

Fort Hancock 21st Century Federal Advisory Committee
Meeting Summary
Twin Lights Historic Site, Highlands NJ
May 30,2014

Dennis Donnelly, superintendent of Cheesequake State Park, welcomed the Committee to Twin Lights Historic Site.

Gateway Superintendent Jennifer T. Nersesian opened the meeting at 9:15am, welcoming everyone and thanking them for being flexible about the location of the meeting. Committee meetings are usually held at the Fort Hancock Chapel at Sandy Hook Unit but, as this is wedding season, the Chapel is booked on Fridays through the summer. National Park Service (NPS) Northeast Regional (NERO) Director Michael Caldwell attended the meeting and was introduced. Caldwell introduced Jeff Bryant, NERO Leasing Program Manager. He then stated that NERO and NPS are committed to the preservation of Fort Hancock and value the work of the Committee, while recognizing the risks necessary to move things forward.

Gerard Glaser, Committee co-chair, spoke of the level of commitment exhibited by both Nersesian and Joshua Laird, commissioner of the National Parks of New York Harbor. He thanked Caldwell for attending the meeting and said his presence was reassuring.

Update on General Management Plan and Committee Membership

Nersesian told the Committee that a Call for Nominations will be published in the Federal Register for the eight members whose terms expire August 25. (These members are: Mary Eileen Fouratt, Guy Hembling, Timothy Hill, Arthur Imperatore, Lynda Rose, Margot Walsh, Shawn Welch, Karolyn Wray.) Nominations are open to all. Nersesian thanked members for the service and time they have already committed and hoped they would consider reapplying to the Committee. Anyone interested in applying or reapplying will need to reapply by submitting a resume and a biography to the Superintendent's Office within 30 days after the Call is published. Nominations must then be cleared through the Department of the Interior and the White House Liaison before appointment letters are sent out by the Secretary of the Interior.

The summary from the April 2014 meeting was approved via email.

Observations from a Development Professional & Moving Forward

A few weeks ago, Laird invited a colleague from his days in New York City government to visit Fort Hancock and offer some observations. The development professional shared his thoughts in

an informal teleconference with members of the Request for Proposals (RFP) Working Group. Glaser summarized the call. He found it a helpful and informative discussion which validated some ideas the group had been considering already. It was helpful to hear from someone who has been farther along this path. Glaser said that some of the challenges presented kind of rocked us to the core.

Committee Co-chair John Reynolds said that the Committee should think very seriously about what the consultant said but recognize that he did not provide any formal study. Do we need professional studies to think about to do next? What do we need to do to make sure we are doing the right next steps?

Gateway Business Officer Pam McLay began the presentation, noting the great location of Fort Hancock as well as the challenges ahead. These include permitting no new structures, parking limitation, seasonal use, access to the peninsula and infrastructure problems. To gather the information necessary to attract viable leaseholders, the development professional highly recommended that the park conduct market studies and feasibility studies. Shawn Welch pointed out that, when the consultant spoke of the fort as an isolated place, the Committee should think about it as an isolated garrison which would need certain support elements such as convenience stores, restaurants and maybe a gas station. Fort Hancock had all these when it was a functioning garrison (small town).

McLay listed three informal observations from the development professional as to how to move forward: ad hoc development building by building (leasing and managing individually, not through another developer); focusing on lodging and hospitality; and focusing on development of an education- based campus. She noted that these were not the only ways to move forward.

McLay mentioned the idea of taking two of the worst buildings and rehabbing them as a demonstration of what is possible. Welch proposed the gym, which MAST High School could use as well as the park, or a concession lease with a convenience store (as an illustrative example) so that visitors can buy suntan lotion and other useful items without having to leave the peninsula.

Dan Saunders, with the New Jersey State Historic Preservation Office, noted that consultant was not warm towards having a master developer in charge. Saunders pointed out that, in Skylands, weddings take place, but guests can stay at old mansion which costs \$34,000 for a wedding. Group discussion about rehabbing facilities is needed.

Margot Walsh mentioned that developers build the model as an example of the facility to create interest. She believed this concept works for business and should be captured.

Timothy Hill said that the committee must prioritize what we would like to see if want to go the

Ad Hoc route. Otherwise "we are all over the board. "

Reynolds said that he both agreed and disagreed with what the development professional said. He wanted to know why the park would limit any kind of potential to preserve buildings when there is so much work to do. The primary purpose of the committee is to facilitate preservation of buildings.

McLay recapped that, for now, a master developer might not be the best option but if we take the ad hoc approach, perhaps a master developer will come in if we can show that a bundle of facilities work.

Karolyn Wray said that there is a lot of pent-up interest, so why limit any development? Mclay asked, should the park then put all buildings out for RFP? Should we determine use for each building? Or do we pilot one or two buildings? The park would like guidance from the Committee. Wray responded that the park could select a number of buildings, maybe some that are less damaged, and start that way. If we can show success, we can get a number of people to invest and show attention.

