

## CARES Contracts and Reports

### Request 6: Description of land use expertise of contractors

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40. Pruitt Group EUL, LP Technical Proposal  
for Enhanced-use Lease Real Estate Advisory  
Service contract (Dec 9, 2004)

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**UNITED STATES DEPARTMENT OF VETERANS AFFAIRS**

**Request for Proposal No. 101-32-04**

**Technical, Financial and Legal Assistance and Support  
for  
Enhanced-Use Leasing**

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**TECHNICAL PROPOSAL**

**December 9, 2004**

***PRUITT GROUP EUL, LP***

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PRUITT GROUP EUL, LP

TECHNICAL PROPOSAL

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# 1. Introduction to the Pruitt Group EUL Team

## 1.1. General Introduction

As with many federal government agencies, the Department of Veterans Affairs (VA) owns a valuable portfolio of real estate and property at the same time that it faces budgetary constraints that adversely impact its mission. In 1991 VA originally obtained unique statutory authority to enter into enhanced-use leasing (EUL) arrangements that enable it to team with private sector partners with access to these potentially valuable assets under structured leases and receive revenue streams, facilities, services, and "in-kind" consideration in return.

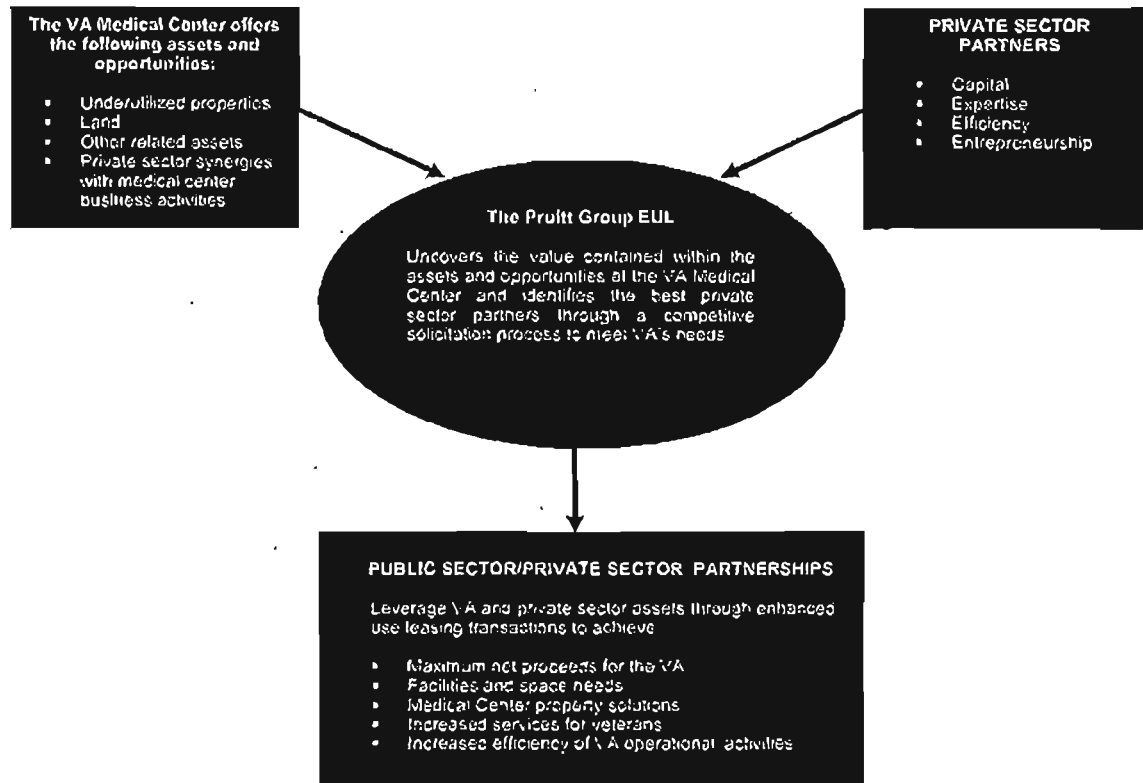
With many completed enhanced-use leasing projects having proved the effectiveness of this tool, VA is now seeking to expand the use of enhanced-use leasing on a broad scale and nationwide. VA is seeking seasoned advisors to conceptualize, design and execute innovative enhanced-use leasing and related public private partnership transactions that harness the capital, specialized knowledge, efficiency and entrepreneurship of the private sector to solve budgetary, property, services and operational effectiveness issues facing VA.

