

**Department of Veterans Affairs**

Office of Asset Enterprise Management  
Washington DC 20420

**ENHANCED-USE LEASE  
CONSIDERATION REPORT  
FY 2008**

January 2010

Final Report



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# Acronyms and Abbreviations

## **Acronyms:**

BOMA – Building Owners and Managers Association

CBOC – Community Based Outpatient Clinic

EUL – Enhanced-use lease

FMA – Funded Maintenance Account

RO – Regional Office

SIOR – Society of Industrial and Office Realtors

SRO – Single Room Occupancy

O&M – Operations and Maintenance

VA – Veterans Affairs, Department of

VAMC – Veterans Affairs Medical Center

## **Abbreviations:**

Avg – Average

Bldg(s) – Building(s)

Dom. – Domiciliary

Mgmt – Management

Mo. – Month

Vet(s) – Veteran(s)



## Executive Summary

The Department of Veterans Affairs (VA) publishes its enhanced-use (EU) lease consideration report on an annual basis. The consideration report describes VA's stewardship of its underutilized real property assets, detailing the motivation, and the terms of each lease. It serves as a blueprint for effectively managing EU leases to ensure a safe and appropriate environment for the delivery of cost-effective benefits to Veterans. The consideration report is a living document that provides a transparent view of the measurable outcomes of VA asset utilization through the EU leasing initiative. The report also incorporates some soft, more difficult to quantify benefits – such as improved health-care outcomes and quality of life, customer service and satisfaction for Veterans, socioeconomic stimulus and benefits to local communities, and improved community relations.

Under the EU leasing authority, VA may lease land or buildings to the public or private sector for up to 75 years. The leased property may be developed for non-VA and/or VA uses that are compatible with the mission of the Department. In return for the lease, the Department obtains fair value consideration in the form of revenue, facilities, space, and services. VA continuously explores ways of expanding the use of this capital asset management tool and streamlining the process.

The EU leasing program produces results that include revenue, significant cost savings or cost avoidance, substantial private investment, new long-term sources of revenues as well as jobs or tax revenues for the local, state and federal sectors. EU leasing supports best business practices by improving VA financial performance and demonstrating budget/performance integration.

In this report, forty-seven EU leases are featured, with individual project summary highlights and outcomes. Across project types, enhanced-use leases generated \$47.8 million in total consideration to VA in FY 2008, including \$1.5 million in revenue received, \$31.0 million cost avoidance, \$6.1 million cost savings, and \$9.2 million in enhanced services. Since 2006, the EU leasing program has cumulatively generated \$146.6 million in total consideration to VA, including \$25.8 million in revenue, \$84.1 million cost avoidance, \$15.2 million cost savings, and \$23.6 million in enhanced services.



## Background on VA Enhanced-Use Lease (EUL) Program

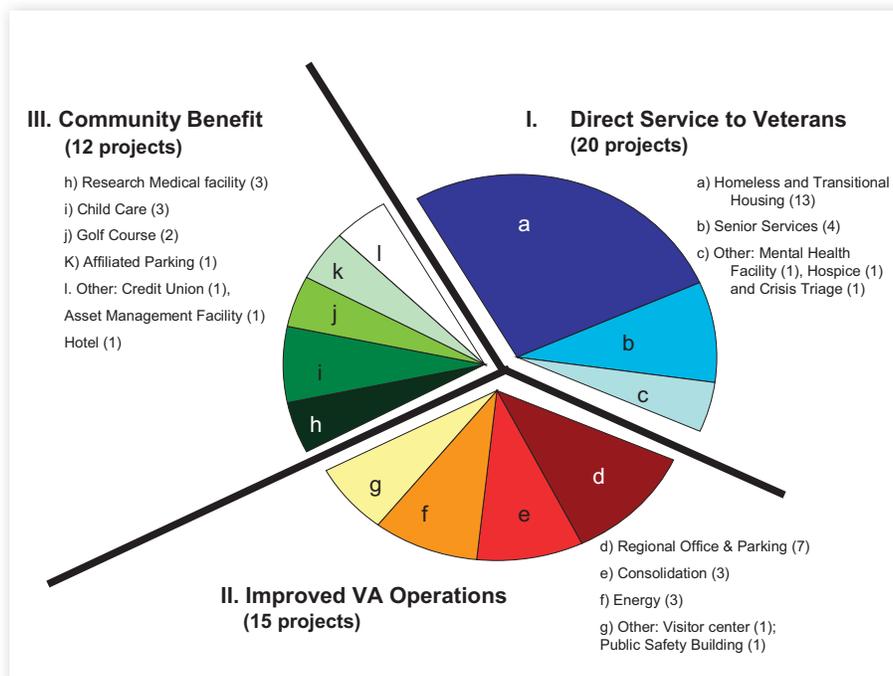
National changes in health care delivery and demographics have created both expensive inefficiencies and exciting opportunities for the government. The Department of Veterans Affairs (VA) infrastructure was designed and built when hospitalization and inpatient care were the norm. The new paradigm of health care delivery, supported by medical and technological advances, allows the delivery of most patient care through outpatient services. Veteran demographics are also changing. Since World War II, the Veteran population has shifted to the west and south of the United States along with the general population. The current VA network-based health care system often requires a different set of assets and infrastructure than those in VA's current inventory of buildings and land.

In order to better serve our Nation's Veterans through an expansion of services and the better allocation and use of available resources, in 1991, VA obtained legislative authority (sections 8161 – 8169 of title 38 U.S.C.) to enter into enhanced-use leases (EUL). EUL is a cooperative arrangement in which underutilized VA properties are made available to public or private entities, in exchange for monetary and/or in-kind consideration that furthers VA's mission. The amount and type of consideration varies from lease to lease, depending on the nature of the project, market demand, the amount and type of VA assets involved, and the creativity of the parties negotiating the venture.

A key component of the EU leasing program is close coordination with and involvement of the local government and community as full partners in the development process. For example, VA must hold a public hearing at the location of any proposed EU lease to obtain Veteran and local community input. VA also must provide a notice to its Congressional oversight committees prior to entering into an enhanced-use lease. Close collaboration with community leaders and interested stakeholders enables VA to address concerns early in the planning and development process.

The EUL authority allows VA to realign its asset portfolio in a way that creates value for stakeholders throughout the community. Local governments, Veterans groups, private partners, and community members benefit as underutilized properties are redeveloped to provide new services or economic opportunities for Veterans and the local community.

### Active Project Portfolio



For VA, enhanced-use leasing is a tool that allows the accomplishment of particular goals that otherwise could not be achieved, such as:

- Strengthening the network of local services available to Veterans
- Distributing costs of VA capital investments
- Transferring maintenance costs of land and improvements (without incurring the cost of disposal or continued maintenance)
- Creating innovative community partnerships

EUL projects may be divided into three major categories according to the type of benefits provided.

- **Direct service to Veterans.** These leases provide Veterans with direct services that are not available in the medical center. Examples are housing, hospice and crisis triage facilities acquired through EUL. Our partners provide Veterans with priority placement and in some cases they serve Veterans exclusively. All of these projects represent cost avoidance to VA in terms of bed days of care. Housing projects provide safe, affordable shelter and living arrangements near health care providers which contribute to positive outcomes for Veterans. This type of project has many non quantifiable benefits such as increased access to health care, improved satisfaction and quality of life for Veterans and their families, improved relations with the community, and many other socioeconomic benefits.
- **Improved VA operations.** Leases under this category contribute to improved use of VA's resources to enhance services to Veterans. Examples are regional office collocations, parking, consolidation of services, energy generation, visitor's center, public and safety buildings. Unlike direct services to Veterans, these types of leases provide services or cost avoidance directly to VA and contribute to the better utilization of VA's infrastructure and/or resources. Through a joint venture with a private partner, VA is able to spread the capital costs associated with the improvements or services obtained, allowing VA to improve access and increase its geographical base of operation. Benefits such as improved services, access, positive impact in the community, increased Veteran satisfaction are not easily quantifiable.
- **Community benefits.** These leases provide services to the general community. Examples include research and development facilities, golf courses, affiliate partnering, credit union and asset management facilities. The services provided by our partners are directed to the general community as well as our Veterans. The main impact of these leases is through revenue generation, cost avoidance, community improvement and employee/ Veteran satisfaction, benefits which cannot be quantified.

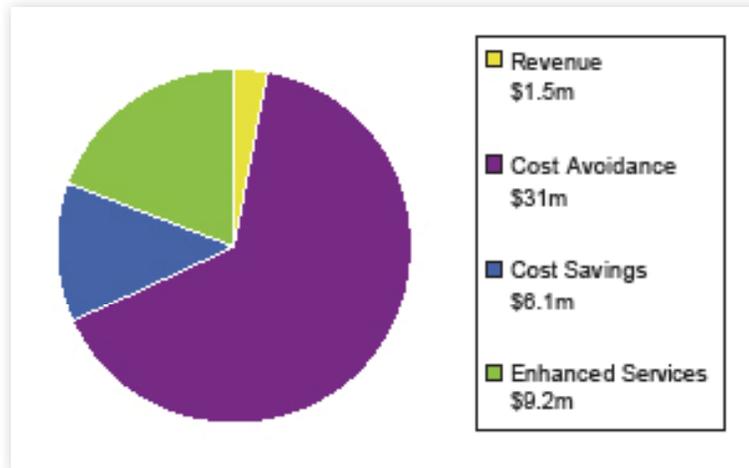
In this report, we attempt to quantify the consideration VA realizes from its enhanced-use leases in terms of **revenue** (cash or in-kind), **cost avoidance**, **cost savings**, and **enhanced services** to Veterans or VA employees, net of any new **VA expense** generated by the lease (excluding overall lease administration costs).

Revenue	Cost Avoidance	Cost Savings	Enhanced Services	VA Expense
New Cash or in-kind receipts to VA	Amount VA would have paid to maintain facility and/ or deliver services in the absence of an EUL	Discounts realized on necessary VA purchases, such as energy, office space, or parking	Value of new or discounted newly available services to Veterans or VA employees	New expenses associated with the lease (not already subtracted in calculation of cost savings)
(+ ) Impact on VA Operating Budget			Budget Neutral	(-) Impact on VA Operating Budget

At the closing of fiscal year (FY) 2008, VA had awarded a total of fifty-three (53) enhanced-use leases, forty-one (41) of which are operational, six (6) are awarded but not yet operational, one (1) converted into a property disposal, and five (5) have been terminated.

In this report, forty-seven EU leases are featured, with individual project summary highlights and outcomes. Across project types, enhanced-use leases generated \$47.8 million in total consideration to VA in FY 2008, including \$1.5 million in revenue received, \$31.0 million cost avoidance, \$6.1 million cost savings, and \$9.2 million in enhanced services. Since 2006 the EU leasing program has cumulatively generated \$146.6 million in total consideration to VA, including \$25.8 million in revenue, \$84.1 million cost avoidance, \$15.2 million cost savings, and \$23.6 million in enhanced services.

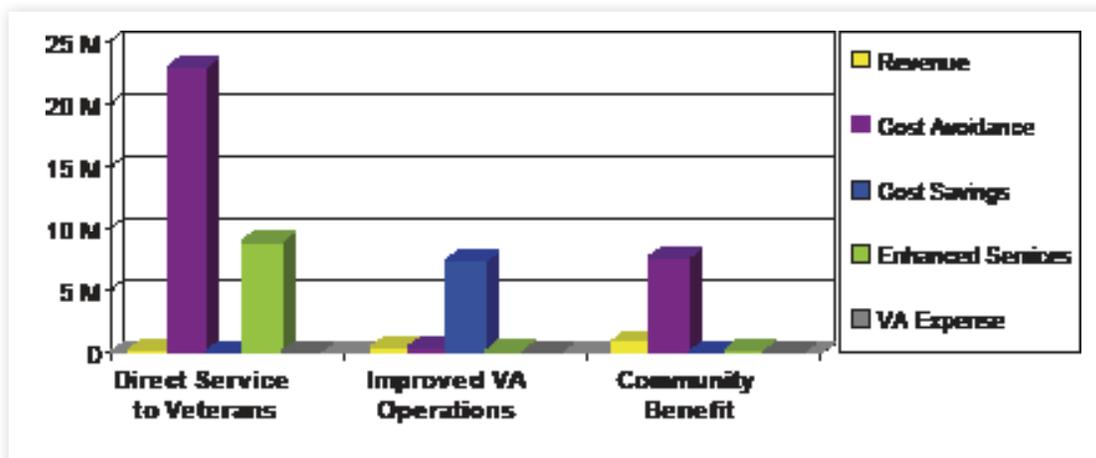
**FY 2008 EUL Program Consideration Highlights**



**Average Recurring Consideration per Project Category**

The form of consideration varies by project and project category. On average, direct service projects tend to generate the majority of their value through enhanced services, such as providing priority placement to Veterans in housing programs. In contrast, improved VA operations projects tend to deliver the majority of their value through cost savings on large VA purchases, such as energy, office space, and parking. Community benefit projects affect VA primarily through cost avoidance associated with the transfer of operation and maintenance costs for the leased buildings and land. On average, across all project categories, recurring revenue tends to be low, both in absolute terms and in comparison with other forms of consideration. As a result, although most projects positively affect VA's operating budget through cost avoidance or cost savings, few projects generate new direct revenue streams.

