



DISCOVER › INNOVATE › TRANSFORM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director and Secretary

DATE: February 19, 2020

SUBJECT: Agenda for Board Meeting of the Authority

1. Call to Order – Dr. Robert Lucky, Vice-Chairman
2. Pledge of Allegiance
3. Notice of Public Meeting - Roll Call – Bruce Steadman, Secretary
4. Approval of Previous Month's Board Meeting Minutes
5. Welcome – Dr. Robert Lucky, Vice-Chairman
6. Secretary's Report
7. Treasurer's Report
8. Public Comment Regarding Board Action Items
9. Executive Director's Report:
 - Update on Utilities and Infrastructure
 - Update on Fort Monmouth Redevelopment & Marketing
 - Action Items for Next Month
10. Committee Reports
 - Audit Committee – Robert Lucky, Chairman
 - Real Estate Committee – Robert Lucky
 - Environmental Staff Advisory Committee – Kenneth J. Kloo, Chairman
 - Historical Preservation Staff Advisory Committee – Jay Coffey, Chairman
 - Housing Staff Advisory Committee – Sean Thompson, Chairman
 - Veterans Staff Advisory Committee – Lillian Burry, Chairwoman



11. **Board Actions**

1. Consideration of Approval of the First Amendment to the Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for the Nurses Quarters in Oceanport.
2. Consideration of Approval of a Purchase and Sale & Redevelopment Agreement with U.S. Home Corporation d/b/a Lennar Monmouth Developers for Parcel B in Eatontown.

12. **Other Items**

13. **Public Comment Regarding any FMERA Business**

- Responses to questions submitted online or in writing

14. **Adjournment**

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

DATE: February 19, 2020

SUBJECT: Monthly Status Report

Summary

The following are brief descriptions of the Fort Monmouth Economic Revitalization Authority (FMERA) staff's monthly activities which include Treasurer's Report, Update on Utilities and Infrastructure; Update on the Fort Monmouth Redevelopment; Update on Marketing; and Action Items for Next Month.

Treasurer's Report

Staff is preparing the Authority's 2019 Annual Report for presentation to the Audit Committee with the audited financial statements, which serve as FMERA's Comprehensive Annual Report to meet the requirements of Executive Order No. 37 (2006). It is expected that a draft report and statements will be available for review in mid-March, and finals presented to the Board in April.

The Authority's independent auditors, CliftonLarsonAllen, LLP, have begun their audit of the Authority's 2019 operations. The auditors will report on the Authority's financial statements and accompanying notes, as well as report on the Authority's internal controls and compliance with Government Auditing Standards. Field work is scheduled to begin the week of February 24th.

Executive Director's Report**1. Update on Utilities and Infrastructure**

The facilities, environmental, and maintenance teams continue to maintain the Fort through the winter months. Buildings slated for sale or reuse are regularly checked, sanitary lift stations are inspected weekly, and the electrical power is monitored to provide developers and customers the best possible service. FMERA is working with New Jersey American Water on the planning and design of two water main extensions along Route 537. We are also coordinating with the Two Rivers Water Reclamation Authority on sanitary corridors through the 400 area, and Jersey Central Power and Light regarding the future build-out of the electrical power grid. These infrastructure projects are critical to future sales and development. FMERA continues to work with the Army Corp. of Engineers on environmental concerns, the cleanup of carve-outs, and the landfill capping project. Facilities continues to assist developers with utility and environmental issues, and supports the real estate development team with RFOTP's, MCR's, tours, and development plans.

2. Update on the Fort's Redevelopment

The following is a town-by-town summary of the status of our redevelopment projects.

In **Oceanport**, FMERA has closed on the following nine properties:

- Officer Housing Parcels on January 13, 2017 with RPM Development, LLC. The company renovated the 116 historic housing units, creating 68 market-rate for sale units, and 48 rental units; twenty (20%) percent of the total units are available to low- and moderate-income households.
- Main Post Chapel on February 27, 2017 with Triumphant Life Assembly of God Church who purchased the approximately 16,372 sq. ft. building for use as a house of worship.
- Russel Hall on June 23, 2017 with TetherView Property Management, LLC, a private cloud computing services company who occupies the 40,000 sq. ft. building. Russel Hall currently houses a variety of businesses including tech companies, medical offices, and an architecture firm.
- 13-acre parcel on Murphy Drive on August 16, 2017, where the Borough of Oceanport purchased the property for their new municipal complex.
- Fitness Center on September 26, 2017 enabling Fort Partners Group, LLC, to renovate and expand the facility to emphasize basketball and medically based fitness and wellness programs, and individualized group training and classes.
- Dance Hall parcel on April 4, 2018 to The Loft Partnership, LLC. The developer plans to renovate the Dance Hall as a microbrewery, coffee house, and banquet facility.
- Building 501, on April 24, 2019 with Family Promise of Monmouth County, an approximately 1.7-acre site, via a Legally Binding Agreement (LBA).
- Telecommunications Tower and Land on October 25, 2019 with Global Signal Acquisitions, LLC for an approximately 0.58 parcel of land containing the Telecommunications Tower and adjacent land.
- Squier Hall Complex, on December 18, 2019 with KKF University Enterprises, LLC, an approximately 31-acre site. The developer has secured a commitment from New Jersey City University for use of the site as a satellite campus and anticipates opening in Fall 2020.

