

PROCEDURES FOR DISPOSITION OF RIVERFRONT STATE PRISON PROPERTY

The following are procedures which will be used by the State Department of the Treasury ("Treasury") in disposing of the property known as the Riverfront State Prison in Camden, New Jersey ("Riverfront").

INTRODUCTION

Pursuant to N.J.S.A. 52:31-1.1 *et seq.* (the "Surplus Property Act"), the principal executive of any State department, with written approval of the Governor, is authorized to sell and convey all or any part of the State's interest in real property and improvements if he determines that the property is not required and that such sale in the best interests of the State. Such sale shall be upon such terms and conditions as the State House Commission shall determine to be in the best interests of the State and shall be by public auction to the highest bidder unless the State House Commission shall "otherwise direct."

Treasury entered into a memorandum of understanding ("MOU") with the New Jersey Economic Development Authority ("EDA") for EDA to provide assistance to Treasury in demolishing Riverfront and effectuating its disposition. EDA was selected because of its expertise in economic development. This expertise will help maximize the value of the property and ensure that the highest sale value can be achieved within the context of developing the Camden waterfront. At its June 11, 2009 meeting, the State House Commission approved disposition procedures embodying Treasury's recommendations.

Subsequently, EDA, pursuant to the MOU, identified funding from the Delaware River Port Authority ("DRPA") to accomplish the demolition. As condition of the funding, DRPA required that EDA seek State House Commission and Legislative approval to reimburse DRPA from disposition proceeds for funds advanced for the demolition. In order for EDA to undertake the demolition of Riverfront utilizing DRPA funds, Treasury determined that revisions were required to the disposition procedures approved by the State House Commission at its meeting of June 11, 2009. At its October 27, 2009 meeting, the State House Commission revised the disposition procedures to authorize: 1) the conveyance of Riverfront to EDA 2) allocation of the sale proceeds as follows: First, to the State, in the amount of the property value prior to demolition, based on appraisal; second, to DRPA to reimburse it for funds advanced to EDA for the demolition; and third, any remaining proceeds to the State; and 3) disposition of the property to one or more qualified purchasers or redevelopers. The State House Commission also required that EDA return to the Commission for final approval of the sale terms prior to disposing of the property or any portion thereof.

Treasury previously determined that an auction process is not suited to the disposition of Riverfront because of the complex economic development concerns. Therefore, Treasury, in consultation with EDA, recommended a modified sales process that would likely not only increase revenue to the State and eliminate the need for the State to advance demolition funds, but would also be equitable to all stakeholders.

At the State House Commission's December 17, 2009 and November 22, 2010 meetings, the Members expressed interest in further amending the disposition procedures to maximize the transparency of the sale process and the potential financial return to the State. Treasury has consulted with EDA and proposes the revised procedures outlined below. Specifically, the revised procedures remove the option for a direct, negotiated sale to a user/occupant and require that EDA dispose of the property through a two-step sale entailing a prequalification process followed by sealed bids. This process will commence upon the rezoning of the site by the City of Camden.

As outlined in PL 2013, c.22, the property has been declared as surplus as to the needs of the State and the Treasurer is authorized to transfer all of the State's right, title and interest in the Property to EDA. The net sale proceeds from the Site, after payment to the State of an amount equal to the appraised value of the property prior to the demolition and site improvements of the Prison site, will be utilized by EDA for economic development project(s) within the City of Camden^a.

DISPOSITION PROCEDURES FOR RIVERFRONT STATE PRISON

1. Legislative Authorization

Upon approval of these procedures by the State House Commission.

2. Disposition Strategy

The EDA, as a state instrumentality, will dispose of the Property in accordance with applicable law and executive orders, including Executive Order 134 (McGreevey), now codified as P.L. 2005, c.51, and subject to the review and approval of the Attorney General's Office. The sale will be conducted through a two-step Request for Qualifications ("RFQ")/Sealed Bid process to real estate developers (described in Sections 3 through 6 below), commencing upon rezoning of the property by the City of Camden from its current industrial designation to a higher use acceptable to EDA. The rezoning may be accomplished either through adoption of a redevelopment plan or by amendment to the city's zoning ordinance. In order to maximize the financial return to the State and/or the economic benefits to the locality and the region, EDA may dispose of the property to one or more purchasers, as approved by the EDA's Board. The EDA's Board will approve the final sale terms, subject to the consent of the State House Commission pursuant to Section 9.7 below.

^a In December 2011, DRPA passed a Resolution making use of sale proceeds from the Site consistent with P.L. 2013, c.22.