**Comparison of Consideration by Project Category in Dollars (millions)**



### Cumulative Data Comparison

Year	Revenue	Cost Avoidance	Cost Savings	Enhanced Services	VA Expense	Total Received
2007	\$1.1m	\$30.3m	\$3.7m	\$8.7m	\$0.2m	\$43.8m
2008	\$1.5m	\$31.0m	\$6.1m	\$9.2m	\$0.0m	\$47.8m
Cumulative since 2006	Total Received: \$25.8m	\$84.1m	\$15.2 m	\$23.6m	\$1.0m	\$146.6m

**Note:** Cumulative revenue since 2006 includes the one-time revenue payment of \$22 million associated with the lease conversion to property disposal in Chicago (Lakeside) and \$.34 million for Charleston one-time lump sum payment.

### Direction for 2009

This report is intended to demonstrate an ongoing commitment to monitor VA resources and program outcomes more effectively. Gathering information for this report involved a series of field consultations and multiple data questions with numerous factors and no easy answers. Our goal remains to present the best available information in a transparent and consistent manner. Since 2006 much progress has been achieved toward standardizing data collection and using specific benchmarks for each project. It is an ongoing initiative to improve and standardizing the way we capture and report the EUL projects cost-benefit outcomes. Accumulative total consideration received has been added to the report to capture overall benefits from the EUL program since 2006.

EUL benefits are intrinsically difficult to quantify because of the inability to quantify soft data. For example, quality of life improvements associated with collocating new housing for Veterans on VA medical center campuses are widely acknowledged but difficult to quantify objectively, and therefore not given dollar values in this report. In other cases, certain benefits could not be quantified due to current data limitations. In the original report issued during 2006, cost avoidance was not calculated for homeless and transitional housing projects where information was not available to determine how projects substituted for VA services. In these cases, no cost avoidance was calculated; instead, project bed days of care were recorded as enhanced services to Veterans, valued at local market estimate, an often-cited estimate of the value of single room occupancy (SRO) services.

Cost avoidance for homeless and transitional housing projects is calculated using 25 percent of a conservative nationwide average of the estimated cost (bed per day rate) to provide SRO services. The cost avoidance rate for SRO services is \$268/day for 2008 and \$264/day for 2007. In addition, the annualized per diem rate for homeless services provided to Veterans through VA's grant program is \$12,500 for 2008 and \$11,500 for 2007; which was added to the cost avoidance calculations. Cost avoidance for inpatient facilities is calculated by using a benchmark of \$562 in FY 2008.

FY 2008 report contains standardized benchmarks. The benchmarks for the enhanced services were obtained from the Housing and Urban Development (HUD) website under the Final FY 2008 Fair Market Rent Documentation System. These rates were based on a one-bedroom in the appropriate area's market (county, city, or town). In addition, VA Regional Offices benchmarks were calculated using best available market rate from BOMA and other sources. Best available information includes base rate rent only. Since all VARO are turn key, added to the base rate are utilities, maintenance costs, and other costs per lease agreement. This system of benchmarking by category of project will allow VA to obtain consistent rates for all types of EUL projects.

# Quick Guide to EUL Summaries

**Direct Service to Veterans**  
**Homeless & Transitional Housing**

**MINNEAPOLIS, MINNESOTA**  
**Single Room Occupancy**

**MOTIVATION:** According to a 2001 statewide survey, there are approximately 3,413 homeless veterans in the major metro area of the Twin Cities, MN. Of 686 homeless veterans surveyed in 2001, 45% were clinically diagnosed with a serious mental health disorder and 52% of them considered themselves to be chemically dependent. Fifty-seven (57%) percent received either inpatient or outpatient alcohol or drug treatment in the last two years. The Department of Veterans Affairs faces the challenge of ensuring that all eligible veterans have access to safe, supportive housing and rehabilitation from chronic and debilitating health conditions. The Department is committed to successfully treating their mental health conditions and maintaining those health improvements over the lease term.

**FMA Contribution:** \$100,000 total in 2008

**Project Categorization** within this report

**Original Project Title**

**Description of project background, consideration pre-2005 and benefits that could not be quantified, as applicable**

Terms	Lessee	Property	Key Terms	Awarded	Term
	Hennepin County Housing and Redevelopment Authority	4.34 acres, 4 buildings (11, 12, 13, 14)	<ul style="list-style-type: none"> <li>Priority placement for veterans in 51% of units</li> <li>Lump sum payment \$300k</li> <li>Funded Maintenance Account (\$2/ sq ft, not to exceed \$22,000)</li> </ul>	2005	60 years

**Outcomes**

	Consideration	Description	\$ Value	Total
2005	Revenue	Forms of consideration that directly affect VA's operating budget	\$0,000	\$305,000
	Cost avoidance		\$5,000	
	Cost savings			
	Enhanced services	A quantifiable benefit to veterans or VA employees resulting from the lease that does not directly affect VA's operating budget		
	VA expense			
2006	Revenue	An expense incurred by VA in part or majority due to this lease	\$0	\$4,312,000
	Cost avoidance		\$5,000	
	Cost savings	N/A	\$0	
	Enhanced services	59 veterans placed x \$200/day x 365 days	\$4,307,000	
	VA expense	N/A		

\*1. Facility began placing residents in August 2005

Footnotes may appear below "Terms" and "Outcomes" tables.

## Lease Consideration Definitions

1. **Revenue:** New cash or in-kind receipts received by VA.

Revenue does not include reimbursement to VA for services rendered. Revenue may include the value of services the lessee provides to VA that are *not otherwise accounted for* in a rent payment from VA to lessee.

*Examples of Revenue:*

- One-time lump sum payment
- Annual rent paid to VA
- \$5,000 water voucher from city to VA for VA's use

2. **Cost Avoidance:** The portion of the value of goods or services provided by the lessee that VA would have otherwise paid in the absence of the lease.

Cost Avoidance does not include investment or expenses incurred by the lessee that are over and above what VA was paying or would have to pay. For example, where lessee invests \$2 million to renovate a building that VA was paying \$40,000 annually to maintain in an unoccupied state, only the \$40,000 adjusted for inflation, is counted as cost avoidance. Similarly, if a lessee provides two new services to Veterans, one of which substitutes for a service a VA medical center was providing, only the service that substituted for the VA program would be recorded as cost avoidance. (The service that was provided over and above what VA provides would be recorded as an "Enhanced Service.")

*Examples of Cost Avoidance:*

- Veteran housing that *substitutes* for VA bed days of care
- Facility and grounds maintenance
- New capital asset constructed exclusively for VA use

3. **Cost Savings:** Market price of goods or services supplied to VA through the lease minus VA's current cost to procure these goods or services (including trust or associated fees) or savings associated with process improvements.

All cost savings in this report relate to necessary commodity purchases, such as office space, parking, or energy. Cost savings may also emanate from process improvements related to a lease, such as faster veteran's benefit processing times (VBA and VHA collocation).

*Examples of Cost Savings:*

- Commodity purchases (e.g. office space, energy, parking)
- Process improvements (e.g. staff time saved through new process)

4. **Enhanced Services:** A service expansion or improvement resulting from the lease with quantifiable value that *does not directly affect VA's operating budget*.

Enhanced services includes services that do not substitute for VA services, either because the service is not available in quantities to meet demand or because the service falls outside the scope of services provided by VA medical centers (e.g. transitional housing, hospice services). Similarly, enhanced services include discounts on market services that might not otherwise be available (e.g. recreational therapy, day care).

*Examples of Enhanced Services:*

- New or expanded veteran housing that does not substitute for VA bed days of care
- Veteran or employee discounts

5. **VA Expense:** A cost in part or in whole attributed to the enhanced-use lease (excluding lease administration costs) which is not already subtracted in a calculation of cost savings.

*Examples of VA Expense:*

- Ancillary services VA provides to lessee that are not reimbursed

6. **Funded Maintenance Account (FMA):** An escrow account required by lease provision and funded by the lessee; established for the purpose of ensuring that the lessee set aside adequate funds to maintain the leased VA real property over the term of the lease. FMA provisions are included in some, but not all enhanced-use leases. Where no contribution to a Funded Maintenance Account exists, either because there is no FMA associated with the lease or because this requirement has been waived, "FMA Contribution" in this report is labeled "N/A."

# Direct Service to Veterans

## Homeless & Transitional Housing

### BARBERS POINT, HAWAII

Single Room Occupancy (SRO)



**MOTIVATION:** Barbers Point, Hawaii recognized the unmet need for supportive services, such as housing for homeless Veterans throughout the community. Through this EUL project, VA was able to provide at least 118 beds to homeless Veterans on a priority basis.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans, while reducing or avoiding potentially more expensive medical care and services. In a supportive housing environment, Veterans are able to reunite with their families, receive complex treatment protocols and services in outpatient care settings, create a life off the streets, and avoid incarceration.

**Benefits to VA:** This project expands services to Veterans without capital or operating cost to VA.

**FMA Contribution:** \$20,000

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Cloudbreak, Hawaii, LLC	6 acres, 3 buildings (65,963 sq ft)	<ul style="list-style-type: none"> <li>• Lessee to construct no less than 118 beds for homeless Veterans and non-Veterans</li> <li>• First Priority placement for Veterans.</li> <li>• Rent: 2% gross revenue</li> <li>• Funded Maintenance Account (\$0.20 per sq ft) not required to exceed \$65,963</li> </ul>	2002 <i>(Operations began: September 2002)</i>	50 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent	\$14,000	<b>\$4,761,992</b>	<b>\$8,908,742</b>
	Cost avoidance	• Bed days of care • Facility maintenance • Homeless per diem	\$2,264,592 \$500,000 \$1,081,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 95 Veterans	\$902,400		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent	\$16,837	<b>\$5,536,151</b>	<b>\$14,444,893</b>
	Cost avoidance	• Bed days of care • Facility maintenance • Homeless per diem	\$2,298,770 \$525,000 \$1,175,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 94 Veterans <sup>1</sup>	\$1,520,544		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### BEDFORD, MASSACHUSETTS

Single Room Occupancy (SRO)



**MOTIVATION:** Bedford, MA recognized the acute need for safe, and affordable housing for greater Boston's homeless Veteran population. Because of the overall high cost of rental housing throughout greater Boston, the only affordable housing available is often in unsafe areas where alcohol and drug abuse are widespread. Through this EUL project, VA was able to obtain 60 units of safe, low income housing for the Veterans in the greater Boston area.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans.

**Benefits to VA:** This SRO facility provides revenue, as well as enhanced services to Veterans, at no capital cost to VA.

FMA Contribution: \$19,500

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Bedford Veterans Quarters, Inc.	23,686 sq ft Building 5	<ul style="list-style-type: none"> <li>• Lessee to rehabilitate, construct, maintain, repair and operate 60-unit SRO facility and associated facilities</li> <li>• 100% priority placement for eligible Veterans to all services offered</li> <li>• Rent: \$3.14/ sq ft during 1<sup>st</sup> yr operations; annual rent after renovations will be based on par with sq ft cost of all campus buildings</li> <li>• Funded Maintenance Account (\$2/ sq ft not required to exceed \$19,500)</li> </ul>	2005  <i>(Operations began: FY 2008)</i>	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	<b>Construction Phase</b>				
<b>2008</b>	Revenue	• Rent	\$74,374	<b>\$2,458,760</b>	<b>\$2,458,760</b>
	Cost avoidance	• Bed days of care	\$1,124,930		
		• Facility maintenance	\$48,000		
		• Homeless per diem	\$575,000		
	Cost savings	• N/A	\$0		
	Enhanced services <sup>1</sup>	• 46 Veterans	\$636,456		
	VA expense	• N/A	\$0		

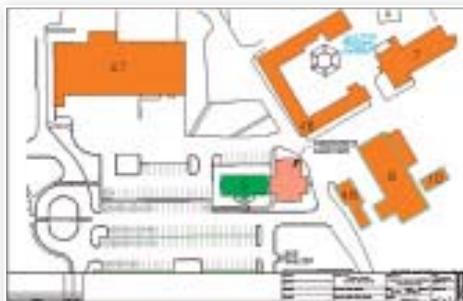
1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### BUTLER, PENNSYLVANIA

Homeless Residential Program



**MOTIVATION:** Butler, PA recognized the unmet need for supportive services and affordable housing for Veterans. This EUL will create additional transitional residence units for Veterans in Butler, PA. The expansion site is located directly adjacent to Deshon Place (Building 5) on the Butler VAMC campus. The expansion will require construction of a two-story attached addition to Building 5. The expansion is expected to require approximately 0.20 acres. The proposal will add a wing of ten single-occupancy units to the original program.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans. The proximity to the Medical Center campus ensures easy access

to treatment and services that support recovery and improved life opportunities to the Veterans served.