Michael Holenstein remembered that, at the first Committee meeting, former Superintendent Linda Canzanelli stated that all uses would be considered. At this point, he said, the discussion of whether we will permit residential is too late in this game. Excluding residential use, he said, is wrong. Also, the new General Management Plan for Gateway and the Secretary of the Interior's Standards for Rehabilitation require credentials for rehab which is the foundation for applicants proposing rehab. That will dictate the manner by which buildings will be rehabbed. There is no reason to limit the numbers or types of buildings to be rehabbed. Demand will be huge.

Saunders noted that he heard the development professional's reluctance to move forward in a big way right now due to the size and scope of the resource. Additional planning is required but that also, whatever use ends up taking place is going to change the dynamic of the main post of Fort Hancock. We had a failed development scheme out at FOHA before and we should be cautious about master developers. Saunders described the development professional as not opposed to residential use and pro-recreation.

Mary Eileen Fouratt stated that the park should issue the RFP and see what comes in. That will determine what kind of development takes place. She would hate to see it limited before that. Once all the proposals come in, the park and Committee will get a better picture of the mix.

Nersesian reminded members that the park is not taking anything off the table, including residential use. We have all seen the editorials that have come out about residential but at the same time, residential use is historically based and provides an opportunity for rehabilitation.

The ad hoc approach can help build demand by demonstrating success which can lead to better and greater interest in the community and further rehabilitation. If we want to go down the road of looking at educational or campus facilities, we need to do some studies and show it is feasible. If we want to do incremental approach, we can go after low hanging fruit and it buys us time to move ahead with someone who is looking for a larger development opportunity.

Walsh said we spend so much time gathering people together to analyze and garnering some solid concepts from that effort. The park should do something to use as a demonstration model but should also get the RFPs out there to determine whether we want to implement the options they propose.

Reynolds stated that, 10 years ago, there was a lot of community opposition to residential, but that does not seem to be the case now. Welch is right; there is a tremendous historical story here and it is essential to how things are viewed and what is appropriate at the fort. The more people perceive Fort Hancock as a National Historic Landmark, the more the community will understand that preservation and use of the site can go a long way to creating how people feel about whatever type of development is undertaken.

Holenstein said that our capacity in making recommendations is not based on investment. It is based on level of standards that must be maintained. We do not need to do studies to determine what is viable under an RFP. We should make it possible for applicants to do those studies in support of their proposed use. The other thing we should not do is question what groups or applicants are better than others or what uses are better than others. That is irrelevant to the Committee and will be decided during the lease adjudication process by the park.

John Ekdahl responded that the Committee should not underestimate public opposition or interest in the site. He thinks that weekend residential and private housing are valid as considerations in spite of the public wanting full access to the park but points out that is difficult for the public to understand what they would view as exclusive use by just a few.

Reynolds said that, at the Presidio, there are hundreds of houses and the public can go anywhere. Some of the public access opportunities depend on what the public believes they want to get. Yes, the public should have a place to come and stay but the character of what they are going to experience must be meshed with the concerns about exclusive use. Having 35 Bed and Breakfasts will not make it here (he guesses, not having feasibility studies to use).

Saunders said that some opportunity to spend the night at Fort Hancock should be part of any RFP. Fouratt suggested a range of affordable opportunities, including a hostel. Welch and others pointed out that the variety of buildings allows for different options for overnight stays.

Welch spoke in favor of a marketing plan and outreach plan and suggested thinking of the RFP as being continuously open. He did not want to see this place get branded as Rich Man's Paradise. Public access is more about being able to walk around and look at the buildings than it is about getting in to all buildings. We should expect the public to walk around the properties which may be used as exclusive residences but if you have a living history program in existence, it adds value and brings visitors. People need to see that NPS has skin in the game and wants to make this a vibrant and viable community, which requires a marketing plan, strategy, and reaching out to private business. He thinks we can do private residences well.

Hill asked, if people are investing out there, how are we going to control their price points or what they are going to charge visitors? If we are doing piecemeal development, maybe one of the buildings is suitable for commerce to buy suntan lotion. We have to pick an approach. Do we want to commit to residential uses?

Lillian Burry agreed with Holenstein and Hill. She suggested having a zoning plan to think about the whole picture. Certain buildings lend themselves to residential use, other to commercial, others as a B&B. People she knows who are interested in residential are concerned about what is going to be next door. If there was a zoning plan, people would not worry about coexisting compatible uses. The idea of having a model there is good for people to see what it will cost to redo a roof, or some woodwork, or to see what the possibilities are. Also, zoning keeps it from becoming an amusement park.

Saunders observed that the issue of fairness ties into public use. People believe that the last developer was not brought on openly or fairly. We have to be careful in how we move forward.

Holenstein noted that Gettysburg, Savannah, Atlanta and Washington, DC are all places where you have historic use and residential mixed together. The public may not necessary want access to all historic buildings but they do like the streetscapes and the feeling they get from the historic landscape. If they can get into some of the buildings, they won't feel excluded and we can meet all needs that way. Regarding what will be next door if that is a concern for interested parties, we should remain open minded and he agrees that at least having a model, to provide standards and show them, that is a very solid way of proceeding.

Glaser hesitates to use the word "zoning", but the RFEI process and it has suggested patterns of development-of what fits where. He does not object to planning for uses in certain places. Also, park employees lived in some park housing prior to Sandy. Glaser mentioned that the development professional said we should reach out to potential respondents in the areas we want to encourage.

