

TO: Members of the Board

FROM: Bruce Steadman
Executive Director and Secretary

DATE: October 4, 2019

SUBJECT: Agenda for Special Board Meeting of the Authority

1. **Call to Order – Dr. Robert Lucky, Vice-Chairman**
2. **Pledge of Allegiance**
3. **Notice of Special Public Meeting - Roll Call – Bruce Steadman, Secretary**
4. **Welcome – Dr. Robert Lucky, Chairman**
5. **Public Comment Regarding Board Action Items**
6. **Executive Session: OPMA EXEMPTION N.J.S.A. 10:4-12b(5, 7).**
 - Discussion regarding Contract Negotiations
7. **Board Actions**
 1. Consideration of Approval of the Rollover Notes with the Monmouth County Improvement Authority.
8. **Other Items**
9. **Public Comment Regarding any FMERA Business**
9. **Adjournment**

**ADOPTED
October 4, 2019**

**Resolution Regarding
Entering into Executive Session
To Discuss Contract Negotiations**

WHEREAS, pursuant to the Open Public Meetings Act, specifically N.J.S.A. 10:4-12(5), a public body may enter into executive session to discuss “[a]ny matter involving the purchase, lease or acquisition of real property with public funds, where it could adversely affect the public interest if discussion of such matters were disclosed”; and

WHEREAS, pursuant to the Open Public Meetings Act, specifically N.J.S.A. 10:4-12(7), a public body may enter into executive session to discuss “[a]ny pending or anticipated, contract negotiation other than [a collective bargaining agreement] in which the public body is, or may become a party”; and

WHEREAS, the Authority desires to enter into executive session to discuss contract negotiations.

THEREFORE, BE IT RESOLVED THAT:

1. In accordance with the Open Public Meetings Act, the Authority shall go into executive session for the purpose of discussing contract negotiations.
2. The Authority anticipates that the minutes of the executive session will not become available to the public until after such time as the subject contract is concluded and the Authority determines that the need for confidentiality no longer exists and the matters discussed can be disclosed.

Dated: October 4, 2019

EXHIBIT 1

Resolution Regarding
Authorization to Rollover Notes through the Monmouth County Improvement Authority in connection with
FMERA's Purchase of Phase 2 Properties

WHEREAS, at the October 2016 meeting, the Board authorized financing for the purchase of the Phase 2 properties through the Monmouth County Improvement Authority ("MCIA"); the financing structure entailed MCIA's issuance of short-term, fixed-rate, taxable notes to provide the consideration to be paid to the Army, along with the cost of issuance; and

WHEREAS, the original principal amount of the notes was \$33,525,000, divided between two series; 2016A in the amount of \$10,155,000 which was callable in whole or in part, after six months, and 2016B, in the amount of \$23,370,000; and

WHEREAS, at the November 15, 2017 initial note maturity date, FMERA paid down approximately \$9,800,000 in principal of the 2016A Notes as a result of the sale of three parcels: Officer Housing, Russel Hall and the Fitness Center, and so the amount of the subsequent notes issued in November 2017 was \$23,735,000, divided between two series, 2017A in the amount of \$16,735,000 and 2017B in the amount of \$7,000,000 which was callable in whole or in part, after eighteen months with interest on the notes and expenses payable by FMERA on a current basis, with the notes expected to be rolled over annually as one-year or multiple-year obligations; and

WHEREAS, as of the November 14, 2019 subsequent note maturity date, FMERA is estimating that it will pay down approximately \$300,000 in principal of the 2017A Notes, and the remaining principal balance on the notes is expected to be repaid by FMERA from a portion of the sale proceeds of Phase 2 parcels over the next two years; FMERA staff anticipates that 2020 and 2021 Phase 2 land sales will total approximately \$29,000,000 and \$35,000,000, respectively; and

WHEREAS, the County of Monmouth's Board of Chosen Freeholders has authorized a payment guaranty for the notes for five (5) years, i.e. through November 2021., and the County holds a mortgage against the Phase 2 parcels which is released on a parcel by parcel basis as and when FMERA is ready to convey individual parcels to third party purchasers; and

