



2019 ANNUAL REPORT



DISCOVER ► INNOVATE ► TRANSFORM

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY



A message from FMERA Vice-Chairman Dr. Robert Lucky

As Interim Chairman of the Board, I am pleased to announce that the Fort Monmouth Economic Revitalization Authority (FMERA) made excellent progress in 2019, as we worked to restore lost jobs and economic vitality in the region. Collectively, along with our many stakeholders, we continued to engage the communities of Eatontown, Oceanport, and Tinton Falls in the redevelopment process for the benefit of each of these communities.

The 30 projects currently underway, on nearly 80 percent of the Fort's property, are anticipated to result in over \$1 billion of investment. The forecasted future tax revenue to the Boroughs will help to fund necessary services, e.g. police, fire, maintenance and repair of streets and grounds. The range of projects is exciting, including residential, medical, education, high-tech, cultural, and recreational.

Focusing on jobs and technology, and the necessary amenities to attract and retain those jobs, the FMERA staff is actively engaged in marketing the remaining parcels to interested entrepreneurs, developers, and investors. It remains our expectation that FMERA will be able to sunset itself in the next seven to nine years, based on the anticipated completion of the many projects underway.

I would like to take this opportunity to commend and thank the FMERA Board members, our great professional FMERA staff, the Monmouth County Board of Chosen Freeholders, and our partners in Tinton Falls, Eatontown, and Oceanport, for their hard work, dedication, and ongoing commitment to our stated mission. We are proud of our strong 2019 efforts and, we look forward to continued success in 2020.

Dr. Robert Lucky
Vice-Chairman and Interim Chairman
Fort Monmouth Economic Revitalization Authority

ABOUT FMERA

THE FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY



On August 17, 2010, the Fort Monmouth Economic Revitalization Authority Act, P.L. 2010, c. 51, was signed into law, creating the Fort Monmouth Economic Revitalization Authority (FMERA) to provide investment, continuity, and economic growth to the communities impacted by the federal government's decision to close Fort Monmouth. FMERA replaced the Fort Monmouth Economic Revitalization Planning Authority (FMERPA) and is charged with advancing that entity's plan for reuse and redevelopment of the 1,126 acres of real estate that span parts of Eatontown, Oceanport, and Tinton Falls.

Fort Monmouth had been a key economic driver in Monmouth County and New Jersey since it was established in 1917 as Camp Little Silver. According to a 2008 report completed by the New Jersey Department of Labor and Workforce Development, the closing of Fort Monmouth represented the loss of 5,638 direct jobs and approximately 16,000 indirect jobs in the region. The report also found that more than one-third of the Fort's employees were engineers and scientists.



FORT MONMOUTH MAIN POST

As such, the 20-year Reuse and Redevelopment Plan (Reuse Plan) for Fort Monmouth, created by FMERPA, emphasizes the expeditious creation of jobs and encourages economic growth in the region. The plan strives to balance development with the protection and enrichment of natural resources, while also honoring the rich history of the Fort.

The mix of land uses proposed in the plan is deliberately broad to help accelerate redevelopment and provide for the creation of a diverse range of jobs and housing types in order to meet the needs of a demographically diverse population in a competitive and changing marketplace. The inclusion of office, research and development (R&D), business services, light manufacturing, retail, housing, homeless accommodations, and civic space reflects the overarching commitment to fulfill the region's short-, medium-, and long-term development goals and provide broad-based economic opportunity.



FORT MONMOUTH CHARLES WOOD

In June 2011, the U.S. Department of Housing and Urban Development (HUD) approved the Reuse Plan and the Housing Assistance Submission, which were completed and approved under the auspices of FMERPA and submitted to HUD in September 2008.

Pursuant to its enabling statute, FMERA is empowered to enter into a designated redevelopment agreement with the New Jersey Economic Development Authority (NJEDA) and into redevelopment agreements with public or private redevelopers; adopt land use, development and design guidelines in coordination with the impacted communities; provide and maintain utilities, streets, roads, and other infrastructure; undertake redevelopment



OUR MISSION

“TO CREATE AN ATMOSPHERE IN WHICH EMPLOYERS WILL EMPLOY AND INVESTORS WILL INVEST, TO MAXIMIZE THE JOBS CREATED AND THE VALUE OF THE PROPERTY.”

activities; and implement revenue-raising measures for the benefit of redevelopment.

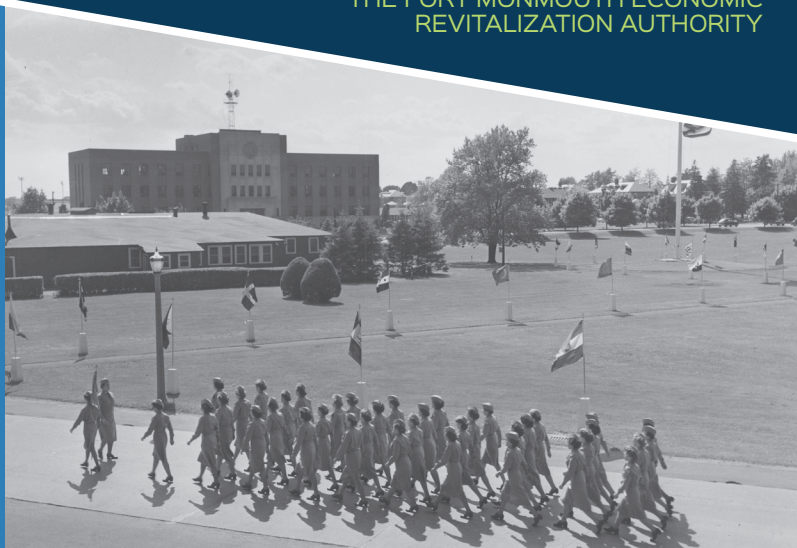
FMERA is governed by a 13-member board. The board includes nine voting members consisting of three public members appointed by the Governor, one ex-officio member of the Executive Branch appointed by the Governor, the mayors of Eatontown, Tinton Falls, and Oceanport, one member of the Monmouth County Board of Chosen Freeholders, and the Chair of the NJEDA. The Commissioners of the New Jersey Departments of Labor and Workforce Development, Environmental Protection, Community Affairs, and Transportation serve as ex-officio, non-voting members of the board.

Local participation on the Board results in a broad representation of town, county, and state interests. Further, the FMERA law requires that five of the nine voting members be residents of Monmouth County. The general public and relevant New Jersey departments and agencies round out the collaborative effort, ensuring a process that balances the needs and interests of all affected stakeholders.

In May 2012, FMERA took a historic step in the Fort’s redevelopment with the signing of a Phase 1 Economic Development Conveyance (EDC) Agreement outlining the transfer process for the first 500+ acres of the property from the U.S. Army to the Authority. The Phase 1 EDC Agreement, approved by the FMERA Board in April 2012, is the overarching agreement between the Army and FMERA, laying out the process by which the Phase 1 properties were transferred.

FMERA engaged in an extensive negotiation process with the Army to establish the terms of the Phase 1 EDC Agreement which encompasses the first phase of a two-phased process for the property transfer. Phase 1 consists of Charles Wood, and three parcels on the Main Post, which were transferred to FMERA in 2014. Phase 1 parcels include the Golf Course, Howard Commons, Marina, Clinic parcel, Parcel E, Parcel F, Parcel C, Parcel C1, and Parcel B – all totaling just over 500 acres.

In 2016, following extensive negotiations, FMERA purchased the balance of the Fort from the U.S. Army.



MAKING AN IMPACT

OUR RESULTS



FOUR PROPERTIES SOLD IN 2019

BUILDING 501 ► OCEANPORT

FMERA welcomed **Family Promise of Monmouth County** to Building 501, an approximately 2,832-square-foot building on Malterer Avenue, for the purpose of providing homeless support services. The conveyance of this property fulfilled one of FMERA's federal



obligations related to the Fort Monmouth Reuse and Redevelopment Plan.

In pursuit of innovative solutions to end homelessness, Family Promise of Monmouth County has been providing Monmouth County children and families with food, shelter, and comprehensive services—including emergency residential shelter services, case management, identification, and links to outside service providers and support programs, including subsidized education programs.

PARCEL C & C-1 (PORTION OF) ► TINTON FALLS

In 2019, FMERA sold Parcel C and the remaining portion of Parcel C-1, including townhome & single-family lots. The majority of C-1 was sold in 2018. Parcel C is part of a larger project planned for development by **Lennar Corporation**. **Patriots Square** (Parcels C) & **Anthem Place** (C-1), collectively, will consist of a total of 288 residential units, a mix of townhomes, stacked townhomes, and single-family detached homes, with 20 percent set aside for affordable housing. **Lennar's** proposed plan also includes up to 58,000 square feet of retail and other non-residential space and emphasizes connectivity to existing roads while encouraging pedestrian activity to link the neighborhoods. Parcel C features a community green to support civic activity, and both parcels will include tree-lined streets and sidewalks to create a vibrant “town center” environment.

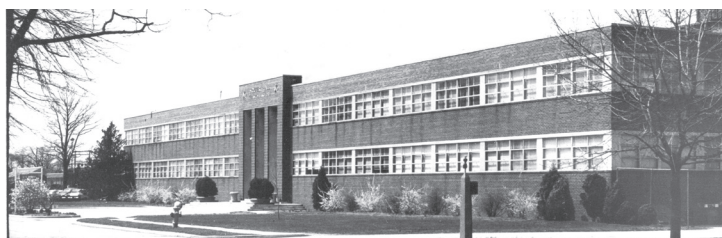
SQUIER HALL ► OCEANPORT

In December 2019, FMERA sold the historic Squier Hall to **KKF University Enterprises, LLC (KKF)** for the renovation and construction of a state-of-the-art, satellite campus in the heart of Fort Monmouth's



Main Post development to the west of Oceanport Avenue.

KKF intends to lease the property to **New Jersey City University (NJCU)** for a baccalaureate completion site for upper division educational coursework similar to the University's current programming at the Wall Higher Education Center, known as NJCU Monmouth. Those programs, primarily including nursing, national security studies, and business, would be relocated to Squier Hall.



TELECOMMUNICATIONS TOWER & LAND ► OCEANPORT

FMERA sold the former Fort Monmouth Telecommunications Tower and adjacent land, located in the Oceanport section of Fort Monmouth, to **Global Signal Acquisitions IV, LLC (GSA)** for \$1.1 million in October.

GSA and/or its subsidiary has maintained and operated the existing communications tower through an agreement with the Army since 2005 and will continue to provide vital communications services.



PROJECTS IN THE PIPELINE

FABRICATION SHOPS ► TINTON FALLS

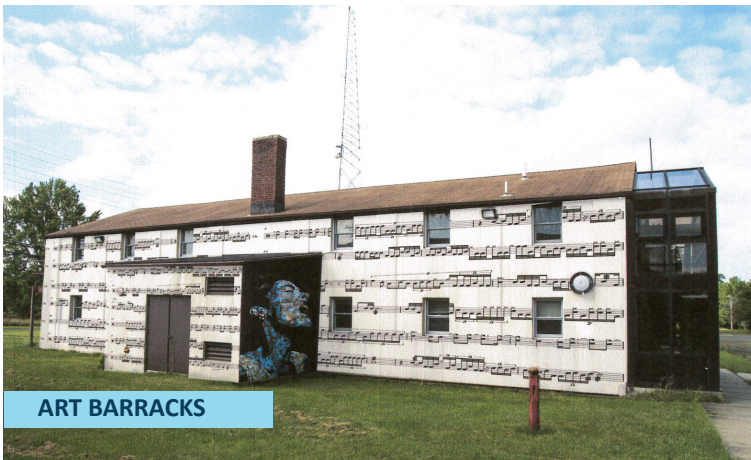
Pinebrook Road Commerce Center, LLC (PCC) agreed to purchase the Fabrication Shops parcel – a five-acre parcel containing eight buildings and an adjoining 1.5-acre lot for use as parking and storage space.