The Pruitt Group EUL Team (PGEUL Team) is unmatched in its ability and experience in structuring creative public private partnership transactions. These include enhanced-use leasing transactions that align performance incentives for private sector partners with the objectives of government agencies to maximize asset values and revenue streams. This helps agencies achieve creative real property solutions, increase the efficiency of agency operations and expand the services that agencies can provide to support their missions.

The PGEUL Team has a proven track record of managing and implementing all aspects of large scale projects directly related to the requirements of this solicitation. Our senior personnel have structured and led teams responsible for healthcare related strategic and facilities projects of all sizes, and for a variety of clients, including the largest nonprofit healthcare system in the country. PGEUL senior personnel have also been responsible for designing and implementing all elements of over a dozen public private partnership transactions for the federal government, including several enhanced-use leasing related transactions, representing over \$25 billion of book value. Many of these transactions, moreover, have been the "pilot projects" that successfully launched larger follow-on programs. The PGEUL Team includes senior legal advisors that have played a significant role in developing the enhanced-use leasing programs at VA.

The graphic below illustrates how the PGEUL Team generates value and efficiency from opportunities offered by VA properties, land and operations, combined with private sector capital and industry specialists, through enhanced-use leasing and related public private partnership solutions.

**Conceptual Framework for Developmental and Transactional Support Services for VA Enhanced Use Leasing Program**



The PGEUL Team will provide VA with the full breadth and depth of knowledge, skills, expertise, capabilities and capacities related to:

- Transactional design, structuring and implementation
- Enhanced-use leasing concept development and implementation
- Financial analysis, cost estimation and valuation
- Legal issues and document development
- Accounting issues and budgetary scoring
- Healthcare operations and management
- Healthcare facilities development and management
- Environmental, historical, architectural and engineering issues
- Communications and stakeholder outreach
- Lease administration and compliance monitoring
- Real estate markets and real estate operations
- Property reutilization and alternative use strategies
- Program management and strategic planning
- Federal government solicitation development and support
- Capital markets access and private sector partner development
- VA environment and program knowledge

Many members of the PGEUL Team have a long track record of working together. The Team has been structured to provide VA with overlapping and complementary resources that reinforce each other.

Adequate staff resources will enable the Team to respond to multiple task orders efficiently with uniformly high quality. The PGEUL Team has the capacity to expand to any level of service provision required by VA.

Finally, the PGEUL Team has been structured fundamentally to achieve VA's objective of having Service Disabled Veteran Owned Business (SDVOSB) firms actually perform the work. As structured, the PGEUL Team will have well in excess of 51% of the work going to SDVOSB firms, with a goal of over 80% contributed by SDVOSBs. The single large non-SDVOSB firm on the Team, American Express National Real Estate Group, understands and is fully committed to this goal. Moreover, both American Express and the senior personnel of the prime contractor who have been responsible for structuring over \$25 billion in public private partnership transactions are also committed to mentoring the SDVOSBs on the Team. Philosophically all non-SDVOSB Team members are committed to help the SDVOSBs maximize business opportunities under this EUL contract and position them for expanding other business opportunities.

## **1.2. Team Structure**

The PGEUL Team will provide to VA all required services on a nationwide basis and will adapt to changing requirements as this program evolves. Our team is a unique combination of a Service Disabled Veteran Owned Small Business (SDVOSB) prime contractor, a series of SDVOSB subcontractors, an SDVOSB legal subcontractor and a large business subcontractor. Through this structure, we ensure that well in excess of the minimum 51 percent of the work is performed by SDVOSBs, with the current goal being over 80% SDVOSB contribution.

The Organization Chart on the next page depicts the overall structure of the PGEUL Team. Team members have the experience, personnel and successful track record to support VA in this important initiative and have been selected for the unique strengths and capabilities they offer. In the following discussion we present the elements of the Team depicted in the Organizational Chart.

