

Congress of the United States

Washington, DC 20515

June 28, 2007

The Honorable Pete Geren
Secretary of the Army
101 Army Pentagon
Washington D.C. 20310

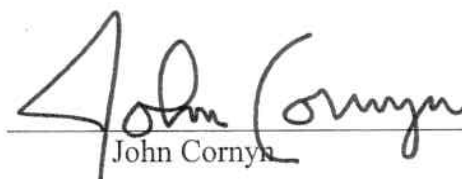
Dear Secretary Geren,

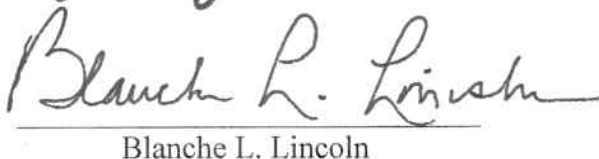
We strongly support the efforts of the local community leaders and citizens in Texas and Arkansas and those of the approved Local Redevelopment Authority (LRA) to acquire the surplus property at Red River Army Depot and Lone Star Army Ammunition Plant. The approved local re-use plan and recommended disposition strategy offer a statutorily-enabled, balanced approach to the military base conversion process. The conversion allows for an early transfer of the property, integrated clean-up of the parcels and re-use of the land, as well as job retention and new job creation that is so vital to our region. We urge your active consideration of this proposal.

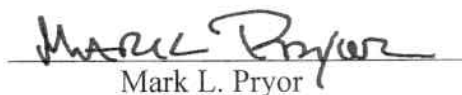
We urge you to expedite negotiations with the LRA to achieve early transfer in accordance with the attached community disposition strategy prior to the end of this fiscal year. Please find the attached proposal and if you or your staff have any questions please do not hesitate to contact us.

Sincerely,


Kay Bailey Hutchison


John Cornyn


Blanche L. Lincoln


Mark L. Pryor


Ralph Hall


Mike Ross



903-223-9841

**RED RIVER
REDEVELOPMENT AUTHORITY**
107 CHAPEL LANE
NEW BOSTON TEXAS 75570



903-223-8742 FAX

June 19, 2007

The Honorable Pete Geren
Acting Secretary of the Army
110 Army Pentagon
Washington, D.C. 20310-0110

Real and Personal Property Disposition of Lone Star Army Ammunition Plant (LSAAP) and Red River Army Depot (RRAD) BRAC 2005 Surplus Property

Dear Mr. Geren:

We were pleased to receive a Concept Plan for Conveyance of Surplus Properties at LSAAP and RRAD in letter dated 29 May 2007 from the Acting Deputy Assistant Secretary of the Army for Installations and Housing. The Plan and related comments were a response to the Redevelopment Authority's request for Early Transfer of all real and personal property at LSAAP and RRAD to the Redevelopment Authority and submission of the Redevelopment Authority's Reuse Master Plan pursuant to BRAC law.

The Red River Redevelopment Authority and community leaders are prepared to negotiate with the Army on terms discussed with the Acting DASA (I&H) in March, when both parties appeared to seem reasonably close to conceptual resolution on this matter. A summary of the issues includes:

Red River Redevelopment Authority's Disposition Plan

- EDC for all parcels north of Old Boston Road on LSAAP and L37 and L28 of the Reuse Plan except for those portions of the footprint to be negotiated with Day and Zimmermann. 1447 acres of RRAD designated as light industrial would also be conveyed via EDC. Consideration would be in the form of a 60/40 Army/RRRA split of the first cut timber rights to be sold into the market by the RRRA and supervised by the Army within 6 months of transfer.
- EDC at no cost for all utilities, transportation infrastructure, and landfills. The consideration would be in the form of "at cost" use of the landfills for on-site LSAAP materials disposal and RRRA support for the development of an on-site, permitted hazardous materials landfill, operated by the RRRA and used "at cost" by the Army for the clean-up effort.
- Army Public Sale or Negotiated Sale of land and improvements for approximately 280 acres in the NW corner of RRAD, if Army can achieve environmental regulatory closure prior to 30 September 2008. If sale has not occurred prior to this date, Army will sell the first cut timber rights to these properties and transfer fee title to the redevelopment authority at no cost.
- Fee transfer to the RRRA of all the remaining real and personal property via EDC for \$1, with additional consideration through an Army sale of first cut timber rights to those parcels and retaining 100% of the proceeds.