PCC plans to convert the Fabrication Shops into a multi-tenant business park, one of the many sites on the Fort that will encourage businesses to open and grow in Monmouth County.

EATONTOWN BARRACKS ► EATONTOWN

FMERA is advancing its goal of developing **a dynamic live, work, play community** by incorporating arts, culture, and entertainment among residential, retail, and other commercial development.

Local entrepreneur and philanthropist **Kenneth Schwartz** signed a Purchase and Sale & Redevelopment Agreement (PSARA) with FMERA and plans to renovate the Eatontown Barracks for arts-related uses, including studio, performance, and gallery spaces, as well as short-term residential units for artists. Schwartz will also maintain Soldiers Park as an outdoor sculpture garden along the Avenue of Memories.



ART BARRACKS

THE MARINA AT OCEANPORT ► OCEANPORT

The Marina at Oceanport opened at the former Fort Monmouth marina nearly four years ago under an operator's agreement between the FMERA and the restaurant owner, Mario Criscione of **Asbury Park Development Partners (APDP)**. Since its opening, patrons have been flocking to the waterfront restaurant and bar, which occupies the renovated marina building formerly operated by Fort Monmouth. In 2018, the FMERA Board approved a with APDP for the sale of the marina parcel.

There is indoor seating for approximately 52 patrons at tables and a



THE MARINA AT OCEANPORT

bar inside the restaurant, as well as outdoor seating overlooking the water for another 60 patrons. For those looking to “dock and dine,” the restaurant has boat slips available at its easternmost piers, closest to the public boat launch. The Marina also offers a broad array of entertainment, including trivia night, karaoke, and live music.

SUN EAGLES GOLF COURSE ► EATONTOWN

Another Fort Monmouth asset will be maintained, with the approval of a PSARA between FMERA and **Martelli Development Group, LLC** for Sun eagles Golf Course. The parcel includes historic Gibbs Hall, Tavern 19 (formerly Joe's Sports Bar 19th Hole) and the Megill Housing area, along with tennis courts, a maintenance facility, and a pro-shop.

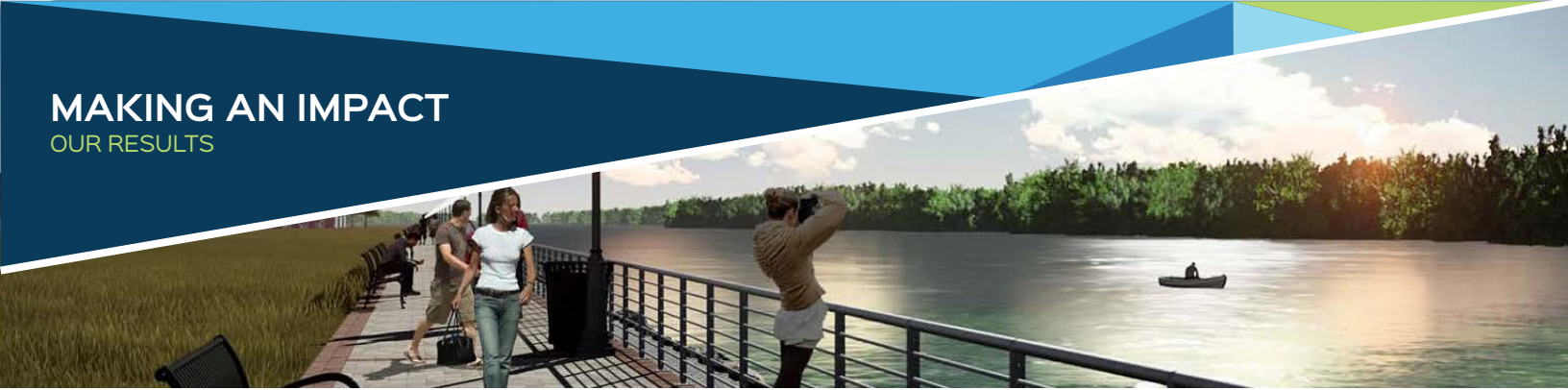
The developer is in the process of renovating Gibbs Hall as a first-class banquet facility and upgrading to the golf course and intends to build 75 new housing units, including 60 luxury condos and 15 affordable rental apartments, in accordance with FMERA's affordable housing obligation. The property will be restricted to a golf course use for 40 years.



SUN EAGLES GOLF COURSE

MAKING AN IMPACT

OUR RESULTS



ALLISON HALL ► OCEANPORT

The FMERA Board approved a PSARA with **TetherView** in 2018 for the sale and renovation of historic Allison Hall. **TetherView** will develop the parcel for office, retail, and commercial uses, and may opt to incorporate a waterfront restaurant and boutique hotel.

The planned redevelopment of the Allison Hall parcel, tentatively offering a mix of neighborhood amenities and a walkable shopping cluster, will serve as a complement to the newly-inhabited East Gate residences, formerly known as Officer's Housing. **TetherView** will also construct a 12-foot-wide promenade along Parkers Creek, linking the development to the west with Oceanport Avenue. This walkway is one of several planned multi-purpose trails intended to link the business and amenities throughout the Main Post and promote connectivity within the greater Fort Monmouth community.

TetherView's planned capital investment is \$14 million.

THE MYER CENTER ► TINTON FALLS

FMERA collaborated with the **New Jersey Economic Development Authority (NJEDA)** to arrange for the demolition of the approximately 672,000-square-foot Myer Center by woman-owned Tricon Enterprises, Inc. of Keyport. The clearing of these approximately 36 acres on the Fort have encouraged the sale and ultimate redevelopment of this site in Tinton Falls.

In 2018, **Robert Wood Johnson Barnabas Health (RWJBH)** submitted an unsolicited offer to **NJEDA** to purchase the property, where RWJBH intends to develop a health campus which is currently anticipated to include an Ambulatory Care Center, a medical office building, a Cancer



MYER CENTER DEMOLITION

Institute of New Jersey Cancer Center, a System Business Office, and campus space for future medical and health facilities.

Following **NJEDA** Board approval, the FMERA Board subsequently approved the execution of an Agreement to Assign the Purchase and Sale Agreement between FMERA and **RWJBH**.



ALLISON HALL PARCEL

LODGING AREA ► OCEANPORT



FMERA is currently under contract with **Somerset Development**, the highly successful developer of Bell Works in Holmdel, for the former Fort Monmouth Lodging Area. **Somerset Development** proposes to develop between 140-185 units—20 percent of which will be affordable—including the renovation of two historic buildings on the site (Building 270 and Building 271) for apartments and construction of new, luxury townhomes adjacent to Oceanport Creek. **Somerset Development's** plan includes a pedestrian-friendly community, featuring a scenic waterfront promenade along the property's northern boundary.

"Somerset Development has an impressive track-record and an incredible eye for design. Their plan for a walkable, riverfront neighborhood is an ideal fit with our vision for a vibrant, pedestrian-friendly community and complements the flourishing developments nearby." -Former FMERA Deputy Executive Director Dave Nuse



NEW PROJECTS

BARKER CIRCLE ► OCEANPORT

Asbury Park-based developer Trip Brooks of **Barker Circle Partnership, LLC** returns to Fort Monmouth for his second redevelopment project in the Oceanport section of the Fort. Brooks is bringing an exciting



BARKER CIRCLE

vision for 75 flat-style living units and office/coworking space in the five former Army barracks, and a new restaurant and arts use to occupy the Main Post Firehouse and Kaplan Hall Museum. The project will preserve the Historic nature of the site and also include a wetlands preservation park along Oceanport Creek.

A Purchase and Sale and Redevelopment Agreement was executed in November 2019. Brooks and his partner proposed to pay \$4.85 million for the property and to invest \$22.5 million in the project with 40 permanent jobs being created.

COMMISSARY/PX, WAREHOUSE, & POST OFFICE ► OCEANPORT

FMERA issued Requests for Offers to Purchase (RFOTPs) in 2018, for three individual parcels known as the Commissary & PX Complex, the Warehouse District, and the Post Office Area, as well as an option to bid on a large parking area. In 2019, **OPort Partners**, led by Steve Denholtz, was selected to redevelop all three parcels and the adjacent parking area.

With the exception of the Commissary, constructed in 1997, all the existing improvements on the property are slated for demolition. **OPort Partners** proposes to develop the site with Class-A office space, flex space, and other complementary uses that will attract technology, research & development, and other job-generating industries that will further the Fort's mission to bring back jobs and revitalize the local economy.

The redevelopment of this complex will serve as a vital component of the Fort's technology and innovation district, joining the planned, future McAfee Innovation Campus, New Jersey City University's satellite campus, and nearby cloud-based solutions company TetherView. On the western side of the Fort, home of AASKI Technology and Commvault's world-headquarters, technology and engineering continue to thrive.

OPort Partners will make a capital investment of approximately \$54.4 million and is targeting the creation of nearly 750 jobs.

EATONTOWN DPW (BUILDING 1123) ► EATONTOWN

Through its Local Benefit Use process, FMERA approved the sale of a 7.5-acre parcel in the Borough of Eatontown for use as the municipality's new Department of Public Works site. The Borough will renovate Building 1123 and plan for supportive administrative uses on-site.



NURSES QUARTERS

NURSES QUARTERS ► OCEANPORT

Formerly used to house the Patterson Army Hospital staff, the Nurses Quarters is slated to find new life. Planned for renovation and redevelopment by RPM, the developer proposes to revitalize and reuse 24 units within the existing buildings and construct 10 additional single-family townhomes along Main Street. RPM proposes to invest approximately \$6.7 million in the project.

The property consists of an approximately 3.8-acre parcel of land containing Buildings 1077 and 1078 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.

MAKING AN IMPACT

OUR RESULTS



BOWLING CENTER ► EATONTOWN

FMERA approved an agreement for sale and land-lease in 2019 of a 2.8-acre parcel in Eatontown. The parcel includes the Bowling Center, a 17,599-square-foot structure, and Building 682, a 4,270-square-foot wood-frame building built in 1941. The selected developer, **Parker Creek Partners (PCP)**, proposed large-scale renovation and expansion of the original Bowling Center—adding approximately 10,000 square feet to the original building. Building 682 is slated for demolition.



The Fort Monmouth Bowling Center is situated near the Artist Live/Work Barracks and the future town center for Eatontown (Parcel B) along Avenue of Memories, making the Bowling Center another exciting addition to the growing list of amenities within Fort Monmouth. PCP plans to renovate the outdated Bowling Center and develop a unique entertainment experience by refurbishing the existing bowling lanes; adding additional indoor and outdoor recreational activities such as bocce, pool, and shuffleboard; constructing a bar and eatery; and

“Completing the transfer of ownership for the Charles Wood substation to JCP&L opens the door for bringing the legacy Army electrical system into the future. This is a huge step for the long-term health and vitality of the Fort’s infrastructure. Our sincere thanks to the JCP&L leadership for their vision, assertiveness and determination to see this through.”

—FMERA Board Chairman Dr. Robert Lucky

creating other multi-purpose event spaces. The developer intends to invest approximately \$5.2 million in the Bowling Center, resulting in the creation of 22 permanent jobs.