Also in **Oceanport**, FMERA has executed or approved contracts on the following ten properties:

- Barker Circle, with Regional Development Group, LLC, an approximately 19.5-acre parcel in the historic district which includes the repurposing of buildings 205, 206, 207, 208, and 287, as well as the Main Post Firehouse and Kaplan Hall, for residential, office and other commercial uses.
- Allison Hall, with Fort Monmouth Business Center, LLC, a 13-acre parcel which includes the reuse of the historic building, as well as retail, office/research & development and open space/recreation uses.
- Lodging Area, with Somerset Development, LLC, a 15-acre site located on Parkers Creek, to be developed with up to 185 new and renovated housing units.
- Marina, with AP Development Partners, LLC, currently operating as a marina/public boat ramp and restaurant.
- Warehouse District, with OPort Partners, LLC, consisting of five general purpose administrative buildings and two warehouse buildings.
- Post Office Area, including the former Post Office; Tickets & Tours building; Building 800, and Building 801.
- Commissary, with OPort Partners, LLC, which includes the former Army supermarket, the Post Exchange (PX) complex, a series of four wood-frame buildings along with Building 812, and a 1000 Area Parking parcel, a 5± acre lot that will provide off-street parking for the buildings that adjoin it.
- Nurses Quarters, with RPM Development, LLC for the 24-unit residential complex on Main Street adjacent to the former Patterson Army Hospital.

FMERA intends to issue RFOTPs for the following Oceanport properties in the coming months:

- 400 Area, an 80± acre site east of Oceanport Avenue, zoned for housing and commercial uses.
- McAfee Center, a 90,000± sf R&D building with several related support buildings on a 47-acre site

In **Eatontown**, FMERA has executed or approved contracts on the following four parcels:

- Eatontown Barracks, 6 buildings on Semaphore Avenue on an approximately 4.4-acre parcel, where FMERA entered into a PSARA with Kenneth Schwartz for the development of a commercial arts-related project, including studio, performance and gallery space, as well as short-term residential units for artists.
- Suneagles Golf Course, where FMERA has executed a PSARA with Martelli Development, LLC, to maintain and upgrade the existing Golf Course, renovate historic Gibbs Hall, and construct 75 new housing units. Martelli continues to operate the course in the interim so it remains open to the public as the redevelopment progresses.
- Building 1123, a former general office building at Avenue of Memories and Wilson Avenue with an executed PSARA with the Borough of Eatontown for the reuse by the Borough's Department of Public Works.
- Bowling Center, an approximately 2.8-acre parcel including Building 689, a 20-lane bowling alley and Building 682, a wood frame building to be demolished, where FMERA executed a PSARA with Parker Creek Partners, LLC.

Also in **Eatontown**, FMERA is in negotiations for the sale and redevelopment of the following property:

- Expo Theater, an entertainment facility, previously used as a live theater and cinema; and adjacent properties, including Dean Field and portions of the M3, M5, and M4 landfills, as optional sub-parcels.

FMERA intends to issue the following RFOTPs in Eatontown:

- Vail Hall, a 36,000± sf building on Avenue of Memories planned for office and/or commercial use
- Mallette Hall, a 57,000± sf office building across from Vail Hall slated for reuse or replacement

At tonight's meeting, the Board will be asked to approve a Purchase and Sale & Redevelopment Agreement with U.S. Home Corporation d/b/a Lennar Monmouth Developers, for Parcel B for the development of a mixed-use town center along Route 35 totaling approximately 250,000 sq. ft. of retail and 302 housing units.

In **Tinton Falls**, FMERA has closed on the following five properties:

- Fort Monmouth Recreation Center and Swimming Pool, with the Monmouth County Park System and being used for programs which include arts & crafts, sports, exercise classes and a variety of amenities including classrooms, gymnasium and a game room.
- Parcel F-3 with the Monmouth County Park System in conjunction with the adjacent Recreation Center and Swimming Pool. Located along Hope Road, the County has expanded its services and public open space amenities currently offered at the Recreation Center.
- Charles Wood Fire Station, transferring the property to Commvault Systems, Inc. for use as corporate office and training space.
- Parcel C1 with Lennar Corporation, planned for 45 new single-family homes.
- Parcel C with Lennar Corporation, approved for 243 residential units and up to 58,000 sq. ft. of retail development.