Fouratt suggested that Building 18 could be a model for Officers Row buildings as well as other

models such as New Jersey Sea Grant Consortium's use of Barracks Building 22.

Nersesian thanked the Committee for identifying that we need to educate the public and articulate what residential use means and that we must not underestimate public "outcry" about residential. She noted that the NPS can begin negotiations with non-profits right away. Should the park pursue that path?

Holenstein replied that the park needed to "keep it fair." Education use might be more in lines with mission of NPS but keeping it fair means, you open to everyone at the same time. Glaser observed that it is not necessarily fair, or at least may not be perceived as fair, to allocate facilities to non-profits. We don't know that they are any more ready to proceed than any other interested party. We should be careful in how that is perceived.

Fouratt said that we want a level playing field and the most information you can gather to go forward.

Welch noted that, when he first started to volunteer at the park in 2003, over 19 units were occupied by NPS families. There was a lot of activity in the park. Now there is no housing, and far less activity happening here. If you come out here in the evening in the winter, the place is a ghost town. Is that the message we want to send the public? What does that mean to this marketing plan, which is the key as you solicit responses to the RFP? There is a mixture of "this is our plan," "we want you to partner with us" and "we would like to see this." The message is not yet coherent, and it needs to be. With housing and long periods of deterioration, people's memories are long, we have to think about how to bridge those long memories to our advantage.

Reynolds stated that, before any leases are given for any purpose, NPS must tell the public what it will be used for so there are no surprises. There should be decisions on what goes where in an open and fair manner. How we get to the next steps? There are benefits from having a building preserved right way; it shows we are serious, and it shows the vision of what we propose to have as well as what we think fits.

Referring to a map of responses to the RFEI, where business, non-profit, residential, and other interests in specific types of buildings can be seen visually, Nersesian thought that where we end up will likely look a lot like that map. Nersesian wants to make a case for individual development. Perhaps if we went out with the B&B block (8 units) it may not be sustainable. But if you go out with one or two in an incremental manner, you are developing the opportunity and can grow with the demand as the first buildings demonstrate success.

Holenstein responded that the map we are looking at in response to RFEI lets the cart wag the dog. Instead, we should take the responses and find a way to use them in a manageable form. We should look at it as we "only" have 40 buildings to offer. He suggested that if the buildings are

made available under an RFP, NPS will be overwhelmed with the applicants interested in use.

Saunders believed that the map is useful as a reference document and to identify what we saw in response. He recommended that, if we choose an incremental approach with one project going first, it should include public use. He also noted that New Jersey is "all about" shore use and rental housing.

McLay returned to the presentation with a slide on hospitality and lodging. The development professional urged us to consider this use based on the location and given its current use. We have had such strong demand for the Chapel. Perhaps we could provide a B&B related to the current wedding demand. Whether we consider a market study is something we've already talked about today. Should we get a market study? We've had this lodging conversation.

McLay then pivoted to use by colleges to take advantage of the fort's campus environment. However, as McLay pointed out, the park has engaged with colleges for years, including some which have since moved out: Brookdale Community College, Rutgers University and Monmouth University. The park has little to show for these multi-year efforts. Should we continue with education?

Burry noted that the park is in competition with Fort Monmouth Redevelopment, where they can own the land and buildings. McLay pointed out the leasing term limitations were problematic for the above organizations because they had trouble justifying sinking money into resources that they cannot own.

Glaser believed that there is great potential for colleges/campus, but we must do more with educators than just saying there is an opportunity out at Fort Hancock. We must court them. They have some difficulties, but portions of the University look favorably on the opportunities here, for example, in marine science. NOAA and New Jersey Sea Grant Consortium would argue that all of Sandy Hook is "Woods Hole South," rich with scientific conditions. The park must let institutions know that Sea Grant, American Littoral Society, Clean Ocean Action and others are out here, and the niche is there.

Commitment to costs vs. cost effectiveness of a venture is different, observed Holenstein. Colleges mix out their costs to provide use of facilities in one place even though it is a loss, because the use or location is critical. Holenstein stated that in the case of Rutgers or BCC, the commitment to the cost of being at Fort Hancock was overwhelming due to the conditions of the buildings (not necessarily to the profitability of the venture).

Walsh stated that NJ Sea Grant's dream is to have a barracks for overnight camps. They would love facilities for that mission. The college structures cannot necessarily afford the structure

for the programs they'd like to have but, if there were barracks here, they could come for overnight trips. There is a market here, but it has to provide some housing.

Welch agreed that if you do not have housing, it is hard to sustain use out here. Army facilities standards should not apply. For cost reasons, we would need to approach this from a hostel point, or the Marines and National Guard's more austere approach, and lead people to understand that open bay barracks are suitable for overnight (not individual rooms with individual latrines). Kids today, however, do not like group housing settings and shared latrines. This may need more work and consultation.

