

Honorable William Donald Schaefer

Page 2

February 17, 1984

under both premises are also attached.

As structured, we estimate the value of the transaction to be:

Value (N.E.W.A. Tipping Fee Assumption) - \$8.0 million

or

Value (Competitive tipping fee assumption) - \$7.64 million

The City's appraisal is \$7.1 million.

Grace's appraisal is \$9.7 million.

Having conferred with Mr. Pressman, we will bring this matter to the executive session of the Board of Estimates on Wednesday, February 22, 1984 for discussion.

JJH.mb

Attachments

cc: Honorable Hyman Aaron Pressman

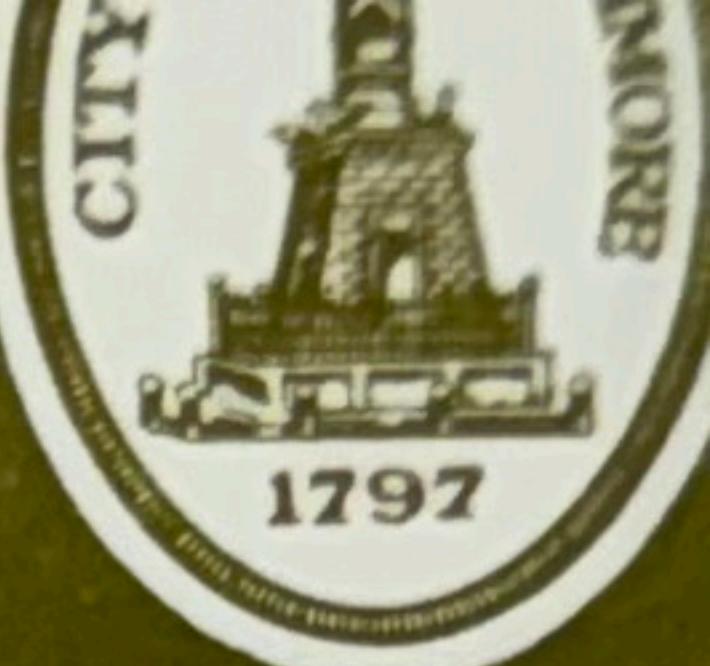
FRON
AGENCY
NAME &
ADDRESS

Department of Real Estate
304 City Hall

SUBJECT

Hawkins Point Landfill

MEMO



DATE: February 17, 1984

TO

Honorable William Donald Schaefer
Mayor
City Hall

As per your memorandum of February 13, 1984, I met with Grace officials on February 16 with the intention of negotiating a compromise to the unresolved issues regarding the above.

The following resulted:

