

Fort Monmouth Economic Revitalization Authority (FMERA)
Board Meeting
July 15, 2015
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 and COO, New Jersey Economic Development Authority (NJEDA) – V
- Michael Collins, Assistant Counsel, Office of the Governor’s Authorities Unit – V
- Dennis J. Connelly, Mayor of Eatontown – V
- Gerald Turning, Mayor of Tinton Falls – V
- Michael Mahon, Mayor of Oceanport - V
- Dr. Robert Lucky, Public Member – V
- John Tobia, Monmouth County Director of Public Works and Engineering - V
- John C. Raue, Senior Policy Advisor, Office of the Commissioner, NJ Department of Labor and Workforce Development
- Helene Rubin, Section Chief, Community Transportation Planning Assistance, NJ Department of Transportation
- Kenneth J. Kloo, Director, Site Remediation Program, NJ Department of Environmental Protection
- Gina Fischetti, Chief Counsel, Local Planning Services, NJ Department of Community Affairs

V- Denotes Voting Member

Also present:

- Bruce Steadman, Executive Director, FMERA
- Gabriel I. Chacon, Deputy Attorney General
- FMERA staff

Executive Session – OPMA EXEMPTION N.J.S.A 10:4-12(b)(7): Discuss Pending Contract Negotiations

James V. Gorman, Chairman of the Board, began the Executive Session at 7:51 P.M. Bruce Steadman, Executive Director of FMERA, introduced a one-page summary of terms related to the ongoing negotiations of the Economic Development Conveyance (EDC) Agreement for the Phase 2 properties. FMERA staff and the Army are working towards a September 30th closing.

Dave Nuse, Director of Real Estate Development, noted that many of the terms remain unchanged. The one-time purchase of \$33 million remains the negotiated amount of the purchase, which will be financed by notes issued by the Monmouth County Improvement Authority (MCIA). The Army must complete two key steps in order to execute a finalized

Memorandum of Agreement. First, the Army must finalize the Finding of Suitability to Transfer (FOST), which requires a 30-day publication and comment period. Secondly, the Army must prepare the deed for conveyance to FMERA, which will occur simultaneously to FMERA securing financing from the MCIA.

Through the negotiations, two key issues were identified that delayed finalization of both the FOST and the MOA. First, the Army published a report in 2014 that suggested the potential existence of upwards of 250 underground storage tanks (USTs). Since then, FMERA has secured information from the NJ Department of Environmental Protection (DEP) and the BRAC counsel that Army retains responsibility for any contamination uncovered related to these potential USTs. In addition, due diligence performed by RPM Development in relation to the purchase of the North Post Officer Housing in Oceanport did not indicate the presence of USTs, which suggests the report indicating a potential 250 USTs may be high. The second issue raised during negotiations was the location and total number of environmental carve-outs in the Phase 2 property. FMERA staff and the Army initially identified a high number of potential carve-outs, and this figure has been reduced to about 33. FMERA has secured from the Army an anticipated timeline for remediation and receiving No Further Action (NFA) letters from the NJ DEP, which is approximately 24 months. In addition, the Army has demonstrated adequate financial resources budgeted for this remediation, approximately \$25 million. With these two major issues resolved, the MOA can be finalized and shared with bond counsel.

The Board discussed the likelihood that the Army will not complete remediation within their timeframe, and FMERA staff explained the financing structure, in which principal payments are contingent on sales proceeds. The interest only payments of the first 5 quarters will only commence when the sale of Phase 2 has closed with the Army.

Ken Kloo, NJ DEP, noted that although the majority of the 33 environmental carve-outs will receive an unrestricted NFA, there are several sites, including the landfills, which will receive a restricted NFA and thus will require long-term maintenance and monitoring. FMERA must be aware of these sites and the difficulty in identifying a future purchaser that will agree to bear that responsibility. Mr. Steadman stated that discussions related to the landfills are ongoing with the Army, as the Army is currently preparing the remediation plan for each landfill. The acreage of the landfills has not been identified for redevelopment and is not considered in the financial scenarios presented to the MCIA. Long-term monitoring of these landfills will differ from typical capped landfills, and FMERA may explore the use of an Environmental Services Cooperative Agreement (ESCA) for the Army to provide ongoing maintenance. Mr. Nuse added that FMERA is aware that several sites will carry deed restrictions, and has compared the potential deed restricted sites with the plans for redevelopment; these sites do not currently overlap with any residential development areas.

Tim Lizura, NJ Economic Development Authority (EDA), asked if FMERA is concerned with changes to the interest rate identified for the debt issuance. Mr. Steadman said that FMERA will be meeting with the County in the coming weeks and will discuss that issue. Mr. Lizura suggested that depending on the timeline for closing, bond counsel or BRAC counsel may want to include language in the contract that assures a stable rate.

On a motion by Michael Collins, seconded by Mayor Mahon, and unanimously approved by all voting members present, the Board adjourned the Executive Session at 8:07 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