Burry agreed that it is important to have an approach for academic institutions. They will not just come to us. We need to show them what we can offer. Nersesian then asked if it made sense to form an educational outreach committee. Burry said yes; look how well MAST is doing as a public high school at the Hook. Restoring the gym building and allowing it to be used by other organizations besides MAST would be a big help. Welch remembered that a swing dance at the Chapel a few years back almost exceeded capacity. The gym could be used for that and more if it was rehabbed.

Holenstein liked the idea of having barracks used in a similar manner to their original use, while allowing private leases to some homes but having others available for interpretation. McLay noted different uses have demand at the fort: wedding venues and their needs; educational components from MAST and NOAA. She looks forward to the idea that there be an educational outreach workgroup and thanked the group for the robust discussion.

Nersesian pointed out the difference between an RFB and an RFP. She has heard different things from those around the table and wanted to hear final thoughts. Ekdahl believed that a market feasibility of the site is a good idea as is a "template" building. But how will we move forward with them if NPS has no funds towards this? Nersesian replied, perhaps we will have to make the case for funding.

Reynolds warned that it would be an error to do a limited RFP before there is a publicly available plan of what goes where.

Walsh said that taking one building and redoing it and then having the RFP should not be pitted as exclusive of one another. One does not preclude the other. Nersesian replied that moving forward does not preclude an RFP. We can start with one at any time.

Reynolds stated that this was a superb discussion, but it did not leave us with concrete thoughts. He wants the NPS to take all this information back and come back to group with a specific plan as to how this will be implemented. What feasibility plan are you using? What cost estimates

must be complete and how will it be done? What is the fair competitive process? To come back with anything less than an oriented specific proposal is just a waste of time.

Glaser observed that the committee learned a lot from the meeting that informed McLay's presentation as well as today's discussion. Prior to this, the committee was on a clear path to release an RFP in the fall. If we delay any longer, we run a serious risk of losing the public's interest and confidence. We should have that discussion by the end of today about the message we want to convey to the public. The fact that Caldwell and Bryant are here from the NPS Northeast Regional Office (NERO) suggests that the NPS is willing to do something unique to capture this opportunity and to move forward. Glaser worries that sending the park back to come up with additional information in another six to eight weeks loses us momentum. Maybe we should just issue an RFP and move forward based on the responses we get. Isn't the simple answer to put the RFP out there?

Reynolds replied that he thought he was saying the same thing, except that he does not want the park to think that the Committee is making the decision for them. The park needs to put something thoughtful together and decide what they need feasibility studies for and that should be reflected in the final decisions.

Welch believes that the group is going to get some recommendations. Plans will come in incremental bites and overarching plan is too big to address right now. Case by case is the best approach for testing success. Just because you put out an RFP does not mean you must award. But it all works in our favor because this is a landmark.

Nersesian circled back to developing an education outreach committee. The park does not want to be in the position of coming up with a plan for approval at some later date. We are ready to move forward; let's decide what it is we are ready to move forward with. We do need to get some costs and look at some feasibility analysis but nothing prevents us from moving forward with an RFB for lodging (though she wants to know if this is premature). She warned that a full-blown RFP that considers the entire area may be overbroad, while an incremental approach gives us time and ability to build up capacity necessary to serve tenants out here. This way no new organization and support structure needs to be in place at once and we can see what the real needs are and what resources as necessary.

Hill stated that a model type situation may be appropriate but if only someone has identified a use of a building and has the money to move forward with it. Do we feel that a single entity should be able to proceed if there are an interested and capable applicant? If we think something is reasonable, should we not move forward? He would like to see a vote or consensus happen today so that there is movement of some kind.

Holenstein said that at the last meeting, the committee asked for RFP based information and the NPS provided it. He wanted NPS to go back and work on the RFP within the deadlines set for a fall release. We don't need a lot of studies; we should just move forward.

Reynolds said that the most common mistake for the NPS is to take action that it has not vetted externally to a sufficient extent. If NPS thinks this is OK, he has no objection. If this project is not in order, it will come back to hurt NPS. It is consistent with the RFEI "zoning" map.

Holenstein replied that it would not make a significant difference if you go out in one month for one use as opposed to a yearend release of all facilities. You tramp on the good will and excitement associated with the energy expended by interested parties thus far.

Glaser cautioned that we need to think carefully about the message we send. Can we have it both ways with a Request For Bids (smaller than an RFP)? We should have a model that conveys the message that we have thought about it in a broader context and that this is just one piece we are looking at so other things can happen and people can see there is something we can use.

Consensus was reached to form an education outreach group with the following members: Howard Parish, Linda Cohen, Margot Walsh, Mary Eileen Fouratt, Lillian Burry (chair) and a public attendee, Keith Kilgannon. Nersesian will also be a member.

Consensus is reached as to the following: NPS will continue to work on projects and come back with something solid based on today's discussion such as a zoning plan or documents solidifying further action taken.

Holenstein called on the NPS to the group at the next meeting whether it feels the need to conduct a study for the RFP or other analysis.

The group reaches consensus that NPS should take some further action in the interim and relay to the group any plans by email. No need to wait six weeks for the next meeting to report out on what plans are.

The committee broke for lunch at 11:30 am. It resumed at 1:13 pm, when the public comment period began immediately.

