



UNITED STATES
DEPARTMENT OF VETERANS AFFAIRS

Enhanced-Use Leasing: VA Medical Center Memphis, TN

Industry Forum

March 23, 2011

Presented by
The Metis Group LLC



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Introductory Remarks

Welcome to the Industry Forum



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Introductions

- General Introductions
 - VAMC Personnel
 - VA Headquarters Personnel
 - Contractor Personnel
- Review of the Agenda
- Logistics



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Medical Center Opening Remarks

- Introduction to the Medical Center
 - Welcome to Memphis
 - Current activities at the Medical Center
 - Need for the project(s)
 - 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

[Http://www4.va.gov/assetmanagement/enhanceduse/Memphis](http://www4.va.gov/assetmanagement/enhanceduse/Memphis)



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Overview of the Forum

- Introductory Remarks
- Overview of Enhanced-Use Leasing
- Overview of the Memphis Opportunities
- Discussion of Environmental Findings
- 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)
- VA has awarded over 50 EUL projects to date



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Enhanced-Use Leasing Overview (cont'd)

- Key Documents
 - Solicitation Documents
 - 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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EUL Parking Examples



- Parking garages have been constructed under EUL transactions in Cleveland, Chicago and Albany
 - Cleveland included the reuse of the entire campus
 - Albany was constructed in conjunction with the Albany Medical Center
 - Chicago West Side includes structured parking



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Enhanced-Use Leasing Examples



- Buildings on VA campuses have been reused for many different types of uses, including but not limited to the following:
 - Transitional and homeless housing in Minneapolis (MN), Battle Creek (MI) and Dayton (OH)
 - VBA offices in Chicago West Side, Atlanta (GA), Columbia (SC)
 - Residential homecare programs
 - Public safety buildings



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The Opportunities

Overview of the Property and the
Possible Transaction Options



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The Opportunities

There are two separate opportunities offered:

Opportunity 1: Parking Lots

- Offeror will propose on one or more of the parking lots for commercial development and construction of a garage
- VA requires a net gain of 600 to 800 parking spaces

Opportunity 2: Building 8 and North Parking Lot

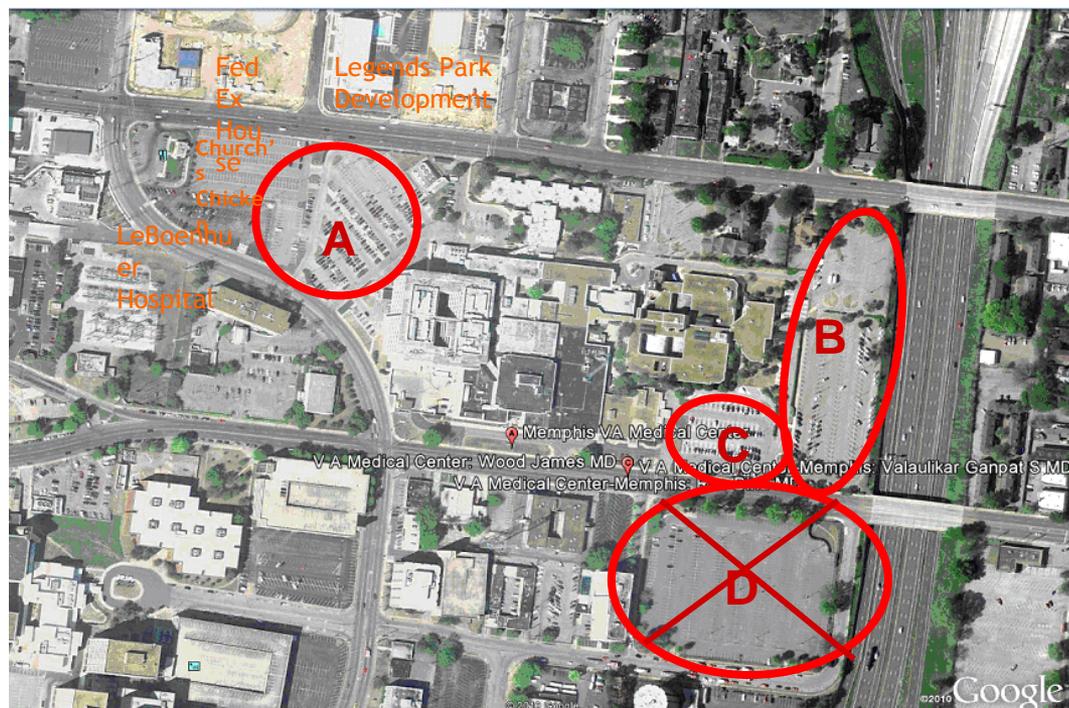
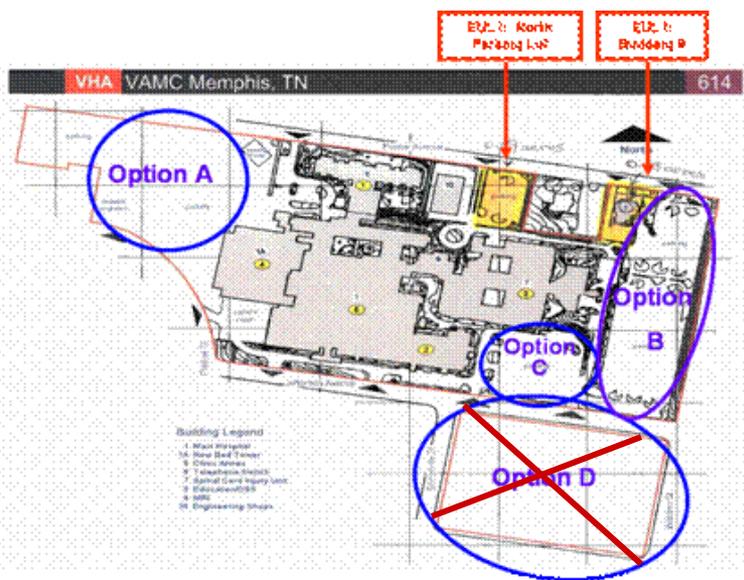
- Offeror would lease Building 8
- Potential addition of parking deck or other use on North Parking Lot