### **SDVOSB Prime Contractor**

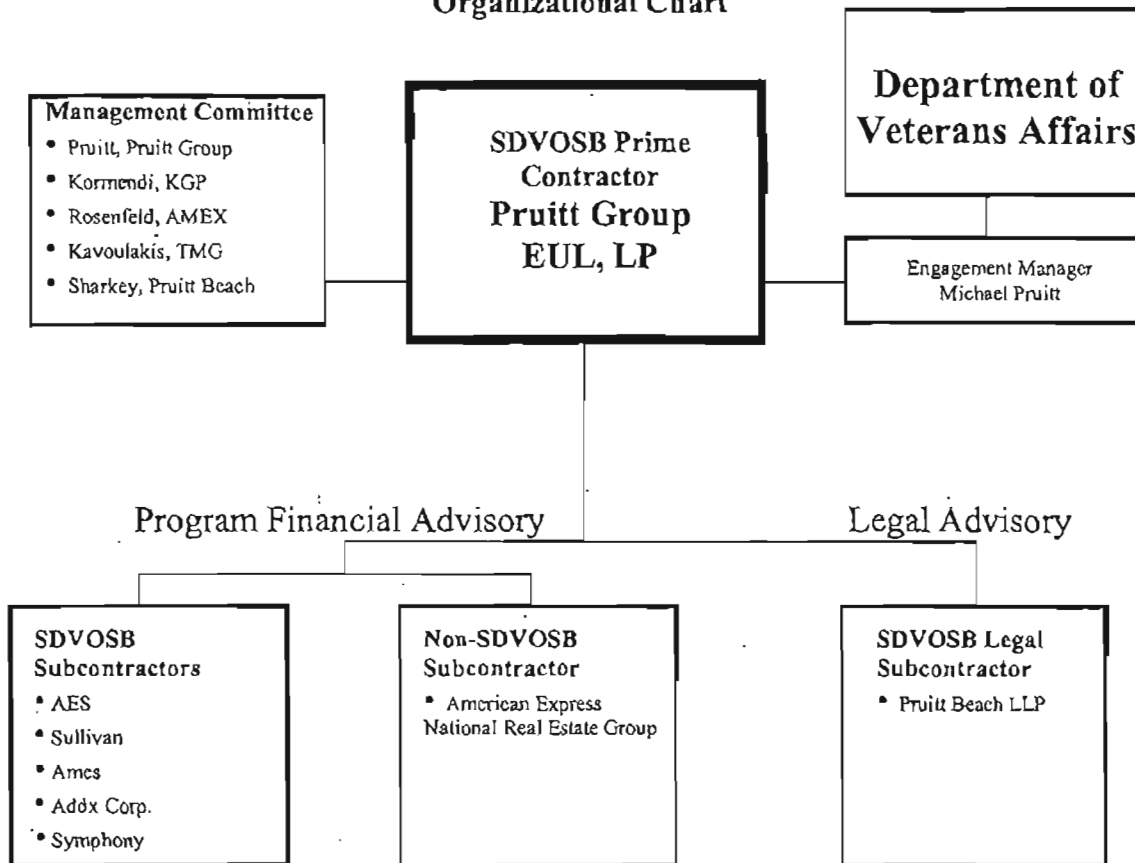
The prime contractor for the PGEUL Team will be a newly formed limited partnership known as Pruitt Group EUL, LP (PGEUL LP). PGEUL LP qualifies under all applicable regulations as an SDVOSB.

The sole general partner of PGEUL LP (with majority ownership and exercising day-to-day control) is The Pruitt Group, Inc. (Pruitt Group). Pruitt Group is an SDVOSB 100% owned by Michael Pruitt, Esq., a service disabled veteran and highly accomplished transactional lawyer and strategic healthcare services consultant. Mr. Pruitt has led teams and been responsible for strategic and facilities related projects of all sizes, for a variety of clients, including the largest non profit healthcare system in the country (Ascension Health, formerly Daughters of Charity National Health System).