**Benefits to VA:** The primary benefit to VA is the creation of additional transitional residence units for Veterans. This expansion will provide the VAMC with \$1,000,000 of construction and improvements to Building 5 (Deshon Place) and \$1,875,702 of the in-kind services with supportive housing for Veterans over the term of the lease.

**FMA Contribution:** N/A (Effective when operational)

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	County of Butler	.20 acres underutilized land	<ul style="list-style-type: none"> <li>To design, construction, operate, maintain and provide transitional residence services for homeless adults and Veterans.</li> <li>Priority placement for VA-referred Veterans</li> <li>Funded Maintenance Account</li> <li>Addition of 10 single-occupancy units</li> </ul>	2007	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	<i>Lease awarded, 2007</i>				
2008	<i>Constructed not started, design being vetted through local non-VA authorities</i>				

# Direct Service to Veterans

## Homeless & Transitional Housing

**DAYTON, OHIO**  
Homeless Housing



**MOTIVATION:** Dayton, OH recognized the unmet need for safe, clean and affordable housing opportunities in the area for homeless Veterans. Through this EUL Project, Ohio Avenue Commons, LLC (OAC) will develop, renovate, construct, operate, and maintain Building 402 of the property, providing no less than twenty-seven (27) units of transitional housing and related supportive services for eligible Veterans and non-Veterans.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans. The proximity to the Medical Center campus ensures easy access to treatment and services that

promote recovery and improved life opportunities to the Veterans served.

**Benefits to VA:** This lease will provide income consideration and expand the services provided to our Veterans.

**FMA Contribution:** N/A (Effective when operational)

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Ohio Avenue Commons, LLC (OAC)	.6049 acres in Building 402	<ul style="list-style-type: none"> <li>Rent: \$5,000/year</li> <li>Eligible Veterans receive priority placement for all services offered</li> <li>FMA \$2/sq ft based on rentable area</li> <li>Not less than 27 units of transitional housing</li> </ul>	2007 <i>(Operations began: 2008)</i>	65 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	<i>Lease awarded, 2007</i>				
<b>2008</b>	Revenue	• Rent	\$2,708	<b>\$34,802</b>	<b>\$34,802</b>
	Cost avoidance <sup>1</sup>	• Bed days of care • Facility maintenance • Homeless per diem	\$0 \$32,094 \$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

1. The facility became operational during FY 2008, rent and cost avoidance pro-rated.

# Direct Service to Veterans

## Homeless & Transitional Housing

**DAYTON, OHIO**  
Homeless Housing



**MOTIVATION:** Miami Valley Housing Opportunities (MVHO) has provided residential housing for homeless adults diagnosed with substance abuse and/or mental illness through 3-year outleases of Building 412 since May 2000. However, the deteriorating physical condition of the structure jeopardized services. VA estimated that restoring the building for VA's own use would cost in excess of \$2.5 million. For VA to maintain the building in an unoccupied state was estimated to be \$46,900 per year; to demolish the building would cost approximately \$750,000. This EUL provided VA the opportunity to outlease for a long term and get all the improvements necessary while offering housing units to homeless Veterans.

**Benefits to Veterans:** Safe, affordable permanent housing.

**Benefits to VA:** The restoration of Building 412, allowing the residential mental health care program to continue, at no capital cost to VA.

**FMA Contribution:** \$7,000

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Miami Valley Housing Opportunities (MVHO)	~24K sq ft in Building 412	<ul style="list-style-type: none"> <li>Rent: \$3,000/mo.</li> <li>Eligible Veterans receive priority placement for all services offered</li> <li>FMA \$2/sq ft not required to exceed \$22,000</li> </ul>	2004 <i>(Operations began: July 2006)</i>	50 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent	\$36,929	<b>\$1,639,915</b>	<b>\$2,059,245</b>
	Cost avoidance	• Bed days of care • Facility maintenance • Homeless per diem	\$361,416 \$52,950 172,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 15 Veterans placed • Other services to Veterans <sup>1</sup>	\$63,000 \$953,120		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent	\$40,077	<b>\$1,675,453</b>	<b>\$3,734,698</b>
	Cost avoidance	• Bed days of care • Facility maintenance • Homeless per diem	\$342,370 \$54,538 \$175,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 14 Veterans placed <sup>2</sup> • Other services to Veterans <sup>1</sup>	\$92,568 \$970,900		
	VA expense	• N/A	\$0		

1. Other services offered to Veterans are: educational training, group discussions and case management, meals, furniture, clothing, work program and secondary case management.

2. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### HINES, ILLINOIS

Single Room Occupancy (SRO) - Building 14



**MOTIVATION:** Similar to many communities, Hines, Illinois, has a recognized unmet need for transitional housing for Veterans and residents in the community. This EUL rehabilitated VA's vacant Building 14 to be operated as a 42-unit residential transitional housing facility.

**Benefits to Veterans:** 40 SRO units and two residential units to be rented on a preference basis to homeless and formerly homeless Veterans.

**Benefits to VA:** This lease is expected to reduce VA operating costs by transferring maintenance of Building 14, while also providing a valuable service to Veterans.

FMA Contribution: \$18,900

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Shelters for the Homeless and Cooke's Manor, LLC	0.437 acres Building 14	<ul style="list-style-type: none"> <li>Veterans priority placement in 40 of the 42 units</li> <li>Lessee to pay \$44,789/yr, indexed to CPI, to reimburse VA for ancillary services</li> <li>FMA Contribution: \$12,600/yr, not required to exceed \$22,000</li> </ul>	2004 <i>(Operations began: 2006)</i>	32 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent <sup>1</sup>	\$4,789	<b>\$2,127,989</b>	<b>\$3,963,658</b>
	Cost avoidance	• Bed days of care • Maintenance costs • Veterans per diem	\$963,600 \$18,000 \$460,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 40 Veterans placed	\$681,600		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent <sup>1</sup>	\$4,789	<b>\$1,904,189</b>	<b>\$5,867,847</b>
	Cost avoidance	• Bed days of care • Maintenance costs • Veterans per diem	\$978,200 \$18,000 \$500,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 40 Veterans placed <sup>2</sup>	\$403,200		
	VA expense	• N/A	\$0		

1. Although lessee pays "rent" of \$44,789 annually, these funds are designated to reimburse VA for ancillary services provided, therefore do not represent new receipts. VA spent \$40,000 in 2008 to provide services specified in the lease yielding a net income of \$4,789.

2. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### LEAVENWORTH, KANSAS

Residential Health Care



**MOTIVATION:** Originally constructed in 1885, the Leavenworth campus experienced its peak level of activity in 1906, with 4,119 patients. In the decades since its post-Civil War prime, the rural location, decline in the number of Veteran patients, and aging infrastructure have led to the majority of the campus buildings falling vacant. In 1999, the Leavenworth campus and 38 of its vacant buildings were listed on the National Register of Historic Places. This designation requires VA to avoid, minimize or mitigate the effects of demolition. Through this EUL project, VA was able to rehabilitate the vacant buildings for homeless housing and other tenants.

**Benefits to Veterans:** Entering an enhanced-use lease to reuse, redevelop, and/or renovate a portion of the 38 vacant buildings for affordable senior housing, long-term care, and transitional housing offer a unique opportunity for Veterans to live and receive

care on the VA campus in a life-care community setting.

**Benefits to VA:** Transfer of the costs of maintenance, renovation, and compliance with National Historic Preservation guidelines to a private partner.

**FMA Contribution:** \$11,250

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Eisenhower Ridge Association (ERA)	50 acres, including 38 vacant or underutilized buildings, which include 5 parking garages	<ul style="list-style-type: none"> <li>• Lessee to redevelop, renovate, and reuse facility to operate affordable senior housing</li> <li>• VA allowed continued use of certain buildings</li> <li>• FMA to meet or exceed the requirement of the lender</li> </ul>	2005  <i>(Operations began: 2006)</i>	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$1,107,800</b>	<b>\$2,412,012</b>
	Cost avoidance	• Bed days of care • Buildings and ground maintenance • Homeless per diem	\$481,800 \$276,000 \$230,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 20 Veterans placed	\$120,000		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$2,114,399</b>	<b>\$4,526,411</b>
	Cost avoidance	• Bed days of care • Buildings and ground maintenance • Homeless per diem	\$1,002,655 \$276,000 \$512,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 41 Veterans placed <sup>1</sup>	\$323,244		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### MINNEAPOLIS, MINNESOTA

Single Room Occupancy (SRO)



**MOTIVATION:** According to a 2001 statewide survey, there are approximately 3,413 homeless Veterans in the metro area of the Twin Cities, Minnesota. Of 686 homeless Veterans surveyed in 2001, 45% were clinically diagnosed with a serious mental health disorder and 52% consider themselves to be chemically dependent. Fifty-seven (57%) percent received either inpatient or outpatient alcohol or drug treatment in the previous two years. Through this EUL project, VA is able to provide no less than 140 units of affordable, safe, drug and alcohol free housing and related services to Veterans in the Twin Cities area.

**Benefits to Veterans:** Access to safe, supportive and affordable housing, allows Veterans an opportunity to focus on rehabilitation from chronic and debilitating conditions. Without such housing, Veterans who are successfully treated for their mental and health needs have difficulty maintaining health improvements.

**Benefits to VA:** This enhanced-use lease provides housing services for Veterans at no capital expense to VA.

**FMA Contribution:** \$22,000

Terms	Lessee	Property	Key Terms	Awarded	Term
	Hennepin County Housing and Redevelopment Authority	4.34 acres, 4 buildings (11, 12, 13, 14)	<ul style="list-style-type: none"> <li>Priority placement for Veterans in 51% of 140 units</li> <li>Lump sum payment \$300,000</li> <li>Funded Maintenance Account (\$2/ sq ft, not required to exceed \$22,000)</li> </ul>	2005 <i>(Operations began: August 2006)</i>	60 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$3,381,632	\$5,358,698
	Cost avoidance	• Building maintenance • Bed days of care • Homeless per diem	\$5,000 \$2,023,560 \$966,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 84 Veterans placed	\$387,072		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$4,448,614	\$9,807,312
	Cost avoidance	• Building maintenance • Bed days of care • Homeless per diem	\$5,000 \$2,396,590 \$1,225,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 98 Veterans placed <sup>1</sup>	\$822,024		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

## Direct Service to Veterans Homeless & Transitional Housing

### PORTLAND, OREGON-VANCOUVER (WASHINGTON CAMPUS)

Single Room Occupancy (SRO)



**MOTIVATION:** A single-day survey of the VAMC indicated that 18% of patients would have been homeless if discharged on that day, or about 40 Veterans a year. Through this EUL project, VA was able to obtain 62 (50% of the total 126 units) housing units for low income Veterans in the Vancouver area.

**Benefits to Veterans:** This EUL housing project will provide 62 new beds designated as Veterans preference on previously vacant and undeveloped land parcel.

**Benefits to VA:** In addition, this project may produce cost avoidance for VA by reducing lengths of stay times for Veterans who might

otherwise continue to use in-patient services (valued at \$500/day) because they had no place to go.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Vancouver Housing Authority	~1 acre	<ul style="list-style-type: none"> <li>Lessee to finance, design, construct, and manage 126 units of SRO facility and studio apartments, with community kitchen, counseling, recreation, and supportive services</li> <li>Lessee is responsible for coordination of client services across a consortium of health and social service organizations of which Portland VAMC is a part.</li> <li>62 beds, i.e. 50% of the facility is designated as Veteran preference</li> </ul>	1998 <i>(Operations began: 1999)</i>	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$2,495,232</b>	<b>\$4,719,848</b>
	Cost avoidance	• Bed days of care • Homeless per diem	\$1,517,472 \$724,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 63 Veterans placed	\$253,260		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$3,047,420</b>	<b>\$7,767,268</b>
	Cost avoidance	• Bed days of care • Homeless per diem	\$1,662,940 \$850,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 68 Veterans placed <sup>1</sup>	\$534,480		
	VA expense	• N/A	\$0		

1. Please note the FY 2008 benchmark almost doubled due to the use of HUD FY 2008 Fair Market Rent Documentation System.

# Direct Service to Veterans

## Homeless & Transitional Housing

### ROSEBURG, OREGON

Single Room Occupancy (SRO)



**MOTIVATION:** A single-day survey of the Roseburg health center indicated that 32% of patients, if discharged that day, would be discharged to homelessness, or about 83 patients per year. Through this EUL project, VA was able to obtain 63 transitional housing units for homeless Veterans in the Oregon area.

**Benefits to Veterans:** This project, which constructs a SRO facility on the VAMC campus, will provide a critical service to Veterans at no cost.

**Benefits to VA:** The SRO facility yields savings to the VAMC by allowing earlier hospital discharge from VAMC inpatient services for Veterans who might otherwise have longer lengths of stay due to having no place to go.

