

Fort Monmouth Economic Revitalization Authority (FMERA)
Board Meeting
September 18, 2013
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, COO, New Jersey Economic Development Authority (NJEDA) – V
- Amy Herbold, Assistant Counsel, Office of the Governor, Authorities Unit – V
- Dr. Robert Lucky, Public Member - V
- Gerald Tarantolo, Mayor of Eatontown - V
- Michael Mahon, Mayor of Oceanport - V
- Michael Skudera, Mayor of Tinton Falls – V
- John Tobia, Director of Public Works and Engineering, Monmouth County - V
- Charles Richman, Assistant Commissioner, NJ Department of Community Affairs
- Jeff Flatley, Director of Workforce Portfolio and Contract Management, NJ Department of Labor & Workforce Development
- Kenneth J. Kloo, Director of Division of Remediation Management, NJ Department of Environmental Protection

Members of the Authority not present:

- Robert Ades, Public Member – V
- Jonathan Lowy, Director of Community and Constituent Relations, NJ Department of Transportation

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 8:37 pm and provided an overview of the Phase 2 Economic Development Conveyance (EDC) agreement. Mr. Steadman stated that an EDC agreement is comprised of the terms by which the Army will transfer the Main Post parcels to FMERA. It will lay out parcelization, the timing of transfer of property, the amount of Army involvement in the sales process and the division of sales proceeds between the Army and FMERA.

Mr. Steadman stated that FMERA staff has worked diligently to put together the financial underpinnings of a Phase 2 deal structure that avoids stipulated payments, and utilizes a shared proceeds approach with limited security/warranty. FMERA met with the Army at the end of July, and has had subsequent conversations, and was given the impression that the Army would be agreeable to that approach.

However, earlier in the day the Army changed their mind and stated that they would like to do a stipulated payment deal structure with a strong security/warranty clause. Mr. Steadman informed the Board that the Army has recently struck a stipulated payments deal with two other base closure communities and that it is their preferred approach. However, FMERA has rejected a purely stipulated payments approach, saying the State will not provide the security/warranty that the Army is looking for. FMERA has offered to be flexible and to adjust the percentage share of sales proceeds in the early years to accommodate the Army's short-term cash flow needs; provided FMERA has the higher percentage in the out-years. The market will determine how much the former Fort property is actually worth and once sales are realized, the agreed upon percentage split of sales proceeds between the Army and FMERA will determine the actual dollars. Furthermore, in order to accommodate the Army's short-term cash needs FMERA was willing to provide them with limited revenue from Phase 1 sales; but now, Mr. Steadman feels that the two phases should be completely separate due to the Army's back-peddling.

Mr. Steadman continued by stating that FMERA needs sales proceeds to invest in demolition, infrastructure and oversight/management of the former Fort property. The Army does not participate in these costs, and cannot under BRAC law improve the property. All property is sold in an "as is, where is" condition.

Dr. Lucky, Public Member, asked why the Army has changed its position. Mr. Steadman explained that revenue from closed installations is being used to fund work at active military installations and the Army needs guaranteed funds. Dr. Lucky stated that when the Army closed Fort Monmouth they projected the property would be worth \$800 million and now it is worth much less – which further enforces what a bad decision it was to close the Post.

Chairman James V. Gorman stated that a stipulated payments approach will require FMERA to guarantee payments; it does not contemplate unknowns and has FMERA bear all of the risk. Mr. Gorman further stated that he feels that sequestration is causing the Army to change their position.

Tim Lizura, COO, NJEDA, asked if FMERA can proceed with the sale of Phase 2 properties without a Phase 2 EDC agreement. Bruce Steadman stated that yes; sales can be done piecemeal without an official agreement.

Mayor Skudera, Tinton Falls, asked what the timeframe could be for a deal with the new turn of events. Mr. Steadman stated that it's hard to say and with today's call from the Army there could be a several month delay before a Phase 2 EDC agreement is reached. Mr. Steadman continued by saying that Army representatives are meeting tomorrow about Fort Monmouth and promised to update FMERA on the outcome of that meeting.

Mr. Steadman concluded the Executive Session by listing the following action items:

- Army confirms its cash needs (short-term vs. long-term)
- FMERA completes draft spreadsheet with scenarios depicting 10-year financials
- Draft Term Sheet prepared based on financials
- Close on EDC (6 months??)

On a motion by Tim Lizura, seconded by Dr. Robert Lucky, 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