Integration of Clean-Up and Reuse

In terms of highest and best use for the property, the RRRRA has consistently viewed the redevelopment of these facilities as an opportunity to diversify the regional economy through rapid and opportunistic redevelopment of parcels as they can be cleared of environmental and other encumbrances. This guided development will require significant local investment in infrastructure, facilities maintenance and other military base conversion investments. As a result, the Red River Redevelopment Authority, at the request of the Former Deputy Assistant Secretary of the Army, embarked on a multi-year multi-million dollar investment in consulting, reuse planning, engineering legal and environmental work to facilitate a multi-phase ESCA that would be fully integrated with Reuse Plan implementation. The premise of this investment at the beginning of the process was the Army's commitment to privatization of the clean-up to the local community for land owned by the Redevelopment Authority, which presumably would be all or the vast majority of the surplus parcels. Toward this end, the Army awarded the ESCA for characterization to the RRRRA, and this work is underway. The RRRRA proposes to continue to manage the entire clean-up under an extension of the present ESCA, while competitively procuring key subcontracted program elements in association with Army oversight.

Cost Avoidance for the Army

The community will support a RRRRA initiative to site a hazardous materials landfill on LSAAP and dispose of material from the clean-up. The likely nature and extent of the waste will require perpetual stewardship. The community is best suited for this type of long-term investment and support for this innovation is contingent on community development and oversight of the project. It is estimated that on-site disposal will save the Army \$30-\$100 million and a community led initiative has already received favorable comment from TCEQ. The cost avoidance for the Army from this initiative will more than offset the anticipated consideration from a heavily encumbered and complex public sale process.

Job Retention

The community's proposed disposition strategy balances the need for rapid reuse while simultaneously minimizing financial and regulatory impediments to Early Transfer and "monetizing" the highest value assets through direct market exposure. It also helps achieve the Reuse Plan job retention goals by creating a set-aside area for Day and Zimmermann.

- On June 11, 2007, a team of community and Redevelopment Authority leaders met with Mike Yoh and his team in Philadelphia at the request of Mr. Eastin. During the meeting, the community agreed to support fee transfer of a 4,800 +/- footprint from the Army to D&Z and other terms.
- A letter of agreement outlines the community's understanding of this meeting.
- The community leadership and the Redevelopment Authority believe that we have an agreement with D&Z that preserves jobs and creates a generous business environment for D&Z's future business and expansion. The RRRRA would be happy to support the Army/DZ negotiations with input from our prior discussions with them, but we will no longer delay negotiations on the remaining parcels subject to our Early Transfer request.

Army Precedents

- The RRRRA disposition proposal incorporates, public sale, negotiated sale, fully discounted EDC and EDC at FMV of unencumbered assets in a hybrid disposition model.
- It creates a model for collaboration between the Army and the RRRRA on environmental clean-up that is competitive and demonstrates substantial cost avoidance measures.
- It enables an Army/D&Z relationship that will create opportunities for mutual benefit while simultaneously supporting the Reuse Plan job retention objectives.

Next Steps

In order to maintain an early transfer timeline of September 30, 2007, certain critical path milestones must be met. The first of these is a permit modification application that must be submitted to the Texas Commission on Environmental Quality within the next 30 days that amends the ownership interest in the property. This modification and other regulatory documents are required prior to acceptance of a FOSET and covenant deferrals by the Governor of the State of Texas. Those documents must be completed and out for final public comment by the end of August, so time is of the essence. The community has also scheduled public hearings on June 26, 2007 which will complete the public actions necessary to submit a valid and quality application to HUD.

Local Support

The local political leadership and the RRRRA Board of Directors are unanimously in favor of the disposition strategy proffered above and letters of support have been sent to the Army by all the local elected officials to this effect. We urge your support for this initiative, which is fully compliant with BRAC law and process, and believe that we can deliver early transfer of approximately 15,000 acres of surplus property for the Army this fiscal year.

Thank you very much for your timely approval of this request.

Respectfully,



Duane Lavery, CEcD
Executive Director