FMERA has approved or executed a contract on two properties in Tinton Falls:

- Fabrications Shops (Pinebrook Road Commerce Center), 45,000 sq. ft. of light industrial and flex office space buildings along Pinebrook Road for sale to Pinebrook Commerce Center, LLC, which is slated to close imminently.
- Parcel F-1 – Myer Center and Building 2705, an approximately 36-acre parcel in Tinton Falls where RWJ Barnabas Health (RWJBH) plans to create a health campus. On September 20, 2017, the Board approved a Purchase and Sale Agreement (PSA) with EDA for the parcel. On June 12, 2018, the EDA Board authorized the execution of an Agreement to Assign of the PSA among EDA, FMERA and RWJBH. At the Authority's June 2018 meeting, the Board approved the execution of an Agreement to Assign among FMERA, EDA and RWJBH providing for the assignment of a PSA between FMERA and EDA for the property. At the Authority's September 2018 meeting, the Board approved the First Amendment to the PSA and an Agreement and Assumption Agreement. At the March 2019 meeting, the Board approved the First Amendment to the Agreement to Assign for Parcel F-1. At the November 2019 meeting, the Board approved the Second Amendment to the Agreement to Assign for Parcel F-1.

On September 27th, FMERA issued an RFOTP for the Tinton Falls Commercial Parcel, which includes the following. Two proposals were received.

- Pulse Power, a special purpose facility consisting of 15,690 sf of administrative offices and 10,786 sf of dry lab and testing space.
- Building 2719, consisting of 6,574 sf of administrative space and a 2,448 high-bay garage constructed in 2006.
- Pistol Range, consisting of Building 2627, situated on approximately 1 acre; the Fire and Police Training Area, including Building 2628, situated on approximately 2.3 acres; and the Satellite Road Parcel, an approximately 1.5-acre tract of land.

At the January 22nd Board meeting, the Board approved the closing out of the Offer to Purchase Process for the Tinton Falls Commercial Parcel and the Issuance of a New Request for Offers to Purchase. In order to achieve FMERA's goal of developing a well-defined, commercial project that is complementary to the surrounding uses and furthers the economic growth of Fort Monmouth, FMERA will be issuing a new RFOTP in February. The new RFOTP will place greater emphasis on those qualities necessary to achieve the type of redevelopment that was envisioned in the Reuse Plan and as a result of existing and on-going redevelopment.

3. Marketing Update

In late January, FMERA hosted a redevelopment showcase to discuss its vision for the 400 Area with prospective purchasers and related professionals. Planned as Oceanport's town center, this future, transit-oriented development is envisioned as a pedestrian-friendly neighborhood with water views, a dynamic mix of amenities, and attractive residential living. Approximately 80 real estate and associated professionals attended. FMERA has made a copy of this presentation publicly available on our website. We are now in the process of finalizing the details of the Requests for Offers to Purchase, to be released in the coming weeks.

Please visit our website, www.fortmonmouthnj.com, or follow us on Instagram at @fortmonmouthnj for our latest updates and latest development opportunities.

4. Action Items for Next Month.

- Continued work with the N.J. Department of Environmental Protection and U.S. Army to identify and resolve environmental issues of concern
- Continued meetings and tours with interested prospective employers and investors
- Continued outreach to our stakeholders in the 3 host municipalities, the County and others
- Continued collaboration with the NJEDA Trenton Office on marketing and business development opportunities
- Continued work on the water, sewer, and electric system improvements
- Continued drafting and revisions of documents for the 30+ projects underway

Bruce Steadman

Prepared by: Regina McGrade

**Resolution Regarding
First Amendment to the Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for
the Nurses Quarters in Oceanport**

WHEREAS, on November 13, 2019, the Board authorized the execution of the PSARA between FMERA and RPM Development Group for the Nurses Quarters Property, an approximately 3.75± acre parcel of land containing two buildings (Buildings 1077 and 1078) totaling approximately 18,655 gsf located on Main Street and Stephenson Avenue in the Main Post Area of Fort Monmouth; the PSARA was executed on January 14, 2020; and

WHEREAS, RPM's proposal for the Nurses Quarters calls for residential uses consisting of 34 residential units broken down into a mix of ten three to four-bedroom owner-occupied townhomes and the reuse of twenty-four (24) one- and two-bedroom apartments as rentals, and seven of the apartments will be designated affordable housing flats; and

