Summary

- FASTA enacted in 2016 (P.L. 114-287)
- Public Buildings Reform Board authorized for 6 years
- OMB & GSA issue yearly data calls to agencies for recommendations
  - Each FY since 2016
  - Leaseback data call due June 2
- November 2019: Board Recommendations due to Congress & OMB
  - Board identification of High Value Assets required in Year 1

Recent Technical Changes

- Short-term leaseback authority
- Extension of Board Termination Date
Activities during this time would include:
- Completion and closure of regulatory compliance (NEPA, CERCLA, Historic, etc.) responsibilities
- Marketing and sale activities
- Document preparation and conveyance

Leaseback Authority:
For the purposes of facilitating a sale, GSA may enter into a leaseback to

OMB/GSA issues FASTA data call to agencies on a yearly basis

Board reviews agency recommendations and develops federal inventory to develop list of recommendations
Two avenues for FASTA properties: High Value & Non-High Value Assets

OMB Reviews Board Recommendations & submits report to Congress. Non-High Value Assets Only: Report also submitted to HUD for McKinney-Vento suitability

Non-High Value Assets Only
HUD identifies properties suitable for homeless assistance

Landholding Agencies submit Reports of Excess (ROE) to GSA
LHA provides ROE, ROE Checklist, and supporting documentation

GSA accepts ROE & initiates sale process
Concurrent activities may include: due diligence gathering/review and regulatory compliance

GSA completes sale process. Net Proceeds deposited into Space Management & Asset Proceeds Fund
Fund to be used for implementation of Board.
Public Buildings Reform Board

Five of seven members sworn-in on May 1, 2019
- D. Talmage Hocker
- Mary Phillips
- Nick Joe Rahall
- Angela Styles
- David Winstead

Transparency of Information
- All Board meetings shall be open to the public
- All Board proceedings, information, and deliberation shall be open to Committees and Subcommittees upon request

Asset Proceeds Space Management Account
- Net Proceeds deposited from FASTA sales
- Funds to be used to advance transactions (i.e., due diligence, regulatory compliance, consolidation activities)
Public Buildings Reform Board
Federal Assets Sale & Transfer Act (FASTA)

Office of Real Property Utilization & Disposal
Public Buildings Service
May 9, 2019
Summary

- Public Buildings Reform Board authorized for 6 years
- OMB & GSA issue yearly data calls to agencies for recommendations
- October 2019 - Board Recommendations due to Congress & OMB
  - Board identification of High Value Assets required in Year 1

Recent Technical Changes

- Short-term leaseback authority
- Extension of Board Termination Date

Asset Proceeds Space Management Account

- Net Proceeds deposited from FASTA sales
- Funds to be used to advance transactions (i.e., due diligence, regulatory compliance, consolidation activities)
Focus Efforts on Following Agencies

- General Services Administration
- Department of Agriculture
- Department of Commerce
- Department of Energy
- Department of Health & Human Services
- Department of Homeland Security
- Department of Labor
- Department of Transportation
- Department of Veterans Affairs
- Federal Communications Commission
- Others

Exclusions for military & foreign properties, Postal Service, Tennessee Valley Authority, public lands and properties connected with agriculture, conservation, etc.
Market
- Growing & Stable Market Cycle
- Low Vacancy Rates
- High Absorption Rates
- Comparable Sales & Rentals

Location
- Proximity to CBD
- Proximity to Mass Transit
- Proximity to Airports, Seaports, & Rail
- Surrounding Development & Amenities

Ownership
- Title
- Access
- Encumbrances

Marketability
- Building Size
- Land Acres
- Utility Capacity
- Path to Regulatory Closure
Full Range of Due Diligence, Valuation, & Transactional Services for Tailored Asset Strategies

- Targeted Asset Reviews & Asset/Disposal Options Studies
- Facility Condition Assessments, Energy Audits, & Sustainability Surveys
- Environmental Characterization/Assessments and NEPA Analysis
- Land Use Plan/Master Plan Preparation
- Historic Preservation Consultation
- Title Reviews & Land Surveys
- Appraisal Services & Marketability Studies
- Stakeholder & Community Outreach
- Site Acquisition, Exchange, Relocation, Outlease & Sale Execution

Ability to Leverage Buying Power via Blanket Purchase Contract Vehicles

- Environmental Services
- Due Diligence Services
- Customized Marketing & Brokerage Services
Over 80% of cases conveyed via public sale through multiple authorities

