



UNITED STATES
DEPARTMENT OF VETERANS AFFAIRS

Enhanced-Use Leasing: VA Medical Center Lincoln, NE

Industry Forum

April 28, 2010

Presented by
ISI Professional Services and The Metis Group LLC
(S&S/ACG JV)



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Introductory Remarks

Welcome to the Industry Forum



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Introductions

- Introduction to the Medical Center
 - VA Headquarters Personnel
 - VAMC Personnel
 - Contractor Team
- Review of the Agenda
- Logistics



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Medical Center Opening Remarks

- Introduction to the Medical Center
 - Welcome to Lincoln
 - Current activities at the Medical Center
 - Need for the project
 - Medical Center cooperation



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VA OAEM Opening Remarks

- Introduction to the Office of Asset & Enterprise Management (“OAEM”)
 - Central Office for VA’s EUL Program
 - Support for the project within VA HQ
 - VA EUL Project Website

www4.va.gov/assetmanagement/enhanceduse/Lincoln



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Overview of the Forum

- Introductory Remarks
- Overview of Enhanced-Use Leasing
- Overview of the Lincoln Opportunity
- Discussion of Historic Preservation
- Questions and Answers
- Property Walking Tour



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Enhanced-Use Leasing

An Overview of VA's EUL
Authority



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Enhanced-Use Leasing Overview

- Pursuant to its Enhanced-Use Lease statute, 38 U.S.C. § 8161, *et seq.* (the “Statute”), the Department is authorized to lease VA-controlled property to other public and private entities for a term of up to 75 years.
 - Term depends on proposed use
 - EUL is for a leasehold estate only (no property sale by VA)



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Enhanced-Use Leasing Overview (cont'd)

- Key Documents
 - Solicitation Documents
 - o Request For Expressions of Interest (“REI”)
 - o Request For Proposal (“RFP”)
 - o Amendments
 - Transaction Documents
 - o Enhanced Use Lease
 - o Consent Agreement
 - o Bid Terms Agreement
 - Post-Transaction Documents
 - o Development Plan
 - o Milestone Timetable



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The Opportunity

Overview of the Property and the
Possible Transaction Options



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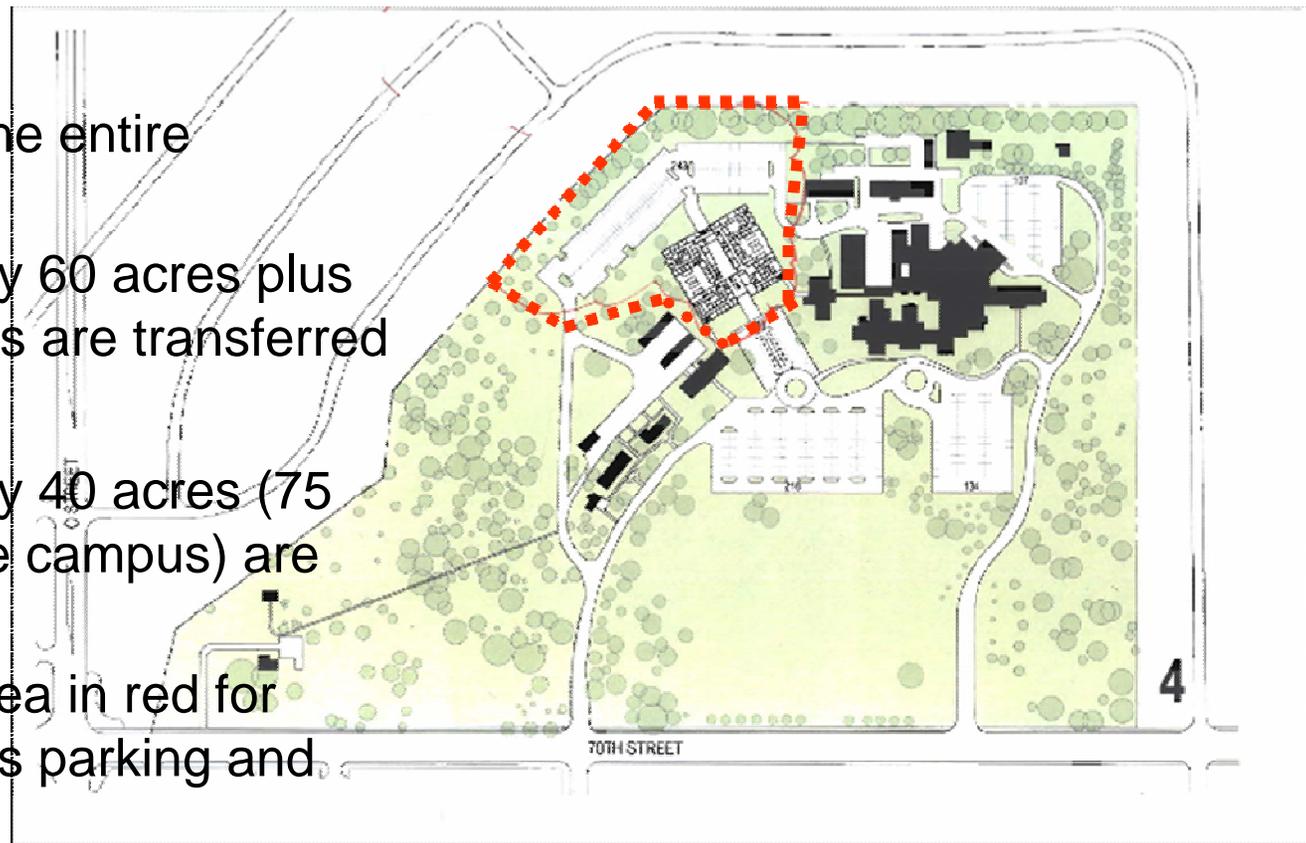
The Opportunity