FMA Contribution: N/A

Terms	Lessee	Property	Key Terms	Awarded	Term
	Housing Authority of Douglas County	~2 acres	<ul style="list-style-type: none"> <li>• Lessee to finance, design, construct and manage 63-bed facility that provides transitional and permanent housing in a quality, affordable, and service-enriched supportive environment.</li> <li>• 50% of beds designated as Veterans preference</li> </ul>	2000	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$1,489,432	\$2,540,768
	Cost avoidance	• Bed days of care	\$915,552		
		• Ground maintenance	\$200		
		• Homeless per diem	\$437,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 34 Veterans placed	\$136,680		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$1,746,180	\$4,286,948
	Cost avoidance	• Bed days of care	\$978,200		
		• Ground maintenance	\$32,300		
		• Homeless per diem	\$500,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 40 Veterans placed <sup>1</sup>	\$235,680		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Homeless & Transitional Housing

### SEPULVEDA, CALIFORNIA

Homeless Residential Program



**MOTIVATION:** With an estimated 50,000 homeless Veterans per year in the County, VA is able to reach less than 10% of those in need. Building 4 was in severe disrepair and needed immediate attention. Through this EUL project, VA was able to obtain 73 transitional housing units for the Veterans in the California area.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans. The proximity to the Medical Center campus ensures easy access to treatment and services to support recovery and improved life opportunities to the Veterans served.

**Benefits to VA:** The primary benefit to VA is the creation of additional transitional residence units for Veterans. In addition, VA will receive professional counseling, case management and crisis management services for Veteran tenants; professional/technical training services for VA employees, and temporary use of the property by VA employees for VA activities.

**FMA Contribution:** N/A (Effective when operational)

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	New Directions Sepulveda I L.P.	3.83 acres Building 4	<ul style="list-style-type: none"> <li>To renovate, design, construction, operate, maintain and provide transitional residence services for 73 homeless adults and Veterans in Building 4.</li> <li>Priority placement for VA-referred Veterans</li> <li>Funded Maintenance Account at no less than \$300 per unit</li> <li>10% cash from film making activities.</li> </ul>	2008	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2008		<i>Lease awarded, 2008</i>			

# Direct Service to Veterans

## Homeless & Transitional Housing

### SEPULVEDA, CALIFORNIA

Homeless Residential Program



**MOTIVATION:** With an estimated 50,000 homeless Veterans per year in the County, VA is able to reach less than 10% of those in need. Building 5 was in severe disrepair and needed immediate attention. Through this EUL project, VA was able to obtain 76 transitional housing units for the homeless Veterans in the California area.

**Benefits to Veterans:** This project is designed to provide safe, supportive, and affordable housing to mentally ill, disabled, and single adult homeless Veterans. The proximity to the Medical Center campus ensures easy access to the treatment and services to support recovery and improved life opportunities to the Veterans served.

**Benefits to VA:** The primary benefit to VA is the creation of additional transitional residence units for Veterans. In addition, VA will receive professional counseling, case management and crisis management services for Veteran tenants; professional/technical training services for VA employees, and temporary use of the property by VA employees for VA activities.

**FMA Contribution:** N/A (Effective when operational)

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	New Directions Sepulveda II L.P.	3.22 acres of underutilized land and Building 5	<ul style="list-style-type: none"> <li>To renovate, design, construction, operate, maintain and provide transitional residence services for 76 homeless adults and Veterans in Building 5.</li> <li>Priority placement for VA-referred Veterans</li> <li>Funded Maintenance Account at no less than \$300 per unit.</li> <li>10% cash from film making activities</li> </ul>	2008	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2008		<i>Lease awarded, 2008</i>			

# Direct Service to Veterans

## Homeless & Transitional Housing

### ST. CLOUD, MINNESOTA

Homeless Housing



**MOTIVATION:** In the City of St. Cloud, approximately 38% of all homeless individuals are Veterans. Entering into an EUL to construct an affordable housing complex fills an important need for Veterans and lowers VA costs by reducing the number of bed days of care at VA's domiciliary.

**Benefits to Veterans:** Access to safe, supportive and affordable housing, for homeless individuals, with priority placement for Veterans.

**Benefits to VA:** Reduced costs by reducing the bed days of care at VA's domiciliary.

FMA Contribution: \$20,000

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	St. Cloud Housing & Redevelopment Authority	5.62 acres	<ul style="list-style-type: none"> <li>• Lessee to develop, finance, construct, operate and maintain affordable housing complex, including at least 61 apartments and associated parking</li> <li>• Veterans to receive 51% priority placement</li> <li>• Funded Maintenance Account (\$2.00 per sq ft per annum not required to exceed \$22,000)</li> </ul>	2005 <i>(Operations began: 2006)</i>	50 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$1,423,370</b>	<b>\$1,823,179</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>• Ground maintenance</li> <li>• Bed days of care</li> <li>• Homeless per diem</li> </ul>	\$1,466 \$794,904 \$379,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 33 Veterans placed	\$247,500		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$1,387,936</b>	<b>\$3,211,115</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>• Ground maintenance</li> <li>• Bed days of care</li> <li>• Homeless per diem</li> </ul>	\$1,472 \$782,560 \$400,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 32 Veterans placed <sup>1</sup>	\$203,904		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Senior Services

### BATAVIA, NEW YORK

Congregate Living



**MOTIVATION:** Batavia, New York has a recognized unmet need in senior housing for Veterans and residents in the community. This EUL has provided a senior living complex and 32 units of affordable housing for the Veterans in the New York area.

**Benefits to Veterans:** While the congregate living facility is not specifically targeted to Veterans, Veterans receive priority placement into all services. In addition, collocating Havenwood senior housing on the VAMC campus creates a smooth transition for Veterans as they experience the need for changing levels of care.

**Benefits to VA:** Significant cost avoidance in bed days of care.

**FMA Contribution:** \$99,646

Terms	Lessee	Property	Key Terms	Awarded	Term
	Havenwood Associate Limited Partnership	3 acres	<ul style="list-style-type: none"> <li>• Lessee to develop, construct, finance, design, operate, repair, and maintain a congregate housing facility consisting of 32 affordable independent dwelling units</li> <li>• Eligible Veterans receive priority placement for all of the services offered</li> <li>• Funded Maintenance Account</li> <li>• Rent: \$16,000/yr, indexed to CPI</li> </ul>	2004 <i>(Operations began: July 2005)</i>	65 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Rent	\$16,000	<b>\$2,011,364</b>	<b>\$2,775,623</b>
	Cost avoidance	• Ground maintenance • Bed days of care • Homeless per diem	\$12,600 \$891,264 \$425,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 37 Veterans placed	\$666,000		
	VA expense	• N/A	\$0		
2008	Revenue	• Rent	\$16,000	<b>\$697,963</b>	<b>\$3,473,586</b>
	Cost avoidance <sup>1</sup>	• Ground maintenance • Bed days of care • Homeless per diem	\$12,978 \$366,825 \$187,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 15 Veterans placed <sup>2</sup>	\$114,660		
	VA expense	• N/A	\$0		

1. 2008 cost avoidance calculations based on facility national average at \$268 per day and homeless per diem grant program at \$12,500 per year.

2. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Senior Services

### DANVILLE, ILLINOIS

Independent Living



**MOTIVATION:** Danville, Illinois has a recognized unmet need for affordable senior housing for Veterans and residents in the community. This EUL rehabilitated an unused building on the Danville VA campus to provide 44 low-income senior apartments for the Veterans in the Illinois area. The rehabilitation saved the VA \$6 million in renovation costs.

**Benefits to Veterans:** Priority placement to safe and affordable housing near their place of care.

**Benefits to VA:** Saving VA both demolition costs and the ongoing costs to maintain, repair, and provide utilities to these buildings. As an

added benefit, collocating the senior population with the VAMC is expected to produce synergies, such as the potential for residents to volunteer at the medical center or for the medical center to contract medical care to the senior residents.

**FMA Contribution:** \$0 (Financial statement shows negative cash flow)

Terms	Lessee	Property	Key Terms	Awarded	Term
	Danville VA Limited Partnership (DVALP)	3.073 acres, 2 buildings (& option on 3 <sup>rd</sup> building)	<ul style="list-style-type: none"> <li>• Lessees to operate, maintain, and manage 44 low-cost senior citizen apartments.</li> <li>• Rent: 6% of gross rent collections for calendar years 1-35; 7% of gross rent collections for calendar years 36-75</li> <li>• Funded Maintenance Account \$250/yr<sup>1</sup></li> </ul>	1999	75 years

1. Applies only when net cash flow  $\geq$  \$250. Based on financial statements submitted, DVALP does not show positive cash flow, releasing them from this FMA requirement.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Rent	\$13,542	<b>\$1,494,970</b>	<b>\$2,861,730</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>• Maintenance &amp; repairs</li> <li>• Utilities</li> <li>• Bed days of care</li> <li>• Homeless per diem</li> </ul>	\$27,500 \$40,000 \$818,928 \$391,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 34 Veterans placed	\$204,000		
	VA expense	• N/A	\$0		
2008	Revenue	• Rent	\$13,542	<b>\$1,431,410</b>	<b>\$4,293,140</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>• Maintenance &amp; repairs</li> <li>• Utilities</li> <li>• Bed days of care</li> <li>• Homeless per diem</li> </ul>	\$27,500 \$40,000 \$782,560 \$400,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 32 Veterans placed <sup>2</sup>	\$167,808		
	VA expense	• N/A	\$0		

2. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

## Direct Service to Veterans

### Senior Services

#### FORT HOWARD, MARYLAND

Mission Realignment/Life Care Community



**MOTIVATION:** Fort Howard, Maryland has an unmet need in senior housing for Veterans and residents in the community. This EUL is anticipated to rehabilitate 90 acres on the Fort Howard complex and operate 1,300 units for senior housing.

**Benefits to Veterans:** Additional affordable housing for Veterans and senior citizens in the State of Maryland.

**Benefits to VA:** 10,000 sq ft outpatient clinic, and eliminate current VAMHCS maintenance, repair, and utility costs associated with the Fort Howard campus. It is estimated that this project will save VA over \$1,500,000 in construction costs as well as a cost avoidance of approximately \$1,000,000 annually. The current waiting list to join the LCC is over 1,200 Veterans.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Fort Howard Senior Housing Associates, LLC	94.6 acres	<ul style="list-style-type: none"> <li>Develop, finance, design and operate a continuum of senior housing totalling approximately 1,300 units</li> <li>Construct new 10K sq ft community based VA outpatient clinic</li> <li>Set aside 10 acres for potential Maryland Veterans state nursing home site</li> <li>Priority placement &amp; discounts for Veterans and their spouses on 40% of units</li> </ul>	2006	75 years

#### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007		<i>Development not started<sup>1</sup></i>			
2008		<i>Development not started<sup>1</sup></i>			

1. Lessee having problems with development financing and compliance with EUL terms. VA reviewing alternatives to modified.

# Direct Service to Veterans

## Senior Services

### HINES, ILLINOIS

Assisted Living – Building 53



**MOTIVATION:** The purpose of this project is to rehabilitate and operate Building 53 as housing for low-income seniors. Through this EUL project, VA was able to obtain assisted living arrangements for the Veterans in the Illinois area.

**Benefits to Veterans:** Due to Department of Housing and Urban Development (HUD) requirements involved in the construction of the building, the rental rates charged to tenants of this complex are consistent with other housing developments; one of its benefits over other developments, however, is that Building 53 is newly remodeled and located on same campus as the Hines VA Hospital (VAH).

**Benefits to VA:** Collocating senior housing with the Hines VAH is expected to produce savings through shared-service agreements, in which the lessee contributes towards VA operating costs, and through transferring cost of maintenance for Building 53 to the lessee.

**FMA Contribution:** \$79,043

Terms	Lessee	Property	Key Terms	Awarded	Term
	Goedert Senior Housing Corporation	Building 53	<ul style="list-style-type: none"> <li>Rent: \$4,833.33 per month, increased every 5 years by \$5,000</li> <li>Funded Maintenance Account</li> <li>Lessee to pay VA's direct ancillary costs</li> </ul>	2004  <i>(Operations began: April 2006)</i>	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Rent	\$58,000	<b>\$3,995,444</b>	<b>\$6,788,819</b>
	Cost avoidance	• Maintenance costs	\$18,000		
		• Bed days of care	\$1,180,344		
		• Homeless per diem	\$563,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 49 Veterans placed	\$2,175,600		
	VA expense	• N/A	\$0		
2008	Revenue	• Rent	\$58,000	<b>\$2,380,715</b>	<b>\$9,169,534</b>
	Cost avoidance	• Maintenance costs	\$18,000		
		• Bed days of care	\$1,198,295		
		• Homeless per diem	\$612,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 49 Veterans placed <sup>1</sup>	\$493,920		
	VA expense	• N/A	\$0		

1. Due to the standardization of benchmarks, in FY 2008 the benchmark for enhanced services was obtained from the Housing and Urban Development website.

# Direct Service to Veterans

## Special Services

### BUTLER, PENNSYLVANIA

Mental Health



**MOTIVATION:** VA faces the continual challenge of identifying secure, clinically-based residential care for individuals requiring extended, intensive mental health treatment and monitoring. This EUL project improves mental health services and recovery opportunities for Veterans.