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Opportunity 1: Three Parking Lots





Opportunity 1: Three Parking Lots

- Propose on one or more parking lots for commercial development
- VA requires a net gain of 600 to 800 parking spaces

Parking Lot	Acres	Existing Parking
Option A (West Lot)	4.0 acres	432 spaces
Option B (NE and East lots)	3.4 acres	352 spaces
Option C (Unnamed Lot)	2.0 acres	121 spaces
Option D (Southeast Lot)	5.0 acres	580 spaces



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Opportunity 1: In-Kind Consideration

VA needs structured parking, with a net gain of 600 to 800 spaces.

- Location is flexible
 - Parking may be placed on any of the three parcels offered
- Offeror would provide parking to VA as part of in-kind consideration
 - Offeror may generate revenues from non-VA parking and any other commercial use proposed on the parcel(s)



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Opportunity 2: Building 8 & North Parking Lot

- Offeror leases the Building 8 property
 - GBA of 5,800 SF
 - Built 1907
 - Current use for office
 - Underlying site of 0.43 acres
- Offeror leases the North Parking Lot
 - Site totals 0.69 acres
- Offeror will provide additional parking or other compatible use constructed on North Parking Lot





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Opportunity 2: In-Kind Consideration

- Offeror would operate and maintain Building 8
- The preferred consideration is the addition of parking
- 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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EUL Selection Process

- Eligibility to participate is open.
 - Commensurate with the requirements of the Request For Proposal (“RFP”).
- There will be two awards: one for each opportunity.
- The successful developer will be selected through a competitive procurement process
 - Two separate RFPs will be issued.
 - Offerors may propose on one or both.
- Requirements for selection:
 - The offer should include a plan for a net gain of 600 to 800 parking spaces for Opportunity 1.
 - The offer should include in-kind consideration for Opportunity 2 with additional parking as the preferred consideration.
 - VA seeks and is open to creative solutions at the best value.



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Environmental Information

An Overview of Environmental
Information



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Environmental Information

- A Phase I Environmental Site Assessment (“ESA”) was conducted for both opportunities:
 - Building 8 and North Parking Lot in September 2009
 - Three Surface Parking Lots in September 2010
- Follow-up environmental studies are underway



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Questions and Answers

An open discussion of the VA EUL
opportunities

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



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Conclusion

- VA project website has additional information (<http://www.va.gov>)
<http://www4.va.gov/ASSETMANAGEMENT/EnhancedUse/Memphis/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