

Fort Monmouth Economic Revitalization Authority (FMERA)  
Board Meeting  
February 19, 2014  
FMERA Office, Oceanport, New Jersey

**EXECUTIVE SESSION MINUTES**

**Members of the Authority present:**

- James V. Gorman, Chairman, Fort Monmouth Economic Revitalization Authority (FMERA) -V
- Tim Lizura, President & COO, New Jersey Economic Development Authority (NJEDA) – V
- Amy Herbold, Assistant Counsel, Office of the Governor, Authorities Unit – V
- Robert Ades, Public Member - V
- Gerald Tarantolo, Mayor of Eatontown - V
- Michael Mahon, Mayor of Oceanport - V
- Gerald Turning, Mayor of Tinton Falls – V
- Lillian Burry, Freeholder Director, Monmouth County - V
- Kenneth J. Kloo, Director of Division of Remediation Management, NJ Department of Environmental Protection

**Members of the Authority not present:**

- Dr. Robert Lucky, Public Member – V
- Mary Ellen Clark, Assistant Commissioner, NJ Department of Labor & Workforce Development
- Jonathan Lowy, Regional Manager, Government and Community Relations, NJTransit
- Charles Richman, Deputy Commissioner, NJ Department of Community Affairs

**V- Denotes Voting Member**

**Also present:**

- Bruce Steadman, Executive Director, FMERA
- Gabriel Chacon, Deputy Attorney General (DAG)
- FMERA staff

**Executive Session – OPMA EXEMPTION N.J.S.A 10:4-12b(5) and (7): Pending Real Estate and Contract Negotiations with the Army**

Bruce Steadman, Executive Director of FMERA, began the Executive Session at 8:27 pm and provided an update on the status of the Phase 2 Economic Development Conveyance (EDC) agreement with the Army. Mr. Steadman stated that the negotiations with the Army have been frustrating and protracted due to Army's continual changing positions and unresponsiveness. Mr. Steadman stated that it is the FMERA staff's goal to bring final business terms to the Board in March for a vote.

Mr. Steadman then provided the Board with an explanation of the following three options for the Phase 2 EDC:

1. Proceed with the proposed (or negotiated) set of deal points based on revenue sharing between FMERA and the Army, similar to the Phase 1 EDC.
2. Net Present Value (NPV) buy-out of the Phase 2 property from the Army
3. Army sells the Phase 2 property on their own subject to FMERA Reuse Plan and Land Use Rules.

Mr. Steadman reminded the Board that the Army would like guaranteed, stipulated payments for the Phase 2 property and that FMERA has repeatedly told the Army that FMERA will not agree to guaranteed, stipulated payments. Mr. Steadman continued by stating that the Army does not want to bear any of the risk and wants security for the resale of the property.

Mr. Steadman explained that the difficulty with the Phase 1 EDC agreement is the two appraisal process - whereby when a parcel is put out for sale, the Army and FMERA must both obtain an appraisal and the average of the two appraisals is the "floor price" for the parcel. Mr. Steadman stated that some of the appraisals being received are out of sync with what interested parties are offering for the property, and that FMERA has had to walk away from good offers that will create jobs, EDC income and tax revenue because the two appraisal process deems the offers too low.

The Army would like to establish a "base price" for each parcel in Phase 2 using the two appraisal approach and if they do not like the offers for a parcel, they can walk away and sell the parcel on their own. If the Army vetoes a deal, FMERA is left without the EDC income and potentially the job creation that come with it.

Robert Ades, Public Member, asked how BRAC law contemplates this situation. Mr. Steadman stated that BRAC law gives the service branch broad discretion on land disposition; the Army can dispose of property without going through a local redevelopment authority (FMERA)

Amy Herbold, Governor's Office, stated that if the Army sold the property on their own, the purchaser would have to come to FMERA to redevelop the property, as a result of the Land Use Rules. Mr. Steadman concurred with Ms. Herbold's statement, and added that any 3<sup>rd</sup> party buyer would need to negotiate a redevelopment agreement with FMERA, based on the FMERA Statute, Reuse Plan, and Land Use Rules.