Public comments

Richard King, Monmouth Hills resident: Thanked NPS for rehabbing a number of porches on Officers Row Building. Regarding a zoning plan, it is a good concept, it should be kept flexible and not strictly

adhered to. Some of the restorations that occurred before this were not necessarily the best; if you keep to a strict zoning plan, you may not get better results. Hears opposition to residential use but stated that period of significance here is World War II. [Note: period of significance includes the WWII era but actually begins in the 1870s and goes up to 1974.] Residential use is consistent with period of significance, where structures were used as residential. Failing to consider the historic use might result in litigation. He is concerned the committee is trying to structure things too rigidly. He says there are a lot of people who have identified interest and if it is true the NPS has the power to enter into a lease with a non-profit at any time. He would have entered into a lease with the Visiting Nurses Association and the Romer Shoal organizations if it were up to him. Those negotiations should have been opened. Regarding B&B use, anyone who comes later might want better terms. We should recognize that any lessee will make their own analysis and decision. The lessees will make their own decisions based on commercial interests as to what they can afford. Get a lease moving with VNA and Romer Shoal. All other uses will come along. We know that the mule barn will be a restaurant. It will work out as soon as someone gives the go ahead for a restaurant. Glaser clarifies with questions about residential use and Mr. King says that he is not opposed to residential.

Nersesian asked the committee whether or not they supported residential use. It was not clear from the responses around the table that there was any consensus. Holenstein recommended that an RFP be general, without specific uses indicated. Reynolds urged the park to consider all advice, but to decide what to do was most important.

Barbara Bovaso, respondent to the RFEI: Requests that the park get a process started. There are a number of people who have put in thoughtful requests in the RFEI. Originally, it was thought the RFP was going to be issued in early spring. Now it seems that it is proposed for early fall. Start preparing the documents and get it going. If you are not against some of the RFEI ideas or ideas from today, now is the time to move ahead.

Betsy Barrett, president of the Sandy Hook Foundation: In response to earlier discussions, she is not opposed to B&B. If you are talking about NPS coming up with the model, use the B&B as a model so you know commercially what you can do (also re ADA and fire) and seek funds immediately to facilitate. Also, if you open up anything at any time, it should be consistent. Do not compromise one lease vs. another based on the group. You have to know what you are asking people to do with rehabilitation: same roof, windows, etc. Parameters must be absolute and must include how long rehab can take place, how much to invest at a minimum, and how to care for the premises so they appear similar/consistent. Until you know what you want to ask of people, you should not go out for RFPs.

Holenstein answered that, with respect to fairness and leasing, the consideration and the terms

used in crafting a lease may vary among properties that are otherwise similar, based on NPS decisions about the user and without regard for any other construed fairness. It is possible that two adjacent properties will have differing leases. NPS is the decider of what is fair and reasonable. Mclay replied that each lease is negotiated individually with each lessee. Nersesian mentioned that even though they are negotiated individually, that does not alleviate a requirement for fairness and reasonableness. Each property requires a different level of investment but they all start from the same formula. Mclay clarified that a maintenance plan and other factors can be negotiated individually. Mclay also confirmed that we cannot waive Fair Market Value Regulations regardless of an entity's status.

Welch asked what the NPS mission is in this case as outlined by our conversation with the development professional: to preserve buildings or to turn a profit. What is your measure of success? Nersesian

9

replied that the NPS is not in this to make money. Our first priority is to get the buildings preserved and making investments in the initial rehabs.

Keith Kilgannon, Romer Shoal Lighthouse: He came in here self-interested and charging ahead for Romer Shoal to secure a lease. After hearing the level of discussion, from the people here, most of them on their own time, he is shocked by the complexity of the issues. He remembered that he came across Romer Shoal b/c he was fascinated by the Fort. He thinks the committee and the park are doing good work in a difficult, complex task. He works in the corporate world but appreciates the redemptive value of the discussion undertaken here. He no longer feels he should speak about what the group does. We have a marketing problem, not a development problem. Holenstein put it right when he said the dog is wagging the cart. He understands this is supposed to be fort Hancock for the 21st century, not for the next five years. So even if Romer Shoal 's interests are not served in this short term, he will stand up to help the committee with outreach in any way he can.

Reynolds thanked the speaker and said he was taken by the comment that we have a marketing problem and that the market will dictate where we end up. Thinks that is exactly what will happen so creating one more RFP is the challenge.

Kilgannon replied that creating RFP is the easiest part of the challenge. As a homeowner in Monmouth County, he points out that none of his compatriots know Fort Hancock is "up for bid." He came here ready to transfer money for a row house and for a concession area at the NPS asking price but understands now that there are greater challenges than just filling buildings. What an opportunity but context is equally important. Time is not an issue, he understands. The issue is long term. The vision is what matters, put hungry guys like him aside, and put it out

piece by piece. He thinks he can make the best case for a building but is backing down and thinks we should listen to as many stories as we can and let the advisory committee pick and vote so that NPS knows what to do. Reynolds replied that the committee can only advise, but by law, the park makes the decisions.