WHEREAS, RPM will pay Two Million One Hundred and Fifty Thousand Dollars (\$2,150,000) for the property and shall have a total Capital Investment, net of the Purchase price, of Six Million Six Hundred Thousand Dollars (\$6,690,000); and

WHEREAS, pursuant to the terms of the PSARA, RPM was provided a sixty-day Due Diligence Period commencing on the Effective Date of the PSARA; and

WHEREAS, under the terms of the PSARA, Seller was to delivery to Purchaser a survey to be used during Due Diligence for Title review, but due to a delay in the delivery of the survey for the site, RPM has requested a Due Diligence extension of sixty days to complete its investigation of the suitability of the Property for redevelopment; and

WHEREAS, RPM is proceeding in good faith and therefore, FMERA staff requests a Due Diligence extension until May 14, 2020; and

WHEREAS, all other terms of the PSARA will remain unchanged. The attached First Amendment to the PSARA is in substantially final form. The final terms of the amendment will be subject to the approval of FMERA's Executive Director and the Attorney General's Office; and

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

THEREFORE, BE IT RESOLVED THAT:

1. The Authority approves the First Amendment with the Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for the Nurses Quarters on terms substantially consistent to those set forth in the attached memorandum and with final terms acceptable to the Executive Director and the Attorney General's Office and authorizes the Executive Director to execute the Agreement.

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.

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

RE: First Amendment to the Purchase and Sale & Redevelopment Agreement with RPM Development, LLC for the Nurses Quarters in Oceanport

DATE: February 19, 2020

Request

I am requesting that the Board approve the execution of the First Amendment to the Purchase and Sale & Redevelopment Agreement (“PSARA”) with RPM Development, LLC (“RPM” or “Purchaser”) providing for an extension of the Due Diligence Period as defined in the PSARA.

Background

On November 13, 2019, the Board authorized the execution of the PSARA between FMERA and RPM Development, LLC for the Nurses Quarters Property, an approximately 3.75± acre parcel of land containing two buildings (Buildings 1077 and 1078) totaling approximately 18,655 gsf located on Main Street and Stephenson Avenue in the Main Post Area of Fort Monmouth. The Nurses Quarters were built in 1962 and include 24 residential units. The PSARA was executed on January 14, 2020.

RPM’s proposal for the Nurses Quarters calls for residential uses consisting of 34 residential units broken down into a mix of ten (10) three to four-bedroom owner-occupied townhomes and the reuse of twenty-four (24) one- and two-bedroom apartments as rentals. Seven (7) of the apartments will be designated affordable housing flats. The seven (7) affordable housing flats are subject to confirmation that they satisfy Purchaser’s obligation to set aside twenty (20%) percent of the total residential units on this Parcel as housing that is affordable to low- and moderate-income households.

Purchaser will pay Two Million One Hundred and Fifty Thousand Dollars (\$2,150,000) for the property and shall have a total Capital Investment, net of the Purchase price, of Six Million Six Hundred Thousand dollars (\$6,690,000). Pursuant to the terms of the PSARA, RPM was provided a sixty (60) day Due Diligence Period commencing on the Effective Date of the PSARA. Per the terms of the PSARA, Closing will occur within thirty (30) days of satisfaction of the Conditions Precedent to Closing, which include RPM completing due diligence and obtaining all approvals or waiving receipt of one or more approvals; an amendment to the Reuse Plan to accommodate the Project; and the consent of the NJEDA Board with the terms described in the attached memorandum. The parties will endeavor to satisfy these contingencies within twelve (12) months of expiration of the Due Diligence Period.

RPM will commence construction of the Project forty-five (45) days after the satisfaction of all Conditions Precedent to Closing. Purchaser shall complete construction of the Project no later than twenty-four (24) months from the Commencement of Construction. FMERA will have a right to repurchase the Property if construction is not timely commenced or completed. RPM estimates that it will create a minimum of thirty-eight (38) part- or full-time, temporary construction related jobs in connection with the Project. Purchaser represents that it will create or cause to be created a minimum of one (1) permanent full or part-time job by Project completion or pay a penalty of \$1,500 for each permanent job not created.

Due Diligence & Amendment

Under the terms of the PSARA, Seller was to deliver to Purchaser a survey to be used during Due Diligence for Title review. Due to a delay in the delivery of the survey for the site, RPM has requested a Due Diligence extension of sixty (60) days to complete its investigation of the suitability of the Property for redevelopment. RPM is proceeding in good faith and therefore, FMERA staff requests a Due Diligence extension until May 14, 2020.

All other terms of the PSARA will remain unchanged. The attached First Amendment to the PSARA is in substantially final form. The final terms of the amendment will be subject to the approval of FMERA's Executive Director and the Attorney General's Office. The Real Estate Committee has reviewed the request and recommends it to the Board for approval.