The limited partners of PGEUL LP, which contribute specialized expertise to PGEUL LP in the areas of real estate consulting, financial advisory services, health services consulting, strategic planning, transactional design and implementation, public private partnerships and federal government solicitation support, are three small businesses with a proven track record of accomplishment – Kormendi \ Gardner Partners (KGP), The Metis Group (TMG) and Potomac Health Associates (PHA). These PGEUL limited partners have been responsible for designing and implementing all elements of over a dozen and public private partnership transactions for the federal government, including several enhanced-use leasing related transactions, representing over \$25 billion of book value.

# PRUITT GROUP EUL TEAM

## Organizational Chart



The organization chart on the next page depicts the structure of PGEUL LP, the SDVOSB prime contractor. The following descriptions provide an introduction to the specific knowledge, skills and experience of the firms comprising The PGEUL LP prime contractor.

### SDVOSB General Partner

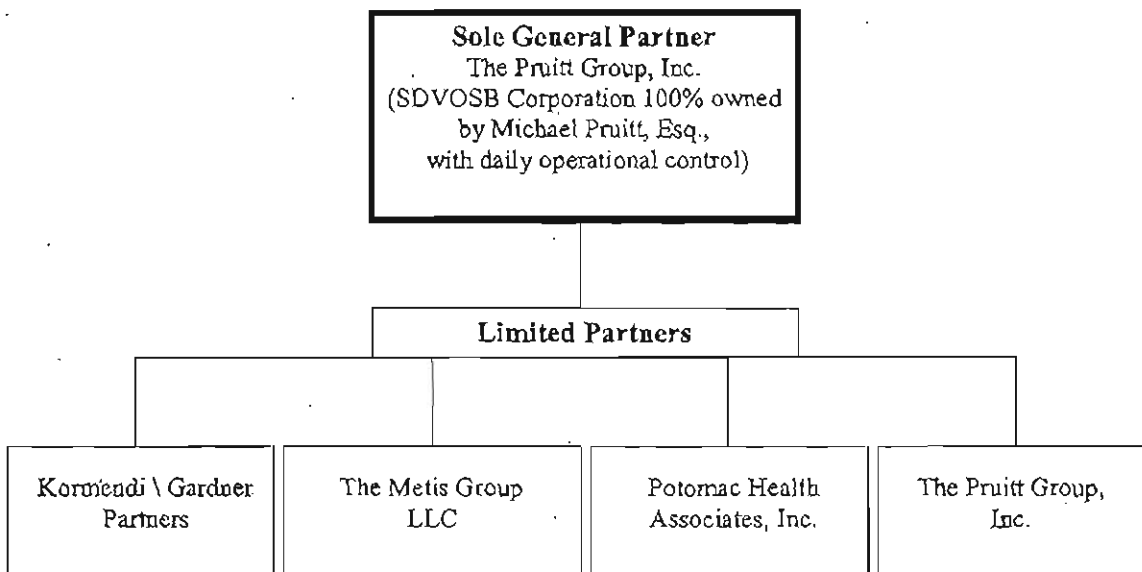
**The Pruitt Group, Inc.** (Pruitt Group), an SDVOSB and the general partner of the prime contractor for the PGEUL Team, is a strategic development and consulting group with broad experience in the healthcare industry from Board level to clinical operations. Pruitt Group is also a Management, Organizational, and Business Improvement Services (MOBIS) contractor through the General Services Administration (contract #GS-10F-0555N, 8/28/2003 to 8/27/2008). Pruitt Group serves healthcare organizations throughout the United States as a full-service consulting firm and is skilled in all aspects of healthcare delivery system dynamics, business transactions, strategy and development, operations, finance, and managed care. The firm has served the interests of a wide variety of clients, and has created and led teams and been responsible for the delivery of services on projects of all sizes, varieties, scope and scale. Some of our core business activities include the following:

- Market/Service Area Development including Demand Forecast, Feasibility Study and Financial Analysis;
- Facility Development through Concept, Design, Construction, and Transitional Management Program and Service Development including Operational Analysis, and Business Improvement;

- Physician/Hospital related New Venture and Joint Venture Development;
- Merger, Acquisition and Divestiture Support;
- Board and Consortium Development;
- Graduate Medical Education Development and Support.