Option 1

- VA vacates the entire campus
- Approximately 60 acres plus eight buildings are transferred

Option 2

- Approximately 40 acres (75 percent of the campus) are transferred
- VA retains area in red for clinic, which is parking and land only

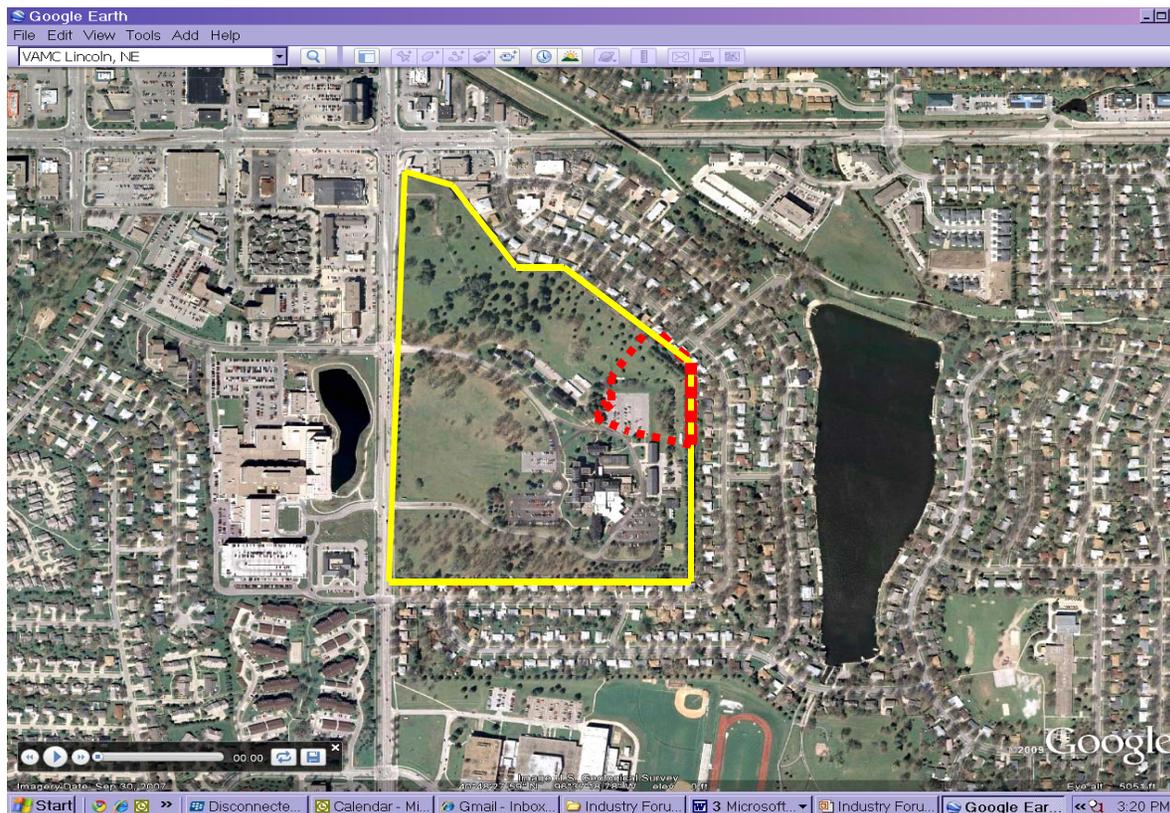




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Option 1: Entire Campus



- Campus is outlined in yellow
- All land = 59.70 acres
- All buildings
 - 276,000 SF gross building area
 - Eight structures
 - Built 1929 to 1931
- VA will not retain a presence on the campus



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Option 1: Entire Campus, cont'd

The campus has eight structures, most connected and wings of the former hospital.

- Former Hospital (1)
 - meeting rooms, offices, medical exam rooms, specialty uses (auditorium)
- Mental Health Buildings (2-3-4)
 - private rooms, offices and meeting rooms
- Former single-family homes (5-6-7-8)
 - Now VBA office swing space
 - One building is renovated and occupied by VBA
 - Three buildings are un-renovated duplex quarters to be occupied by VBA

Approximately 45 percent of the building area is vacant or taken out of use.

