

**Summary of Acquisition Terms and Conditions
For Parcels 1 and 2 At
Naval Station Roosevelt Roads
By and Between
The United States of America, Acting By and Through the Navy
and
The Local Redevelopment Authority for Naval Station Roosevelt Roads**

1 **Seller:** United States of America, acting by and through the Department of the
2 Navy ("Navy").
3

4 **Purchaser:** Local Redevelopment Authority for Naval Station Roosevelt Roads
5 ("LRA"), as the Federally recognized local redevelopment authority for
6 Naval Station Roosevelt Roads ("NSRR").
7

8 **Background:** On December 20, 2011, the Navy and the LRA executed that certain
9 *Economic Development Conveyance Memorandum of Agreement between*
10 *the United States of America acting by and through the Navy and the*
11 *Local Redevelopment Authority for Naval Station Roosevelt Roads ("EDC*
12 *Agreement")*. The EDC Agreement contained the terms and conditions
13 for the transfer to the LRA of approximately 1,370.2 acres at NSRR
14 referred to as "Parcel 3". On January 25-26, 2012, the Navy and the LRA
15 executed various quitclaim deeds and a Lease in Furtherance of
16 Conveyance ("LIFOC") to convey Parcel 3 to the LRA.
17

18 **Purpose:** The LRA and the Navy desire to amend the EDC Agreement to provide
19 for the conveyance of additional property at NSRR to the LRA in
20 exchange for additional consideration payable to the Navy, in accordance
21 with the terms and conditions set forth herein. The additional property to
22 be conveyed consists of approximately 2,000 acres of land and
23 improvements referred to as "Parcel 1" and "Parcel 2" at Naval Station
24 Roosevelt Roads, as set forth in Exhibit A (collectively, "Parcels 1 and
25 2").
26

27 **Legal Authority:** Fair market value economic development conveyance, as authorized by
28 section 2905(b)(4) of the Defense Base Closure and Realignment Act of
29 1990 (Public Law No. 101-510), as amended, and 32 C.F.R. Part 174.
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1 **EDC Application**

2 **Amendment:**

3 The LRA shall submit to the Navy an amendment to the LRA's
4 application for an economic development conveyance ("EDC") dated
5 December 17, 2010 that shall include, at a minimum, an amended
6 financial pro forma and an amended jobs generation matrix to address the
7 inclusion of Parcels 1 and 2.

8 **EDC Agreement/**

9 **LIFOC**

10 **Amendment:**

11 This Summary of Acquisition Terms and Conditions shall be non-binding
12 and shall have no force or effect in law or equity. Following appropriate
13 regulatory review and administrative action by the Navy and the LRA, the
14 Navy and the LRA will negotiate and execute the binding first amendment
15 to the EDC Agreement ("EDC Agreement Amendment") and the
16 binding first amendment to the LIFOC ("LIFOC Amendment") to
17 address the terms, conditions and schedule for the conveyance of Parcels 1
18 and 2 to the LRA in accordance with the terms and conditions identified in
19 this Summary of Acquisition Terms and Conditions.

20 The definition of "Property" in the EDC Agreement and the definition of
21 "Leased Premises" in the LIFOC shall be amended, as appropriate, to
22 include Parcels 1 and 2. Where necessary in Articles 3 and 4 of the EDC
23 Agreement, the EDC Agreement Amendment shall specifically identify
24 whether the provision applies to Parcel 1, Parcel 2, or Parcel 3.

25
26 The Parties intend that, except with respect to the payment of
27 consideration for Parcel 1 and Parcel 2, (i) all terms and conditions of the
28 EDC Agreement and the LIFOC relating to Parcel 3 will remain
29 unchanged, and (ii) the rights, liabilities and responsibilities of the Parties
30 identified in the EDC Agreement and the LIFOC for Parcel 3 shall apply
31 also to Parcels 1 and 2.