FMERA Finalizes Transfer of Charles Wood Electrical Infrastructure



In January 2019, FMERA closed with Jersey Central Power & Light (JCP&L) on the former Army electrical system, which supports the Charles Wood section of Fort Monmouth. Prior to this closing, both the Army and FMERA purchased offsite high-voltage power from JCP&L that was then converted and distributed onsite via the former Army system. JCP&L now directly serves the Charles Wood community and will ensure that both present and future users have the capacity necessary to continue to support the growing development.

As part of the sale to JCP&L, FMERA transferred the metering and distribution substations, 13 miles of electrical wire and conduit, over 100 utility poles and 30 transformers. As part of their post-closing due diligence, JCP&L anticipates completing repair and maintenance work to improve service lines and upgrade electrical infrastructure.



Flag Day Tradition Continues

Fort Monmouth continued its Flag Day tradition, honoring the 244th birthday of the U.S. Army and 102 years of the Army's presence at the Fort.



Groundbreaking

Oceanport Mayor Jay Coffey and Oceanport Council Members break ground at the future home of the new Oceanport Municipal Complex.

Ribbon Cutting

Monmouth County Freeholders gather to open a new 4,500-square-foot homeless shelter in the Oceanport section of Fort Monmouth.



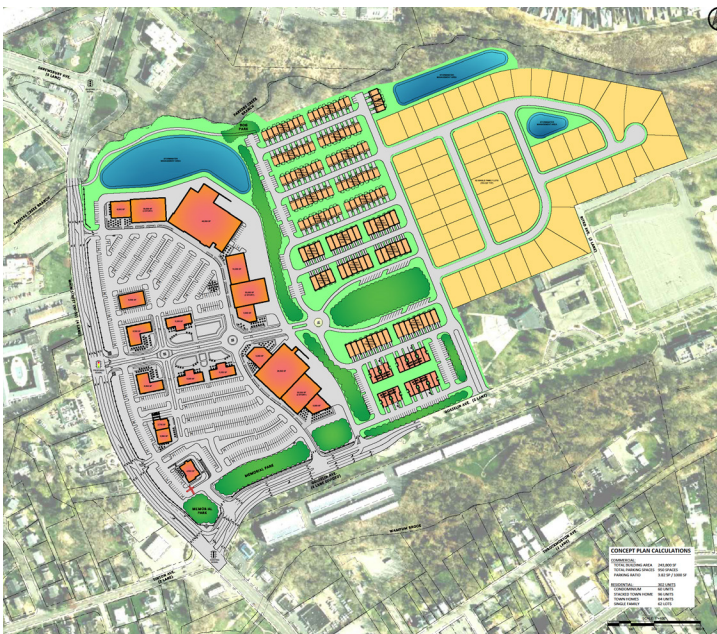
Veterans Memorial Dedicated at East Gate

Monmouth County and Oceanport Borough officials and local veterans joined former Fort Monmouth Site Manager, Lieutenant Colonel John Occhipinti, USA, ret. to dedicate the newly-erected veterans memorial located on the grounds of the historic officer housing. Restored by RPM Development, the residential community is now known as East Gate.



PROJECTS IN NEGOTIATIONS

EXPO THEATER PARCEL B



Parcel B - Eatontown Town Center Concept (subject to change)

At the time of its closing, Fort Monmouth was home to five-million square feet of buildings on 1,126 acres of land covering parts of Tinton Falls, Eatontown, and Oceanport. Since its inception in 2010, FMERA has worked diligently to revitalize the former U.S. Army post and establish a thriving, live-work-play environment that would bolster the local economy and enhance the community.

Although the majority of Fort Monmouth's projects are not yet readily seen when passing through the former Army post, the property is bustling with development activity that will activate spaces, ignite innovation, and build a sense of community. While much of the Fort is still in various stages of pre-construction development, FMERA prides itself on the caliber of its redevelopment effort, guided by the principles and plans set forth in the Fort Monmouth Reuse and Redevelopment Plan (Reuse Plan).

PARCEL B ► EATONTOWN

The Reuse Plan calls for the creation of a pedestrian-friendly, lifestyle town center in Eatontown that blends residential and retail uses, resulting in an inviting destination complete with improved streetscapes, public plazas, and amenities. The potential purchaser's proposal calls for a total of 302 residential units, including 241 market rate units and 61 affordable housing units, and between 150,000 and 250,000 square feet of commercial space.

The concept includes a pedestrian-oriented layout with Main Street-character, creative use of open space, connectivity and interaction between the retail and residential components, and design features that are complementary to the Fort's historic brick archway.

With over \$125 million dollars of investment anticipated, Parcel B is



DISCOVER ▶

one of the most significant redevelopment projects at Fort Monmouth and within the Borough of Eatontown.

EXPO THEATER ▶ EATONTOWN

The Expo Theater, also known as Building 1215, is an 18,883-square-foot entertainment facility built in 1968. The 995-seat auditorium was used previously as a live theater and cinema. Located on the Fort's main thoroughfare, the seven-acre Expo Theater parcel is conveniently situated near the future Bowling Center and the planned artist live/work space on the Avenue of Memories.

FMERA issued an RFOTP for the theater and surrounding land permitting the demolition of or reuse of the Expo Theater as community theater, or an alternate non-residential use consistent with or complementing the planned uses in the area including arts, culture, event/entertainment related uses, and passive or active recreation. Ancillary retail, restaurant and/or office uses are also permitted. FMERA is currently in negotiations with the prospective purchaser, who proposed to renovate and expand the Expo Theater for multipurpose use and utilize the vast open space for active recreation and outdoor events.



◀ INNOVATE

WHAT'S NEXT? ▶

With seemingly endless development underway, FMERA looks forward to the completion of several large-scale projects including the technology and innovation driven office/flex campus in Oceanport; a Neighborhood Retail Center featuring convenience, food and beverage, and specialty retail in Tinton Falls; a walkable, Lifestyle Town Center featuring public art, specialty shops, restaurants, and outdoor activities in Eatontown; and the opening of other essential public and non-profit uses such as New Jersey City University's satellite campus in Oceanport. FMERA also expects several highly-anticipated residential developments to come to market, attracting new residents, and facilitating continued growth of the Fort Monmouth community.

FMERA began 2020 with plans to market some of its most significant parcels, both in scale and potential economic impact. These key sites, such as the 80-acre 400 Area located east of Oceanport Avenue, which is suitable for a large mixed-use project, as well as the McAfee Complex, planned for an innovation campus, give promise to expanding the presence of the arts and culture, developing a technology or R&D hub, and attracting businesses that will create jobs in a variety of sectors. In 2020, we look forward to working with our redevelopers, the three host communities, the County of Monmouth, and the NJEDA to accelerate the transformation of Fort Monmouth.



TRANSFORM ▶



FMERA has worked closely with the boroughs of Tinton Falls, Eatontown, and Oceanport to meet the needs of each community — introducing new amenities, retaining highly-skilled jobs, and working toward a vibrant, pedestrian-friendly environment. With the support of local leadership, FMERA is advancing its goal of revitalizing and reactivating nearly 1,200 acres. To date, nearly two-thirds of the Fort is sold, under contract, or in negotiations. The success of the Fort’s redevelopment would not be possible without great working relationships with FMERA’s partners in each of the boroughs and Monmouth County, the support of the NJEDA and other state agencies, the leadership of our Board and Board Committees, and valuable feedback from our community stakeholders.

BOARD MEMBERS

Dr. Robert Lucky
Vice-Chairman / Interim Chairman
Public Member

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Chairman
New Jersey Economic Development Authority

Brian Wilton
Deputy Chief Counsel
Governor’s Authorities Unit

Lillian Burry
Freeholder, County of Monmouth

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Mayor, Eatontown

Jay Coffey
Mayor, Oceanport

Vito Perillo
Mayor, Tinton Falls

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New Jersey Department of Environmental Protection

Diane Gutierrez-Scaccetti
Commissioner
New Jersey Department of Transportation

Sheila Oliver
Commissioner
New Jersey Department of Community Affairs

Robert Asaro-Angelo
Commissioner
New Jersey Department of Labor & Workforce Development

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Mayor Anthony Talerico, Jr.
Kenneth J. Kloo

Real Estate Committee
Dr. Robert Lucky, Interim Chairman
Freeholder Lillian Burry
Mayor Jay Coffey
Mayor Anthony Talerico, Jr.

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Executive Director

Regina McGrade
Administration Manager

REAL ESTATE
Kara Kopach
Director of Real Estate & Deputy Executive Director

Sarah Giberson
Manager of Marketing & Development

Upendra Sapkota
Senior Planning Officer

FACILITIES & INFRASTRUCTURE
Kristy Dantes
Director of Facilities & Infrastructure

Joe Fallon
Senior Environmental Officer

FINANCE
Jennifer Lepore
Accounting Manager

FORT MONMOUTH ACTIVITY

BY THE NUMBERS

A SNAPSHOT OF THE LOCAL COMMUNITY, OUR SALES, INVESTMENT & JOB CREATION

\$319.6M

in capital improvements

\$47.3M in transactions

\$101.2M under contract / in negotiations



915 ACRES

activated



1,457

jobs by
year-end



1,000+

new tech-
related jobs



1,729

professional
& scientific companies
within a 20-minute drive



Commvault

Tetherview

Aaski Technology

Fort Monmouth Demographics

126,000

households within a 20-minute drive

330,000

residents within a 20-minute drive

32.7 MIN

average commuting time

40+%

of households have incomes
over \$100K

42+%

of the population have a
college degree

1,200 ACRES

for redevelopment

20 properties sold

15 under contract/pending execution

3 under negotiation



88 HOMES

with new residents



350,000 SF

of retail space



**New education, entertainment,
civic, and cultural uses**



FORT MONMOUTH

DISCOVER ► INNOVATE ► TRANSFORM

LIVE | WORK | PLAY

NEW OR RELOCATED BUSINESSES OPERATING AT FORT MONMOUTH



BUSINESS DIRECTORY

AASKI Technology

1 RADAR Way
Tinton Falls, NJ 07724
www.aaski.com

Access Residential Mortgage

Located in Russel Hall
1000 Sanger Ave
Suite 310
Oceanport, NJ 07757

AcuteCare Health Systems

1075 Stephenson Avenue
Oceanport, NJ 07757
www.acutecarehs.com

Anita Workout

Located at Russel Hall
Suite 015
1000 Sanger Avenue
Oceanport, NJ 07757

& Flow Yoga

Located at Russel Hall
Suite 005
1000 Sanger Avenue
Oceanport, NJ 07757

Anthem Place by Lennar

530 Tinton Avenue
Tinton Falls, NJ 07724

Beacon Infusion Healthcare Services

1075 Stephenson Avenue
Suite D-2
Oceanport, NJ 07757
www.beaconinfusion.com

Colossus Media Group

Located in Russel Hall
1000 Sanger Avenue
Suite 105
Oceanport, NJ 07757

Commvault

1 Commvault Way
Tinton Falls, NJ 07724
www.commvault.com

Cqentium, Inc.