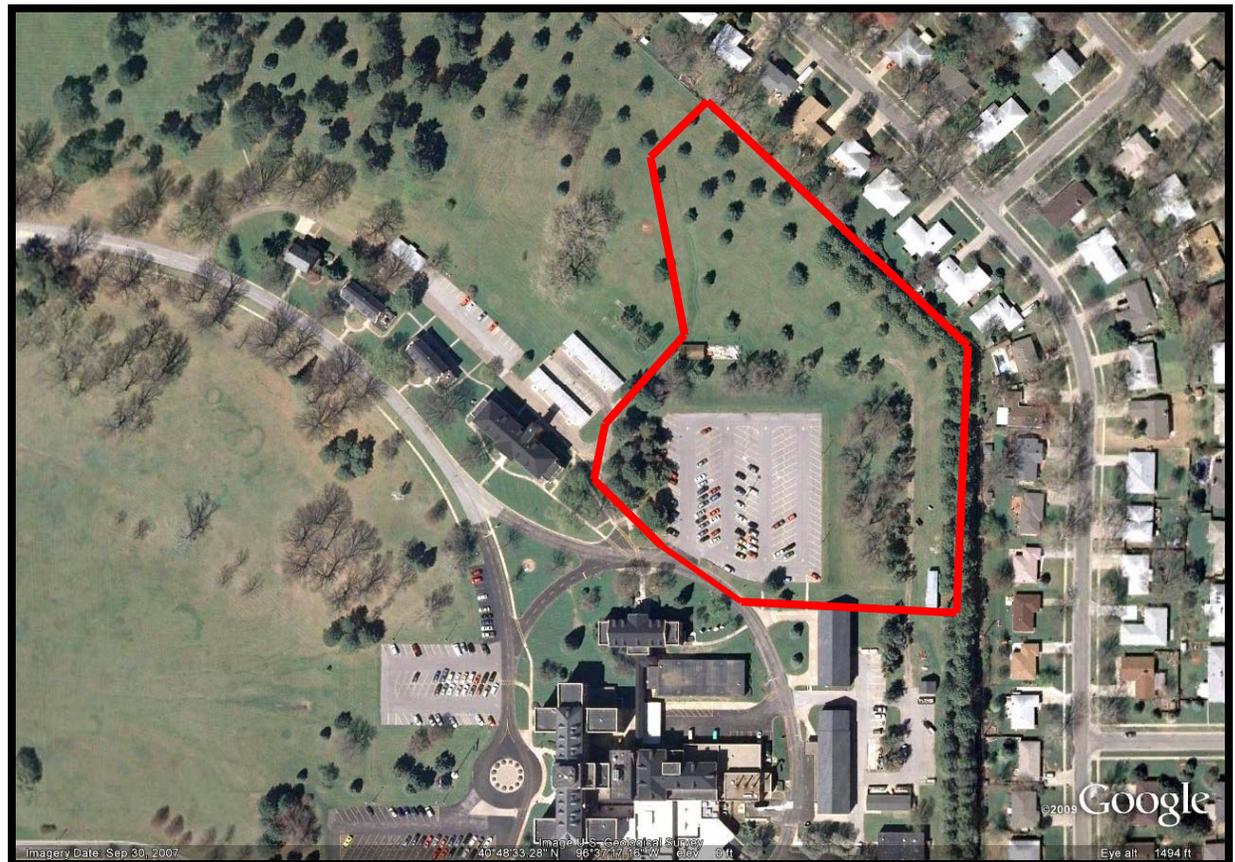


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Option 2: 75 percent of campus

- VA to retain the area outlined in red
- Approximately 20 acres
 - Vacant land
 - Parking lot
- Potential site of new outpatient clinic
- There is no option to renovate or remodel the existing clinic for VA use during the EUL





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Market Opportunities

- VA seeks a creative solution for reuse of the campus and any new development on the campus
- Possible uses include, but are not limited to:
 - Professional office
 - Medical office
 - Hospitality
 - Senior assisted living
 - Multi-family residential
 - Affordable housing
 - Institutional
- Each offeror must determine feasibility for new construction and for reuse of existing buildings



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In Kind Consideration

VA needs a new community-based outpatient clinic of approximately 100,000 square feet.

- Location is flexible
 - On-site at the Medical Center in the “25 percent” area retained by VA
 - Off-site at a location proximate to I-80 and proposed by Offeror
- Offeror would contribute the land and/or construction for the clinic as part of in-kind consideration
- Offeror may also propose other in-kind consideration



