

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 is 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.

3. RFQ Process: Eligibility Determination

- 3.1 Prior to the initiation of the RFQ process for the Property, the EDA will determine the appropriate level of financial ability and development experience required of interested parties, and, in consultation with the City of Camden, the appropriate and desired density, quality and mix of uses to be developed on the property.
- 3.2 EDA will conduct a marketing/outreach effort to identify potential purchasers and alert them to the RFQ.
- 3.3 The RFQ will indicate that the property will be sold through a sealed bid process, with the minimum acceptable bid equal to the sum of the property's appraised value (the "Base Price") as set forth in Section 9.2 below (the "Minimum Bid"). The RFQ will also outline the development obligations and milestones that will be imposed on the successful purchaser.
- 3.4 Interested parties will be directed to submit relevant information and documentation for the EDA to pre-qualify each respondent with respect to (i) Executive Order 134 (McGreevey), now codified as P.L. 2005, c.51, (ii) financial ability to complete the purchase and redevelopment of Riverfront, (iii) relevant experience redeveloping large-scale urban and/or waterfront sites, and (iv) the suitability of its development concept.
- 3.5 Based on the information submitted by interested parties, the EDA will notify each interested party as to whether or not it is eligible to participate in the bid process (each, an "eligible respondent").

4. Sealed Bid Procedure

- 4.1 Each eligible respondent will be supplied with a comprehensive bidding package.
- 4.2 Each eligible respondent will be provided with a copy of the EDA's terms and conditions outlining the sales process and a form real estate contract. Eligible respondents will have an opportunity to submit comments to the EDA on such terms and conditions and the form sales contract. Upon review and consideration of all comments received, the EDA will revise the terms and conditions and sales contract as deemed appropriate in its sole discretion to maximize the value to the State as well as to ensure an equitable process that will allow for a timely and successful closing of the sale and redevelopment of the property. A final version of the terms and conditions and the sales contract will be provided to all eligible respondents. Any eligible respondent submitting a bid will agree to be bound by the provisions of the final version of such documents and will not be permitted to make any material changes thereto. The successful eligible respondent will be

required to execute the sales contract upon award and to provide at the time of execution a deposit which will be in a percentage, as determined by the EDA, of the purchase price.

- 4.3 Eligible respondents will be permitted to visit the property site at pre-determined times. Representatives of the EDA will be available at such visits and any questions and answers will be shared with all eligible respondents in writing upon the conclusion of all site visits.

5. First Round of Bids

- 5.1 Upon completion of site visits, eligible respondents will be notified of the place and time to submit a sealed bid for the proposed property ("Bid"). The EDA will consider Bids from eligible respondents who submit timely Bids.
- 5.2 Any Bid which offers a price for the property that is less than the Minimum Bid or contain exceptions to any of the terms and conditions of the sale will be rejected as non-conforming.
- 5.3 Any Bid that proposes a development concept that is materially different than the development concept included in the eligible respondent's response to the RFQ will be rejected as non-conforming.

6. Second Round of Proposals (Best and Final Bids)

- 6.1 The EDA, in its sole discretion, may seek best and final Bids ("BAFB") from the eligible respondents who submitted Bids in the first round of bids (with such BAFB prices being the final prices, except if the bid process is continued pursuant to Section 7 below).
- 6.2 Any Bids which contain exceptions to any of the terms and conditions of the sale or a development concept materially different than the eligible respondent's previously submitted development concept will be rejected as non-conforming.
- 6.3 The award will be made to the eligible respondent offering the highest bid, provided, however, that any award and sale for a Bid amount that is less than the Minimum Bid shall require the unanimous consent of the EDA, the DRPA, Treasury and the State House Commission.

7. Contract Execution and Due Diligence Period

- 7.1 The successful eligible respondent shall be required to execute the real estate contract and return an executed copy with the required deposit within the time period specified.

- 7.2 The successful eligible respondent shall be authorized to conduct environmental due diligence within the specified due diligence period. Any environmental due diligence performed by the successful eligible respondent shall be done solely at its cost, shall be the property of the EDA and may be shared with other eligible respondents if the EDA so chooses.
- 7.3 If the contract cannot close with the successful eligible respondent, the EDA, in its sole discretion, reserves the right to award the property to the next highest bidder from the second round of Bids and if the contract cannot close with that party, then, in its sole determination, EDA may either continue to pursue a sale to one of the remaining qualified eligible respondents from the second round of Bids or undertake a new Bid process for the Property, provided, however, that any award and sale for a Bid amount that is less than the Minimum Bid shall require the unanimous consent of the EDA, the DRPA, Treasury and the State House Commission.
- 7.4 Private development of the property will be subject to local zoning requirements and planning board approvals, as well as the jurisdiction of the Camden Redevelopment Agency. Prior to closing, the successful eligible respondent shall seek designated redeveloper status from the Camden Redevelopment Agency.

8. Closing

Closing of title will occur upon completion of the steps outlined above.

9. Allocation of Proceeds

- 9.1 Sale proceeds, net of EDA's Administrative Fee, shall be immediately remitted to the following parties and in the following order of priority:
- (i) First, to the State in an amount not to exceed the Base Price (as defined below); and
 - (ii) Second, to the EDA to be utilized by EDA for economic development projects within the City of Camden.
- 9.2 The Base Price shall be established by a State-certified general real estate appraiser retained by EDA with a minimum of five (5) years full time commercial appraisal experience in Camden County, subject to the prior consent and approval of the DRPA. The appraiser is to appraise the then "fair market value" of the Project Site, prior to demolition, in accordance with such standards and criteria as the EDA, the DRPA and Treasury shall have agreed upon and provided to such appraiser.

- 9.3 Upon EDA's identification of a successful eligible respondent, the EDA shall immediately provide written notice thereof to the DRPA and to Treasury, which notice shall include, but shall not be limited to, a copy of such written Bid(s) received, any fully executed agreement of sale, or any other similar document evidencing the intent of the parties thereto to purchase and sell the Project Site. Thereafter, the Chief Executive Officer of the EDA, or her duly appointed designee, and the Vice Chairman of the DRPA, or his duly appointed designee (collectively, the "Review Committee"), shall undertake a thorough review and analysis of the Bid(s), which review and analysis shall take into consideration, among other things, the proposed purchase price, the proposed utilization of the Project Site upon disposition and sale, and the long-term economic benefits to the City, the County and the State as a result of such sale.
- 9.4 If, after review by the Review Committee, it is evident that the proposed purchase price is equal to or greater than the Minimum Bid, such proposed purchase price shall be deemed to be satisfactory.
- 9.5 In the event that the offer to purchase the Project Site is rejected by the Review Committee, the EDA shall formally advise the proposed purchaser(s) that such proposal(s) has been rejected and shall, thereafter, remarket the Project Site in order to achieve a more favorable purchase price.
- 9.6 After the Review Committee has established a final Sale Price and has determined to enter into an agreement for the disposition and sale of the Project Site in accordance with the procedures set forth above, such Sale Price shall be presented to the EDA Board for its final approval.
- 9.7 Prior to the disposition of the Project Site, or any portion thereof, EDA shall obtain final approval of the sale terms from the State House Commission. Any contract or agreement entered into between EDA and a purchaser(s) shall reflect this contingency.

10. EDA Administrative Fee

The EDA's fee for managing the disposition of the Property will be specified in an amendment to the MOU.