The hallmark of the firm's service commitment is that it goes beyond the formation of creative concepts and solutions to the problems and issues it identifies, and crafts and executes action plans designed to maximize positive outcomes for the client. Unlike many consulting firms that market ideas and canned solutions, Pruitt Group markets ideas, solutions, execution, follow up, and accountability for the solutions it proposes. The firm assists clients in highly complex situations that require the coordination of multiple constituents, involve highly political issues and demand the balancing of diverse viewpoints and objectives.

**Pruitt Group EUL, LP**  
SDVOSB Prime Contractor



**Limited Partners**

- **Kormendi\Gardner Partners (KGP)** is a financial advisory and investment banking firm that specializes in sophisticated financial analysis and transactional structuring for private and public sector clients. KGP's expertise in economics, finance, capital markets, data analysis, law and public policy combines powerful analytic capabilities with practical hands-on experience in designing, negotiating and implementing complex financial transactions in a wide variety of markets. KGP has designed and closed acquisitions and dispositions of diverse asset portfolios ranging in size from \$25 million up to \$8 billion and totaling over \$25 billion of book value. Projects include the pilot project for the Air Force for its innovative enhanced-use leasing privatization program for military family housing; a series of pioneering public-private partnership privatization transactions for a multi-year, multi-billion dollar "pipeline" flow of tangible physical assets that involve defacto lease arrangements for the use of military facilities; a new secondary market vehicle, the CEF Trust, for HUD economic development loans; a series of public-private partnerships for the privatization of real estate and other governmental assets for RTC, FDIC, GSA and OPM; the compliance monitoring structure for HUD contractors managing HUD's \$3 billion single family



foreclosure portfolio; and a major technical assistance project for the privatization of banks and related asset portfolios in Central Europe for the Department of the Treasury. In addition to its financial advisory projects, ongoing Kormendi \ Gardner Partners engagements include expert testimony for litigation support, business consulting assignments and public policy research. The results of KGP's financial and policy research have been published widely in scholarly journals and business outlets, and KGP principals have testified numerous times before Congress.

- **The Metis Group LLC (TMG)** is a real estate consulting firm, working nationwide with all levels of government in maximizing the value and enhancing the use of owned and leased real estate assets and in providing re-use options and opportunities. In performing these services, TMG provides full-service advertising and marketing services to support the real estate programs and strategies. We work in environments where risk reduction, opportunity realization and stakeholder outreach inter-relate to the benefit of the government. TMG has worked with all leading Federal legislative authorities, including VA Enhanced-Use Leasing, military housing privatization and Mark-to-Market, being involved with developing the programs or early transactions within the programs. TMG serves as Real Estate and/or Financial Advisor to state/local and Federal government agencies. Services have been performed for the following Federal agencies: VA, DoD, NAVFAC, USDA/FS, HUD, EOP/ONDCP, FEMA, AFCEE and GSA. Services are performed by a team of senior professionals. The professionals have hands-on experience and industry expertise within their area of practice. Each maintains professional certifications, licenses and memberships. In addition, personnel of TMG have Top Secret and Secret security clearances. The firm is a woman-owned small business headquartered in the District of Columbia, with a national focus and practice area. The TMG is certified as an 8(a)/ Small Disadvantaged Business (SDB) by the U.S. Small Business Administration. In addition, TMG is a Woman-Owned Business (WOB), Emerging Small Business and Small Business.
- **Potomac Health Associates, Inc. (PHA)** is a private consulting firm that specializes in federal health care contracting, government relations and business development. PHA was founded in 1991 to provide strategic support to health care providers in their contracts with agencies of the federal government. In 1999, the company expanded its client base and began working with federal agencies as well, to develop improved contracting strategies with private health care providers. PHA has advised its clients in conjunction with contracts from federal agencies for various health and related services valued in excess of \$3.5 billion. Principals of the company have been involved in various aspects of federal health care contracting since 1984. PHA has been involved with VA contracts since enactment of P. L. 104-262, the Veterans Healthcare Eligibility and Reform Act of 1996. PHA has been invited to present to contracting and clinical personnel from the VA's Sunshine Network in Florida and Georgia, and was selected to present on primary care contracting at the third annual Federal Healthcare Acquisition Conference in Orlando, Florida, in June of 2000. In one of VA's most successful new initiatives, PHA has worked with clients on Community Based Outpatient Clinics (CBOCs) in 12 different locations. In December of 2000, the firm worked with one of the nation's largest, publicly held nursing home chains on a three-year, \$30 million contract under the VA's Regional Community Nursing Home program. The firm understands how VA markets its contracts and business development opportunities with the private sector, and recognizes where strengths and weaknesses exist. PHA has reviewed strategic business plans from most of the Veterans Integrated Service Networks (VISNs) and has a firm understanding of some of the functional areas most frequently identified for potential EULs, such as: Long Term Care; Nursing Home; Assisted Living; Residential Care; and Mental Health Care.