**Benefits to Veterans:** Partnering with Butler County Human Services and offering VA-referred Veterans mental health beds on a priority basis has expanded mental health services to Veterans. This partnership has allowed Veterans to stay in close proximity to VA physicians and health care providers.

**Benefits to VA:** Butler County's provision of inpatient mental health care yields substantial savings to the VAMC due to reduced admissions to distant tertiary care centers.

**FMA Contribution:** \$25,000

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	County of Butler	1.3 acres underutilized land	<ul style="list-style-type: none"> <li>Developer to finance, design, develop, construct, operate, and maintain safe, decent, and affordable mental health interim care to Butler County residents and Veterans.</li> <li>2 of 16 beds reserved on a priority basis for VA-referred Veterans</li> <li>Funded Maintenance Account (\$2/sq ft/ to an amount in excess of \$22,000)</li> </ul>	2003 <i>(Operations began: 2006)</i>	50 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$737,049</b>	<b>\$1,426,979</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>Bed days of care</li> <li>Ground maintenance</li> <li>Homeless per diem</li> </ul>	\$120,384 \$2,540 \$57,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• 5 Veterans placed <sup>1</sup>	\$556,625		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$298,088</b>	<b>\$1,725,067</b>
	Cost avoidance	<ul style="list-style-type: none"> <li>Bed days of care</li> <li>Ground maintenance</li> <li>Homeless per diem</li> </ul>	\$157,946 \$2,642 \$75,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 5 Veterans placed <sup>2</sup>	\$62,500		
	VA expense	• N/A	\$0		

1. FY 2007 enhanced services were estimated using the area market value for 2007.

2. FY 2008 enhanced services were calculated using actual bed days of care reported by the facility.

# Direct Service to Veterans

## Special Services

### PORTLAND, OREGON

Crisis Triage



**MOTIVATION:** One priority identified by a community redesign process examining Clark County's crisis care system was the development of a "Crisis Triage Center," which would integrate mental health crisis and detoxification services and operate as an alternative to the emergency room. Clark County proposed to build its center on the Portland VAMC campus, thereby filling a significant gap in mental health and substance abuse services for Veterans and non-Veterans. Through this EUL project, VA was able to obtain crisis management and health care services for the Veterans in the Vancouver area.

**Benefits to Veterans:** Collocating the Center on the Portland VAMC campus would facilitate Veteran patient referrals for services.

**Benefits to VA:** Reduced VA maintenance, repair and utility costs associated with the 15 buildings, connecting corridors and land, allowing the VAMC to shift savings toward patient care.

**FMA Contribution:** N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Clark County	6.1 acres, including 15 buildings	<ul style="list-style-type: none"> <li>Developer to finance, design, develop, construct, operate, and maintain a new 4-story building on property consisting of approximately 175,000 sq ft and approximately 350 associated parking spaces</li> <li>100% priority placement for Veterans for all services and programs</li> <li>23,696 rentable sq ft available to VA</li> </ul>	2004 <i>(Operations began: January 2006)</i>	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$1,310,290</b>	<b>\$1,906,764</b>
	Cost avoidance	• Maintenance	\$196,474		
	Cost savings	• N/A	\$0		
	Enhanced services	• 4,219 Veterans seen	\$1,113,816		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$2,526,936</b>	<b>\$4,433,700</b>
	Cost avoidance	• Maintenance	\$204,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• 8,799 Veterans seen	\$2,322,936		
	VA expense	• N/A	\$0		

# Direct Service to Veterans

## Special Services

### TUSCALOOSA, ALABAMA

Hospice



**MOTIVATION:** Prior to this lease, hospice services had not been available in western Alabama. This EUL provides safe, supportive and affordable hospice inpatient services to Veterans and non-Veterans on formerly unused land.

**Benefits to Veterans:** Beds reserved for Veterans will target the most under-served Veterans who live alone, and whose care is complex. The residents will also include Veterans whose caregivers are too frail or elderly to care for the patient at home.

**Benefits to VA:** This project is expected to reduce operating costs at the VAMC by reducing the length of hospital stays for Veterans requiring hospice inpatient beds and by providing upkeep of the leased land.

FMA Contribution: \$22,399

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Hospice of West Alabama	3.17 acres	<ul style="list-style-type: none"> <li>Developer to design, develop, construct, operate, and maintain the property into a hospice facility</li> <li>VA-referred Veterans given priority for 5 of the total number of beds</li> <li>Funded Maintenance Account (\$2.00 sq ft per year, not required to exceed \$22,000)</li> </ul>	2004  (Operations began: November 2004)	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$973,675</b>	<b>\$1,320,273</b>
	Cost avoidance	• Ground maintenance • Bed days of care	\$19,200 \$954,475		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$274,185</b>	<b>\$1,594,458</b>
	Cost avoidance	• Ground maintenance • Bed days of care <sup>1</sup>	\$19,200 \$254,985		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

1. Difference in bed days of care from 2007 to 2008 is based on actual figures reported by the facility in FY 2008.

# Improved VA Operations

## Regional Offices & Parking

### ATLANTA, GEORGIA

Regional Office Collocation



**MOTIVATION:** Space and parking deficiencies led VA to seek a new regional office and parking spaces in Atlanta. VA analyzed options and estimated costs associated with traditional VA major construction, commercial leasing, and enhanced-use leasing and found that the VA Regional Office (VARO) could be collocated with the Atlanta VAMC at a lower cost and in a shorter time period through an EUL. Through this EUL VA was able to obtain a state-of-the-art facility to serve our Veterans in close proximity to the Medical Center campus.

**Benefits to Veterans:** Better access to services and improved claims processing time as a result of improved layout and accessibility.

**Benefits to VA:** The participation of non-VA uses in the development will result in a broader allocation of development costs among its users/tenants, thus resulting in lower costs to VA.

**FMA Contribution:** \$11,986<sup>1</sup>

Terms	Lessee	Property	Key Terms	Awarded	Term
	Development Authority of Dekalb County, GA	6 acres (179,328 sq ft)	<ul style="list-style-type: none"> <li>Developer to finance, design, construct, operate &amp; maintain 188K sq ft VARO space and necessary parking</li> <li>VA to pay below market for rent</li> <li>Parking, data, and equipment are included in the lease costs</li> </ul>	1997 <i>(Operations began: November 1998)</i>	35 years

1. FMA required per Facility Use Agreement.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0		
	Cost avoidance	• N/A	\$0		
	Cost savings	• Rent savings	\$523,638	<b>\$523,638</b>	<b>\$2,092,758</b>
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0		
	Cost avoidance	• N/A	\$0		
	Cost savings	• Rent savings	\$422,840	<b>\$422,840</b>	<b>\$2,515,598</b>
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Improved VA Operations

## Regional Offices & Parking

### CHICAGO, ILLINOIS (JESSE BROWN, PART A\*)

Regional Office Collocation



**MOTIVATION:** The purpose of this project is to collocate delivery of VA benefit and health care services at Jesse Brown Medical Center (formerly “Chicago Westside”). The collocation will allow VA to reduce costs, enhance property and improve access for Illinois Veterans and their families. Through this EUL VA was able to obtain a state-of-the-art facility to serve our Veterans in close proximity to the Medical Center campus.

**Benefits to Veterans:** Better access to services and reduced claim processing times as a result of improved layout and accessibility.

**Benefits to VA:** Obtaining space through EUL allowed cost-effective project financing with no capital cost to VA.†

**FMA Contribution:** \$286,105<sup>1</sup>

Terms	Lessee	Property	Key Terms	Awarded	Term
		Cole Taylor Bank	4 acres, (93,700 sq ft)	<ul style="list-style-type: none"> <li>VA to pay \$32.78 per sq ft for turnkey delivery<sup>2</sup></li> <li>Lessee to provide in-kind services and other benefits as long as VA requires office space</li> </ul>	2002

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Facility Use Agreement. Amount listed is shared with Chicago (Jesse Brown) Parking.

2. “Turnkey” delivery includes furniture, fixtures, and all building equipment in addition to space and utilities included under full service rent.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A <sup>3</sup>	\$0	\$235,187	\$1,002,148
	Cost avoidance	• N/A	\$0		
	Cost savings	• Rent savings	\$235,187		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$182,577	\$1,184,725
	Cost avoidance	• N/A	\$0		
	Cost savings	• Rent savings	\$182,577		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

3. VA enters into 2-year service agreements to use the office space. If VA terminated its occupancy of the building, it would receive revenue from this project.

\*Note: The Chicago Regional Office is identified as “Jesse Brown, Part A” and the parking garage as “Jesse Brown, Part B” in this report; both projects were executed as part of the same EUL.

†Note: Market benchmarks do not include turnkey amenities received by VA, making the above estimates of cost savings a lower estimate.

# Improved VA Operations

## Regional Offices & Parking

### CHICAGO, ILLINOIS (JESSE BROWN, PART B\*)

#### Parking



**MOTIVATION:** The Jesse Brown VAMC had a long-standing parking deficiency, estimated at 781 spaces. At the same time, the Illinois Medical District was phasing out all street parking, contributing to the parking deficiency. This EUL provided the needed parking in close proximity to the Regional office and Medical Center at no cost to Veterans.

**Benefits to Veterans:** Four nearby community hospitals closed in the five years preceding this project. This additional parking improves access to Jesse Brown (formerly “Chicago Westside”) VAMC, which serves a majority of the poorest Veteran patients in greater Chicago.

**Benefits to VA:** Through this enhanced-use lease, VA acquired 1,156 parking spaces, fundamentally remedying its parking situation.

**FMA Contribution:** \$286,105<sup>1</sup>

Terms	Lessee	Property	Key Terms	Awarded	Term
		Cole Taylor Bank	4 acres	<ul style="list-style-type: none"> <li>• Lessee provides no less than 1,156 spaces</li> <li>• Lessee finances, designs, builds, operates, and maintains a parking structure</li> <li>• Lessee assumes operation and maintenance of remaining surface parking</li> </ul>	2002

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Facility Use Agreement. Amount listed is shared with Chicago (Jesse Brown) Regional Office.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	<b>\$44,436</b>	<b>\$66,654</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Parking savings <sup>2</sup>	\$44,436		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	<b>\$27,744</b>	<b>\$94,398</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Parking savings	\$27,744		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

2. Cost savings calculated at the area market value for 2007.

\*Note: The Chicago Regional Office is identified as “Jesse Brown, Part A” and the parking garage as “Jesse Brown, Part B” in this report; both projects were executed as part of the same EUL.

# Improved VA Operations

## Regional Offices & Parking

### COLUMBIA, SOUTH CAROLINA

Collocation/Mixed-Use Project



**MOTIVATION:** VA is building its Columbia Regional Office (VARO) with the medical center in order to improve operations and increase convenience for Veterans. The enhanced-use lease would provide for both a regional office and private mixed-use development. The EUL will lower the costs of development, and money saved when compared to traditional construction by spreading the rental payments between VA and non-VA tenants.

**Benefits to Veterans:** Better access to services and reduced claim processing times as a result of improved layout and accessibility.

**Benefits to VA:** Through this project, VA is expected to receive rent and 10,000 square feet of additional office building.

FMA Contribution: \$0 (until operational<sup>1</sup>)

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Keenan Development Associates of South Carolina	25 acres of land and Building 10	<ul style="list-style-type: none"> <li>• Lessee to design, construct, operate and maintain a three story 100,000 sq ft building to house a VA regional office, VA medical center space and other tenants for a future research and investigational facilities</li> <li>• \$100,000 payment to VA at lease signing</li> <li>• Rent: \$10,000/yr to VA after the 22<sup>nd</sup> year</li> <li>• Additional payment: VA to receive 15% of rent recovered from tenants</li> <li>• Funded Maintenance Account (\$0.25 sq ft per year)</li> </ul>	2008	35 years

1. Building expected to be operational during FY 2009.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2008</b>	Revenue	• Total payments to VA <sup>2</sup>	\$100,000	<b>\$100,000</b>	<b>\$100,000</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

2. One time payment in 2008, Lessee paid Transaction I Rent to VA.

# Improved VA Operations

## Regional Offices & Parking

### HOUSTON, TEXAS

Collocation/Mixed-Use Project



**MOTIVATION:** VA sought to collocate its Houston Regional Office (VARO) with the medical center in order to improve operations and increase convenience for Veterans. This EUL provides for both a regional office and private mixed-use development, lowering the cost of development, and saving money over traditional construction by spreading the rental payments between VA and non-VA tenants. Through the Lease-Purchase agreement, the VARO reverted back to VA.

**Benefits to Veterans:** Better access to services and reduced claim processing times as a result of improved layout and accessibility.

**Benefits to VA:** Through this project, VA is expected to obtain its office

facilities at a net present value of \$9.63 million – a 44% savings over the estimated traditional construction cost.