32
33 **Property Transfer:**

34 The Parties recognize that the Navy will be unable to transfer by deed
35 certain portions of Parcel 1 until such time as the Navy completes further
36 environmental remediation and issues a finding of suitability to transfer
37 ("FOST") for such portion of Parcel 1. The map attached as Exhibit B
38 identifies, as of the execution date of this Summary of Acquisition Terms
39 and Conditions:

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FOST Property: Those portions of Parcels 1 and 2 for which the Navy has issued a FOST and are therefore eligible for conveyance to the LRA by quitclaim deed, and

LIFOC Property: Those portions of Parcel 1 for which the Navy has not issued a FOST, are not eligible currently for conveyance to the LRA by quitclaim deed, and that will be transferred to the LRA at the Parcels 1 and 2 Closing by amending the LIFOC.

Quitclaim Deeds: The Navy shall convey to the LRA the Navy's right, title, and interest in those portions of Parcels 1 and 2 for which there is a FOST as identified in Exhibit B by multiple quitclaim deeds meeting the technical requirements necessary to be recorded in the Commonwealth of Puerto Rico ("Quitclaim Deeds") in accordance with a schedule set forth in the EDC Agreement Amendment. The Quitclaim Deeds shall include all necessary reservations, easements, covenants, conditions and notices and shall be substantially in the form of those set forth in Exhibit G-1 to the EDC Agreement.

LIFOC Amendment: The Navy and the LRA will execute the LIFOC Amendment setting forth the terms and conditions of the Navy's lease to the LRA of certain portions of Parcel 1 identified on Exhibit B, pending the completion of environmental remediation and conveyance of such portions of Parcel 1 to the LRA by Quitclaim Deed.

Consideration: The EDC Agreement Amendment shall amend the EDC Agreement to provide consideration to the Navy for the conveyance of Parcels 1 and 2 to the LRA, as described herein:

A. Initial Consideration: The LRA will pay no Initial Consideration to the Navy at the time Parcels 1 and 2 are transferred to the LRA. The LRA will assume custody, control and responsibility for Parcels 1 and 2 as soon as the conveyance can be accomplished.

B. Guaranteed Consideration: Eight Million Five Hundred Thousand Dollars (\$8,500,000.00) ("Guaranteed Consideration") payable in fifteen equal annual principal installments plus interest commencing one year after the LRA's current payment obligations for the Parcel 3 Initial Consideration (as defined in the EDC Agreement) are completed pursuant to Sections 4.2.1.2 and 4.2.4 of the EDC Agreement (thus, unless the Parcel 3 payments are extended in accordance with the

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1 terms of the EDC Agreement, the first principal and interest payment
2 would be due on September 30, 2031).

3
4 Interest on the Guaranteed Consideration will begin accruing seven (7)
5 years after the Parcels 1 and 2 Closing and shall be calculated at 150 basis
6 points over the U.S. Treasury 10 Year Composite Note as of the date of
7 the Parcels 1 and 2 Closing.

8
9 The LRA shall provide security for the Guaranteed Consideration to the
10 Navy by a document evidencing the full faith and credit of an agency,
11 department, or instrumentality of the Commonwealth of Puerto Rico or
12 such other security that is acceptable to the Navy (the "Parcels 1 and 2
13 Note").

14
15 The Guaranteed Consideration may be pre-paid by the LRA without
16 penalty at the net present value of the amount then due, but in no event
17 may the amount to be pre-paid by the LRA as Guaranteed Consideration
18 be less than Eight Million Five Hundred Thousand Dollars
19 (\$8,500,000.00).

20
21 In the event that the LRA elects to pre-pay the Initial Consideration for
22 Parcel 3, the LRA's obligations to commence payment of the Parcels 1
23 and 2 Note are not accelerated.