Recommendation

In summary, I am requesting that the Board approve the proposed First Amendment to the PSARA with RPM Development, LLC for an extension of the Due Diligence Period.

Bruce Steadman

Prepared by: Kara Kopach

**Resolution Regarding
Purchaser and Sale & Redevelopment Agreement with U.S. Home Corporation d/b/a Lennar Monmouth
Developers for Parcel B in Eatontown**

WHEREAS, FMERA issued a Request for Offers to Purchase (“RFOTP”) in connection with the planned redevelopment of Parcel B in Eatontown on March 26, 2013. At the time, Parcel B was a 55.327-acre tract fronting on Route 35 in the Eatontown Reuse Area of the Main Post; and

WHEREAS, the Fort Monmouth Reuse and Redevelopment Plan (“Reuse Plan”) calls for the 480,000± sf of existing buildings to be demolished and replaced with up to 150,000 sf of retail and commercial uses and 302 housing units, 20% of which must be affordable to low- and moderate-income households, and this portion of Parcel B is a Phase One property and title to the 55.327-acre tract was transferred to FMERA in June 2014; and

WHEREAS, in February 2014, the Board authorized staff to issue a new RFOTP for Parcel B in order to meet the Reuse Plan’s goal of creating a lifestyle town center that blends residential use with retail use in a pedestrian friendly manner, resulting in an exciting and attractive gateway to the Fort, and the new RFOTP placed greater emphasis on qualities necessary to achieve the type of “vibrant pedestrian environment” and “exciting gateway” into the Fort that was envisioned in the Reuse Plan, and for owner-occupied housing; and

WHEREAS in January 2015, the Board authorized staff to add 22 acres to Parcel B, which increased the potential buildout of retail and/or commercial development on the parcel, while keeping the number of housing units at 302, and the new RFOTP added another 12 acres including Mallette Hall as an optional component, for a total expansion of up to ±34 acres. On February 10, 2015, FMERA issued the RFOTP for the expanded Parcel B; and

WHEREAS, the Promenade at Fort Monmouth, a proposal submitted by Paramount Realty Services, Inc., received the highest score on the newly issued RFOTP, and following the Board’s authorization at the February 2016 meeting, FMERA and Paramount entered into an Exclusive Negotiations Agreement on October 3, 2016; and

WHEREAS, at the February 2017 meeting, the Members authorized the execution of a PSARA with Paramount for Parcel B; however, on February 15, 2018, Paramount withdrew its proposal and FMERA began negotiations with the second highest bidder, Lennar; and

WHEREAS, Lennar’s proposal calls for a total of 302 residential units broken down as 241 market rate units and 61 affordable housing units, and approximately 243,800 sf (but no less than 150,000 sf) of commercial space comprised of a mix of medium and small boxes and pad sites, along with a multi-purpose trail; and

WHEREAS, Lennar will have the flexibility to increase the amount of the retail space in the Retail Phase so long as adequate parking can be provided; and the retail development on the Property will be high quality, convenient, and pedestrian-friendly to create an inviting destination which will feature national, regional, and local specialty stores and restaurants in a town center format with ample and accessible parking; and

WHEREAS, the Property will be transformed into an exciting and attractive gateway into the Fort Monmouth redevelopment area by developing a live-work-play community and feature open space for seasonal community events and gatherings, landscaping and improved streetscapes, and provide connectivity between the Retail Phase and Residential Phase components and will be visually defined through a combination of architectural features, paving materials, creative use of water retention/detention basins, and other design features commonly found in upscale, town center retail developments; and

WHEREAS, that while the RFOTP specified a parcel size of up to 89 acres, FMERA has since deeded land to the County of Monmouth for the dedication of Avenue of Memories/Route 537 Extension as a public right of way; with the subtraction of the land associated with the Mallette Hall optional parcel, Parcel B's net land area now totals approximately 73 acres; and

WHEREAS, negotiations with Lennar have resulted in the following terms: Lennar will pay \$18.5 million for the property; pursuant to FMERA's June 25, 2012 EDC Agreement with the Army, FMERA will receive 40% of the net sale proceeds from the Phase 1 portion of the property, with the Army receiving the remainder, and FMERA will receive all net proceeds from the Phase 2 portion of the property; and

WHEREAS, closing will occur within 45 days after satisfaction of the conditions precedent to closing as described in the attached memorandum; and

WHEREAS, Parcel B contains environmental carve-out areas that are still Army-owned. The Army is in the process of pursuing a No Further Action ("NFA") determination from the NJDEP for one carve-out, Parcel 44, which Lennar may opt to not to take title to all or a portion of Parcel 44 at a subsequent closing, but shall notify FMERA of its decision whether to acquire Parcel 44 within sixty days of the Army's receipt of an NFA; and

WHEREAS, FMERA will be obligated to contribute up to \$250,000 in remediation costs if additional environmental issues that were not caused by Purchaser or covered under the Army's obligations under CERCLA are discovered after due diligence but prior to the end of demolition; and

WHEREAS, should FMERA be unable to convey the Property in accordance with the terms of the Agreement, Purchaser shall be entitled to liquidated damages in the amount of Five Hundred Thousand Dollars (\$500,000.00).