**FMA Contribution:** \$93,772

Terms	Lessee	Property	Key Terms	Awarded	Term
	Amelang Partners Inc. (API)	20 acres (original lease); 15.82 acres after transfer of VARO back to VA	<ul style="list-style-type: none"> <li>• Lessee to design, construct, operate and maintain 188,000 sq ft including retail, medical tenants, as well as biomedical, research and development facilities.</li> <li>• VARO reverted back to VA one year after construction through Lease-Purchase Agreement</li> <li>• \$75,000 payment to VA on lease signing</li> <li>• Rent: \$68,096/yr to VA, adjusting every 3 years</li> <li>• Additional payment: VA to receive 50% of rent recovered by API from tenants</li> <li>• FMA: VA contributes \$21,700 per quarter, adjusting CPI</li> </ul>	1993	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Total payments to VA	\$154,638	\$154,638	\$309,276
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• Total payments to VA	\$154,638	\$154,638	\$463,914
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Improved VA Operations

## Regional Offices & Parking

### MILWAUKEE, WISCONSIN

Regional Office and Parking



**MOTIVATION:** The Milwaukee Regional Office was located in a 122-year old building, which was severely antiquated and no longer meet the current technological and infrastructure needs of the regional office. Furthermore, the site was located 3/4 of a mile from the hospital, and Veterans had to use a shuttle to and from the hospital and the Veterans' benefits service office. This EUL provides new state-of-the-art office space and parking for the Milwaukee VARO, replacing the 122-year old building.

**Benefits to Veterans:** Providing a new, state-of-the-art regional office benefits processing center will enhance service to Veterans through the convenience of continued collocation with the VAMC.

**Benefits to VA:** Although VA originally considered new construction, it proceeded with the EUL because major construction funds were not available. Direct and indirect economic benefits are expected from increased productivity and increased interactions between VA organizations on campus.

**FMA Contribution:** \$148,755<sup>1</sup>

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Keenan Development Associates	96,304 sq ft	<ul style="list-style-type: none"> <li>• Lessee to finance, design, construct, manage, and operate state-of-the-art office space and parking for the Milwaukee VARO</li> <li>• VA to receive discount from market rate on full service rent, after trust fees</li> </ul>	2003 <i>(VA moved in: 2004)</i>	35 years

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Facility Use Agreement

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$780,879</b>	<b>\$1,139,253</b>
	Cost avoidance	• Obviate need for shuttle service	\$15,263		
	Cost savings	• Rent savings	\$765,617		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$478,485</b>	<b>\$1,617,738</b>
	Cost avoidance	• Obviate need for shuttle service	\$15,263		
	Cost savings	• Rent savings	\$463,222		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

## Improved VA Operations Regional Offices & Parking

### SALT LAKE CITY, UTAH Regional Office Collocation



**MOTIVATION:** VA sought to obtain office space for its regional office activities in Salt Lake City. VA compared the life-cycle costs of an EUL to new construction or conventional leasing and found that the inclusion of non-VA uses included in enhanced-use leasing produced the most savings to the Department by broadly allocating development costs among the developer's tenants.

**Benefits to Veterans:** Better access to services and improved claims processing time as a result of improved layout and accessibility.

**Benefits to VA:** Enhanced-use leasing eliminated the need for up-front capital investment by VA, and effected development in a shorter time

period compared to VA construction or commercial leasing.

**FMA Contribution:** \$38,778

	Lessee	Property	Key Terms	Awarded	Term
Terms	Boyer Company	4.76 acres	<ul style="list-style-type: none"> <li>• Developer to provide VA rentable space:                             <ul style="list-style-type: none"> <li>– 50,940 sq ft for VBA</li> <li>– 11,289 sq ft for VHA employee education system</li> <li>– 39,335 sq ft for CIO</li> </ul> </li> <li>• Developer permitted to build:                             <ul style="list-style-type: none"> <li>– Commercial office complex, including compatible private uses</li> <li>– Developer to pay annual rent to VA according to lease schedule</li> <li>– Phase 2 (negotiated 2006)</li> </ul> </li> </ul>	2001  <i>(Operations began: 2004)</i>	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Lease payment	\$142,500	<b>\$575,819</b>	<b>\$753,065</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Net rent savings	\$431,288		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• Lease payment	\$142,500	<b>\$386,910</b>	<b>\$1,139,975</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Net rent savings	\$244,410		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Improved VA Operations

## Consolidation

### DURHAM, NORTH CAROLINA

Mixed-Use Development/Research



**MOTIVATION:** VA needed to consolidate its research facilities and remediate deficiencies in outpatient care and available parking to meet its health care delivery and research goals. VA compared the cost to remedy deficiencies through status quo operations, expansion through major construction funding and using EUL authority. The analysis showed that using EUL authority would yield substantial savings compared to the other alternatives.

**Benefits to Veterans:** Increased access and services to our Veterans.

**Benefits to VA:** By involving non-VA partners, VA will secure necessary space and services to address the VAMC's primary care, research and parking space deficiencies. VA established a trust to execute the lease for VA and non-VA

uses in phases. LCOR Durham Land LLC would fund the trust upon its execution of enhanced-use lease for each phase of the commercial development. In 2007, \$20,000 was received as a retention fee for parcel one.\*

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	LCOR Durham Land LLC	5.5 acres, including existing 1,000-space parking garage	LCOR to construct: <ul style="list-style-type: none"> <li>• 19,500 sq ft primary care addition</li> <li>• 34,400 sq ft research facility</li> <li>• 100 additional parking spaces</li> <li>• Non-VA mixed use including office, hotel, retail &amp; parking</li> </ul>	2002	75 years <sup>1</sup>

1. Each tract of land will be leased for initial terms of 2-5 years, with Right of First Offer for the next 10-13 years, until a Site-Specific lease is established for 35 years, with automatic renewal for 40 years or until 75 years is reached. The Lessee has lost development rights on all tracts except one, whose right expires January 3, 2009. VA will review alternative to terminate relationship with lessee after expiration.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007		<i>Construction/renovation not yet started<sup>2</sup></i>			
2008		<i>Construction/renovation not yet started<sup>2</sup></i>			

2. Lessee is providing parking management under a parking-specific EUL.

\*Note: Due to weak market conditions, development has not proceeded as planned, and VA is considering discussions about project termination with the developer.

# Improved VA Operations Consolidation

## INDIANAPOLIS, INDIANA Consolidation Project



**MOTIVATION:** VA identified the need to consolidate its Indianapolis medical center operations to lessen the redundancy between the Cold Spring Road Division and the Indianapolis VAMC. VA estimated that consolidating services could reduce 123 federal positions, yielding \$5 million annually to be redirected towards Veterans' care. The Department faced either spending over \$11.7 million over the next 3 years to maintain the campus or entering a lengthy and costly disposal process. This EUL provided a better alternative for reuse of the campus at no cost to VA.

**Benefits to VA:** VA entered an EUL with the State of Indiana to turn 22.3 of 30 acres of the Cold Spring Road Division campus into a replacement acute psychiatric facility, allowing VA to consolidate its Indianapolis medical center operations.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	State of Indiana	22.3 acres	<ul style="list-style-type: none"> <li>State to use 22.3 of 30 acres of the Cold Spring Road campus as a replacement acute psychiatric facility</li> <li>VA to continue its use of warehouse space &amp; parking</li> <li>State to provide grass cutting, landscaping and snow removal to 7.7 acres used exclusively by VA</li> <li>\$200K up-front rental payment to VA</li> <li>VA will have use of 20 parking spaces, 17,000 sq ft building, &amp; 1.86 acre parcel at existing State psychiatric hospital</li> <li>State to establish a \$9.8 million trust to fund acquisition of construction, facilities &amp; other services for Indiana Veterans</li> </ul>	1996	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$1,265,905</b>	<b>\$2,568,405</b>
	Cost avoidance	• Ground maintenance • Use of space	\$39,655 \$603,100		
	Cost savings	• Maintenance	\$623,150		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$470,612</b>	<b>\$3,039,017</b>
	Cost avoidance	• Ground maintenance • Use of space	\$41,638 \$396,974		
	Cost savings	• Maintenance <sup>1</sup>	\$32,000		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

1. FY 2008 Maintenance is based on the actual cost savings reported the VAMC.

## Improved VA Operations Consolidation

### SALT LAKE CITY II, UTAH

Mixed Use



**MOTIVATION:** Several VA staff buildings are over 50 years old, poorly insulated, and located at the end of the steam lines from the VAMC central steam plant, producing high-energy bills and poor comfort as they near the end of their useful life. This EUL engages Boyer Red Butte Creek, the development partner used to construct the Salt Lake City VA Regional Office, to demolish six unusable buildings, remodel existing Building 4 to house the VA staff currently working in the old buildings, and construct a mix of commercial office, research, and retail space, which will generate ground rent revenue for VA. As a result, this lease will generate new revenues from underutilized assets, reduce operations and maintenance costs for the old buildings.

**Benefits to Veterans:** Space that will likely be used (at least in part) for medical research that can ultimately benefit Veterans and potentially provide research and training opportunities for VA staff.

**Benefits to VA:** The developer will front the costs of demolition, remodeling, providing temporary office space, and landscape improvements necessary to consolidate staff into a newly remodeled building 4, estimated at \$710,000; VA is responsible only for removing asbestos from buildings in preparation for demolition, estimated at \$138,000. Ground rent revenue for the Medical Center will start at \$228,000 in year 7, and increase 10% every 5 years through year 45. Concurrently, VA will avoid annual operations and maintenance costs of at least \$246,000 per year (FY 2006 costs), as well as \$768,000 in expected non-recurring maintenance costs over the 45-year period. Consolidating VA staff offices from 6 buildings to one is expected to save an additional \$103,000 annually in energy costs, while reducing underutilized space.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Boyer Red Butte Creek 2, LLC	6.66 acres, 6 buildings (10, 11, 11A, 12, 15, & 22)	<ul style="list-style-type: none"> <li>VA to remove asbestos from buildings</li> <li>Developer to:                             <ul style="list-style-type: none"> <li>Remodel Building 4,</li> <li>Demolish Buildings 10, 11, 11A, 12, 15, &amp; 22, and</li> <li>Pay for temporary office trailers for VA</li> </ul> </li> <li>FMA: \$0.19/sq ft, not to exceed \$200K</li> <li>Developer to construct at least:                             <ul style="list-style-type: none"> <li>Second building for VA use</li> <li>115,000 sq ft commercial office/ research space with 292 parking spots;</li> <li>8,000 sq ft restaurant/ retail space with 48 parking spots</li> </ul> </li> <li>VA to receive annual payments in years 7-10, increasing by 10% starting in year 11 &amp; 10% every 5-year interval thereafter</li> </ul>	2006	Up to 65 years <sup>1</sup>

1. Initial lease term of 45 years and 4 months; lessee option to exercise up to two 10-year lease extensions.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007		<i>Construction not yet started</i>			
2008		<i>In construction phase</i>			

# Improved VA Operations

## Energy

### CHICAGO, ILLINOIS (JESSE BROWN)

Energy



**MOTIVATION:** The purpose of this EUL project is to reduce Chicago (Westside)'s energy costs. Using a trust to facilitate the contracting process, VA secured a private sector partner (The Energy Systems Group, LLC) to develop, operate, and maintain a state-of-the-art energy center that produces and sells energy to the VAMC with an opportunity to sell energy products to non-VA users.\*

**Benefits to VA:** In return, VA receives energy cost savings estimated to be \$1,247,000 over the life of the lease.†

FMA Contribution: \$157,186<sup>1</sup>

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Cole Taylor Bank <sup>2</sup>	4.12 acres	<ul style="list-style-type: none"> <li>Trust formed to engage a developer and independent contractor to monitor the developer, secure financing, and transfer obligations to energy developer</li> <li>Developer to construct energy center to supply VA &amp; non-VA users</li> <li>VA to receive 50% of the balance of excess electricity sales to grid; 100% of steam, chilled water sold to 3<sup>rd</sup> parties, after management expenses paid</li> </ul>	2002 <i>(Operations began: 2004)</i>	35 years

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Energy Service Agreement.

2. Trust established through Cole Taylor Bank. Energy Developer: Energy Systems Group, LLC.

## Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$212,000</b>	<b>\$314,595</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Annual energy cost savings	\$212,000		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$324,141</b>	<b>\$638,736</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Annual energy cost savings	\$324,141		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

\*Note: VA has not yet realized revenue on energy sales to third parties or the grid.

†Note: Estimates taken from a 2004 comparison of status quo and developer's proforma, and adjusted for inflation. Annual savings according to proforma expected to grow rapidly from year to year, exceeding \$900,000 in 2010 and \$4.2 million in 2020. Work is underway at VA to develop internal reporting processes to capture actual annual savings. Actual savings will be-- used in future reports, as they become available.

