

Fort Monmouth Economic Revitalization Authority
Board Meeting
July 20, 2011
Tinton Falls Municipal Building, Tinton Falls, New Jersey

EXECUTIVE SESSION MINUTES

Members of the Authority present:

- Michael Pane, Esq., Vice-Chairman - V
- Alfred Koepp, Chairman, NJ Economic Development Authority - V
- Dr. Robert Lucky, Public Member -V
- Lillian Burry, Monmouth County Freeholder -V
- Gerald Tarantolo, Mayor of Eatontown - V
- Michael Mahon, Mayor of Oceanport - V
- Michael Skudera, Mayor of Tinton Falls -V
- Charles Richman, NJ Department of Community Affairs (DCA)
- Jonathan Lowy, NJ Department of Transportation (DOT)
- Mary Ellen Clark, NJ Department of Labor & Workforce Development (LWD)

V- Denotes Voting Member

Members of the Authority not present:

- James Gorman, Chairman of FMERA - V
- Brandon Minde, Assistant Counsel, Office of the Governor, Authorities Unit -V
- Michele Siekerka, Assistant Commissioner, NJ Department of Environmental Protection (DEP)

Also present:

- Bruce Steadman, Executive Director, FMERA
- Caren Franzini, CEO, NJEDA
- Gabriel Chacon, Deputy Attorney General
- NJEDA Staff: Eatontown & Trenton Offices
- Matrix Design Group Staff

Executive Session OPMA Exemption N.J.S.A. 10:4-12b(5) and (7) Re: Pending Real Estate Matters & Contract Negotiations with the Army

Bruce Steadman, Executive Director of the Fort Monmouth Economic Revitalization Authority (FMERA) began the Executive Session at 8:40 pm by providing an overview of what would be discussed in Executive Session: Memorandum of Agreement (MOA) with the Army; Economic Development Conveyance (EDC) Application vs. EDC Agreement and the financials of the deal. Mr. Steadman let the Board Members know that he is always available by phone or e-mail if anyone has any questions after the meeting adjourns.

Mr. Steadman stated that the MOA is the outline of the over-arching agreement between the Army and FMERA. The MOA is the basis for the EDC Agreement. Additionally, the MOA sets forth the terms by which the Army agrees to transfer property, and FMERA agrees to accept it. The MOA refers to the EDC Application, which the Army must approve. Mr. Steadman went on to outline the key components of the MOA: 2 phase transfer of the property; split of sales proceeds with the Army; the pro forma is an exhibit to the MOA; and the MOA will ensure that the Army satisfies its environmental obligations. Mr. Steadman noted that the golf course, marina, Tinton Falls acreage and Howard Commons make up phase 1.

Mr. Steadman went on to describe the EDC Application, noting that it is FMERA's formal request to obtain title to the property and asks the Army to prepare the EDC Agreement with FMERA. The EDC Application includes a narrative regarding job creation, the redevelopment of potential property and includes the business plan and underlying financial pro forma. Mr. Steadman presented a proposed schedule for finalizing the MOA and EDC Application, but noted that there is flexibility in the proposed schedule.

Dan Schnepf, principal of the Matrix Design Group who is FMERA's consultant, introduced his team who were present at the Executive Session. Mr. Schnepf and his team are responsible for preparation of the EDC Application and underlying business plan with the FMERA Staff's direction.

Chuck Richman, DCA Assistant Commissioner and board member, asked if the proposed schedule for board action on the MOA and EDC is tentative because it is based on negotiations with the Army. Mr. Richman asked if the Army could finalize the MOA prior to FMERA's board action. Odus Jones, FMERA's Director of Real Estate, told Mr. Richman the proposed schedule is tentative and that the Army prefers that the Local Redevelopment Authority (LRA) finalize the document first.

Mr. Steadman then directed the Board to the draft MOA with the Army. Mr. Steadman explained the seven year reinvestment period to the Board and explained that proceeds from the lease or sale of Fort property must be reinvested in the Fort footprint in twelve categories listed in the MOA. Mr. Koeppel asked how the list of twelve categories was established. Mr. Steadman told Mr. Koeppel that the twelve categories are listed in BRAC Law and are non-negotiable. Mr. Steadman went on to say that the seven year reinvestment period can be extended if necessary.

Mayor Gerald Tarantolo then asked when a municipality assumes responsibility for a ratable. Mr. Steadman replied by stating that FMERA is willing to cover the cost up to three years from the transfer of the property to FMERA. Mr. Steadman noted that the topic can be addressed in FMERA's Memorandum of Understanding with each host municipalities and that there is flexibility.

Chuck Richman asked who owns the land in the first three years of the redevelopment effort. Mr. Steadman noted that it depends on timing – that some of the early sales parcels will be simultaneously transferred to third-party owners in the first three years.

The question was raised about who assesses the value of the Payment in Lieu of Taxes (PILOT) when the federal government still owns the property. It was suggested that the Attorney General's Office look into the issue.

Mr. Steadman stated the possibility of establishing an Environmental Services Cooperative Agreement (ESCA), wherein in the LRA could contract to manage a contaminated site's cleanup with dedicated Army funds, thereby controlling the timing of the cleanup. The Army remains obligated under CERCLA for all cleanup costs under an ESCA.

Mr. Steadman directed board members to the part of the MOA that contains bridge language from phase 1 to phase 2. Mayor Mahon asked if there is a new seven year reinvestment period started for phase 2 and if there is lag time in between the two phases. Mr. Steadman noted that yes, a new seven year period is started for phase 2, and that there will be lag time between the two phases, but it is anticipated that it will not be significant.

Mr. Koeppel asked for details on the splits with the Army.

Mr. Steadman noted that preparing the EDC Application has been an exhaustive, bottom up approach. Initially the split was 90% for the Army and 10% for FMERA for non-EDC job creation areas and 50% for the Army and 50% for FMERA for EDC job creation areas.

Mr. Koeppel asked where FMERA started its negotiations.

Mr. Steadman noted that FMERA estimated all costs associated with owning and operating the phase 1 parcels, along with costs attributed to the boroughs and the County, as a basis for determining its proposed splits for phase 1 parcels.

It was noted that per BRAC Law the Army does not need the LRA to sell the property. The Army can default to an auction or public sale, but that the Army prefers to work with the LRA for job creation possibilities.

Chuck Richman noted that Long Branch's redevelopment started with subsidies from the State. In addition, he asked how FMERA is valuing the sale.

Mr. Steadman noted that Matrix' sub-consultant HR&A is doing a comprehensive market analysis.

Mr. Richman inquired about the way HR&A conducts its analysis.

Odis Jones noted that the total value of the Fort Monmouth project is conservatively projected at \$282 million, and that ultimately the overall split would be roughly 25% Army, 75% FMERA.

Mr. Schnepf commented that the Army will want out of the project in seven years.

Mayor Skudera asked about all of Tinton Falls being in phase 1. He asked how the splits for the host municipalities will be done.


Mr. Steadman replied that although all of Tinton Falls is in phase 1 – the splits among the host municipalities will be equal throughout the entire redevelopment process.

Bruce Steadman commented that the baseline pro forma is sound and provides the financial underpinnings for the reuse and redevelopment effort.

Mayor Skudera asked for a comparison with other base closure communities around the Country. Mr. Skudera was told by the Matrix Design Group that a comparison with other base closure communities would not be helpful because land values across the country vary, but that analysis is being conducted in the Monmouth County area for the FMERA EDC Application.

On a motion by Alfred Koepp, seconded by Mayor Michael Mahon, and unanimously approved by all voting members present, the Board adjourned executive session and went back to 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