Jean Kingman, Sea Bright resident: We don't have time to wait. Those houses are falling apart. She is surprised there is no vision of what is hoped for out at Fort Hancock. She thought the meetings would be about how to plan out the vision that should already be in effect. She thought that whatever happened out there would be developed as a community. She talked about how land marking old buildings in the NYC saved old buildings to preserve a land scape and that tax credits shaped the landscape of the whole city. It can do that if you have the right incentive for people. If you want people to stay and develop, you need to have a good mix. Restaurants and shops will bring people out there. None of this is being marketed in the City. We must talk to people who have money to do something, like the owners of the Union Square Cafe in NYC, who do hospitality with a philanthropic bent. Nersesian asked her to do outreach with Union Square Cafe given that she has the connections. Speaker agrees. Burry asked if the speaker realized these are leases, not property for fee simple ownership. Kingman cited land leases in the city that received strong responses and made development possible.

John McCabe, interested investor: The idea of giving out leases in response to RFEIs, after telling the public that RFEIs "don't count," is misleading. He disagreed with the previous speaker about how much this issue is known in Manhattan. He saw it in the New York Times. Because the RFEI "did not count," potential leaseholders kept their powder dry and did not share some of the best ideas. He likes the symmetry of officer houses at West Point overlooking the river, "lined up like soldiers." The uniformity and constant presence is part of the identity. Fort Hancock is similar and that seems to be what we want to keep. Having inconsistent renovations would be a problem with Officers Row. The committee should

10

consider working with contractors to ensure the exterior looks the same and is uniform. Then you give the houses to the lessees and they can do the interiors and maybe envelope/exterior work can be paid for by tax free bonds. Group flood insurance can be purchased. A use fee can be added and that is how you manage it by making it pay for itself. If done consistently, you get consistent results.

Tom Matulewicz: He has been out to the Hook a number of times. One thing we have to be concerned about is the poor conditions for the buildings. If something is not done soon, there will be no buildings. Buildings require stabilization at a quick pace.

Kingman added that it would be a mistake to hire contractors. Historically, all buildings must be

consistently rehabbed, but contractors are not consistent in the way they undertake the same tasks. Mclay clarified that federal laws and regulations prohibit the park from choosing a pre-approved group of contractors, but we can issue very strict requirements to any party wishing to undertake rehabs.

McCabe urged the park to rehab the exterior of all houses. Reynolds says that if the money was available, it could be done. McCabe said that the costs can be added up and a proposal to get it underwritten can be considered and issued, perhaps underwritten by a company such as Met Life.

Dan Saunders said that McCabe is right about the importance of consistency and that is hard to get. Nersesian reminded the committee that the government is not the best suited to reach out to insurers and negotiate a prospectus or funding for a project like this. McCabe responded that the importance of public-private partnerships can work for this project. If you have not heard about it, you are not interested. People who are interested are up to date on development projects at Sandy Hook.

Public Comment period closed at 2:05pm.

Presentation: *"The Basics of the Federal Historic Preservation Tax Incentives Program and the Secretary of the Interior's Standards: Making it Work at Fort Hancock"*

Audrey Tepper, a historical architect with the NPS Technical Preservation Services Branch in Washington, DC, presented the basics of qualifying for tax incentives under the above program. She was here to demystify the historic tax credits program. As a historic architect and not a tax expert, she encouraged tax questions to go to a colleague at the Internal Revenue Service. Tepper also reviewed the ten points within the Secretary of the Interior's Standards on Historic Restoration. Tepper's PowerPoint presentation is available on the Committee website in its entirety.

Historic Buildings in all fifty states are eligible, provided they are depreciable (income producing) because they are given for investment purposes. While the number of projects has remained consistent, the dollars invested since the inception of the program has increased exponentially.

Applicants must meet Federal Standards for preservation in order to qualify for historic tax credits. Urban renewal was destroying neighborhoods. After 1964 the National Register of Historic Places was established. Standards apply to both the exterior and the interior. That is what makes a building unique. Changes can occur to a historic building, but retention of the historic character is critical.

Rehabbing is extremely "green." NPS, IRS, and network of state historic preservation offices (SHPOs) co-administer the tax credit program. If you are contemplating a Historic Preservation project, get in touch with state early on. Applications for use of tax credits go to the state office first. It then gets forwarded

11

on the NPS office in Washington and if eligible, a letter is issued stating what the terms of the approval are (typical to have conditional approval). If all is approved and done by the IRS, NPS historical architect, from the Technical Preservation Services Branch, the lessee must then send paperwork to IRS.

Tax credits are 20% of eligible expenses (within the building's envelope). It must be listed or eligible for listing in the National Register (as part of a district or individually).

Historic Landmark Districts similar to Fort Hancock include Fort Monroe-essentially small cities- started as military posts. Other projects include Fort Baker in Sausalito, CA and Leavenworth VA Hospital in KS.

Buildings listed in National Register are 50+ years old typically - must be a building and must be income producing/depreciable property, and must meet the ORS substantial rehab test.

To be eligible a project must meet a minimum standard of dollars spent and the purchase price of the property, minus value of the land and minus value of depreciation of building, plus improvements over time. For a lease, which would be the case at Fort Hancock, you have to establish basis of the building at the start and you have to spend in rehab the value of the building as valued {for the cost of what you are purchasing}.