24
25 **B. Additional Consideration:** Section 4.3.1 of the EDC Agreement
26 shall be amended to provide that the LRA shall pay the Navy "**Additional**
27 **Consideration**" in the amount of forty percent (40%) of all Real Estate
28 Proceeds (as defined in Section 4.3.2 of the EDC Agreement) in excess of
29 Eighty Million Dollars (\$80,000,000.00) received by the LRA through
30 September 30, 2035 for Parcels 1, 2 and 3. When due, such payments
31 shall be paid annually on or before September 30 of each year for the time
32 period between June 30 of the previous year and June 30 of the current
33 year.

34
35 **C. Other Payment Due to the Navy:** The Navy may also receive an
36 "**Outside Scope Payment**" as defined and described below, in lieu of
37 Additional Consideration.
38

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1 **Special Consideration**
2 **Provision For**
3 **Outside Scope:**

4 If at any time within the five (5) year period beginning on the date of the
5 Parcels 1 and 2 Closing, the LRA sells, leases, assigns, or licenses any
6 portion of Parcels 1 or 2 for a purpose not reasonably contemplated in the
7 Addendum to the 2004 Roosevelt Roads Reuse Plan dated April 30, 2010
8 ("Reuse Plan Addendum") ("Outside Scope Parcel"), the LRA agrees to
9 pay to the Navy seventy-five percent (75%) of the Net Proceeds (as
10 defined in the EDC Agreement) received by the LRA for such Outside
11 Scope Parcel in excess of the amount of the Guaranteed Consideration
12 then outstanding ("Outside Scope Payment"). Any Outside Scope
13 Payment required to be paid to the Navy under this section shall be in lieu
14 of an Additional Consideration payment for such Outside Scope Parcel.

15 **Schedule:**

16 The Navy and the LRA shall use their best efforts to execute the EDC
17 Agreement Amendment no later than August 31, 2012. Within thirty (30)
18 days following the execution of the EDC Agreement Amendment, the
19 "Parcels 1 and 2 Closing" shall occur, and the Navy shall transfer to the
20 LRA at such Parcels 1 and 2 Closing:

- 21 A. By Quitclaim Deed, certain portions of Parcel 1 for which a FOST
22 has been issued as identified on Exhibit B, and all of Parcel 2;
23
24 B. All necessary access and other required easements and rights of
25 way, if any are required;
26
27 C. The personal property appurtenant to Parcel 1 and Parcel 2 by bill
28 of sale; and
29
30 D. Certain portions of Parcel 1 by LIFO for which a FOST has not
31 been issued as identified on Exhibit B.

32
33 **Exhibits:**

34 The following exhibits are attached and made a part of this Summary of
35 Acquisition Terms and Conditions:

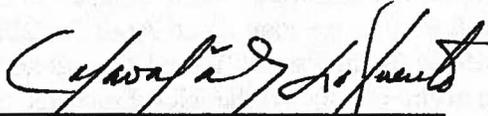
- 36 Exhibit A: Map of Parcels 1 and 2
37 Exhibit B: Map Depicting Initial Quitclaim Deed/LIFO Parcels
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[Signature Page Follows]

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**APPROVED:
LOCAL REDEVELOPMENT AUTHORITY
FOR NAVAL STATION ROOSEVELT ROADS**