WHEREAS, Lennar will commence demolition of the ±1 million sf of existing buildings no later than thirty days after closing and complete demolition phase within 12 months; and construction of the residential phase of the Project will commence within three months after completion of demolition and will complete construction of all Affordable homes and fifty percent of other homes within thirty-six months after completion of demolition; and Purchaser will Complete the balance of the Homes within sixty months after Completion of Demolition; and

WHEREAS, Lennar will commence construction of the Retail Phase of the Project no later than three months after completion of demolition and will complete fifty percent of core and shell and site improvements within eighteen months of completion of demolition; and Purchaser shall complete the balance of the Retail Phase within thirty months of the completion of demolition, and the Seller may grant a twelve-month extension of the thirty-month period to complete the balance of the Retail Phase so long as Purchaser is actively developing the Retail Phase and marketing the Project; and

WHEREAS, Lennar will be responsible for extending (or reimbursing FMERA for extending) a water main from the Avenue of Memories and Wilson Avenue to the Property's southeastern corner boundary to NJAW's existing main in Route 35 either by installing a new main along the Avenue of Memories in coordination with NJAW or looping a sufficiently sized main through the Property to the existing water main in Route 35 in coordination with NJAW. Purchaser will also be responsible, at Purchaser's cost and expense, for connecting the Property to the Eatontown Sewerage Authority's sanitary sewer interceptor in the vicinity of Mill Creek and Avenue of Memories by either repairing and reusing the existing Army sewer main or installing a new main, subject to the consent and approval of the Eatontown Sewerage Authority; and

WHEREAS, Lennar shall also be responsible for the cost of bringing electric service into the Property from Route 35 in coordination with JCP&L, and will convey at no cost to JCP&L either: (i) a site for an electric substation in the general vicinity of the former substation and an easement from the new substation to the eastern boundary of the property for the purpose of continuing the electrical supply to the east; or (ii) should JCP&L determine that a new substation is not necessary, a distribution line and easement over the Property from Route 35 to its southeastern boundary to all the abutting developments to access the distribution line; and

WHEREAS, FMERA and Lennar will jointly pursue NJDOT Highway Access Permits for the proposed development and FMERA will contribute up to \$200,000 toward the costs of roadway improvement (that do not abut the Property but are required) in connection with an anticipated NJDOT developer's agreement; and

WHEREAS, based on the redevelopment provisions of the PSARA between FMERA and Lennar, FMERA staff concludes that the essential elements of a redevelopment agreement between FMERA and Lennar are sufficiently addressed. The attached PSARA is in substantially final form. The final terms of the PSARA will be subject to the approval of FMERA's Executive Director and the Attorney General's Office; and

WHEREAS, the Real Estate Committee has reviewed the Purchase and Sale & Redevelopment Agreement for Parcel B and recommends it to the Board for approval.

THEREFORE, BE IT RESOLVED THAT:

1. The Authority approves the selection of U.S. Home Corporation, d/b/a Lennar Monmouth Developers for Parcel B in Eatontown on terms substantially consistent to those set forth in the attached memorandum and the attached Purchase and Sale & Redevelopment Agreement and with final terms in substantially the same form acceptable to the Executive Director and the Attorney General's Office, and authorizes the Executive Director to execute the PSARA and take any necessary actions to effectuate the selection of Lennar Monmouth Developers as the purchaser.

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.

ATTACHMENT

Dated: February 19, 2020

EXHIBIT 2

MEMORANDUM

TO: Members of the Board

FROM: Bruce Steadman
Executive Director

RE: Purchase and Sale & Redevelopment Agreement with U.S. Home Corporation d/b/a Lennar Monmouth Developers for Parcel B in Eatontown

DATE: February 19, 2020

Request

I am requesting that the Board approve the execution of a Purchase and Sale & Redevelopment Agreement ("PSARA") with U.S. Home Corporation d/b/a Lennar Monmouth Developers ("Lennar") for Parcel B in the Eatontown section of the Main Post.