Located in Russel Hall
1000 Sanger Avenue
Suite 118
Oceanport, NJ 07757

East Gate Alliance

Located in Russel Hall
1000 Sanger Avenue
Oceanport, NJ 07757

East Gate at Oceanport

33 Russel Avenue
Oceanport, NJ 07757
www.eastgateoceanport.com

Family Promise of Monmouth County

501 Malterer Avenue
Oceanport, NJ 07757
familypromisemc.org

Fidelicore

Located in Russel Hall
1000 Sanger Avenue
Suite 211
Oceanport, NJ 07757

Fort Partners Group

Located in Russel Hall
1000 Sanger Avenue
Suite 305
Oceanport, NJ 07757

Insur Risk Management

Located in Russel Hall
1000 Sanger Ave
Suite 400
Oceanport, NJ 07757

Jersey Shore Acupuncture

Located in Russel Hall
1000 Sanger Avenue
Suite 205
Oceanport, NJ 07757
jerseyshoreacupuncture.net

Kiely Family of Companies

1 Radar Way
Tinton Falls, NJ 07724
www.kielybuilds.com

Liberty Walk at Fort Monmouth

27 Gosselin Avenue
Oceanport, NJ 07757
www.rentfortmonmouth.com

Little Silver Family Chiropractic

Located in Russel Hall
1000 Sanger Avenue
Suite 205
Oceanport, NJ 07757
drkosta.com

The Marina at Oceanport

10 Riverside Avenue
Oceanport, NJ 07757
www.marinaatoceanport.com

Monarch Medical

Located in Russel Hall
1000 Sanger Avenue
Oceanport, NJ 07757
www.monarchmedical.com

Monmouth County Recreation Center at Fort Monmouth

2566 Guam Lane
Tinton Falls, NJ 07724
www.monmouthcountyparks.com

Odell Family Practice

Located in Russel Hall
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Patriot's Square by Lennar

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Stellar Supplements (within Odell Family Practice)

Located in Russel Hall
1000 Sanger Avenue
Suite 210
Oceanport, NJ 07757
stellarsupplements.shapelight.com

Suneagles Golf Course

2000 Lowther Drive
Eatontown, NJ 07724
www.suneaglesgolf.com

TetherView

Located in Russel Hall
1000 Sanger Avenue
Oceanport, NJ 07757
tetherview.com

Tower Funds Services

Located in Russel Hall
1000 Sanger Avenue
Suite 200
Oceanport, NJ 07757

Triumphant Life Church

500 Malterer Avenue
Fort Monmouth, NJ 07703
www.triumphant-life.org

Trinity Hall

101 Corregidor Road
Tinton Falls, New Jersey 07724
www.trinityhallnj.org

Certifications Pursuant to Executive Order 37

May 20, 2020

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority's 2019 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant actions of the Authority for the year.

The report of independent auditors, CliftonLarsonAllen, LLP, dated May 20, 2020, is attached and completes FMERA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Bruce Steadman, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the year ended December 31, 2019.

Bruce Steadman

Bruce Steadman
Executive Director

I, Jennifer Lepore, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge, fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the year ended December 31, 2019.

Jennifer Lepore

Jennifer Lepore
Accounting Manager

**FORT MONMOUTH ECONOMIC
REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
OCEANPORT, NEW JERSEY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2019 AND 2018



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**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Audit Committee and Management
Fort Monmouth Economic Revitalization Authority
Oceanport, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Monmouth Economic Revitalization Authority (the Authority), a component unit of the state of New Jersey, which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2019 and 2018, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4–8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

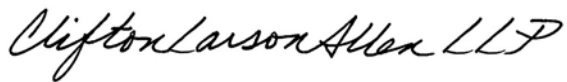
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedule of net position, combining schedule of revenues, expenses, and changes in net position, and the schedule of general and administrative expenses by fund (supplementary information) on pages 30–34 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 20, 2020

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019**

This section of the Fort Monmouth Economic Revitalization Authority's (Authority or FMERA) annual financial report presents management's discussion and analysis of the Authority's financial performance for the years ended on December 31, 2019 and 2018. Please read it in conjunction with the Authority's financial statements, and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The purpose of the Authority is to implement the comprehensive Fort Monmouth Reuse and Redevelopment Plan (Reuse Plan) for redevelopment and revitalization of the 1,126 acres comprising Fort Monmouth. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The financial statements report information about the Authority using full accrual accounting method as utilized by private businesses engaged in comparable business activities, such as real estate development.

2019 FINANCIAL HIGHLIGHTS

- The Authority's net position decreased \$3,583,361.
- Total assets decreased \$12,769,015.
- Total liabilities decreased \$9,185,654.
- Capital assets — net decreased \$76,740.
- Earned \$40,000 in operating fees from the professional management and maintenance agreement for operation of Suneagles Golf Course and Facilities.
- Earned \$806,553 in other revenue from an insurance claim on a Phase 1 property due to water damage and for the use of the certain portions of the Phase 2 property for various events and \$95,862 from the use of the cell tower on the Phase 2 property and other miscellaneous income.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: The following table summarizes the changes in Net Position for the years ended December 31, 2019, 2018, and 2017:

	2019	2018	Dollar Change	Percentage Change	2017	Dollar Change	Percentage Change
Current Assets	\$ 69,572,577	\$ 83,440,992	\$ (13,868,415)	(17)%	\$ 88,495,225	\$ (5,054,233)	(6)%
Noncurrent Assets	1,537,813	438,413	1,099,400	251	509,600	(71,187)	(14)
Total Assets	71,110,390	83,879,405	(12,769,015)	(15)	89,004,825	(5,125,420)	(6)
Current Liabilities	47,983,949	58,893,046	(10,909,097)	(19)	38,441,936	20,451,110	53
Noncurrent Liabilities	6,436,305	4,712,862	1,723,443	37	25,535,000	(20,822,138)	(82)
Total Liabilities	54,420,254	63,605,908	(9,185,654)	(14)	63,976,936	(371,028)	(1)
Net Position	<u>\$ 16,690,136</u>	<u>\$ 20,273,497</u>	<u>\$ (3,583,361)</u>	(18)	<u>\$ 25,027,889</u>	<u>\$ (4,754,392)</u>	(19)

During 2019, the Authority's combined net position decreased \$3.583 million (or 18%) due to:

\$ (3.469) million	Economic Development Conveyance (EDC) (revenue exceeded operating costs)
\$ (38) thousand	Office of Economic Adjustment (OEA) grant (negative amount is due to depreciation of Building Improvements on the former Post Library used as the Authority's offices)
\$ 7 thousand	Decrease in direct office support expenses
\$ (83) thousand	Homeless Fund revenue, disbursements, and interest income

During 2018, the Authority's combined net position decreased \$4.754 million (or 19%) due to:

\$ (4.486) million	Economic Development Conveyance (EDC) (operating costs exceeded revenue due to delay in property sales)
\$ (38) thousand	Office of Economic Adjustment (OEA) grant (negative amount is due to depreciation of Building Improvements on the former Post Library used as the Authority's offices)
\$ (20) thousand	Increase in direct office support expenses
\$ (210) thousand	Homeless Fund revenue, disbursements, and interest income

Operating Activities

The Authority was created to help provide investment, continuity, and economic growth to the communities impacted by the federal government's 2005 decision to close the Army Garrison at Fort Monmouth (the Fort). FMERA has been designated by the state of New Jersey to lead the economic redevelopment of the Fort, with a focus on technology-based industries. The former Fort consists of 1,126 acres located within the jurisdictions of Eatontown, Oceanport, and Tinton Falls, all within Monmouth County, New Jersey. The Army ceased operations and formally closed Fort Monmouth on September 15, 2011.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019**

The Reuse Plan is a highly collaborative blueprint for action to:

- Promote, develop, encourage and maintain employment, commerce, economic development, and the public welfare;
- Conserve natural resources; and
- Advance the general prosperity and economic welfare of the people in the affected communities and throughout the state.

FMERA continues its commitment to the implementation process and its mission to: create an atmosphere in which employers will employ and investors will invest, to maximize the jobs created and the value of the property. The Authority has been granted many tools through its forming legislation, in order to revitalize and redevelop the former Fort Monmouth property, and implement the Reuse Plan. Among these is the ability to undertake redevelopment projects, adopt development and design guidelines and land use regulations, and maintain or upgrade utilities, streets, roads or other infrastructure required by the Reuse Plan. The Reuse Plan and the "Homeless Assistance Submission" (HAS) were submitted to the United States Departments of Defense (DOD) and Housing and Urban Development (HUD) on September 4, 2008 for their review. HUD issued its favorable determination letter on June 16, 2011 enabling the Authority to move forward with implementing the Reuse Plan. Upon the execution of the Phase 1 EDC Agreement on June 25, 2012, FMERA commenced the redevelopment of the former Fort Monmouth and obtained title for 500 acres of former Army property.

The Phase 1 EDC is comprised of 563 acres, including the Charles Wood Area (in Tinton Falls and Eatontown), Parcel B (in Eatontown), and the Clinic and Marina parcels (in Oceanport). FMERA received the Phase 1 deed on May 29, 2014, except for Parcels E and the Clinic parcel, the titles for which were transferred to FMERA in 2012 and 2013, respectively and the Marina Parcel which was transferred in 2019.

The Phase 2 EDC is comprised of the remaining 563 acres of the former Fort, split between Eatontown and Oceanport. The transfer of the balance of the Main Post was accomplished under a Phase 2 Memorandum of Agreement. The Phase 2 Parcels were purchased by FMERA from the Army on November 17, 2016. The purchase was financed by a loan from the MCIA as discussed in Note 10 to the financial statements.

As a recognized implementation Local Redevelopment Authority (LRA), under the Base Realignment and Closure (BRAC) law, the Authority was eligible for financial assistance through the Defense Economic Adjustment Program and administered by the OEA. The OEA is the Department of Defense's primary source for assisting communities that are adversely impacted by Defense program changes such as base closures. Grant assistance is available for organizing and planning economic recovery, and the implementation of Reuse Plans in response to the closure of military installations. This program has no statutory formula. Generally, not less than 10% of the project's total proposed funding is to be comprised of nonfederal sources. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority's final grant and assistance from OEA ended on June 30, 2017. The Authority earned income from operating fees from the Suneagles Golf Course, for use of the cell tower property and from conveyance revenue on the transfer of the Phase 1 and 2 EDC parcels to third-party buyers according to the terms of the Phase 1 and 2 EDC Agreements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019**

The following table summarizes changes in operating and nonoperating activities between fiscal year 2019, 2018, and 2017:

	2019	2018	Dollar Change	Percentage Change	2017	Dollar Change	Percentage Change
Operating Revenue	\$ 1,448,337	\$ 1,248,973	\$ 199,364	16 %	\$ 9,846,913	\$ (8,597,940)	(87)%
Operating Expenses	5,859,154	6,141,684	(282,530)	(5)	7,582,154	(1,440,470)	(19)
Operating Income (Loss)	(4,410,817)	(4,892,711)	481,894	(10)	2,264,759	(7,157,470)	(316)
Nonoperating Revenue	827,456	138,319	689,137	498	583,849	(445,530)	(76)
Change in Net Position	(3,583,361)	(4,754,392)	1,171,031	(25)	2,848,608	(7,603,000)	(267)
Net Position - Beginning of Year	20,273,497	25,027,889	(4,754,392)	(19)	22,179,281	2,848,608	13
Net Position - End of Year	<u>\$ 16,690,136</u>	<u>\$ 20,273,497</u>	<u>\$ (3,583,361)</u>	(18)	<u>\$ 25,027,889</u>	<u>\$ (4,754,392)</u>	(19)

Operating Revenue and Expenses

During 2019, the Authority's operating revenues were impacted by the following:

- EDC Revenue and Homeless Fund — Restricted Revenue increased \$52,060 and \$78,215, respectively — Due to the transfer of the Marina Parcel (a Phase 1 property) from the Army.
- Gain on Sale of Land increased by \$85,207 — Due to an increase in land sales from 2018 to 2019.
- Other income decreased by \$16,118 — Due to income for the usage of the cell tower decreasing after the property was sold and a decrease in other miscellaneous income from 2018 to 2019.