# Improved VA Operations

## Energy

### MOUNTAIN HOME, TENNESSEE

#### Energy



**MOTIVATION:** The purpose of this EUL project is to reduce Mountain Home VAMC's energy costs by contracting with a private developer to design, construct, own, operate, and maintain a cogeneration Energy Center. The Center is anticipated to provide all of the VAMC's electric and thermal energy needs at a lower cost than would be the case without the Energy Center. Additionally, the Center is anticipated to supply the energy needs of the East Tennessee State University (ETSU) Medical School's planned Basic Sciences Research Facility, facilities proposed to be constructed by VA and outleased to ETSU under a separate EUL business plan.\*

**Benefits to VA:** The Mountain Home Trust completed \$3 million of energy-related improvements throughout the campus.

FMA Contribution: \$34,571<sup>1</sup>

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Cole Taylor Bank (Owner-trustee transfer to Wells Fargo Bank expected to be completed FY 2009)	2 acres	<ul style="list-style-type: none"> <li>• Lessee to finance, design, build, and operate a co-generation plant, producing and selling energy to the VAMC, the adjacent State University, and others</li> <li>• VA to receive 100% of the balance of any excess electricity sales to grid, 66% of steam sales, and 63% of chilled water sales after management expenses paid</li> </ul>	1999	Up to 35 years <sup>2</sup>

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Energy Service Agreement.

2. Lease terminates on the earlier of: 1) loan repayment in full; or 2) December 17, 2033

## Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$927,100</b>	<b>\$1,667,667</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Annual energy cost savings	\$867,100		
	Enhanced services	• 100% power back up	\$60,000		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$1,187,230</b>	<b>\$2,854,897</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Annual energy cost savings	\$1,127,230		
	Enhanced services	• 100% power back up	\$60,000		
	VA expense	• N/A	\$0		

\*Note: Before the energy center, ETSU experienced 3-4 power interruptions a year, estimated to cost approximately \$20,000 each.

# Improved VA Operations

## Energy

### NORTH CHICAGO, ILLINOIS

Energy Phases I and II



**MOTIVATION:** The purpose of this EUL project is to reduce North Chicago VAMC's energy costs by contracting with a private developer to finance, design, construct, own, operate, and maintain a cogeneration Energy Center. The Center supplies all of North Chicago VAMC's electric and thermal energy at a below market cost.

**Benefits to VA:** The Energy Center maintains a state-of-the-art energy facility that produces and sells energy to the VAMC with an opportunity to sell energy products to non-VA users, which will benefit VA.

FMA Contribution: \$11,986<sup>1</sup>

	Lessee	Property	Key Terms	Awarded <sup>2</sup>	Term
<b>Terms</b>	Cole Taylor Bank	~1 acre	<ul style="list-style-type: none"> <li>• Developer to finance, develop, own, and operate energy center</li> <li>• VA to enter 2 yr energy service agreement</li> <li>• VA to receive 50% of balance of any excess electricity sales to grid, 100% of any 3<sup>rd</sup> party energy sales after management expenses paid</li> </ul>	Phase I: 2002 Phase II: 2003	35 years

1. FMA is not required per lease agreement. The amount provided is the maintenance reserve required by the Energy Service Agreement.

2. The North Chicago energy center project was executed as two separate enhanced-use leases, in Phase I and Phase II.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$2,271,706</b>	<b>\$4,288,565</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Energy Savings	\$2,271,706		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$2,968,335</b>	<b>\$7,256,900</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• Energy Savings	\$2,968,335		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Improved VA Operations

## Other

### MOUND CITY, ILLINOIS

Visitor Center



**MOTIVATION:** As a national shrine, Mound City National Cemetery lacked the order and appearance to set it apart from its civilian counterparts. This EUL allowed VA to bring the overall appearance up to national shrine status without the outlay of construction or operating funds through an agreement with the Mound City National Cemetery Preservation Commission.

**Benefits to Veterans:** This agreement will establish, maintain, and provide Veterans and travelers with an Interpretive/Visitor Center, which is expected to increase visitation to the site to approximately 76,000 visitors per year, as well as help ensure preservation of Mound City National Cemetery as a National shrine.

**Benefits to VA:** This project will rehabilitate the existing caretaker's center, left in disrepair, which saved the VA either \$100,900 to demolish or \$1,100,000 to refurbish.

**FMA Contribution:** \$2,234

Terms	Lessee	Property	Key Terms	Awarded	Term
	National Cemetery Preservation Commission	0.5 acres, 1 building (1,900 sq ft)	<ul style="list-style-type: none"> <li>• Lessee to develop, finance, &amp; operate lodge and adjacent facilities</li> <li>• Lessee to obtain utilities for the facilities</li> <li>• Funded Maintenance Account: \$1,000/ yr, not to exceed \$5,000</li> </ul>	2003 <i>(Operations began: 2006)</i>	25 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$0	\$0
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• Enhanced visitor experience	No \$ value		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$0	\$0
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• Enhanced visitor experience	No \$ value		
	VA expense	• N/A	\$0		

# Improved VA Operations

## Other

### WEST PALM BEACH, FLORIDA

Public Safety Building, Training and Storage



**MOTIVATION:** The City of Riviera Beach, Florida, sought to construct a satellite public safety facility to service the growing western portion of the city. VA and the City saw mutual benefit from locating the facility on VA property. Through the EUL, VA could provide unused land to the City rent free. In exchange, the City would provide 900 square feet of long-term storage space to house VA-owned oversized maintenance equipment and provide safety training for its 1,600 employees.

**Benefits to VA:** The construction of new storage space represents cost avoidance of approximately \$100,000 to the VAMC.

VA over the term of the lease. The EUL also provides the immediate access to fire and police response now enjoyed by the VAMC.

FMA Contribution: N/A

Terms	Lessee	Property	Key Terms	Awarded	Term
	City of Riviera Beach (CRB), FL	0.8 acres	<ul style="list-style-type: none"> <li>CRB to construct 6,000 sq ft building to house fire &amp; police stations, including: 900 sq ft to house VA-owned grounds maintenance equipment</li> <li>CRB to provide fire and safety training to VA's 1,600 employees</li> </ul>	1994 <i>(Operations began: 1994)</i>	35 years

## Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$18,500	\$25,500
	Cost avoidance	• Maintenance and storage space	\$13,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• Safety training for employees	\$5,000		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$17,500	\$43,000
	Cost avoidance	• Maintenance and storage space	\$13,500		
	Cost savings	• N/A	\$0		
	Enhanced services	• Safety training for employees	\$4,000		
	VA expense	• N/A	\$0		

# Community Benefit

## Affiliate Partnering

### CHARLESTON, SOUTH CAROLINA

Affiliate Partnering



**MOTIVATION:** The Medical University of South Carolina (MUSC), a valued affiliate of VA, has long-range plans to expand its facility to include a new patient bed tower, an associated low-rise diagnostic and treatment facility, and parking facilities adjacent to the VAMC. The MUSC master plan, which Charleston VAMC supports, requires property rights to a one-block segment of Doughty Street, a primary VAMC access road. This EUL project leases a section of street to MUSC to facilitate MUSC's development plans, enabling MUSC to remain at its current downtown location and complete its expansion.

**Benefits to VA:** This EUL helps secure the existing, strong affiliate relationship between VA and MUSC, while improving surrounding roadways, and provides monetary consideration to VA, to use to improve health care services to Veterans at the VAMC.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Medical University Hospital Authority	0.48 acres	<ul style="list-style-type: none"> <li>Lump sum payment of \$342,000 when project closes street for construction-related purposes</li> <li>Annual lease payment \$171,000/yr for the first 8 years 2004</li> </ul>	2004 <i>(Operations began: April 2006)</i>	75 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent	\$171,000	<b>\$171,000</b>	<b>\$684,000</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent	\$171,000	<b>\$171,000</b>	<b>\$855,000</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

## Community Benefit

### Research/ Medical Facilities

#### MOUNTAIN HOME, TENNESSEE

Medical School



**MOTIVATION:** Over the years, East Tennessee State University (ETSU) and VA have had a productive arrangement for ETSU's rent of VA land; however, short-term leases left VA responsible for providing and funding all maintenance and capital improvements on behalf of ETSU. Enhanced-use leasing offered the opportunity to give ETSU additional leasehold security while transferring full legal and financial responsibility for the operation, maintenance, repair and improvement of the property to ETSU.

**Benefits to VA:** Cost avoidance to VA \$142,500 a year. Under this EUL, the property will continue to be used exclusively as a teaching facility by ETSU's James H. Quillen College of Medicine.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	East Tennessee State University	31 acres, 9 buildings	ETSU will assume all financial responsibility for the maintenance and capital improvements of all leased buildings and ground in accordance with State historical preservation requirements	1998 <i>(Operations continued: 1998)</i>	35 years

#### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$1,470,102</b>	<b>\$1,615,167</b>
	Cost avoidance	• Buildings and land maintenance	\$1,470,102		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$1,514,205</b>	<b>\$3,129,372</b>
	Cost avoidance	• Buildings and land maintenance	\$1,514,205		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

## Community Benefit

### Research/ Medical Facilities

#### NORTH CHICAGO, ILLINOIS

Chicago Medical School



**MOTIVATION:** VA improved upon a public/private partnership with the Finch University of Health Sciences and the Chicago Medical School (CMS) by expanding and replacing the existing lease arrangements with an EUL. North Chicago VAMC had approximately 93 acres of underutilized land and improvements. Using the EUL authority CMS acquired a leasehold interest in the property, which allowed CMS to expand their existing facilities and develop new facilities.

**Benefits to VA:** CMS will take responsibility for underutilized VA buildings on the leased property, lowering VA operating costs. In the future, CMS may be able to purchase energy products from VA's energy center on the North Chicago campus, lowering energy costs for VA.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Chicago Medical School (CMS)	85.4 acres (Original lease included approximately 93 acres; during 2003 CMS released lease-hold control of 8.5 acres that VA donated to DoD)	<ul style="list-style-type: none"> <li>• CMS will utilize the property to expand their existing facilities and develop new facilities</li> <li>• CMS responsible for all maintenance of leased property</li> </ul>	2002	75 years

#### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$3,209,506</b>	<b>\$6,295,570</b>
	Cost avoidance	• Maintenance	\$3,209,506		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$3,285,000</b>	<b>\$9,580,570</b>
	Cost avoidance	• Maintenance	\$3,285,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Community Benefit

## Child Care

### DALLAS, TEXAS

Child Development Center



**MOTIVATION:** A 1996 survey at Dallas VAMC identified a child care requirement for approximately 80 VAMC employees' dependents, ages five or younger. Although Dallas has approximately 116 child care centers within a five-mile radius of the Medical Center, many of these centers are operating at or near capacity and do not offer a full range of services. Through this EUL VA was able to acquire high quality child care services at a reduced cost for VA employees.

**Benefits to the community:** There is strong support in both the community and among VA staff to create a new center that offers a full range of services, including care for infants. While VA has the authority to make space available in Federal buildings for child care

(Tribble Amendment) or outlease VA space, no extra space in close proximity or at the VAMC is available. Meanwhile, building a day care center with VA construction funds has the highest up-front cost and provides no cost-sharing benefits from the participation of other users. Instead, VA pursued an enhanced-use lease to finish out and furnish the community center building shell to be operated as a child development center.

**FMA Contribution:** \$0

Terms	Lessee	Property	Key Terms	Awarded	Term
	Carousel Academy <sup>1</sup>	1.5 acres, on-site community center building shell	<ul style="list-style-type: none"> <li>• Lessee to finish out, furnish, operate, and maintain a child development center.</li> <li>• Discount on child care services to children of VA employees</li> <li>• Funded Maintenance Account<sup>2</sup></li> </ul>	1999  (Carousel Academy moved in January 2003)	20 years

1. Effective 2003, ownership changed from Just 4 Kids Learning Center to Carousel Academy.

2. The FMA requirement was waived for the previous lessee, Just 4 Kids Learning Center, due to financial difficulties, and extended to the current lessee, Carousel Academy.

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$27,299	\$74,820
	Cost avoidance	• Maintenance	\$27,299		
	Cost savings	• N/A	\$0		
	Enhanced services	• No discount granted	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$82,124	\$156,944
	Cost avoidance	• Maintenance	\$28,664		
	Cost savings	• N/A	\$0		
	Enhanced services	• Scholarships and discounts <sup>3</sup>	\$53,460		
	VA expense	• N/A	\$0		

3. Scholarships and discounts provided in FY 2008 only.

# Community Benefit

## Child Care

### DAYTON, OHIO

#### Child Care



**MOTIVATION:** VAMC Dayton had a valued partnership with Catholic Social Services (CSS) to provide child care services in Building 401 through short-term leases since 1985. However, by 2004, plumbing and electrical system problems in Building 401 had deteriorated to the point of threatening the day care's licensure. Through the long-term enhanced-use lease with the day care provider, CSS renovated the building as well as invested in the expansion of the center to include infant care services. In addition to access to high quality on-site child care, VA receives rent from CSS and cost avoidance for maintenance.

