotiations.**

A motion on the resolution read by DAG Gabriel Chacon was made to enter into Executive Session by Mayor Tarantolo, seconded by Dr. Lucky and unanimously approved by all voting members.

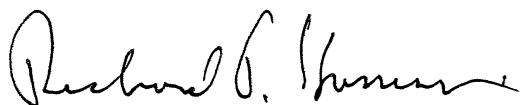
Resolution Attached and Marked Exhibit 3.

There being no further business in Executive Session a motion was made to go back into Public Session by Mayor Tarantolo, seconded by Dr. Lucky and unanimously approved by all voting members.

The Board returned to Public Session.

There being no further business, on a motion by Mayor Tarantolo, seconded by Dr. Lucky and unanimously approved by all voting members, the meeting was adjourned at 9:40 pm.

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


Rick Harrison- Assistant Secretary