

Fort Monmouth Economic Revitalization Authority (FMERA)
Board Meeting
April 23, 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 Turning, Mayor of Tinton Falls – V
- Michael Mahon, Mayor of Oceanport - V
- Lillian Burry, Freeholder Director, Monmouth County - V
- Jonathan Lowy, Regional Manager, Government and Community Relations, NJTransit
- Gina Fischetti, Chief Counsel, Local Planning Services, NJ Department of Community Affairs

Members of the Authority not present:

- Gerald Tarantolo, Mayor of Eatontown – V
- Dr. Robert Lucky, Public Member – V
- Kenneth J. Kloo, Director of Division of Remediation Management, NJ Department of Environmental Protection
- Jeffrey Stoller, Assistant Commissioner, Office of Research and Information, NJ Department of Labor and Workforce Development

V- Denotes Voting Member

Also present:

- Bruce Steadman, Executive Director, FMERA
- Ed Pillsbury, Deputy Attorney General (DAG)
- FMERA staff

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

Bruce Steadman, Executive Director of FMERA, began the Executive Session at 7:20 pm and distributed a handout of the proposed deal points for the Phase 2 property to each board member, a copy of which is attached hereto. Mr. Steadman explained that when the Board returns to public session this evening, FMERA will be asking for their approval of the Phase 2 deal points.

Mr. Steadman further explained that the deal points, as with Phase 1, will serve as the foundation of the Memorandum of Agreement (MOA) with the U.S. Army. The deal points will be turned into a non-binding letter that both FMERA and the U.S. Army will execute. The MOA when drafted will be brought back to the Board for approval.

Mr. Steadman informed the Board that the deal points have not changed since they reviewed and discussed them in executive session last month. However, Mr. Steadman asked that members review the deal points again and stated that if anyone has any questions related to the deal points, staff is able to address them.

Mayor Turning asked when FMERA will receive title to the Phase 1 property, as all of the Tinton Falls redevelopment area of the Fort is located in Phase 1. Bruce Steadman stated that he believes FMERA will receive title to the Phase 1 property in a couple of weeks.

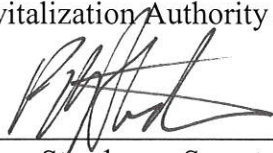
Chairman Gorman then asked each member if they have any questions or concerns related to the Phase 2 deal points. The board members did not have any questions.

Bruce Steadman stated that Monmouth County officials were at the FMERA office on Tuesday for a meeting and a tour of the Fort property. The meeting and tour went well and the County appears ready to proceed with the bond issuance process for the Phase 2 property.

Robert Ades asked if there is anything left to negotiate with the U.S. Army after Phase 2. Bruce Steadman responded no, there is nothing major to negotiate with the U.S. Army after the Phase 2 deal.

On a motion by Mayor Mahon, seconded by Amy Herbold, 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.



Bruce Steadman, Secretary



EXECUTIVE SESSION ATTACHMENT
CONFIDENTIAL

FMERA staff initiated negotiations with the Army over Phase 2 in summer 2012 immediately after execution of the Phase 1 MOA. Our intent was to pursue a Phase 2 agreement modeled after the shared proceeds approach employed in Phase 1. By spring 2013, however, the Army notified FMERA that it would not agree to shared proceeds unless FMERA provided stipulated, guaranteed payments. The parties spent the balance of 2013 exploring alternatives that would meet each party's needs, such as establishing a floor price for the Phase 2 parcels with accelerated payments to the Army. None of these alternatives satisfied the Army's desire for guaranteed payments and FMERA's need for flexibility in the sale and redevelopment of the property. By early 2014, discussions narrowed to two options: FMERA's buy-out of the Army's interests in the Main Post, or the Army's auction of the property. Following consultation with the Board and the Real Estate Committee, staff met with Army representatives in March and negotiated the following terms for FMERA's potential buy-out of the Army:

- FMERA will purchase the Phase 2 parcels from the Army for a single payment of \$33 million, with no deductions for Homeless Trust Fund or real estate commissions. Payment will be made at closing and will be conditioned on the ability of the Army to convey title to the Phase 2 parcels.
- Closing will occur no later than March 15, 2015 (Army's target date is December 2014 – January 2015).
- FMERA will take responsibility for caretaker costs upon closing.
- Army will retain all statutory environmental responsibilities, including the obligation to remediate the property to CERCLA standards.
- Army will expedite the issuance of Findings of Suitability to Lease and Leases in Furtherance of Conveyance for Russel Hall and the Officer Housing parcel so that FMERA may obtain site control for these two properties and schedule closings with redevelopers to occur simultaneously with the Army/FMERA Phase 2 closing. Proceeds from the sale of these two properties may be used as part of FMERA's payment for the Phase 2 properties.
- Army will agree to allow the sale of the Fabrication Shops, a Phase 1 property and a key small business initiative of the Authority, at the price offered by the highest ranked proposer.
- The parties will use these deal points as the basis for a Phase 2 EDC Amendment to the existing Phase 1 EDC Agreement.

Staff anticipates financing the acquisition of the Phase 2 parcels through bonds or notes, and intends to present a detailed financing plan to the Members for their approval at a future meeting.