During 2018, the Authority's operating revenues were impacted by the following:

- Gain on Sale of Land decreased by \$7,907,955 — Due to a decrease in land sales from 2017 to 2018.
- Grant revenue decreased by \$701,961 — Due to the final period of the federal grant which ended on June 30, 2017. The federal grant revenue is directly related to the reimbursement of qualified expenses incurred during the period.
- Operating fee revenue decreased by \$22,500 due to the agreement with the new operator.
- Other income increased by \$34,476 — From income for the usage of the cell tower property acquired with the Phase 2 property and other miscellaneous income.

The 2019 Operating Revenue increased by \$199,364 as a result of an increase in EDC and Homeless Fund revenue and an increase in sales from 2018 to 2019.

The 2019 Operating Expenses decreased by \$282,530 compared to 2018. The 2019 Program Costs were \$682,184 less than 2018 due to the following: decrease in utility charges and environmental consulting fees. The 2019 Homeless Fund expenses increased by \$123,740 due to the Authority selling more developable acreage compared to 2018 and therefore making more payments toward the Homeless Fund obligation per the Legally Binding Agreements for Homeless Provider Services.

Nonoperating Revenue

In 2019, nonoperating revenues, increased by \$689,137 due to revenue from an insurance claim on a Phase 1 property due to water damage. In 2018, nonoperating revenues, decreased by \$445,530 due to a decrease in auctions compared to 2017.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2019**

Impact of Future Economic Events

Please see Note 18.

In 2020, the Authority is anticipating the sale of approximately 8 parcels. A portion of the net proceeds from the sales of these parcels will be used to pay down the loan from the Monmouth County Improvement Authority (MCIA) and the working capital loans from the New Jersey Economic Development Authority (NJEDA). After payments to the Army and the Homeless Fund, the Authority estimates net sales revenue to the Authority of the 8 parcels to be approximately \$13.4 million.

In addition, EDC revenue will be used to fund infrastructure improvements, primarily on the Phase 2 (i.e., Main Post) properties. FMERA intends to fund these improvements as funding permits and on a "just in time" basis. Nevertheless, anticipated EDC revenue is projected to be sufficient to cover planned 2020 infrastructure expenditures.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances. If there are questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Fort Monmouth Economic Revitalization Authority, by mail at P.O. Box 267, Oceanport, New Jersey 07757.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 329,888	\$ 329,887
Other Receivables	1,200,611	466,834
Land - Held for Resale	55,746,811	67,912,341
Prepaid Assets - Future Land Conveyance	853,018	1,381,941
Prepaid Expenses	<u>74,783</u>	<u>71,833</u>
Total Unrestricted Assets	58,205,111	70,162,836
Restricted Assets:		
Cash - Economic Development Conveyance	1,360,584	2,268,041
Cash - Property Sales Deposits	2,392,915	2,326,288
Cash - Homeless Fund	2,489,960	2,026,703
Cash - Impact Fee	-	37,906
Escrow Deposits - Property Sales	<u>5,124,007</u>	<u>6,619,218</u>
Total Restricted Assets	11,367,466	13,278,156
NONCURRENT ASSETS		
Other Receivables	1,176,140	-
Costs Capitalized for Future Conveyance	32,496	32,496
Capital Assets, Net	<u>329,177</u>	<u>405,917</u>
Total Noncurrent Assets	<u>1,537,813</u>	<u>438,413</u>
 Total Assets	 <u><u>\$ 71,110,390</u></u>	 <u><u>\$ 83,879,405</u></u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 565,548	\$ 1,105,930
Deposits - Property Sales	7,516,922	8,945,506
Escrow - JCP&L	-	89,540
Land Conveyance Liabilities	15,517,271	23,582,908
Interest Payable	98,387	717,763
Loan Payable	23,560,000	23,735,000
Due to NJ Economic Development Authority	<u>725,821</u>	<u>716,399</u>
Total Current Liabilities	47,983,949	58,893,046
NONCURRENT LIABILITIES		
Working Capital Loan Payable	<u>6,436,305</u>	<u>4,712,862</u>
 Total Liabilities	 54,420,254	 63,605,908
NET POSITION		
Investment in Capital Assets	329,177	405,917
Restricted	8,062,598	9,001,442
Unrestricted	<u>8,298,361</u>	<u>10,866,138</u>
Total Net Position	<u>16,690,136</u>	<u>20,273,497</u>
 Total Liabilities and Net Position	 <u><u>\$ 71,110,390</u></u>	 <u><u>\$ 83,879,405</u></u>

See accompanying Notes to Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Economic Development Conveyance	\$ 52,060	\$ -
Gain on Sale of Land	1,182,200	1,096,993
Homeless Fund Restricted	78,215	-
Operating Fee	40,000	40,000
Other	95,862	111,980
Total Operating Revenue	<u>1,448,337</u>	<u>1,248,973</u>
OPERATING EXPENSES		
Direct Office Support	1,415,705	1,388,235
General and Administrative	142,381	159,479
Homeless Fund	390,860	267,120
Program Costs	2,864,134	3,546,318
Interest Expense on Loan Payable	744,455	694,375
Loan Issuance Costs	121,339	-
Loan Costs	5,000	1,000
Working Capital Loan Fees	88,500	-
Depreciation	86,780	85,157
Total Operating Expenses	<u>5,859,154</u>	<u>6,141,684</u>
OPERATING LOSS	(4,410,817)	(4,892,711)
NONOPERATING REVENUE		
Interest Income	20,903	14,967
Other	806,553	123,352
Total Nonoperating Revenue	<u>827,456</u>	<u>138,319</u>
CHANGE IN NET POSITION	(3,583,361)	(4,754,392)
Net Position - Beginning of Year	<u>20,273,497</u>	<u>25,027,889</u>
NET POSITION - END OF YEAR	<u><u>\$ 16,690,136</u></u>	<u><u>\$ 20,273,497</u></u>

See accompanying Notes to Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users (Golf Course and Miscellaneous)	\$ (1,184,126)	\$ 115,550
Payments for Personnel Services	(1,412,971)	(986,451)
Payments to Suppliers	(4,854,387)	(3,492,487)
Deposits Received	(1,428,584)	(2,476,371)
Deposits Returned	1,495,211	1,239,880
Proceeds from Property Sale	15,382,222	4,507,778
Payments to U.S. Army	(9,440,930)	(2,444,552)
Payments Related to Homeless Fund	(390,860)	(267,120)
Net Cash Used by Operating Activities	<u>(1,834,425)</u>	<u>(3,803,773)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds of Loan Payable	23,560,000	-
Gross Payments of Loan Payable	(23,735,000)	-
Proceeds of Working Capital Loan Payable	1,723,443	2,912,862
Loan Issuance Costs	(121,339)	-
Loan Costs	(5,000)	(1,000)
Working Capital Loan Fees	(88,500)	-
Miscellaneous Nonoperating Income	74,032	123,352
Net Cash Provided by Noncapital Financing Activities	<u>1,407,636</u>	<u>3,035,214</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Leasehold Improvements	(10,040)	(13,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>21,351</u>	<u>14,789</u>
NET DECREASE IN CASH	(415,478)	(767,740)
Cash - Beginning of Year	<u>6,988,825</u>	<u>7,756,565</u>
CASH - END OF YEAR	<u><u>\$ 6,573,347</u></u>	<u><u>\$ 6,988,825</u></u>

See accompanying Notes to Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (4,410,817)	\$ (4,892,711)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation Expense	86,780	85,157
Loan Issuance Costs	121,339	-
Loan Costs	5,000	1,000
Working Capital Loan Fees	88,500	-
Change in Assets and Liabilities:		
Other Receivables	(1,177,844)	(176,992)
Prepaid Expenses	(2,950)	(3,893)
Prepaid Asset - Future Land Conveyance	528,923	-
Land - Held for Resale	12,165,530	3,161,336
Accounts Payable and Accrued Liabilities	(540,382)	(157,326)
Deposits - Property Sales	66,627	(1,236,491)
Escrow - JCP&L	(89,540)	89,540
Land Conveyance Liabilities	(8,065,637)	(1,692,458)
Interest Payable	(619,376)	636,979
Due to NJ Economic Development Authority	9,422	382,086
Net Cash Used by Operating Activities	<u><u>\$ (1,834,425)</u></u>	<u><u>\$ (3,803,773)</u></u>

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Authority

The Fort Monmouth Economic Revitalization Authority (FMERA or the Authority), a body corporate and politic and an instrumentality and component unit of the state of New Jersey (the State), was created by the enactment and approval of P.L.2010, c.51 (Act) on August 17, 2010, by the State Legislature and the Governor, respectively. The purpose of the Authority is to implement the comprehensive Fort Monmouth Reuse and Redevelopment Plan (the Plan) for redevelopment and revitalization of the 1,126 acres comprising Fort Monmouth. The Plan and the "Homeless Assistance Submission" were submitted to the United States Department of Defense and Housing and Urban Development on September 4, 2008 for their review and approval. The United States Department of Housing and Urban Development issued their favorable determination letter on June 16, 2011, enabling the Authority to move forward with implementing the Plan.

The Authority does not have component units that should be included within its financial statements.

Fort Monmouth Homeless Fund

The Authority administers the funds of the Fort Monmouth Homeless Fund, as established by four (4) Legally Binding Agreements (LBAs) approved by the department of Housing and Urban Development (HUD). The New Jersey Housing Mortgage Finance Agency (HMFA) was the agency designated for coordinating the homeless services in New Jersey at the time the LBAs were executed. They were officially relieved of their responsibilities in this regard for such services at Fort Monmouth in March 2014 and the Authority was designated as the agency responsible for coordinating such homeless services and implementing the Homeless Assistance Submission. At December 31, 2019 and 2018, the cash held in the segregated accounts have been included in the Authority's statements of net position as an asset. The cash balances total \$2,489,960 and \$2,026,703 at December 31, 2019 and 2018, respectively.

Basis of Accounting and Presentation

The financial statement presentation has been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body for governmental accounting and financial reporting.

The Authority follows proprietary fund type accounting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Separate accounts are maintained for each fund to ensure observance of limitations and restrictions on the use of financial resources. Financial resources are classified for accounting and reporting purposes in funds established according to their nature and purpose.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Economic Development Conveyance

The Authority recognizes revenue to the extent the fair market value of property transferred to FMERA by the United States Department of the Army (Army) without cash consideration exceeds the aggregate of the Economic Development Conveyance contracted liabilities to the Army and the FMERA Homeless Fund for such parcel in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

In a nonexchange transaction, a government gives value without directly receiving equal value in return. Voluntary nonexchange transactions include entitlements, which included the Authority's receipt of both cash and property from the federal government and the United States Department of the Army.

Gain or Loss on Property Sales

Property transferred to FMERA by the Army for cash consideration, such as the Phase 2 purchase, is an exchange transaction as the contracted liabilities to the Army are satisfied at the time of conveyance.

The Authority recognizes a gain or loss on property sales at the time of settlement to the extent that the purchase price exceeds or is less than the carrying value of the parcel.

Lease and Operating Fee Revenue

The Authority recognizes lease and operating fee revenue when earned in accordance with the provisions of the underlying lease and operating agreements.