WHEREAS, during the five-year term of the County's guaranty, the Notes are expected to be rolled over so that principal payments are made by FMERA from and only to the extent that sale proceeds are available, and if any principal balance remains at the end of the five-year loan term, the balance will become a general obligation of the Authority and FMERA's options will be to either: (i) renegotiate and extend the guarantee; (ii) refinance the balance through a third-party lender; or (iii) pay off the balance from cash on hand; and

WHEREAS, upon expiration of the notes, MCIA has to take action to issue subsequent notes to refund the notes that mature and cover issuance costs, and based on FMERA's anticipated redemption of \$300,000 in notes by November, the amount of the subsequent notes to be issued in November 2019 is anticipated to total approximately \$23,400,000 million plus the cost of issuance, but not to exceed \$24,500,000; and

WHEREAS, staff is recommending that one series of notes be issued on a taxable basis for a one-year term; the documents are essentially the same as those approved by the Board in 2016 except for three changes in the Loan Agreement, which is attached in substantially final form: first, MCIA reserves the right to consent to FMERA's second draw down of EDA's second loan, which consent must be considered at the next MCIA meeting after FMERA gives notice to MCIA seven days prior to its meeting, second, FMERA shall not incur any additional debt obligations, other than obligations incurred in the ordinary course of business without the consent of the MCIA, which consent must be considered at the next MCIA meeting after FMERA give notice to MCIA twenty-one days prior to its meeting, and third, FMERA cannot voluntarily prepay any other loan without MCIA consent; and

WHEREAS, although FMERA will not be a signatory to the official statement and contract of purchase, it is obligated to review those documents and confirm the accuracy of any statements pertaining to the Authority. The official statement and contract of purchase will be finalized closer to the date of issuance; and

WHEREAS, FMERA staff is requesting that the Board approve the Loan Agreement and Note with the Monmouth County Improvement Authority ("MCIA") for financing through the issuance of up to \$24,500,000 in subsequent notes through the MCIA related to the financing of FMERA's 2016 purchase of the Phase 2 Economic Development Conveyance properties from the Army, and delegate to the Executive Director authority to execute any related financing documents required by MCIA, the County of Monmouth or U.S. Bank National Association in connection with the rollover. Final versions of the documents will be subject to the approval of FMERA's Executive Director and the Attorney General's Office; and

WHEREAS, the Audit Committee has reviewed the request and recommends it to the Board for approval.

THEREFORE, BE IT RESOLVED THAT:

1. The Authority approves the Loan Agreement and Note with the Monmouth County Improvement Authority for financing through the issuance of notes in an amount not to exceed \$24,500,000 through the Monmouth County Improvement Authority related to the financing of FMERA's 2016 purchase of the Phase 2 Economic Development Conveyance properties from the Army and delegation to the Executive Director authority to execute any related financing documents required by MCIA, the County of Monmouth or U.S. Bank National Association in connection with the rollover. Final versions of the documents will be subject to the approval of FMERA's Executive Director and the Attorney General's Office.

2. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor of the State of New Jersey for his approval, unless during such 10-day period the Governor of the State of New Jersey shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

Dated: October 4, 2019

EXHIBIT 2

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

RE: Authorization to Rollover Notes through the Monmouth County Improvement Authority in connection with FMERA's Purchase of the Phase 2 Properties

DATE: October 4, 2019

Request

I am requesting that the Board approve the Loan Agreement and Note with the Monmouth County Improvement Authority ("MCIA") for financing through the issuance of subsequent notes in an amount not to exceed \$24,500,000 through MCIA related to the financing of FMERA's 2016 purchase of the Phase 2 Economic Development Conveyance properties from the Army. I am also requesting that the Board delegate to the Executive Director authority to execute any related financing documents required by MCIA, the County of Monmouth or U.S. Bank National Association (the "Trustee") in connection with the rollover.