Background

FMERA issued a Request for Offers to Purchase ("RFOTP") in connection with the planned redevelopment of Parcel B in Eatontown on March 26, 2013. At the time, Parcel B was a 55.327-acre tract fronting on Route 35 in the Eatontown Reuse Area of the Main Post. The Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") calls for the 480,000± sf of existing buildings to be demolished and replaced with up to 150,000 sf of retail and commercial uses and 302 housing units, 20% of which must be affordable to low- and moderate-income households. This portion of Parcel B is a Phase One property in FMERA's June 25, 2012 Economic Development Conveyance Agreement with the Army. Title to the 55.327-acre tract was transferred to FMERA in June 2014.

In February 2014, the Board authorized staff to issue a new RFOTP for Parcel B in order to meet the Reuse Plan's goal of creating a lifestyle town center that blends residential use with retail use in a pedestrian friendly manner, resulting in an exciting and attractive gateway to the Fort. The new RFOTP placed greater emphasis on qualities necessary to achieve the type of "vibrant pedestrian environment" and "exciting gateway" into the Fort that was envisioned in the Reuse Plan. Additionally, the new RFOTP provided greater emphasis and weight to proposals that reflected the preference of FMERA and the Borough of Eatontown for owner-occupied housing.

In January 2015, the Board authorized staff to add 22 acres to Parcel B, which increased the potential buildout of retail and/or commercial development on the parcel, while keeping the number of housing units at 302. The new RFOTP added another 12 acres including Mallette Hall as an optional component, for a total expansion of up to ±34 acres. On February 10, 2015, FMERA issued the RFOTP for the expanded Parcel B.

The Promenade at Fort Monmouth, a proposal submitted by Paramount Realty Services, Inc., received the highest score on the newly issued RFOTP. Following the Board's authorization at the February 2016 meeting, FMERA and Paramount entered into an Exclusive Negotiations Agreement on October 3, 2016. At the February 2017 meeting, the Members authorized the execution of a PSARA with Paramount for Parcel B. On February 15, 2018, Paramount withdrew its proposal and FMERA began negotiations with the second highest bidder, Lennar.

Project Description

Lennar's proposal calls for a total of 302 residential units broken down as 241 market rate units and 61 affordable housing units, and approximately 243,800 sf (but no less than 150,000 sf) of commercial space comprised of a mix of medium and small boxes and pad sites (which may include without limitation any combination of retail, approximately 40,000 square feet of second-floor office space, mixed-use, hospitality, and entertainment), along with a multi-purpose trail.

Lennar will have the flexibility to increase the amount of the retail space in the Retail Phase so long as adequate parking can be provided; however, this provision shall in no way constitute a waiver of any approvals required under the Land Use Regulations. The retail development on the Property will be high quality, convenient, and pedestrian-friendly to create an inviting destination which will feature national, regional, and local specialty stores and restaurants in a town center format with ample and accessible parking. The Property will be transformed into an exciting and attractive gateway into the Fort Monmouth redevelopment area by developing a live-work-play community and feature open space for seasonal community events and gatherings, landscaping and improved streetscapes, and provide connectivity between the Retail Phase and Residential Phase components. The center of the Retail Phase will be visually defined through a combination of architectural features, paving materials, creative use of water retention/detention basins, and other design features commonly found in upscale, town center retail developments.

Note that while the RFOTP specified a parcel size of up to 89 acres, FMERA has since deeded land to the County of Monmouth for the dedication of Avenue of Memories/Route 537 Extension as a public right of way. FMERA completed this dedication in October 2016 in connection with its Phase 2 closing with the Army. Further, subtracting the land associated with the Mallette Hall optional parcel, Parcel B's net land area now totals approximately 73 acres.

Purchase and Sale & Redevelopment Agreement

FMERA staff is pleased to report that negotiations with Lennar have resulted in the following terms. Lennar will pay \$18.5 million for the property. Pursuant to FMERA's June 25, 2012 Economic Development Conveyance Agreement with the Army, FMERA will receive 40% of the net sale proceeds from the Phase 1 portion of the property, with the Army receiving the remainder, and FMERA will receive all net proceeds from the Phase 2 portion of the property. Closing will occur within 45 days after satisfaction of the conditions precedent to closing. Conditions precedent to closing include: Lennar obtaining or waiving all approvals necessary to develop the project; receipt of title to ECP 38, ECP 102A, ECP 102B, Parcel 106 and Parcel 107; a final remediation document from either the New Jersey Department of Environmental Protection 1 for ECP 38, ECP 102A, ECP 102B, Parcel 106 and Parcel 107; an amendment to the Reuse Plan to accommodate the project; all signatures to the Subdivision Map as shall be necessary to allow Purchaser to record the map immediately following the recordation of the Deed; and the consent of the NJEDA Board. The parties will endeavor to complete the Reuse Plan amendment within approximately six months of receiving Lennar's Final Conceptual Site Plan. Lennar will then have 18 months to obtain all approvals. This period may be extended for an additional six months if Lennar has not obtained required approvals within the initial timeframe. FMERA will convey the property in as-is condition, but with clear title and subject to the Army's on-going obligations under CERCLA to address any pre-existing contamination that may exist on the property. Additionally, should FMERA be unable to convey the Property in accordance with the terms of the PSARA, Purchaser shall be entitled to liquidated damages in the amount of Five Hundred Thousand Dollars (\$500,000.00).