Nonoperating Revenue

Nonoperating revenues include income earned on the investment of funds and other income from proceeds from the auction of personal property, the use of the property for various events and revenue from an insurance claim on a Phase 1 property due to water damage.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with an initial maturity of three months or less, and units of participation in the State of New Jersey Cash Management Fund (NJCMF) to be cash equivalents. The NJCMF is managed by the State's Division of Investment under the Department of the Treasury. All investments must fall within the guidelines set forth by the Regulations of the State Investment Council. The Division of Investment is permitted to invest in a variety of securities to include obligations of the U.S. Government and certain of its agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances, and loan participation notes. Investment guidelines provide that all investments in the NJCMF should mature or are to be redeemed within one year, except that up to 25% of the NJCMF may be invested in eligible securities which mature with 25 months; provided, however, that the average maturity of all investments in the NJCMF shall not exceed one year.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Income Taxes

The Authority is exempt from both federal and state income taxes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Land Held for Resale

Economic Development Conveyance (EDC) assets conveyed by the Army without cash consideration (Phase 1) are stated at their estimated fair market value at the date of transfer. EDC assets purchased from the Army for cash consideration (Phase 2) are recorded at cost.

Capitalization Policy

Unless material, it is the Authority's policy to expense all costs of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations. Capital assets are stated at cost and the capitalization threshold is \$35,000.

Depreciation Policy

Depreciation is computed when the asset is placed in service using the straight-line method over the following estimated economic life of the assets:

Building and Leasehold Improvements	10 Years, Lease Term
Vehicles	5 Years
Furniture and Equipment	5 to 7 Years

Recent Accounting Standards

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2018. Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for legally enforceable liabilities associated with the retirement of tangible capital assets. The adoption of this Statement did not have any effect on the Authority's calendar 2019 financial statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (Continued)

The GASB has also issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The adoption of this statement did not have any effect on the Authority's calendar 2019 financial statements.

The GASB has also issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The Authority is required to adopt Statement No. 87 for its calendar 2020 financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, which is effective for fiscal years beginning after June 15, 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this statement did not have any effect on the Authority's calendar 2019 financial statements.

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This statement also establishes accounting requirements for interest cost incurred before the end of a construction period. The Authority is required to adopt Statement No. 89 for its calendar 2020 financial statements.

In August 2018, the GASB issued Statement No. 90, *Major Equity Interests*, which is effective for fiscal years beginning after December 15, 2018. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting component unit if a government acquires a 100% equity interest in that component unit. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measureable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measureable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The adoption of this statement did not have any effect on the Authority's calendar 2019 financial statements.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Authority is required to adopt Statement No. 91 for its calendar 2021 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2020. This statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Authority is required to adopt Statement No. 92 for its calendar 2021 financial statements.

Authority management is in the process of analyzing these pending changes in accounting principles and the impact they may have on the Authority's financial statements.

NOTE 2 CASH BALANCES

At December 31, 2019 and 2018, the Authority maintained Government Advantage Interest Checking Accounts with a financial institution. Cash deposits in the checking accounts totaled \$4,248,321 and \$4,857,554, respectively. Of this amount, \$2,392,915 and \$2,326,288, respectively, represents the funds received by the Authority from the responders to the Authority's Requests for Offers to Purchase land (RFOTP).

Petty cash as of December 31, 2019 and 2018 totaled \$64 and \$116, respectively.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled \$119,052 at December 31, 2019 and \$116,442 at December 31, 2018. In accordance with State Investment Council Regulations, units of ownership in the NJCMF may be purchased or redeemed on any business day (excluding state holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.

The NJCMF values participants' shares on a fair value basis. Specifically, the NJCMF distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated at market (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis, and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 CASH BALANCES (CONTINUED)

Additionally, the Authority has an escrow account with US Bank for the payment of the principal at maturity and interest accrued on the Loan Payable. At December 31, 2019 and 2018, cash deposits in this account totaled \$325,859 and \$18,692, respectively.

The Authority also has escrow funds held by CalAtlantic Title Company with TD Bank. These funds are proceeds from the sale of Parcel C-1 that are to be used for Jersey Central Power & Light to relocate utility infrastructure on the property. At December 31, 2019 and 2018, cash deposits in this account totaled \$2,651 and \$92,192, respectively.

Fort Monmouth Homeless Funds were on deposit with a financial institution in a Government Advantage Interest Checking Account. At December 31, 2019 and 2018, the cash deposits totaled \$1,831,704 and \$1,382,881, respectively. In addition, the amount invested with the New Jersey Cash Management Fund totaled \$658,256 and \$643,822, respectively.

The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At December 31, 2019 and 2018, the Authority's uncollateralized amounts in excess of federal depository insurance limits was \$6,433,192 and \$6,500,699, respectively.

NOTE 3 ESCROW DEPOSIT — PROPERTY SALE

At December 31, 2019, the Authority had escrow deposits of \$5,124,007 from third-party purchasers per the contracts to sell the Fabrication Shops, the Golf Course, Allison Hall, Barker Circle, the Bowling Center, the Eatontown Barracks, the Lodging Area, the Post Office, and the Warehouse District. Escrow funds were on deposit with the attorney trust accounts.

At December 31, 2018, the Authority had escrow deposits of \$6,619,218 from third-party purchasers per the contracts to sell the Fabrication Shops, Parcels C & C-1, the Pistol Range and Satellite Road, the Eatontown Barracks, the Golf Course, Allison Hall, the Lodging Area and Squier Hall. Escrow funds were on deposit with the attorney trust accounts.

NOTE 4 OTHER RECEIVABLES

At December 31, 2019 and 2018, included in other receivables are receivables of \$184,914 and \$327,058, respectively, for the value of in-kind services due from Monmouth County in connection with the purchase agreements for the Motor Pool Parcel which was executed in November 2016 and the Teen Center parcel which was executed in February 2018. At December 31, 2019, also included in other receivables is a receivable of \$732,521 for an insurance claim on a Phase 1 property, as a result of water damage.

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NOTE 4 OTHER RECEIVABLES (CONTINUED)

At December 31, 2019 the amount in other receivables – noncurrent, is a receivable of \$1,176,140 which represents the amount due from the sale of the Squier Hall parcel.

NOTE 5 CAPITAL ASSETS, NET

The following schedule detail changes in capital assets by major class that occurred during the year ended December 31, 2019:

	Balance December 31, 2018	Additions	Deletions	Transfers	Balance December 31, 2019
Capital Assets, Being Depreciated:					
Building Improvements	\$ 861,522	\$ 10,040	\$ -	\$ -	\$ 871,562
Total, Being Depreciated	<u>861,522</u>	<u>10,040</u>	<u>-</u>	<u>-</u>	<u>871,562</u>
Accumulated Depreciation:					
Building Improvements	455,605	86,780	-	-	542,385
Total Accumulated Depreciation	<u>455,605</u>	<u>86,780</u>	<u>-</u>	<u>-</u>	<u>542,385</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 405,917</u>	<u>\$ (76,740)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,177</u>

The following schedule detail changes in capital assets by major class that occurred during the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Deletions	Transfers	Balance December 31, 2018
Capital Assets, Being Depreciated:					
Building Improvements	\$ 847,552	\$ 13,970	\$ -	\$ -	\$ 861,522
Total, Being Depreciated	<u>847,552</u>	<u>13,970</u>	<u>-</u>	<u>-</u>	<u>861,522</u>
Accumulated Depreciation:					
Building Improvements	370,448	85,157	-	-	455,605
Total Accumulated Depreciation	<u>370,448</u>	<u>85,157</u>	<u>-</u>	<u>-</u>	<u>455,605</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 477,104</u>	<u>\$ (71,187)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,917</u>

Total depreciation expense for Fiscal Years 2019 and 2018 was \$86,780 and \$85,157, respectively.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 LAND — HELD FOR RESALE AND COSTS CAPITALIZED FOR FUTURE CONVEYANCE

At December 31, 2018, the Authority held title to all of the Phase 1 property with the exception of the Marina Parcel which transferred in 2019, Parcel E which sold in January 2013, the Clinic Parcel which sold in March 2014, Building 2525 which sold in February 2016, the Child Development Center which sold in March 2016, Parcel F-3 which sold in February 2017, the Teen Center Parcel which sold in February 2018, the Charles Wood Firehouse which sold in May 2018, and Parcel C-1 which a portion was sold in September 2018. In addition to the above, at December 31, 2019 the Authority held title to all of the Phase 1 property with the exception of Parcel C which sold in March 2019 and the remaining portion of Parcel C-1 which sold in December 2019. The remaining Phase 1 properties were recorded at an estimated fair market value of \$29,846,771 and \$41,728,992 as of December 31, 2019 and 2018, respectively, based on: independent real estate appraisals, where available; purchase offers submitted in response to the Authority's Request for Offers to Purchase; and market value estimates prepared by the Authority's staff and broker.

At December 31, 2018, the Authority also held title to all of the Phase 2 property with the exception of Squier Hall B which transferred in 2019, the Motor Pool which was sold to Monmouth County in November 2016, the County Homeless Shelter which was conveyed to Monmouth County in November 2016 at no cost, the Officers Housing which sold in January 2017, the Main Post Chapel which sold in February 2017, Russel Hall which sold in June 2017, the Oceanport Municipal Complex which sold in August 2017, the Fitness Center which sold in September 2017, the Dance Hall which sold in April 2018 and the Phase 2 carve-outs discussed in Note 8. In addition to the above, at December 31, 2019, the Authority also held title to all of the Phase 2 property with the exception of the Cell Tower Parcel which sold in October 2019 and Squier Hall which sold in December 2019. The remaining Phase 2 property was valued at cost which was \$25,900,040 and \$26,183,349 as of December 31, 2019 and 2018, respectively.

The Authority incurred certain infrastructure costs related to roads and sanitary sewer improvements within the parcels held for resale. This infrastructure will be conveyed to the various local municipalities in the future as redevelopment occurs. As the parcels get conveyed and transferred to the local municipalities, these costs will be expensed. The costs associated with the future conveyances totaled \$32,496 at December 31, 2019 and 2018.

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NOTE 7 PREPAID ASSETS — FUTURE LAND CONVEYANCE

The Commissary and Squier Hall Parcels were Phase 2 carve-outs that were not transferred with the other Phase 2 property in November 2016; however, the purchase price ascribed to these parcels was part of the \$33,000,000 paid to the Army for the purchase of the Phase 2 property. As a result, the costs of these parcels were recorded as prepaid assets. The Army will not convey title to these parcels until all environmental remediation has occurred. A portion of the Squier Hall property was conveyed to the Authority in December 2017 and another portion in January 2019. The costs of these parcels recorded as prepaid assets were \$853,018 and \$1,381,941 as of December 31, 2019 and 2018, respectively.

NOTE 8 DEPOSITS — PROPERTY SALES

At December 31, 2019, the Authority held deposits aggregating \$7,516,922 for the initial payments under purchase and sale agreements for the Eatontown Barracks, Fabrication Shops, Golf Course, Allison Hall, the Lodging Area, Barker Circle, the Bowling Center, the Eatontown DPQ, and the Post Office & Warehouse District and bid deposits for the potential sales of Barker Circle, the Commissary, the Optional Parking Parcel, Expo Theater, Howard Commons, the Marina, the Nurses Quarters, Parcel B, the Post Office, the Warehouse District and the Tinton Falls Parcel.

At December 31, 2018, the Authority held deposits aggregating \$8,945,506 for the initial payments under purchase and sale agreements for the Eatontown Barracks, Fabrication Shops, Golf Course, Parcels C & C-1, the Pistol Range and Satellite Road Parcels, Allison Hall, the Lodging Area, and Squier Hall Parcel and bid deposits for the potential sales of Barker Circle, the Bowling Center, Howard Commons, the Lodging Area, Marina, Nurses Quarters, Parcel B, the Commissary, the Expo Theater, the Optional Parking Parcel, the Post Office and the Warehouse District.