## Large Firm Subcontractor

**American Express - National Real Estate Group** is a division of American Express Tax and Business Services, Inc. (TBS), a wholly owned subsidiary of the American Express Company. American Express TBS is the nation's 8<sup>th</sup> largest accounting and consulting firm, with more than 2,500 employees in over 50 offices nationwide. The National Real Estate Group (NREG) is a national practice consisting of nearly 200 professionals whose specialties include government services, lease consulting, lease administration and capital markets support services in addition to traditional accounting and taxation services.

NREG has provided transaction support services for the federal government for over 10 years, on more than 100 hundred separate transactions representing nearly \$30 billion in assets. NREG has provided EUL financial transaction and accounting treatment advisory services to VA for VISN 4 Enhanced-Use Leases (hospital electricity co-generation project). NREG monitored compliance and performance for HUD, RTC, DoD and the FDIC on over 40 public/private transactions, with assets in excess of \$15 billion. NREG has extensive experience working with firms that are part of this team, particularly Kormendi \ Gardner Partners.

NREG also provides other services that are relevant to this effort, including lease consulting and administration. Lease administration professionals perform all lease administration duties for corporate clients, including the American Express Company. Utilizing the same professionals and lease administration platform, having the experience necessary to administer EULs, if required. In addition, the lease consulting practice includes attorneys, real estate analysts and other professionals who review, abstract and analyze more than 1,000 leases per month.

American Express NREG is fully committed to this initiative being an SDVOSB set aside and endorses the spirit of maximizing the SDVOSB participation in the Team. In this regard NREG is available for any tasks in its areas of expertise necessary to successfully complete the requirements of the task orders, but it is neither mandating nor expecting any specific portion of the work. Moreover, NREG is committed to mentoring SDVOSB resources to achieve knowledge transfer to enable the SDVOSBs on the Team to expand their ability to carry out the tasks required.

## SDVOSB Legal Subcontractor

Legal work to be tasked to the PGEUL Team on behalf of Veterans Affairs will be undertaken by a newly formed legal partnership known as Pruitt Beach LLP. Pruitt Beach LLP, which is the combination of lawyers affiliated with Pruitt Group, the 180 attorney New York State general corporate law firm of Harris Beach LLP, and the 300 attorney Texas state general corporate and real estate law firm of Jackson Walker L.L.P., will qualify under all applicable regulations as an SDVOSB. VA will be therefore able to obtain legal services, under this contract from a single source that is a highly qualified SDVOSB.

Heading up Pruitt Beach LLP (with majority ownership and exercising day-to-day control) is Michael Pruitt, Esq., a service disabled veteran and highly skilled transactional lawyer. Mr. Pruitt was formerly associated with Hall, Render, Killian, Heath & Lyman, one of the largest and most sophisticated niche healthcare law firms in the nation. Mr. Pruitt has led teams and been responsible for the documentation of projects of all sizes for a variety of clients, including the largest non profit healthcare system in the country (Ascension Health, formerly Daughters of Charity National Health System).