If the owner of the building was given the property and spent \$200,000 in improvements, they would be entitled to 20% of the \$200,000. It can be earned by owners, long term lessees, can be combined with low income housing incentives and state historic tax credits (NJ has none).

Applications have three parts:

1. Property in a historic district must have some architectural integrity (cannot be so bombed out or foregone that there is hardly anything but a shell).
2. Document building condition before b/c it will be used as a basis for comparison in the end. (Do not proceed with work until IRS has approved this part II). Approval on average takes 30 days from Washington review of the project (which is sent to Washington after the State 30 day period from receipt has passed). Description of rehab must be specific/intensive.
3. Then apply to IRS.

A preservation architect is required to manage the project. Historic buildings are unique. Get your accountant and tax attorneys on board.

Basic rule of thumb: Retain and repair rather than replace. Tepper then took the group through the ten standards of historic rehabilitation, which are in the slide show and can also be found at <http://www.nps.gov/tps/standards/rehabilitation/rehab/stand.htm>.

Questions and answers:

Tepper encouraged individuals to get project teams together to address things such as secondary egress and ADA compliance as well as to hire an attorney and accountant with experience in historic tax credits to address project proposed.

Questions about interior treatment will answered over time and in collaboration between technical preservation services and NPS.

12

Glaser asked how to avoid going through multiple layers for tax credits. Tepper explained that federal regulations require the process to unfold the way it does (through the SHPO and then through NPS TPS).

Nersesian states that character defining features will not change. The park will coordinate these ahead of time with the appropriate offices.

Saunders said that we are overthinking it. Anyone who is taking on a project of this scope is coming to the table with experience or experienced advisor. Thereafter there will be a lot of repetition. TPS says they are well equipped to deal with the issues and will work hard to make it happen.

Wray asked about having to move mechanicals to first floor so that they are not destroyed in a flood. Tepper replies that this can be done, but in a historically sensitive manner so that mechanicals do not detract from the historic fabric of the structure. Climate change and sustainability will be a factor in future rehabilitation work.

Holenstein pointed out that the 20% tax credit (on the value of the property minus the land minus any depreciation to the building and per the formula above) may not be worth the trouble of going through the historic tax credit program. It does not give you money, but gives you a credit on additional expenses if you reach a certain amount of expenditures. It is a tool to make a project worthwhile, or simply to preserve buildings. Kilgannon said that the hurdle is not the tax credit, but rather satisfying the standard for rehabilitation.

The tax credit program is optional, not required. If you want the credits, the information is here for your use.

Real Property Cost Working Group Presentation

Welch reported out about the need for accurate industry standard of restoring the buildings and how the current information developed by the cost working group using FMSS real property data is not consistent or accurate but can become useful for both marketing purposes and government purposes. FMSS Deferred Maintenance and Critical Systems Deferred Maintenance estimates require that each building be given a full assessment and that assessment, when entered into FMSS, will generate work order quality cost estimates at the government cost rate (i.e., Davis Bacon Act, and other federal requirements). NPS at Gateway has not been updating FMSS within the five year refresh cycle due to lack of resources and effects of Hurricane Sandy. The Army-based square footage cost standards the working group has applied in the past, including historic facility costs, but lacking a valid condition assessment, are really too low. In order to get an accurate cost, a full condition assessment is required and that is what FMSS will provide when the buildings are analyzed in accordance with FMSS requirements. The FMSS costs can be marketed as the "worst case, full compliance" costs, and produce the required costs that NPS would use in any congressional engagements in the future.

Mclay added that if we do RFPs or RFBs, which have different regulations, we will have to understand that whoever is responding must be able to demonstrate that they have the financial capability to undertake the project. We will notify the minimum requirements to the proposed Lessee that they will have to invest to bring the buildings up to code.

Welch said that we have to figure out fully burdened cost to bring buildings up to use under the Interior Secretary's Standards (using FMSS assessments to calculate those costs).

13

Walsh wanted to know why FMSS figures were so inaccurate. McCarthy and Welch explained using Buildings 23, 24 and 25 in the briefing chart as examples. They are the same size, with Buildings 23 and 24 being in much worse shape than Building 25, which was partially restored in the early 2000s. Building 25 had valid condition assessments in FMSS because NPS was working on the building. That is why its FMSS restoration costs are so much higher than those of Buildings 23 and 24: they have had no work contemplated, thus no assessments input to FMSS to generate work orders. Walsh asked about fully loaded cost and whether Lessee will have to pay those costs. McCarthy explained that we have to figure out what numbers we will use to provide those baseline costs. We must use the FMSS info as the baseline but the numbers for the RFP are going to be very high.

Saunders asked if what the applicant spends may be a very different number. McCarthy, Mclay and Welch answered yes.

Are you liable for property taxes, asks one of the commenters? Hostenstein said this is a point requiring clarification.

Glaser asked what is involved in getting adequate Class C estimates* and what is involved in moving data out for the RFP. McCarthy responded that the park has been talking about putting NPS staff together to come up with a complete estimate for four styles of buildings-but with the understanding that not all buildings of the same style are in the same condition. There is a small team in the park that can figure this out. (*Class C estimates: rough cost estimates based on square foot cost or unit cost of similar construction-to be more accurate, these need up-to-date condition assessments.)