NOTE 9 LAND CONVEYANCE LIABILITIES

In accordance with the Economic Development Conveyance Agreement, at December 31, 2019 the Authority had the following obligations from the acquisition of the Phase 1 property which are payable at the time of a third-party settlement:

- a. Due to the United States Army
Ranging from 60% to 63% of Gross Sales Revenues (as defined by the Agreement)
- b. Due to Fort Monmouth Homeless Fund
\$20,055 per developable acre

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTE 9 LAND CONVEYANCE LIABILITIES (CONTINUED)

Based on the above obligations, the Authority has recorded an aggregate of \$15,517,271 and \$23,582,908 of land conveyance liabilities due to the United States Army at December 31, 2019 and 2018, respectively. The Authority has also recorded an aggregate of \$4,012,888 and \$4,758,332 of land conveyance assets due to the Homeless Fund at December 31, 2019 and 2018, respectively. The land conveyance assets and liabilities recorded are estimates and are subject to change based on economic factors that were unknown at the time of conveyance. At the time of settlement on the sale of the Phase 1 parcels any changes to the estimated assets and liabilities are included in the Authority's gain or loss from property sales.

NOTE 10 LOAN PAYABLE

The Authority obtained financing for the purchase of the Phase 2 properties through the Monmouth County Improvement Authority (MCIA). The financing structure entailed MCIA's issuance of taxable notes to provide the consideration to the Army, along with the cost of issuance. Interest on the notes and expenses will be payable by the Authority on a current basis, with the notes issued as one- or two-year obligations. Interest on the notes and expenses will be general obligations of the Authority. At December 31, 2017, the Authority paid down approximately \$9.3 million in principal upon its sale of three parcels; Officers Housing, Russel Hall, and the Fitness Center. At December 31, 2019, the Authority paid down an additional \$175,000 in principal upon its sale of 2 parcels; the Dance Hall (sold in 2018) and Squier Hall.

In connection with this transaction, Monmouth County's Board of Chosen Freeholders authorized a payment guaranty for the notes for five years. The County will hold a mortgage against the Phase 2 parcels which mortgage will be released on a parcel-by-parcel basis as and when the Authority is ready to convey individual parcels to third-party purchasers. On each maturity of the notes, MCIA plans to issue subsequent notes to refund the notes that mature and cover issuance costs. During the five-year term of the County's guaranty, principal payments will be made from and only to the extent that sales 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 the Authority's options will be to either: (i) renegotiate and extend the loan; (ii) refinance the balance through a third-party lender; or (iii) pay off the balance from cash on hand.

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NOTE 10 LOAN PAYABLE (CONTINUED)

The outstanding notes are as follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2017A; interest at 2.50%; principal and interest payable at maturity on November 14, 2019	\$ -	\$ 16,735,000
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2017B; interest at 3.00%; principal and interest payable at maturity on November 14, 2019	-	7,000,000
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2019; interest at 2.75%; principal and interest payable at maturity on November 12, 2020	<u>23,560,000</u>	<u>-</u>
Total	<u>\$ 23,560,000</u>	<u>\$ 23,735,000</u>

At December 31, 2019, aggregate debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$ 23,560,000</u>	<u>\$ 647,900</u>	<u>\$ 24,207,900</u>

Loan payable activity for the years ended December 31, 2019 and 2018 was as follows:

<u>December 31,</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u>	<u>Amounts Due</u>
<u>2018</u>			<u>2019</u>	<u>Within One Year</u>
<u>\$ 23,735,000</u>	<u>\$ 23,560,000</u>	<u>\$ (23,735,000)</u>	<u>\$ 23,560,000</u>	<u>\$ 23,560,000</u>
<u>December 31,</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u>	<u>Amounts Due</u>
<u>2017</u>			<u>2018</u>	<u>Within One Year</u>
<u>\$ 23,735,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,735,000</u>	<u>\$ 23,735,000</u>

Interest payable on the loan at December 31, 2019 and 2018 was \$86,387 and \$708,713, respectively.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTE 11 WORKING CAPITAL LOAN PAYABLE

The Authority obtained a working capital loan for up to \$5 million from the NJ Economic Development Authority for working capital purposes. The loan will have an interest rate of 2.23% with a 60-month term and a 12-month draw period. Monthly payments of interest will be due on the loan with all outstanding principal and interest due on January 1, 2023. The loan is secured by a mortgage on the Authority's interest on the Phase 1 parcels that were not subject to sale agreements at the time of the loan closing plus an assignment of net proceeds on Phase 1 parcels that were under contract and a second mortgage on Phase 2 parcels subject to the first mortgage held by the Monmouth County Improvement Authority.

At December 31, 2019 and 2018, the amount payable on the working capital loan was \$4,045,930 and \$4,712,862, respectively, and the interest payable was \$7,810 and \$9,050, respectively.

The Authority obtained a second working capital loan for up to \$5 million from the NJ Economic Development Authority for working capital purposes. The loan will have an interest rate of 2.00% with a 60-month term and a 12-month draw period. Monthly payments of interest will be due on the loan with all outstanding principal and interest due on October 1, 2024. The loan is secured by a second mortgage on the Authority's interest on the Phase 1 parcels that were not subject to sale agreements at the time of the loan closing plus an assignment of net proceeds on Phase 1 parcels that were under contract.

At December 31, 2019 the amount payable on the second working capital loan was \$2,390,375 and the interest payable was \$4,190.

NOTE 12 DUE TO NJ ECONOMIC DEVELOPMENT AUTHORITY

The balances due to the NJ Economic Development Authority at December 31, 2019 and 2018 for direct office support were \$725,821 and \$716,399, respectively.

NOTE 13 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES

For the years ended December 31, 2019 and 2018, the Authority's EDC revenue was \$1,967,954 and \$1,330,292, respectively, and consisted of the following:

	2019	2018
EDC, Parcel Revenue	\$ 52,060	\$ -
Gain on Sale of Land	967,010	1,051,609
Operating Fee	40,000	40,000
Interest	6,469	3,351
Other	902,415	235,332
Total	<u>\$ 1,967,954</u>	<u>\$ 1,330,292</u>

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**NOTE 13 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES
(CONTINUED)**

For the years ended December 31, 2019 and 2018, the Authority's EDC expenditures were \$5,388,202 and \$5,769,709, respectively, and consisted of the following:

	2019	2018
Utility Construction	\$ 273,997	\$ 179,129
Landscaping	80,207	53,125
Storm and Sanitary Sewer Construction	62,306	-
Transportation Management Facilities	17,602	34,883
Road Construction	51,095	280,817
Planning for/or the Marketing of the Property	4,902,995	5,221,755
Total	<u>\$ 5,388,202</u>	<u>\$ 5,769,709</u>

NOTE 14 OPERATING LEASES AND AGREEMENTS

Golf Course and Facilities

The Authority has an agreement with an operator for professional management and maintenance of the Fort Monmouth Suneagles Golf Course and associated banquet/restaurant facilities located in the Charles Wood Area of Fort Monmouth. The consideration for the agreement is the operator's obligation to assume the operation and maintenance costs of the premises. For the years ended December 31, 2019 and 2018, the Authority recorded revenue of \$40,000.

Equipment

The Authority entered into an operating lease for the rental of certain equipment necessary for the operation of the golf course and facilities at a rental rate of \$10,000 per calendar quarter. Rental expense under this agreement was \$40,000 for the years ended December 31, 2019 and 2018. The lease has been extended through June 30, 2020.

Future minimum payments under the equipment lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	<u>\$ 20,000</u>

Marina

The Authority has an agreement with the Army for the use of the Marina, boat slips, and Building 450. The consideration for the agreement is the Authority's obligation to assume the operation and maintenance of the premises for the benefit of the United States and the general public. Additionally, the Authority entered into an agreement with a marina operator for the professional management and maintenance of such marina and facilities under terms that cause such operator to absorb the Authority's obligation to assume the operation and maintenance costs of the premises, therefore, the Authority has recorded no rental expense for the premises for the years ended December 31, 2019 and 2018.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 OPERATING LEASES AND AGREEMENTS (CONTINUED)

Building 282 — Main Post Fire Station

The Authority has an agreement with the Borough of Oceanport for the use of Building 282 and its associated parking area for the professional management and maintenance of such facilities. The consideration for the agreement is the Borough's obligation to assume the operation and maintenance costs of the premises. Therefore, the Authority has recorded no rental revenue for the premises for the years ended December 31, 2019 and 2018.

Russel Hall - Office Lease

The Authority has a lease with TetherView Property Management, LLC for office space in Russel Hall, Building 286, and a Use & Occupancy Agreement with the U.S. Army BRAC Organization and the Authority's Property Management Contractor for joint use as short-term office space. The term of the lease is 24 months which commenced on February 1, 2019 and will terminate on January 31, 2021 at a rental rate of \$4,100 per month for the first fifteen months and \$4,141 per month for the last nine months. The month of February 2019 was not billed due to a delay in availability. Rental expense under this agreement was \$41,000 and \$0 for the years ended December 31, 2019 and 2018.

Future minimum payments under the equipment lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 49,528
2021	4,141
Total	<u><u>\$ 53,669</u></u>

NOTE 15 RISKS AND UNCERTAINTIES

Concentration of Revenue

Principally all of the Authority's operating revenues are from the conveyance and subsequent sale of property in conjunction with the Economic Development Conveyance Agreement (Phase 1 and Phase 2) dated June 25, 2012 and October 25, 2016, respectively, with the United States Army. The Authority's revenues are subject to the continued contract compliance and funding from these sources.

Economic Dependence

The Authority is economically dependent on the United States Army's compliance with the Economic Development Agreements and the continuing direct and indirect support by the state of New Jersey and Monmouth County through loans and loan guarantees.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 15 RISKS AND UNCERTAINTIES (CONTINUED)

COVID-19

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 16 CONTINGENCIES AND COMMITMENTS

Obligations from Phase 1 Economic Development Conveyance Agreement

In conjunction with the Phase 1 EDC Agreement dated June 25, 2012, the Authority is obligated to:

1. Accept the conveyance of certain Phase 1 parcels totaling approximately 563 acres including buildings, improvements, and personal property.
2. Sell or lease such parcels to third parties under competitive sales and leasing covenants or no cost covenants as agreed upon per particular parcel.
3. At the time of third-party settlement, pay the United States Army 20% to 80% of Gross Sales Revenue, as defined, as agreed upon per particular Phase 1 parcel.
4. At the time of third-party settlement, contribute \$20,055 for each developable acre sold to the Fort Monmouth Homeless Fund.
5. In the case of pre-conveyance leasing and post conveyance leasing, as allowed, pay the United States Army 20% of the Gross Lease revenues, as defined, for the first three years of the lease and 63% of Gross Lease Revenues thereafter until such properties are sold to third-party buyers.
6. Reinvest the third-party sale and lease proceeds net of the immediate obligations to the United States Army and the Fort Monmouth Homeless Fund to support the economic redevelopment of the former Fort Monmouth in 12 allowable expense categories as mandated in the Base Realignment and Closure Act (BRAC) within a seven year reinvestment period beginning on the date of the last United States Army conveyance or remit proceeds not used for these purposes to the United States Army within 60 days after the seven-year reinvestment period.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 16 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Obligations from First Amendment to Phase 1 Economic Development Conveyance Agreement

Pursuant to the First Amendment to the Phase 1 EDC Agreement dated October 25, 2016:

1. The Authority is obligated to provide the Army all net sales proceeds (\$527,825) from the sale of the Fabrication Shops parcel.
2. The Authority may convey the 38-acre Myer Center parcel, also known as Parcel F-1, to the NJ Economic Development Authority at no cost, and if so conveyed, no consideration will be due the Army.
3. The Authority is authorized to use proceeds from the sale, lease or use of the Phase 1 property to service bonds related to the Phase 2 parcels, as set forth in the October 25, 2016 Phase 2 EDC Agreement.