Attorneys of Harris Beach LLP will contribute specialized legal expertise in the areas of commercial real estate development and finance, health care, tax-exempt and taxable finance, construction and surety, bankruptcy, and environmental law. In addition, attorneys from Jackson Walker, led by Patrick Sharkey, a close law firm affiliate of Pruitt Group, will provide a broad range of real estate related legal

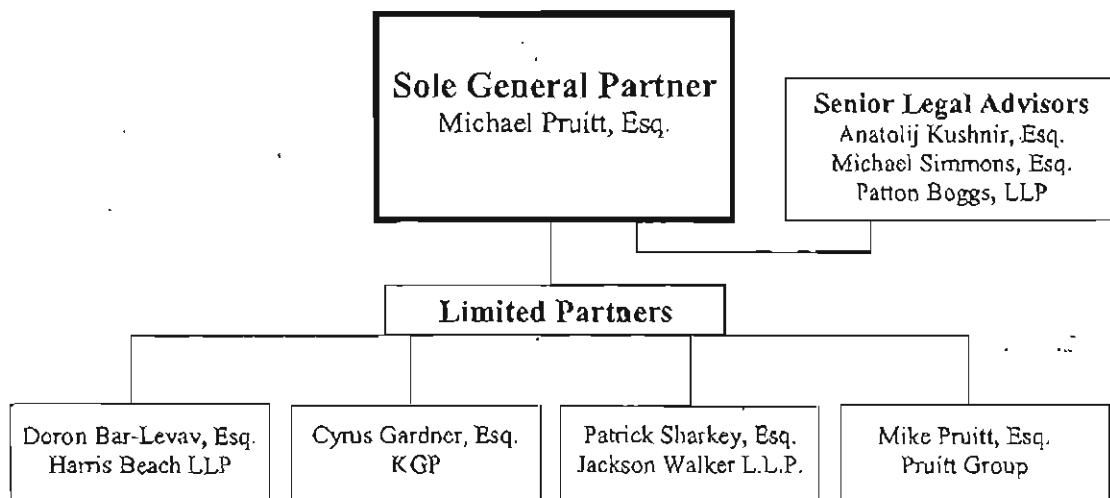
services. Cyrus Gardner of Kormendi \ Gardner Partners, a lawyer with broad transactional background in public private partnerships and enhanced-use leases, will be a partner in Pruitt Beach LLP and serve as a senior advisor on legal assignments. Finally, because of their working relationship with senior personnel on the PGEUL Team, Anatolij (Tony) Kushnir and Michael Simmons of Patton Boggs LLP, who have been instrumental in establishing the VA enhanced-use leasing program, will be Senior Legal Advisors to the PGEUL Team and will make Patton Boggs resources available.

Given its depth of legal experience and staffing capabilities, Pruitt Beach LLP, as an SDVOB, is in the unique position of being able to offer "one stop shopping" for all VA's legal needs under the RFP. Pruitt Beach LLP, a service disabled veteran owned business (SDVOB), consists of seasoned attorneys with expertise in all aspects of commercial real estate development and finance, health care transactions and other related matters, tax-exempt and taxable finance, construction and surety, bankruptcy, environmental law, public private partnerships and enhanced-use leases. Pruitt Beach LLP, envisions a strategic, unified approach to help VA manage multiple projects concurrently throughout the nation. Pruitt Beach LLP lawyers will have the professional ability and capacity to cover the scale and scope of projects envisioned along a full geographic spectrum.

A further important benefit, in terms of VA meeting its objectives with respect to the placement of business with SDVOB's, is that, to the best of our knowledge, Pruitt Beach LLP (which is in one other Enhanced-Use Leasing RFP team) may be the only SDVOB legal entity capable of providing the full spectrum of legal services to VA required under the RFP. Given the significant percentage of services allocated to legal activities within the proposed price list budget, VA has a clear opportunity to place this significant piece of the proposed work with a qualified SDVOB law firm, instead of placing such work with non-SDVOB law firms.

The following Organizational Chart depicts the structure of Pruitt Beach LLP, our SDVOB legal contractor.

**Pruitt Beach LLP**  
SDVOB Legal Contractor



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## SDVOSB Subcontractors

Our team is committed to providing opportunities for other Service Disabled Veteran-Owned Small Businesses (SDVOSBs) through subcontracting and mentoring opportunities. In meeting this commitment and exceeding the goals established in the solicitation, we have incorporated the following SDVOSBs into our team. These firms have more specialized knowledge and will be called upon to perform analysis and bring their unique skill sets and perspectives to the EUL analysis.