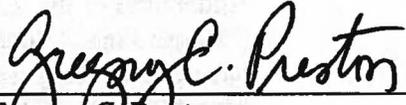


Marlo González Lafuente
Executive Director

Date: 7/9/2012

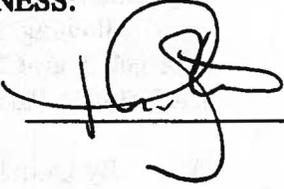
WITNESS:
By: _____

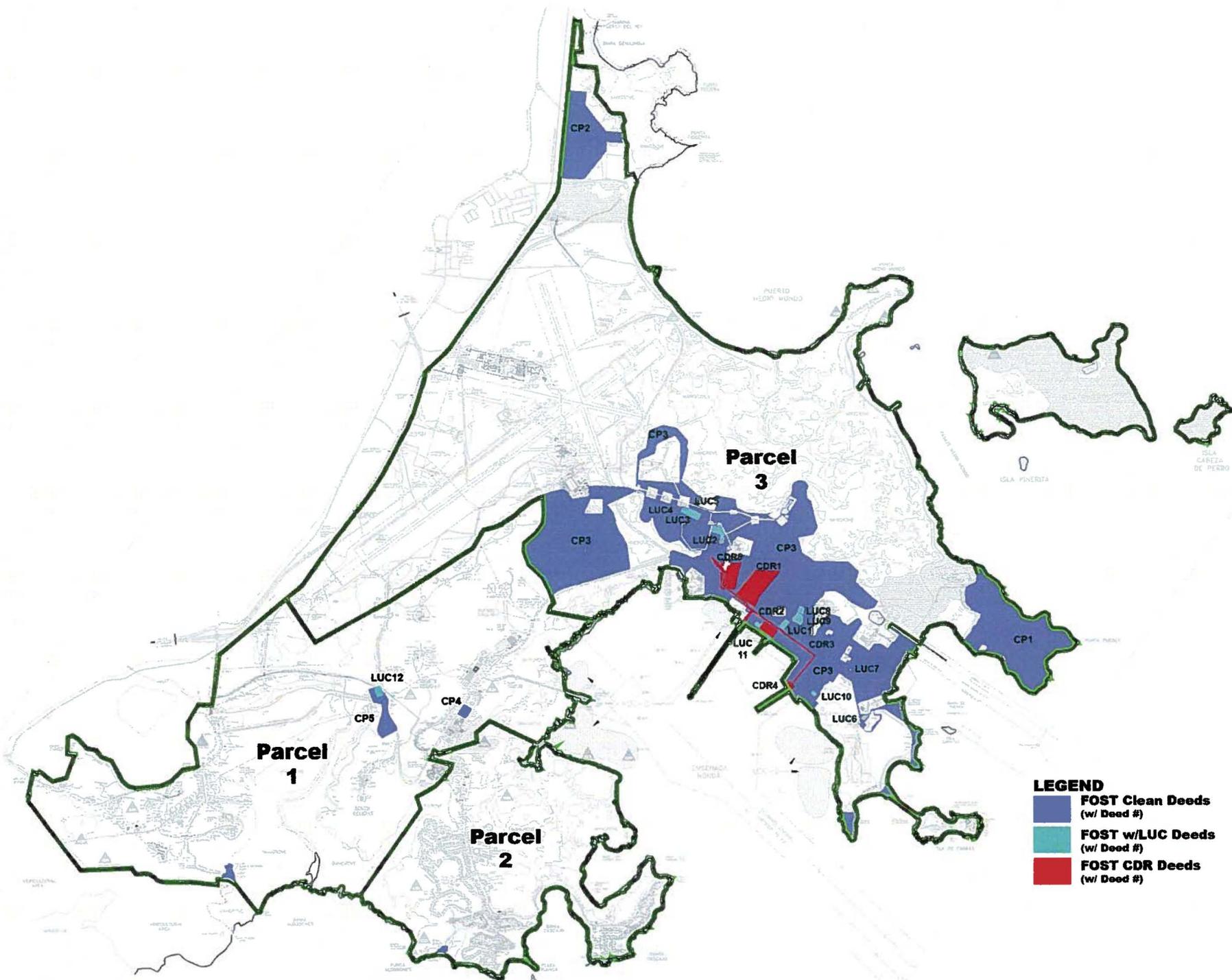
**APPROVED:
DEPARTMENT OF THE NAVY**



Gregory C. Preston
Real Estate Contracting Officer