Glaser asked if there is parallel track where RFP goes out and we obtain data while bids are coming in. Mclay replied, if we do not know what the financial commitment is with respect to facilities, we cannot properly evaluate the responses to an RFP. The numbers root the commitments and proposals in reality. One of the biggest flaws in the last RFP was that the numbers for the level of investment required were not properly addressed. That is why we want to look at a number of buildings as representative of the level of investment required- not at each one. We do have to go out and do each building that is planned for use. Welch commented that full FMSS assessments of all the buildings will meet this requirement.

Saunders asked why the NPS does not come up with a system to look at numbers that need to be in RFP and then SHPO looks at it and say yes, that is an adequate representation of the project. Discussion took place concerning how to get an RFP released without waiting for evaluation of costs for each building. One way is to do the four that are representative. Welch stated that this will work for those for buildings, but they will not provide budget (procurement) quality information for use across the portfolio. Only a full FMSS assessment will provide those costs quickly and in a government acceptable way. FMSS is the formally approved NPS facilities maintenance, restoration and construction cost estimating tool. Completing FMSS assessments enables NPS to support the requirements of the Federal Real Property Council recommendations and the Chief Financial Officers Act in regards to knowing the restoration costs for facilities. This is in addition to providing the NPS a clearly auditable cost for restoration of the property portfolio.

Linda Cohen asked why we cannot use American Littoral Society and NJ Sea Grant buildings as models. Welch stated that the condition of similar buildings (23, 24, and 25) can be vastly different; Building 22, for example, was in better condition to start with and has been occupied much longer. Expenditures on

Building 22 will significantly undershoot those required for 23, 24 and 25. A per building assessment is the best way to know costs with some level of reliable and auditable accuracy.

Holenstein observed that the function of the cost work group was to make a recommendation to the committee. Welch has determined there are statutory requirements with which to comply and if these are requirements, they provide NPS with a chance for NPS to use funds towards those buildings. Saunders said that NPS knows what the laws are but we should consider steps to take in order to get an RFP out in spite of all the requirements.

Consensus that NPS follow recommendations of the working group in the costing of requirements for the RFP/B. NPS is to determine an acceptable level of costs in order to proceed with the RFP/B. Consider recommendation of costing work group in connection with the development of the RFP/B.

NOTE: Requests For Proposals (RFPs) require a panel to rate and approve different requests. This instrument is used when you want to *give* weight to certain considerations, such as the prior experience of an applicant in historic renovation or the proposed use of a building. Requests For Bids (RFBs) are awarded based on dollar amounts but may include other underlying or conditional criteria to qualify.

Closing statements by various members

- Hill: We have given the NPS a path to move forward with the RFP.
- Holenstein: Thanks everyone for a great job.
- Saunders: Refers back to the development professional and how that conversation set Dan back but that he is pleased we are moving past the hurdle of the caution flag by moving forward with an RFP/B.
- McCarthy: Thanks everyone.
- Mclay: Thought this was a terrific meeting and was the best meeting we could have had for the Regional Director to attend. Caldwell saw the commitment in the room and in turn we will hear good things from him.
- Parish: Thanks t he group.
- Burry: Thanks everyone and says it is obvious we have commitment. o Fouratt: Looks forward to seeing the RFP and is glad to see momentum.
- Glaser: Level of commitment from NPS is remarkable. Glaser thinks the RD appearance is ;emarkable. Glaser has never seen all the pieces of the puzzle so closely together and the icing on the cake will be when NPS Director Jon Jarvis walks into the room.

- Walsh: Sees the commitment to progress and believes things will move forward. o Wray: Ditto and she is hoping her term does not expire.
- Welch: Thanks Tim Hudson, Patty Von Westernhagen and Jeff Kangas for all the info they shared with him and the real property costing work group.
- Pete McCarthy: Thanks the group.
- Nersesian: Feels good about where we are now in spite of tough discussion today. There were a lot of tough issues and it is good to understand we have a commitment to the same long term vision. Thanks for the patience and for going through that process with us. We have a lot of homework to do but she feels comfortable that we will come forward to the next meeting with important steps.

Adjourned at 3:30pm.

Attachment A

Fort Hancock 21st Century Advisory Committee Meeting #11- May 30, 2014 Attendance

Committee: Lillian Burry, Linda Cohen, John Ekdahl, Mary Eileen Fouratt, Gerry Glaser, Tim Hill, Mike Holenstein, Dr. Howard Parish, John Reynolds, Lynda Rose, Dan Saunders, Margot Walsh, Shawn Welch, Karolyn Wray.

National Park Service: Jeff Bryant (NERO), Michael Caldwell (NERO), Karen Edelman, Joshua Laird, Pam Mclay, Jen Nersesian, Pete McCarthy, Suzanne McCarthy, Audrey Tepper (WASO), John Warren.

Public: Meghan Baratta (NJ SHPO), Betsy Barrett, Barbara Bovaso, Jim Bovaso, Keith Kilgannon, Richard C. King, Jean Kingman, Tom Matulewicz, John McCabe.