<table>
<thead>
<tr>
<th></th>
<th>Total Projects</th>
<th>Actual Proceeds (Millions)</th>
<th>Square Feet</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Benefit</td>
<td>167</td>
<td>N/A</td>
<td>23,434,696</td>
<td>2,400</td>
</tr>
<tr>
<td>Sales</td>
<td>838</td>
<td>$399.6</td>
<td>13,035,352</td>
<td>1,045,696</td>
</tr>
<tr>
<td>Total</td>
<td>1,005</td>
<td>$399.6</td>
<td>36,470,048</td>
<td>1,048,096</td>
</tr>
</tbody>
</table>
Office of Real Property Utilization & Disposal
www.disposal.gsa.gov

Online Auction Website
www.realestatesales.gov

GSA FASTA Website
www.gsa.gov/fasta
Understand the existing and proposed uses.
Conduct a field inspection.
Review local zoning and development regulations.
Determine the size and scope of the traffic study that is needed.
Conduct traffic counts at all nearby intersections, could be 1 or 2 intersections or could be 30 or 40.
Conduct trip generation analysis before and after to determine net increase in traffic.
Assign net new traffic to study intersections
Assume the project will need local approvals – follow local guidelines for TIS.
Conduct analyses using locally accepted analysis methods such as the Highway Capacity Manual.
Conduct Synchro Analysis if necessary as it relates to operations.
Determine impact of net new traffic
Preparation of concept plans and cost estimates for intersection or road improvements that may be needed.
Deriving Value from a Private Real Estate Practice Approach
Federal Surplus Property Dispositions

Christopher Roth
Wednesday, September 18, 2019
What makes federal transactions different?

**FASTA dispositions must account for unique features of federal properties:**

- Complex and diverse property holdings
- Regulatory and procedural requirements
- Focus on utilization in lieu of returns
- No existing zoning
Principle #1: Flexible transaction structures can drive returns through market competition and creativity

Look beyond “as-is, where-is” sales to allowing creative deal structures; structures that align the unique features and complexity of each property with market demand.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Sale</th>
<th>Exchange</th>
<th>Ground Lease</th>
<th>Enhanced Use Lease</th>
<th>Participating Ground Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationale</strong></td>
<td>Timing and entitlements near certain, few complexities and no ongoing interest</td>
<td>Small set of target acquisitions, known requirements, single party expertise</td>
<td>Preservation of future land control for Government; develop or reversion potential</td>
<td>Lease payments are certain and valued, space needed, willing to accept lessor delivery risk</td>
<td>Unquantifiable upside, windfall avoidance, specialized developer for known use or anticipated assignment</td>
</tr>
<tr>
<td><strong>Control</strong></td>
<td>No future control</td>
<td>No future control</td>
<td>Control only through specific lease terms and on-going administration</td>
<td>Varying degrees of control through negotiated terms</td>
<td>Control only through specific lease terms and on-going administration</td>
</tr>
<tr>
<td><strong>Return</strong></td>
<td>Known</td>
<td>Complex net valuation involving property exchanged</td>
<td>Fixed annual based on underlying land value</td>
<td>Complex net valuation involving lease value</td>
<td>Fixed annual with variable upside potential</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>None</td>
<td>Relocation</td>
<td>Administration</td>
<td>Lease</td>
<td>Material Administration</td>
</tr>
</tbody>
</table>
Principle #2: “Best Value” evaluations can include measurable criteria in addition to purchase price

To address the variety of risks in a transaction, evaluate offers on a “Best Value” basis weighing risk and total return over time.
Principle #3: Market sounding can improve the “reach” of lower-profile assets

Increasing market “reach” prior to formal solicitation to improve value and ultimately accelerate timing

Two-way communication

1. Deem redevelopments financially and physically feasible before going to market

2. Generate stronger, more qualified competitors in an open competition

3. Improve likelihood of disposition close with initial market confidence
Principle #4: Greater entitlement certainty can significantly increase asset value

The greater the certainty and degree of entitlements “assured” by the Government – particularly if they are on target with product the market demands – the greater the value ascribed.

<table>
<thead>
<tr>
<th>Due Diligence</th>
<th>Inexpensive</th>
<th>Moderately Expensive</th>
<th>Very Expensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluate proximity to supply and distribution chains</td>
<td>Site surveys</td>
<td>Use, form, and density allowed under likely zoning scenarios</td>
<td></td>
</tr>
<tr>
<td>Evaluate employment base</td>
<td>Environmental survey</td>
<td>Subsurface investigations</td>
<td></td>
</tr>
<tr>
<td>Evaluate access to transportation</td>
<td>Engineering Reports</td>
<td>Other than indemnification terms</td>
<td></td>
</tr>
<tr>
<td>Evaluate customer base</td>
<td>Utilities solutions</td>
<td>All proper documentation</td>
<td></td>
</tr>
<tr>
<td>Determine the availability of utilities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

 Lowest value  Highest value
Thank you

Chris Roth
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