Background

At the October 2016 meeting, the Board authorized financing for the purchase of the Phase 2 properties through MCIA. The financing structure entailed MCIA's issuance of short-term, fixed-rate, taxable notes to provide the consideration to be paid to the Army, along with the cost of issuance. The original principal amount of the notes was \$33,525,000, divided between two series, 2016A in the amount of \$10,155,000 which was callable in whole or in part, after six months, and 2016B, in the amount of \$23,370,000. At the November 15, 2017 initial note maturity date, FMERA paid down approximately \$9,800,000 in principal of the 2016A Notes as a result of the sale of three parcels: Officer Housing, Russel Hall and the Fitness Center. The amount of the subsequent notes issued in November 2017 was \$23,735,000, divided between two series, 2017A in the amount of \$16,735,000 and 2017B in the amount of \$7,000,000 which was callable in whole or in part, after eighteen months. Interest on the notes and expenses is payable by FMERA on a current basis, with the notes expected to be rolled over annually as one-year or multiple-year obligations. The remaining principal balance on the notes is expected to be repaid by FMERA from a portion of the sale proceeds of Phase 2 parcels over the next two years. FMERA staff anticipates that 2020 and 2021 Phase 2 land sales will total approximately \$29,000,000 and \$35,000,000, respectively. The County's Board of Chosen Freeholders has authorized a payment guaranty for the notes for five (5) years, i.e. through November 2021. The County holds a mortgage against the Phase 2 parcels which is released on a parcel by parcel basis as and when FMERA is ready to convey individual parcels to third party purchasers. During the five-year term of the County's

guaranty, the Notes are expected to be rolled over so that principal payments are made by FMERA from and only to the extent that sale proceeds are available. If any principal balance remains at the end of the five-year loan term, the balance will become a general obligation of the Authority and FMERA's options will be to either: (i) renegotiate and extend the guarantee; (ii) refinance the balance through a third-party lender; or (iii) pay off the balance from cash on hand.

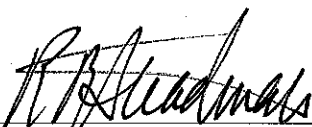
Upon expiration of the notes, MCIA has to take action to issue subsequent notes to refund the notes that mature and cover issuance costs. Based on FMERA's anticipated redemption of \$300,000 in notes by November, the amount of the subsequent notes to be issued in November 2019 is anticipated to total approximately \$23,400,000 million plus the cost of issuance, but not to exceed \$24,500,000.

Staff is recommending that one series of notes be issued on a taxable basis for a one-year term. The documents are essentially the same as those approved by the Board in 2016 except for three changes in the Loan Agreement, which is attached in substantially final form. First, MCIA reserves the right to consent to FMERA's second draw down of EDA's second loan, which consent must be considered at the next MCIA meeting after FMERA gives notice to MCIA seven days prior to its meeting. Second, FMERA shall not incur any additional debt obligations, other than obligations incurred in the ordinary course of business without the consent of the MCIA, which consent must be considered at the next MCIA meeting after FMERA gives notice to MCIA twenty-one days prior to its meeting. Third, FMERA cannot voluntarily prepay any other loan without MCIA consent.

Although FMERA will not be a signatory to the official statement and contract of purchase, it is obligated to review those documents and confirm the accuracy of any statements pertaining to the Authority. The official statement and contract of purchase will be finalized closer to the date of issuance. I am requesting that the Members delegate to the Executive Director authority to approve those documents, subject to their review and approval by the Attorney General's Office and our special counsel, Robert Tuteur of Eckert Seamans. The Audit Committee reviewed this request on September 10, 2019 and recommends it to the Board for approval.

Recommendation

In summary, I am requesting that the Board approve the Loan Agreement and Note with the Monmouth County Improvement Authority ("MCIA") for financing through the issuance of up to \$24,500,000 in subsequent notes through the MCIA related to the financing of FMERA's 2016 purchase of the Phase 2 Economic Development Conveyance properties from the Army, and delegate to the Executive Director authority to execute any related financing documents required by MCIA, the County of Monmouth or U.S. Bank National Association in connection with the rollover. Final versions of the documents will be subject to the approval of FMERA's Executive Director and the Attorney General's Office.



Bruce Steadman

Prepared by: Jennifer Lepore