**Benefits to the community:** The presence of the children on the campus has a positive impact as they visit nursing home patients, attend programs to honor Veterans, and even dress up in costumes for Halloween and "trick-or-treat" to different areas on campus.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Catholic Social Services (CSS)	23,600 sq ft in Building 401 and 11,500 sq ft of an abutting playground	<ul style="list-style-type: none"> <li>• Lessee to construct, renovate, refurbish, and operate an existing child day care center</li> <li>• At least 60 child care slots made available for VA employees</li> <li>• \$1,800 monthly rent (to increase 2% annually)</li> </ul>	2004 <i>(Operations began: 2004)</i>	20 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent	\$22,365	<b>\$157,715</b>	<b>\$308,571</b>
	Cost avoidance	• Maintenance	\$28,070		
	Cost savings	• N/A	\$0		
	Enhanced services	• 60 children of VA employees enrolled	\$107,280		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent	\$22,813	<b>\$129,727</b>	<b>\$438,298</b>
	Cost avoidance	• Maintenance	\$32,094		
	Cost savings	• N/A	\$0		
	Enhanced services	• 43 children of VA employees enrolled	\$74,820		
	VA expense	• N/A	\$0		

# Community Benefit

## Child Care

**WASHINGTON, DC**  
*Child Development Center*



**MOTIVATION:** The Washington, DC VAMC identified a need for child care options for its 1,700 full and part-time employees. The VAMC identified an ideal location, on the VA campus, that was in proximity to four major hospitals within a city block radius. This EUL provides a high quality, low cost option for child care to VA employees.

**Benefits to the community:** Enhanced-use leasing allowed on-site child care to be built without either losing VAMC space or incurring the capital costs.

FMA Contribution: \$0

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	La Petite Academy	1.3 acres	<ul style="list-style-type: none"> <li>• Lessee to finance, design, build, and manage an on-site, quality child care center for 100 children</li> <li>• Priority enrollment &amp; reduced user fee provided to children of VA employees</li> <li>• Funded Maintenance Account</li> </ul>	1993	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$19,922</b>	<b>\$61,982</b>
	Cost avoidance	• Maintenance	\$11,514		
	Cost savings	• N/A	\$0		
	Enhanced services	• 15 children placed	\$8,408		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$14,655</b>	<b>\$76,637</b>
	Cost avoidance	• Maintenance	\$12,435		
	Cost savings	• N/A	\$0		
	Enhanced services	• 7 children placed	\$2,220		
	VA expense	• N/A	\$0		

## Community Benefit

### Golf Course

#### NORTH LITTLE ROCK, ARKANSAS

Golf Course



**MOTIVATION:** Prior to this EUL, VA's North Little Rock golf course was managed by a series of entities, including the VA Compensated Work Therapy (CWT) Program, local lessees, and volunteers. Although most functioned well at first, none were able to sustain the goal of cost-neutral operations for the long-term. In 1995, VHA issued a decision document stating that it would no longer fund the management/operation of golf courses. In order to maintain its golf course, the VAMC pursued an EUL with the City of North Little Rock, Arkansas to improve, operate and maintain the 72-acre golf course site.

**Benefits to the community:** Through this lease, the City undertook new construction improvements to cart paths, clubhouse and shelters, while decreasing VA annual operating and maintenance costs. VA receives fee and membership

concessions for Veterans, as well as unlimited patient use of driving range and discounted green fee for patients and employees.

FMA Contribution: N/A

Terms	Lessee	Property	Key Terms	Awarded	Term
	City of North Little Rock, Arkansas	72 acres, existing 9-hole golf course	<ul style="list-style-type: none"> <li>VA inpatients play free and receive free golf lessons</li> <li>Other Veterans &amp; VA employees receive \$1 discount for rounds during the week</li> <li>\$6,000 annual utility payments (waived 2004 – present)</li> </ul>	1998	35 years

#### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• N/A	\$0	\$67,000	\$161,706
	Cost avoidance	• Ground maintenance	\$55,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• Discounted rounds	\$12,000		
	VA expense	• N/A	\$0		
2008	Revenue	• N/A	\$0	\$72,000	\$233,706
	Cost avoidance	• Ground maintenance	\$60,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• Discounted rounds	\$12,000		
	VA expense	• N/A	\$0		

# Community Benefit

## Golf Course

### ST. CLOUD, MINNESOTA

#### Golf Course



**MOTIVATION:** Prior to this EUL, the City of St. Cloud had been leasing this golf course site for a nominal fee of \$1 per year. Instituting a long-term EUL allowed the City to make significant capital improvements, thereby increasing the value of the property, the potential revenue generated by the City, and the resulting return to VA.

**Benefits to the community:** Since the City has assumed management and operations of the golf course, it has redesigned and made significant improvements to the property, including landscaping, installation of a security fence, and the design and construction of a baseball stadium. In addition, VA receives up to 2,000 free rounds of golf per year.

FMA Contribution: N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	City of St. Cloud	34 acres (existing golf course)	<ul style="list-style-type: none"> <li>City provides water/sewer credit to VA equal to:                             <ul style="list-style-type: none"> <li>– \$5,000/yr plus</li> <li>– 5% gross revenues during first 20 years;</li> <li>– 7% gross revenues over last 15 years, plus</li> <li>– 1% of baseball stadium gross revenues over last 15 years</li> </ul> </li> <li>Up to 2,000 rounds per year free to VA patients and accompanying staff, along with reserved tee times.</li> </ul>	1997 <i>(Operations began: 1998)</i>	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Water & Sewer Credit	\$13,315	<b>\$33,951</b>	<b>\$66,521</b>
	Cost avoidance	• Grounds maintenance	\$10,859		
	Cost savings	• N/A	\$0		
	Enhanced services	• Free passes	\$9,777		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• N/A	\$13,088	<b>\$44,406</b>	<b>\$110,927</b>
	Cost avoidance	• Grounds maintenance	\$10,904		
	Cost savings	• N/A	\$0		
	Enhanced services	• Free passes	\$20,414		
	VA expense	• N/A	\$0		

# Community Benefit

## Affiliate Parking

### SIOUX FALLS, SOUTH DAKOTA

#### Parking



**MOTIVATION:** The Children’s Care Hospital and School (CCHS) needed additional parking to accommodate its operations, but had no available space. VA had the land but it needed capital funding to convert to a most needed parking. Through the EUL the developer built and maintained a surface parking with additional parking for VA. VA estimates total financial benefit from the project at approximately \$58,000 prior to 2005. This estimate accounts for the value of the portion of the parking facility now used by VA, and assumes no additional financial gain between the cost avoidance from maintenance of the land prior to development and VA’s continued responsibility for providing ancillary services, such as snow removal and utilities, which roughly balance out.

**Benefits to the community:** As a community service to CCHS, VA has leased space for the construction of a two-level parking lot which will alleviate CCHS’s parking problems, as well as accommodate VA’s parking overflow, at no capital cost.

**FMA Contribution:** N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Children’s Care Hospital and School	2.6 acres	<ul style="list-style-type: none"> <li>• 86 of 169 parking spaces for use by VA (at no cost)</li> <li>• VA responsible for snow removal and non-construction utility costs, including electricity</li> <li>• Developer responsible for all construction costs and ongoing maintenance</li> <li>• At lease termination, parking lot becomes property of VA</li> </ul>	1999	20 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• N/A	\$0	<b>\$62,220</b>	<b>\$120,110</b>
	Cost avoidance	• Maintenance	\$300		
	Cost savings	• N/A	\$0		
	Enhanced services	• 86 parking spaces	\$61,920		
	VA expense	• Ancillary services provided	\$0		
<b>2008</b>	Revenue	• N/A	\$0	<b>\$57,600</b>	<b>\$177,710</b>
	Cost avoidance	• Maintenance	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• 80 parking spaces	\$57,600		
	VA expense	• Ancillary services provided	\$0		

# Community Benefit

## Other

### MINNEAPOLIS, MINNESOTA

Credit Union

**MOTIVATION:** VA had the opportunity to relocate its federal credit union from the VAMC to an underutilized half-acre of land, allowing for an expansion in the quality of credit union services and returning the previously leased space to the VAMC for patient and staff purposes. Other than the underlying lease of the site, this agreement does not obligate VA (either explicitly or implicitly) to any financial or other commitments pertaining to the construction, operation, or maintenance of leasehold improvements. This EUL provided a venue to reduce maintenance costs while increasing access to the credit union services and freeing medical center space for clinical use.

**Benefits to the community:** Expanded credit union services include a 24-hour drive-up ATM, extended hours, implementation of better privacy measures for

financial transactions, and better access to the credit union by car.

**FMA Contribution:** \$5,000

Terms	Lessee	Property	Key Terms	Awarded	Term
	Fort Snelling Federal Credit Union	0.5 acres	<ul style="list-style-type: none"> <li>• Lessee to build 3,000 sq ft building, with 1,120 sq ft four-unit drive-up canopy, to house the credit union</li> <li>• Rent: \$8,000/yr</li> </ul>	2004	35 years

## Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
2007	Revenue	• Rent	\$8,000	<b>\$8,000</b>	<b>\$16,000</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
2008	Revenue	• Rent	\$8,000	<b>\$8,000</b>	<b>\$24,000</b>
	Cost avoidance	• N/A	\$0		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

# Community Benefit

## Other

### PERSHING HALL, FRANCE

Hotel



**MOTIVATION:** Since 1928, the Pershing Hall building has been used to accommodate American Veterans from World War I and World War II. This use was perpetuated in the form of a club for members of the American Expeditionary Forces (American Legion). Prior to this agreement, the American Battle Monuments Commission managed and maintained this historic landmark in Paris, France. During 1994, Section 403 of Public Law 102-86 transferred the management and maintenance responsibilities of this building to the Department of Veterans Affairs.

The costs of maintaining this historical landmark, the distance and deteriorating conditions of the building used as an office generated interest in leasing the property to a developer to convert to a Hotel with basic rent. Through this agreement VA was able to renovate and maintain the property while receiving revenue.

**Benefits to the community:** Since the developer assumed management and operations, the building has been redesigned and significant improvements have been made to the property.

**FMA Contribution:** N/A

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	LA Partners	Building in 49 Rue Pierre Charron	<ul style="list-style-type: none"> <li>Use of building must never directly or indirectly counter the USA</li> <li>Lessee was to improve, manage and operate a hotel and restaurant</li> <li>Displaying the commemorative plaques and bronzes, original paintings, bronze busts sculpture</li> <li>Lump sum of 2,948,610.00 French francs at signing</li> <li>Rent: approximately 800,000 French francs adjusted to inflation</li> </ul>	1998 <i>Under Public Law 102-86</i>	99 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Rent	\$192,715	<b>\$289,715</b>	<b>\$289,715</b>
	Cost avoidance	• Facility Maintenance <sup>1</sup>	\$97,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Rent	\$241,475	<b>\$338,475</b>	<b>\$628,190</b>
	Cost avoidance	• Facility Maintenance	\$97,000		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

1. FY 2007 Facility Maintenance based on estimated values.

## Community Benefit

### Other

#### SOMERVILLE, NEW JERSEY

Asset Management Service Facility



**MOTIVATION:** Originally created in 1943 as a prisoner of war camp and Quartermaster Corps depot, the 355-acre Somerville site was redeveloped as a supply center for VA in 1947. The property was later divided between VA, the General Services Administration (GSA), and Somerset County, leaving VA with a 165.3-acre site. In 2003, VA was using only one of four major warehouses on the property, yet overall property maintenance costs were high. As a result, VA expects to realize \$6 million in cost avoidance between maintenance, personnel costs, and the lessee bringing the warehouse up to code. In addition, VA receives a new

source of non-appropriated revenues, highest and best use of the property, and a significant increase in the asset value of the property and buildings.

**Benefits to the community:** Through this EUL, the developer assumes 100% of the cost of operations, upgrade/retrofit, maintenance and development of the site to include buildings, roads, railway, utilities, wastewater treatment plant, water tower, and fire suppression systems, requiring no capital investment from VA.

**FMA Contribution:** \$166,072

	Lessee	Property	Key Terms	Awarded	Term
<b>Terms</b>	Somerville Business Park LLC	165 acres, including 1.2 million sq ft of warehouse and distribution facilities and outbuildings	<ul style="list-style-type: none"> <li>• Lessee to pay:                             <ul style="list-style-type: none"> <li>– Base rent: \$75,000 in yr 1, increasing by \$50,000 a year to \$300,000 in yr 5-35;</li> <li>– Land rent: \$40,000 in yr 1-35</li> <li>– “In lieu of payments”: \$75,000 in yr 1-4, and \$50,000 in yr 5-35</li> </ul> </li> <li>• Funded Maintenance Account : \$0.15/sq ft/yr</li> </ul>	2003	35 years

### Outcomes

	Consideration	Description	\$ Value	Total	Cumulative since 2006
<b>2007</b>	Revenue	• Base Rent	\$340,000	<b>\$2,537,336</b>	<b>\$4,890,159</b>
	Cost avoidance	• Facility Maintenance	\$2,197,336		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		
<b>2008</b>	Revenue	• Base Rent <sup>1</sup>	\$421,529	<b>\$3,085,732</b>	<b>\$7,975,891</b>
	Cost avoidance	• Facility Maintenance	\$2,664,203		
	Cost savings	• N/A	\$0		
	Enhanced services	• N/A	\$0		
	VA expense	• N/A	\$0		

1. Rent in FY 2008 includes Profit Participation Payment to VA as outlined in the lease



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