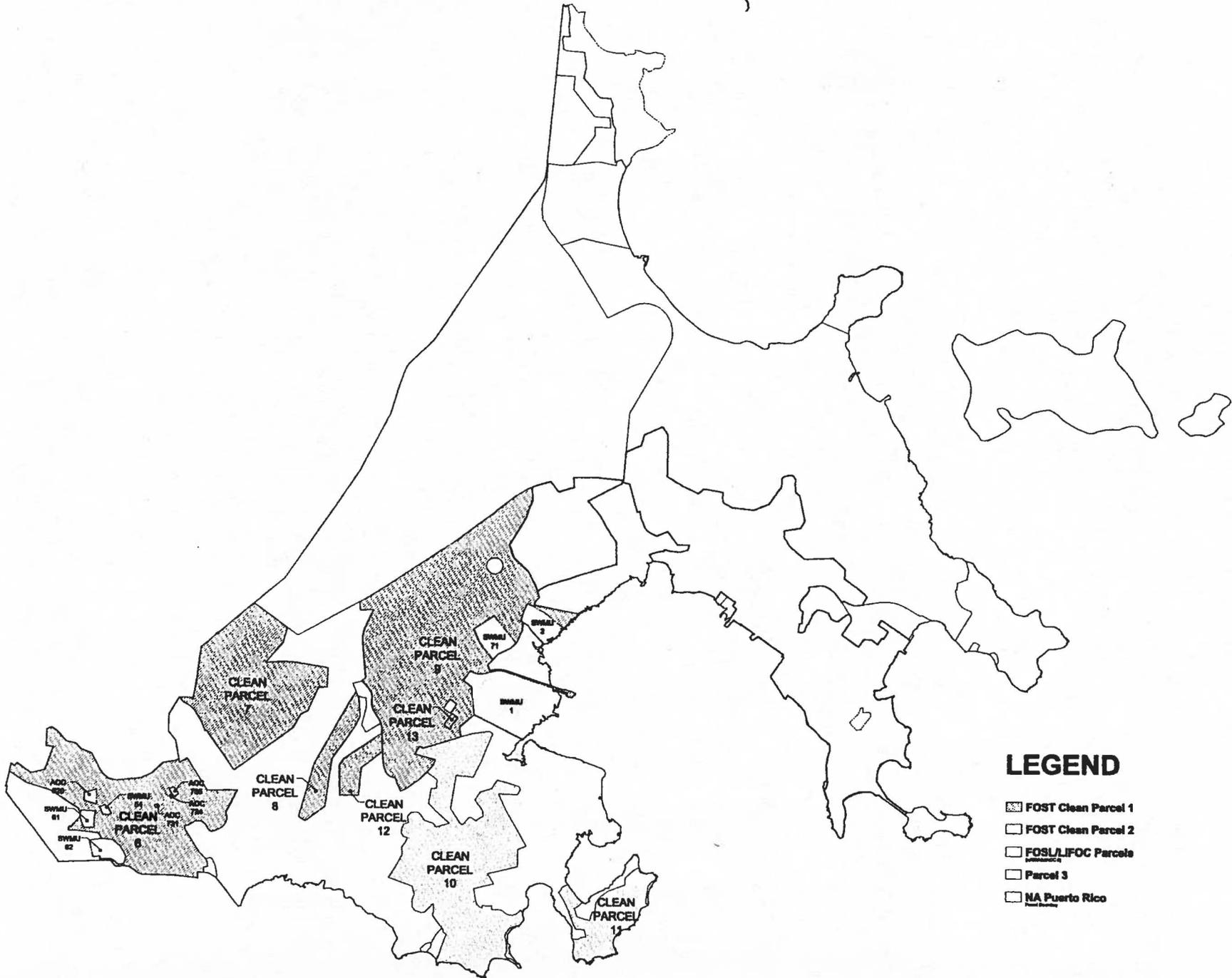
Date: 7/13/2012

WITNESS:
By: 



- LEGEND**
- FOST Clean Deeds (w/ Deed #)
 - FOST w/LUC Deeds (w/ Deed #)
 - FOST CDR Deeds (w/ Deed #)

*Top
with*



LEGEND

- FOST Clean Parcel 1
- FOST Clean Parcel 2
- FOSL/LIFOC Parcels
- Parcel 3
- NA Puerto Rico