Parcel B contains environmental carve-out areas that are still Army-owned. The Army is in the process of pursuing a No Further Action ("NFA") determination from the New Jersey Department of Environmental Protection for one carve-out, Parcel 44. If the NFA is not obtained by the closing date, FMERA may convey the environmental carve-out to Lennar at a subsequent closing unless Lennar opts not to take title to all or a portion of Parcel 44. Lennar shall notify FMERA of its decision whether to acquire Parcel 44 within sixty (60) days of the Army's receipt of an NFA. FMERA will be obligated to contribute up to \$250,000 in remediation costs if additional environmental issues that were not caused by Purchaser or covered under the Army's obligations under CERCLA are discovered after due diligence but prior to the end of demolition.

The project will consist of residential and commercial components with an overall development cost of at least \$125 million, comprised of 302 residential units broken down as 241 market rate units and 61 affordable housing units; and approximately 243,800 sf. (but no less than 150,000 sf.) of retail space including a mix of medium and small boxes and pad sites and a multi-purpose trail.

Lennar will commence demolition of the ± 1 million sf of existing buildings no later than thirty (30) days after closing and complete demolition phase within 12 months. Construction of the Residential Phase of the Project will commence within three (3) months after completion of demolition and will complete construction of all Affordable homes and fifty percent (50%) of other homes within thirty-six (36) months after completion of demolition. Purchaser will Complete the balance of the Homes within sixty (60) months after Completion of Demolition. The Seller may grant a twelve (12) month extension of the 60-month period to complete the balance of the homes so long as Purchaser is actively developing the Residential Phase and marketing the Project.

Lennar will commence construction of the Retail Phase of the Project no later than three (3) months after completion of demolition and will complete fifty percent (50%) of core and shell and site improvements within eighteen (18) months of completion of demolition. Purchaser shall complete the balance of the Retail Phase within thirty (30) months of the completion of demolition. The Seller may grant a twelve (12) month extension of the thirty-month period to complete the balance of the Retail Phase so long as Purchaser is actively developing the Retail Phase and marketing the Project.

Lennar will be responsible for extending (or reimbursing FMERA for extending) a water main from the Avenue of Memories and Wilson Avenue to the Property's southeastern corner boundary to NJAW's existing main in Route 35 either by installing a new main along the Avenue of Memories in coordination with NJAW or looping a sufficiently sized main through the Property to the existing water main in Route 35 in coordination with NJAW. Purchaser will also be responsible, at Purchaser's cost and expense, for connecting the Property to the Eatontown Sewerage Authority's sanitary sewer interceptor in the vicinity of Mill Creek and Avenue of Memories by either repairing and reusing the existing Army sewer main or installing a new main, subject to the consent and approval of the Eatontown Sewerage Authority. Lennar shall also be responsible for the cost of bringing electric service into the Property from Route 35 in coordination with JCP&L, and will convey at no cost to JCP&L either: (i) a site for an electric substation in the general vicinity of the former substation and an easement from the new substation to the eastern boundary of the property for the purpose of continuing the electrical supply to the east; or (ii) should JCP&L determine that a new substation is not necessary, a distribution line and easement over the Property from Route 35 to its southeastern boundary to all the abutting developments to access the distribution line. FMERA and Lennar will jointly pursue NJDOT Highway Access Permits for the proposed development and FMERA will contribute up to \$200,000 toward the costs of roadway improvement (that do not abut the Property but are required) in connection with an anticipated New Jersey Department of Transportation (NJDOT) developer's agreement.

Based on the redevelopment provisions of the PSARA between FMERA and Lennar, FMERA staff concludes that the essential elements of a redevelopment agreement between FMERA and Lennar are sufficiently addressed. The attached PSARA is in substantially final form. The final terms of the PSARA will be subject to the approval of FMERA's Executive Director and the Attorney General's Office. The Real Estate Committee has reviewed the request and recommends it to the Board for approval.

Recommendation

In summary, I am requesting that the Board authorize the execution of a Purchase and Sale & Redevelopment Agreement with U.S. Home Corporation d/b/a Lennar Monmouth Developers for Parcel B in Eatontown.

Bruce Steadman