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Deal Terms & Conditions

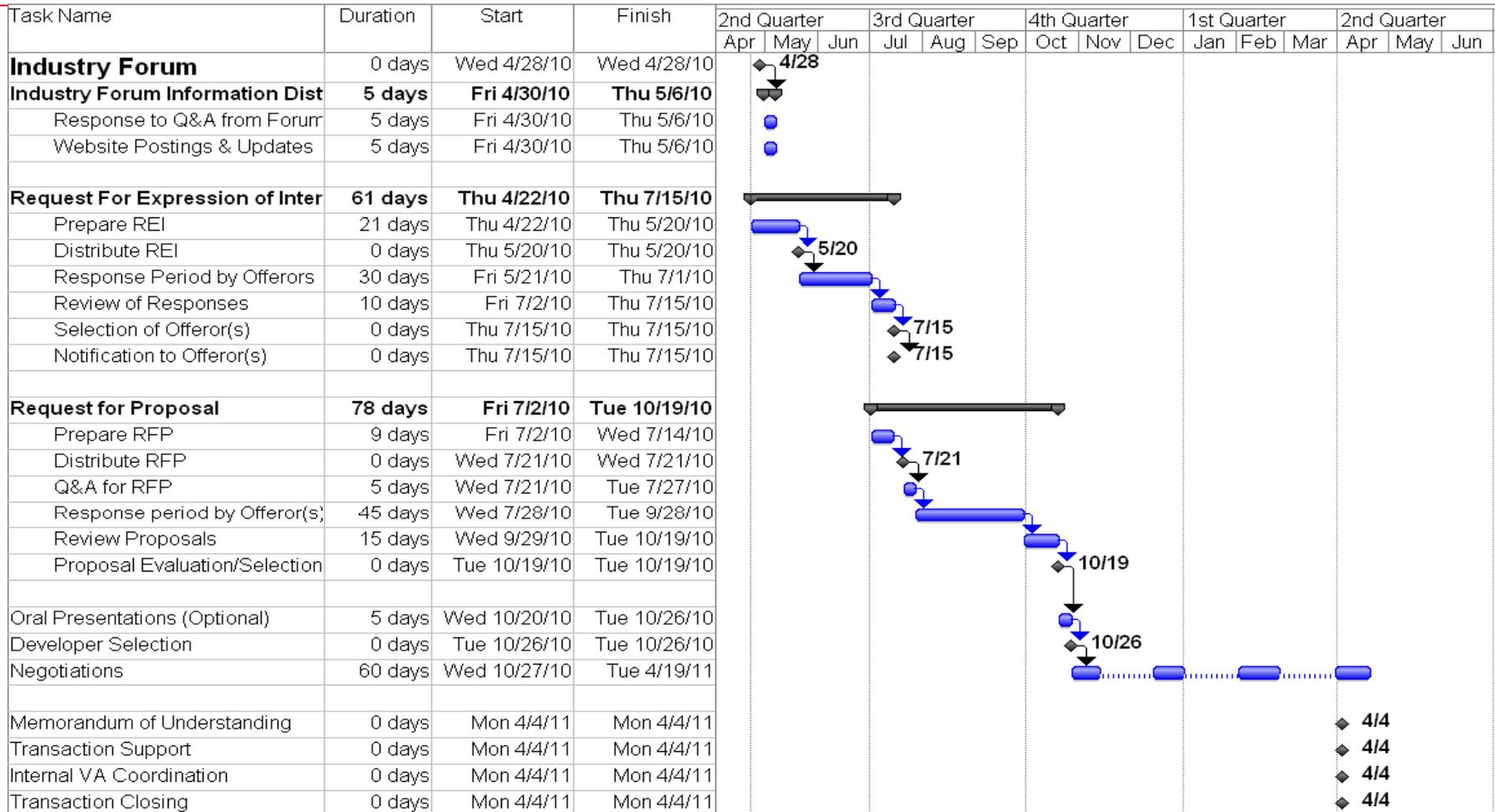
- Additional EUL Transaction Factors
 - Leasehold interests may be pledged as security for financing the improvements.
 - Additional encumbrances will not be permitted without VA's consent.
 - VA will not allow provisions that will subordinate, limit, place or otherwise place any restrictions on the U.S. Government's fee interest in the property or the Department's interest in the EUL.



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General Timeline





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EUL Selection Process

- Eligibility to participate is open.
 - Commensurate with the requirements of the Request For Expressions of Interest (“REI”) and Request For Proposal (“RFP”).
- The successful developer will be selected through a competitive two-step procurement process.
 - First, Request for Expression of Interest
 - Then, Request For Proposal
- Requirements for selection:
 - The offer must include a plan for location of the outpatient clinic and in-kind consideration associated with the new clinic.
 - VA seeks and is open to creative solutions at the best value.



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Historic Preservation

An Overview of Historic
Preservation Components



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Historic Compliance & Oversight

- Federal
 - Comply with the National Historic Preservation Act of 1966
- Principal Authority over project:
 - o Department of Veterans Affairs
 - o Federal Advisory Counsel on Historic Preservation
 - o Nebraska State Historic Preservation Officer
- Consultation and coordination only:
 - City of Lincoln, as a 'certified local government'



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Preliminary Discussion & Direction

Preliminary discussions with SHPO indicate

- Preservation of the park-like setting and the mature landscaping
- Although the campus is not currently on the federal register, VA will treat it as if it already is.
- Parties will attempt to draft a Programmatic Agreement and negotiate with SHPO.



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Questions and Answers

An open discussion of the VA EUL
opportunity

Q&A will be posted on VA's EUL Project Website



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Conclusion

- VA project website has additional information (www.va.gov)
<http://www4.va.gov/ASSETMANAGEMENT/EnhancedUse/Lincoln/index.asp>
- Please consult the website for periodic updates
- Or, contact our project team



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Walking Tour

- A guided tour to view the campus and buildings
- Please meet in front of the stage to begin the walking tour