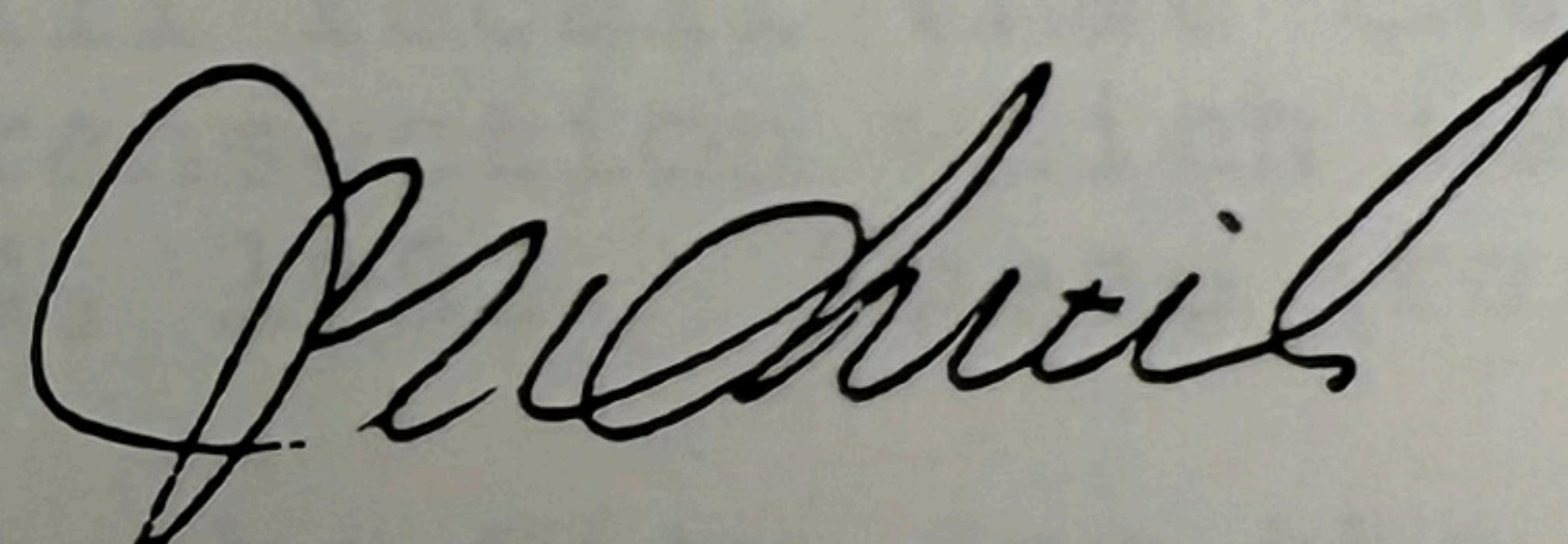
- 1) Purchase price remains \$9.0 million cash at settlement.
- 2) Grace's right of first refusal on excess dirt (if any) from the site also remains unchanged, i.e. Grace has an exclusive right for a period of thirty days after notification by the City to purchase excess dirt from the site at a market rate to be negotiated between the parties. Excluded from the definition of excess dirt would be that required by the City for municipal purposes, as well as amounts less than 50,000 cubic yards.
- 3) Grace's option to repurchase the property in stages as the landfill operation is completed for amounts which total and equal the original purchase price of \$9.0 million has been renegotiated from an option to an absolute guarantee of repurchase thereby rendering the transaction of a sale/buy back by Grace.
- 4) Grace's entitlement to deposit "acceptable" sludge in the landfill has been converted from 2½% of annual capacity (which posed awkward definitional problems) to a specific annual amount of 6,250 dry tons. Rather than 2,000 tons gratis, Grace will pay \$3.00 for each dry ton deposited. The dumping right will be non-assignable and cumulative except that in no year will the tonnage exceed 9,000 dry tons. Over twenty years, the total amount of Grace's entitlement would equal 125,000 tons (or approximately 3% of total capacity).

Attached you will find two evaluations of the Grace entitlement to dump. The first assumes tipping fees established by the NEWA agreements. The second assumes current competitive market tipping fee rates as determined by both City and Grace appraisers. Two valuation analyses of the total transactions

(d) Grace would be permitted to take from the property surplus or excess fill dirt as subject surplus or excess might become available in the opinion of your personnel from time to time.

I am quite concerned that the \$7.017 Million (plus accrued interest of approximately \$350,000) deposited by the City in November, 1982 pursuant to its quick take action be immediately drawn down by Grace. Unless I hear from you to the contrary, I will cause the money to be withdrawn since one of the cardinal features of our discussion with Mr. Benton on October 24 was that title had passed and that the City, as of right, had the use and disposition of our property throughout 1983.

Very truly yours,



James R. Smith
Vice President-Finance

JRS:MJB

cc: Charles Benton
John Merryman, Jr.
✓ J. W. Hardwicke

November 16, 1983

Mr. John Hentschel
Real Estate Officer
City of Baltimore
Baltimore, Maryland 21202

Dear John:

I have received a copy of a letter dated November 8, 1983 from Charles Benton to John Hardwicke concerning finalization of sale of our land at Curtis Bay to the City. It appears to me from that letter that the City intends to write up its statement of the transaction for submission to the Board of Estimates and, assuming approval by the Board, preparation of an agreement to be submitted to Grace.

I am writing to you in order to make certain that the fundamentals of this transaction are correctly understood on our side since I have given our management a description of our meeting. As I understand it, we have arrived at the following agreement, subject, of course, to approval of our Board of Directors and to your Board of Estimates, respectively:

- (a) the price for the property is \$9.0 Million, cash;
- (b) the property will be subject to an option of re-purchase by Grace 20 years from date of closing for the price of \$9.0 Million, cash;
- (c) Grace will have the right to place non-hazardous waste from its manufacturing operations at Curtis Bay onto this property in an amount not to exceed 2-1/2% of then current volumes of waste being placed by the City on the property;