

**NEWARK LEGAL AND COMMUNICATIONS CENTER  
URBAN RENEWAL CORPORATION**

**MINUTES**

**Wednesday, December 4, 2013**

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**MINUTES of the Meeting of the Newark Legal and Communications Center Urban Renewal Corporation held Wednesday, December 4, 2013 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. David Samson, Chairman  
 Hon. Richard H. Bagger  
 Hon. Raymond M. Pocino  
 Hon. Anthony J. Sartor  
 Hon. William P. Schuber  
 Hon. David S. Steiner

Patrick J. Foye, President  
 William Baroni, Jr., Vice-President and Secretary  
 Darrell B. Buchbinder, Counsel  
 Karen E. Eastman, Assistant Secretary

Heavyn-Leigh American  
 Thomas E. Belfiore  
 Matthew R. Bell  
 Thomas L. Bosco  
 Steven J. Coleman  
 Philippe Danielides  
 Stephanie E. Dawson  
 John C. Denise  
 Gretchen P. DiMarco  
 Joseph P. Dunne  
 Michael A. Fedorko  
 Michael B. Francois  
 Robert Galvin  
 David P. Garten  
 Linda C. Handel  
 Mary Lee Hannell  
 Anthony Hayes  
 Mark Hoffer  
 Howard G. Kadin  
 Stephen Kingsberry  
 Cristina M. Lado  
 John J. Liantonio  
 John H. Ma  
 Lisa MacSpadden  
 Ronald Marsico  
 Daniel G. McCarron  
 Elizabeth M. McCarthy  
 James E. McCoy  
 Christopher Mohr  
 Jared Pilosio  
 Krista I. Powers

**NEW YORK**

Hon. Scott H. Rechler, Vice-Chairman  
 Hon. Kenneth Lipper  
 Hon. Jeffrey H. Lynford  
 Hon. Jeffrey A. Moerdler  
 Hon. Rossana Rosado

Brian W. Simon  
Gerald B. Stoughton  
Robert A. Sudman  
Christopher M. Valens  
Lillian D. Valenti  
David M. Wildstein  
Peter J. Zipf

Guests:

Nicole Crifo  
Janet Ho

Speakers:

Murray Bodin  
Margaret Donovan  
Richard Hughes  
Hon. Gordon Johnson  
Hon. Loretta Weinberg

The public meeting was called to order by Chairman Samson at 1:49 p.m. and ended at 2:14 p.m. The Board met in executive session prior to the public session.

### **Action on Minutes**

The Assistant Secretary submitted for approval Minutes of the meeting of April 24, 2013. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on April 25, 2013. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 9, 2013.

Whereupon, the Board of Directors unanimously approved the Minutes of the meeting of April 24, 2013.

### **Report of Committee on Capital Planning, Execution and Asset Management**

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in executive session at its meeting on December 4, 2013, which included discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and the report was received.

**NEWARK LEGAL AND COMMUNICATIONS CENTER – RESTRUCTURE OF LEASE AGREEMENT AND PURCHASE AND SALE AGREEMENT**

It was recommended that the Board: (1) authorize the President of the Newark Legal and Communications Center Urban Renewal Corporation (Corporation) to enter into an agreement to transfer: (a) the Corporation's beneficial interest in the net lease agreement, through no later than 2030, for the Newark Legal and Communications Center (Newark Legal Center) with Matrix One Riverfront Plaza, LLC (Matrix One) from the Corporation to Matrix Affiliate, LLC (MAL), an affiliate of Matrix One, in return for a first lump-sum payment from MAL of \$33.6 million, payable upon execution and delivery of the agreement to MAL; and (b) all of the Corporation's interest in the Newark Legal Center to MAL upon receipt from MAL of a second lump-sum payment; if made on or before December 31, 2020, the amount of the second lump sum payment will be \$8.4 million, plus interest at four percent per year from the date of the delivery of the agreement to MAL to the date of payment, compounded annually; if made on or after January 1, 2021, the second lump sum payment will be \$8.4 million, plus interest at four percent per year from the date of the delivery of the agreement to MAL to the date of payment, compounded annually, and an additional amount equal to \$400,000 discounted at four percent per year from December 31, 2030 to the date of payment; and (2) (a) find and determine that the Newark Legal Center is a non-core real estate asset, no longer required by the Corporation for the purposes for which it was acquired; and (b) authorize President take all actions required for the conveyance of the Newark Legal Center to MAL, upon receipt of the second lump-sum payment.

The development and construction of a legal and communications center and its related infrastructure in Newark, New Jersey, adjacent to Pennsylvania Station and the Port Authority Trans-Hudson system (PATH) terminus, was undertaken by the Port Authority, in cooperation with other agencies of government. This project consisted of an office building with approximately 360,000 net usable square feet and its related infrastructure (the Newark Legal Center). Additionally, a parking garage and pedestrian walkway were constructed as part of the project, with the proceeds of a federal grant obtained by the City of Newark.

Via separate actions, dated May 12, 1989, the Corporation was established to, among other things, acquire the project site and assume all obligations under contract associated with the development of the Newark Legal Center.

At its July 26, 2001 meeting, the Board authorized the President of the Corporation to enter into an agreement with Matrix Realty, Inc. (the parent corporation of Matrix One) for the lease of the Newark Legal Center for an initial term of 50 years, with the right to extend the term of the lease for four additional ten-year periods and one additional nine-year period. Under the terms of the lease agreement, Matrix One would make an initial rental payment and annual payments thereafter, payable quarterly, with the annual payments subject to certain increases every five years.

At its meeting of April 26, 2012, the Port Authority's Board of Commissioners authorized a comprehensive review of agency non-core-mission critical assets, including the Newark Legal Center, to determine the appropriateness of the Port Authority's continued involvement in these areas. As a result, a disposition strategy for the Newark Legal Center property has been developed, consistent with the net lease requirement that the Port Authority offer the property for sale to the tenant prior to offering the property to a third party. Subject to the execution of a final agreement containing definitive terms, MAL has entered into a letter of intent indicating its

agreement to assume the Corporation's beneficial interest in the net lease agreement, through no later than 2030, in exchange for a lump-sum payment upon execution of the agreement, and to assume the Corporation's remaining interest in the Newark Legal Center at any time on or before December 31, 2030, in exchange for a second lump-sum payment.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Samson, Schuber and Steiner voting in favor; Director Sartor recused and did not participate in the consideration of, or vote on, this item. Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

**RESOLVED**, that the President of the Newark Legal and Communications Center Urban Renewal Corporation (Corporation) be and he hereby is authorized, for and on behalf of the Corporation, to enter into an agreement transferring: (1) the Corporation's beneficial interest in the net lease agreement, through no later than 2030, for the Newark Legal and Communications Center (Newark Legal Center) with Matrix One Riverfront Plaza, LLC (Matrix One) from the Corporation to Matrix Affiliate, LLC (MAL), an affiliate of Matrix One; and (2) all of the Corporation's interest in the Newark Legal Center to MAL; all substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the Board hereby finds and determines that the Newark Legal Center is a non-core real estate asset, no longer required by the Corporation for the purposes for which it was acquired, and therefore subject to disposal, as provided by applicable law; and it is further

**RESOLVED**, that the President be and he hereby is authorized, for and on behalf of the Corporation, to execute any and all contracts, agreements and documents as may be necessary to effectuate the foregoing, substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the form of any contracts, agreements, and documents necessary in connection with the foregoing shall be subject to the approval of Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

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Assistant Secretary