Bruce Steadman stated that he believes that as long as the Finding of Suitability to Transfer (FOST) for the Phase 2 property is complete, FMERA can take title to all of the Phase 2 property by October 2015 with the deal points in place if that is the best option to proceed.

Mr. Steadman continued by stating that he would like to press for a face-to-face meeting with top officials in the Army BRAC Office to discuss the proposed deal points. Mr. Steadman recommended that FMERA not be negotiable on the following selected deal points:

1. The sale proceeds for all of the Phase 2 Parcels will be split 50/50 between the Parties following the deduction of broker's fees and the homeless per acre set aside ("Sale Proceeds").
  
4. Prior to the final execution of the Phase 2 EDC agreement, the Parties will agree to a base price ("Base Price") for each Parcel. The Base Price shall be the average of two appraisals, one appraisal obtained by Army and the other obtained by FMERA using agreed upon assumptions. If the differential in the appraisals is greater than 50%, the Parties shall retain an appraisal expert from GSA to, on an "arms length" basis, review the subject Parcel, the appraisals and other relevant information provided by the Parties, and make a mediated determination as to the Base Price for the subject Parcel. If in any case offers to purchase a particular Parcel received by FMERA do not meet the Base Price, FMERA may proceed with the sale and pay the Army an amount equal to 50% of the Base Price, net of broker's fees and the homeless per acre set aside; or, at FMERA's option, FMERA may not proceed with such sale and Army at its option, but subject to paragraph 5 below, may proceed to offer that Parcel for public sale. In the case of public sale, the payment of the homeless per acre set aside by the buyer and any C&W broker commissions shall be a condition of sale, and the Army shall retain the balance of the proceeds. If Army elects to undertake a public sale pursuant to the terms hereof, FMERA will use its best efforts to cooperate with Army in the implementation of the public sale. (Please note that in the case of public sale, any future use of the property will be subject to FMERA's Land Use Rules, and that a future developer may be subject to redevelopment assessments and free retained by FMERA.)
  
5. As closings occur, the Parties will keep a running total of the parcels' actual Sales Proceeds for comparison against the anticipated amounts per their respective Base Prices. To the extent that actual Sales Proceeds exceed the anticipated amounts per the Base Prices at any point (the "Sales Proceeds Surplus"), FMERA may elect to proceed with the sale of a subsequent parcel for an amount less than that parcel's Base Price without making up the difference, provided that the additional amount required to be paid to the Army under paragraph 4 above would be paid from the Sales Proceeds Surplus. If FMERA elects to use the Sales Price Surplus to reimburse the Army for any particular parcel, Army agrees not to exercise its option under paragraph 4 to proceed with a public sale of that parcel.

Chairman Gorman asked Mr. Steadman if the Army feels that FMERA is able to sell the property quickly because FMERA is under-valuing the property. Mr. Steadman stated that the Army may feel that way, but the market is determining the value of the property. Mayor Mahon added that the value of the buildings on Fort Monmouth will continue to decrease the longer they are left vacant and unused, and the Army's carrying costs will grow.

Chairman Gorman stated that FMERA's mission is to create jobs and improve the local economy. A net present value buy-out of the Army would best enable FMERA to fulfill its mission, attract small- and medium-sized businesses to the Fort, and expedite the sales and lease processes. He noted that a buy-out is Army's preferred option, subject to agreement on a discount rate.

The Board reached a consensus and agreed to authorize FMERA staff, led by Mr. Steadman, to negotiate with the Army to reach an agreement on the Phase 2 EDC by any of the three options laid out in Executive Session. However, Mr. Steadman was directed to pursue the deal points outline as the preferred solution.

On a motion by Robert Ades, seconded by Mayor Tarantolo, and unanimously approved by all voting members present, the Board adjourned the Executive Session 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.



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Bruce Steadman, Secretary