Obligations from Phase 2 Economic Development Conveyance Agreement

In conjunction with the Phase 2 EDC Agreement dated October 25, 2016, the Authority is obligated to:

1. Accept conveyance of certain Phase 2 parcels totaling approximately 563 acres including buildings, improvements, and personal property.
2. At settlement of the Phase 2 property, pay the Army \$33,000,000 (The Authority subsequently purchased the Phase 2 property on November 17, 2016.).
3. At the time of third-party settlement, contribute \$20,055 for each developable acre sold to the Fort Monmouth Homeless Fund.
4. Reinvest the third-party sale and lease proceeds net of the immediate obligations to the United States Army and the Fort Monmouth Homeless Fund to support the economic redevelopment of the former Fort Monmouth in 12 allowable expense categories as mandated in the Base Realignment and Closure Act (BRAC) within a seven year reinvestment period beginning on the date of the last United States Army conveyance or remit proceeds not used for these purposes to the United States Army within 60 days after the seven-year reinvestment period.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 17 NET POSITION

The Authority's Net Position is characterized as follows:

- Investment in Capital Assets
- Restricted
- Unrestricted

Investment in Capital Assets includes capital assets net of accumulated depreciation used in the Authority's operations. Restricted net position includes net assets that are restricted subject to existence of Economic Development Conveyance reinvestment restrictions, this includes cash and the Homeless Fund share of land conveyance. Unrestricted net position includes all net assets not included above.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 329,888	\$ -	\$ -	\$ 329,888
Other Receivables	-	1,200,611	-	-	-	1,200,611
Interfund Receivable	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	51,733,923	-	4,012,888	-	55,746,811
Prepaid Assets - Future Land Conveyance	-	853,018	-	-	-	853,018
Prepaid Expenses	-	74,783	-	-	-	74,783
Total Unrestricted Current Assets	-	53,862,335	387,497	4,012,888	(57,609)	58,205,111
Restricted Assets:						
Cash - Economic Development Conveyance	-	1,360,584	-	-	-	1,360,584
Cash - Property Sales Deposit	-	2,392,915	-	-	-	2,392,915
Cash - Homeless Fund	-	-	-	2,489,960	-	2,489,960
Escrow Deposit - Property Sales	-	5,124,007	-	-	-	5,124,007
Total Restricted Assets	-	8,877,506	-	2,489,960	-	11,367,466
NONCURRENT ASSETS						
Other Receivables	-	971,579	-	204,561	-	1,176,140
Costs Capitalized for Future Conveyance	-	32,496	-	-	-	32,496
Capital Assets, Net	136,455	192,722	-	-	-	329,177
Total Noncurrent Assets	136,455	1,196,797	-	204,561	-	1,537,813
Total Assets	<u>\$ 136,455</u>	<u>\$ 63,936,638</u>	<u>\$ 387,497</u>	<u>\$ 6,707,409</u>	<u>\$ (57,609)</u>	<u>\$ 71,110,390</u>
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ -	\$ 520,894	\$ 39,259	\$ 5,395	\$ -	\$ 565,548
Interfund Payable	-	57,609	-	-	(57,609)	-
Deposits - Property Sales	-	7,516,922	-	-	-	7,516,922
Land Conveyance Liabilities	-	15,517,271	-	-	-	15,517,271
Interest Payable	-	98,387	-	-	-	98,387
Loan Payable	-	23,560,000	-	-	-	23,560,000
Due to NJ Economic Development Authority	-	725,821	-	-	-	725,821
Total Current Liabilities	-	47,996,904	39,259	5,395	(57,609)	47,983,949
NONCURRENT LIABILITIES						
Working Capital Loan Payable	-	6,436,305	-	-	-	6,436,305
Total Liabilities	-	54,433,209	39,259	5,395	(57,609)	54,420,254
NET POSITION						
Investment in Capital Assets	136,455	192,722	-	-	-	329,177
Restricted	-	1,360,584	-	6,702,014	-	8,062,598
Unrestricted	-	7,950,123	348,238	-	-	8,298,361
Total Net Position	136,455	9,503,429	348,238	6,702,014	-	16,690,136
Total Liabilities and Net Position	<u>\$ 136,455</u>	<u>\$ 63,936,638</u>	<u>\$ 387,497</u>	<u>\$ 6,707,409</u>	<u>\$ (57,609)</u>	<u>\$ 71,110,390</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 329,887	\$ -	\$ -	\$ 329,887
Other Receivables	-	466,834	-	-	-	466,834
Interfund Receivable	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	63,154,009	-	4,758,332	-	67,912,341
Prepaid Assets - Future Land Conveyance	-	1,381,941	-	-	-	1,381,941
Prepaid Expenses	-	71,833	-	-	-	71,833
Total Unrestricted Current Assets	-	65,074,617	387,496	4,758,332	(57,609)	70,162,836
Restricted Assets:						
Cash - Economic Development Conveyance	-	2,268,041	-	-	-	2,268,041
Cash - Property Sales Deposit	-	2,326,288	-	-	-	2,326,288
Cash - Homeless Fund	-	-	-	2,026,703	-	2,026,703
Cash - Impact Fee	-	37,906	-	-	-	37,906
Escrow Deposit - Property Sales	-	6,619,218	-	-	-	6,619,218
Total Restricted Assets	-	11,251,453	-	2,026,703	-	13,278,156
NONCURRENT ASSETS						
Costs Capitalized for Future Conveyance	-	32,496	-	-	-	32,496
Capital Assets, Net	174,585	231,332	-	-	-	405,917
Total Noncurrent Assets	174,585	263,828	-	-	-	438,413
Total Assets	<u>\$ 174,585</u>	<u>\$ 76,589,898</u>	<u>\$ 387,496</u>	<u>\$ 6,785,035</u>	<u>\$ (57,609)</u>	<u>\$ 83,879,405</u>
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,059,984	\$ 45,946	\$ -	\$ -	\$ 1,105,930
Interfund Payable	-	57,609	-	-	(57,609)	-
Deposits - Property Sales	-	8,945,506	-	-	-	8,945,506
Escrow - JCP&L	-	89,540	-	-	-	89,540
Land Conveyance Liabilities	-	23,582,908	-	-	-	23,582,908
Interest Payable	-	717,763	-	-	-	717,763
Loan Payable	-	23,735,000	-	-	-	23,735,000
Due to NJ Economic Development Authority	-	716,399	-	-	-	716,399
Total Current Liabilities	-	58,904,709	45,946	-	(57,609)	58,893,046
NONCURRENT LIABILITIES						
Working Capital Loan Payable	-	4,712,862	-	-	-	4,712,862
Total Liabilities	-	63,617,571	45,946	-	(57,609)	63,605,908
NET POSITION						
Investment in Capital Assets	174,585	231,332	-	-	-	405,917
Restricted	-	2,216,407	-	6,785,035	-	9,001,442
Unrestricted	-	10,524,588	341,550	-	-	10,866,138
Total Net Position	174,585	12,972,327	341,550	6,785,035	-	20,273,497
Total Liabilities and Net Position	<u>\$ 174,585</u>	<u>\$ 76,589,898</u>	<u>\$ 387,496</u>	<u>\$ 6,785,035</u>	<u>\$ (57,609)</u>	<u>\$ 83,879,405</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Total
OPERATING REVENUES					
Economic Development Conveyance	\$ -	\$ 52,060	\$ -	\$ -	\$ 52,060
Gain on Sale of Land	-	967,010	-	215,190	1,182,200
Homeless Fund - Restricted	-	-	-	78,215	78,215
Operating Fee	-	40,000	-	-	40,000
Other	-	95,862	-	-	95,862
Total Operating Revenue	-	1,154,932	-	293,405	1,448,337
OPERATING EXPENSES					
Direct Office Support	-	1,422,393	(6,688)	-	1,415,705
General and Administrative	-	142,381	-	-	142,381
Homeless Fund	-	-	-	390,860	390,860
Program Costs	-	2,864,134	-	-	2,864,134
Interest Expense on Loan Payable	-	744,455	-	-	744,455
Loan Issuance Costs	-	121,339	-	-	121,339
Loan Costs	-	5,000	-	-	5,000
Working Capital Loan Fees	-	88,500	-	-	88,500
Depreciation	38,130	48,650	-	-	86,780
Total Operating Expenses	38,130	5,436,852	(6,688)	390,860	5,859,154
OPERATING LOSS	(38,130)	(4,281,920)	6,688	(97,455)	(4,410,817)
NONOPERATING REVENUE					
Interest Income	-	6,469	-	14,434	20,903
Other	-	806,553	-	-	806,553
Total Nonoperating Revenue	-	813,022	-	14,434	827,456
CHANGE IN NET POSITION	(38,130)	(3,468,898)	6,688	(83,021)	(3,583,361)
Net Position - Beginning of Year	174,585	12,972,327	341,550	6,785,035	20,273,497
NET POSITION - END OF YEAR	<u>\$ 136,455</u>	<u>\$ 9,503,429</u>	<u>\$ 348,238</u>	<u>\$ 6,702,014</u>	<u>\$ 16,690,136</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Total
OPERATING REVENUES					
Gain on Sale of Land	\$ -	\$ 1,051,609	\$ -	\$ 45,384	\$ 1,096,993
Operating Fee	-	40,000	-	-	40,000
Other	-	111,980	-	-	111,980
Total Operating Revenue	-	1,203,589	-	45,384	1,248,973
OPERATING EXPENSES					
Direct Office Support	-	1,368,537	19,698	-	1,388,235
General and Administrative	-	159,479	-	-	159,479
Homeless Fund	-	-	-	267,120	267,120
Program Costs	-	3,546,318	-	-	3,546,318
Interest Expense on Loan Payable	-	694,375	-	-	694,375
Loan Costs	-	1,000	-	-	1,000
Depreciation	38,130	47,027	-	-	85,157
Total Operating Expenses	38,130	5,816,736	19,698	267,120	6,141,684
OPERATING LOSS	(38,130)	(4,613,147)	(19,698)	(221,736)	(4,892,711)
NONOPERATING REVENUE					
Interest Income	-	3,351	-	11,616	14,967
Other	-	123,352	-	-	123,352
Total Nonoperating Revenue	-	126,703	-	11,616	138,319
CHANGE IN NET POSITION	(38,130)	(4,486,444)	(19,698)	(210,120)	(4,754,392)
Net Position - Beginning of Year	212,715	17,458,771	361,248	6,995,155	25,027,889
NET POSITION - END OF YEAR	<u>\$ 174,585</u>	<u>\$ 12,972,327</u>	<u>\$ 341,550</u>	<u>\$ 6,785,035</u>	<u>\$ 20,273,497</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Economic Development Conveyance</u>
Equipment	\$ 6,898
Insurance	43,814
Office Maintenance and Utilities	53,591
Legal Notices	1,651
Office Supplies and Postage	16,175
Communication	9,598
Travel	3,008
Meetings and Seminars	5,285
Marketing	<u>2,361</u>
Total	<u><u>\$ 142,381</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Audit Committee and Management
Fort Monmouth Economic Revitalization Authority
Oceanport, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fort Monmouth Economic Revitalization Authority, a component unit of the state of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Fort Monmouth Economic Revitalization Authority's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fort Monmouth Economic Revitalization Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Monmouth Economic Revitalization Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Fort Monmouth Economic Revitalization Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Monmouth Economic Revitalization Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 20, 2020