- **AES Environmental** is an environmental consulting and remediation company. Advanced Environmental Solutions, Inc. (AES) is a solutions-oriented environmental consulting company with expertise in providing service to Federal agencies. AES senior level staff affords our clients many years of experience in environmental consulting, engineering design, and remedial construction. For projects where AES clients prefer a complete turnkey approach, we are also able to provide a total design/build service. As an SDVOSB and HUBZone certified firm, AES is in the unique position to assist all Federal agencies including: the Department of Defense (U.S. Air Force, U.S. Navy, U.S. Army Corps of Engineers), the National Aeronautical and Space Administration; and the Department of Transportation in meeting set-aside goals for Federal procurement. AES services include remedial investigation and environmental site assessments, general consulting (LSP, LEP & PE), remedial strategy planning & permitting, litigation support & expert witness, electronic data management and modeling, regulatory compliance analysis, risk assessment, feasibility studies, design/build remedial solutions.
- **Sullivan International Group** is a professional services company providing engineering, technology, environmental & logistics services. Sullivan is an SBA certified 8(a), SDVOSB that focuses on providing cost effective solutions for both commercial and government clients throughout the United States. Sullivan is headquartered in San Diego and has offices in San Francisco and Barstow, CA, Atlanta, GA, Columbia, SC, and Washington, DC as well as satellite representatives throughout the country. Sullivan has been named a prestigious Nunn-Perry award winner by the Office of Small and Disadvantaged Business. Sullivan's services include engineering and construction, design / build services, and environmental services, including environmental compliance (CERCLA, RCRA, NPDES, UST, PCB, Air), assessment and mitigation of environmental liabilities and environmental management systems. Sullivan's quality focus, service response and efficient service have enabled the successful growth of company to more than 120 personnel and annual revenues for 2004 estimated to exceed \$25 million.
- **Ames Corporation** is a United States Government supplier and provides a variety of facility management and construction services throughout the World. Founded in 1994, AMES is an 8(A) Program Participant and Certified Hubzone with the United States Small Business Administration (USSBA) and SDVOSB. With its Corporate Offices in St. Petersburg, Florida, and Branch Office locations in Fortson, Georgia, Biloxi, Mississippi and San Juan, Puerto Rico, AMES has established itself as a worldwide provider of O&M, construction, and program management services for government facilities. With our established management infrastructure and highly qualified staff of facility management and construction professionals, AMES believes that our ability to meet and exceed the expectations of our clients for contracts has been proven by our prior performance record in the execution of similar contracts. Ames has proven its technical competence as a Federal Prime Contractor through a series of Indefinite Delivery Indefinite Quantity (IDIQ) and task-specific contract Prime Contract awards for a variety of agencies and departments. Ames also has significant prior experience in providing facility management and construction services outside the continental United States (OCONUS).

- **ADDX, Inc.** is an SDVOSB professional firm founded to help organizations transform operations through innovative business models, increased knowledge flow, and better collaboration in and across organizational boundaries. Strategic and Organizational Services include Strategic Planning, Federal Enterprise Architecture Planning, Capital Planning and Investment Control, Strategic Communications, Project Business Case Development, Collaboration Strategies/Engineering, Knowledge Management System Design, Performance Management Systems, Facilitation, Project Management, Modeling and Simulation Support, Business Needs and Requirements Analysis, Specification Development Analysis, Cost Benefit Analysis, Feasibility Studies, Technology Assessments and Studies. The firm is a qualified SDVOSB entity.
- **Symphony Consulting Group** was founded as an SDVOSB with the focus on becoming a market leader by helping federal agencies identify and adopt innovative government and commercial solutions to solve complex operational and fiscal challenges. From the beginning, Symphony has engaged in cutting-edge projects for the Government. Symphony has provided consulting services directly to the CARES Commission and to VA in areas of data development and information processes. Symphony provides Health Insurance Portability and Accountability Act (HIPAA) consulting services covering a wide variety of patient privacy and information security matters for the United States Air Force at its largest teaching facilities within the United States and hospitals and clinics in Hawaii and Alaska. Symphony recently completed a Regional planning, implementation and rollout project for an Integrated Clinical Data Base (ICDB) at Army, Navy, and Air Force hospitals throughout the Northeast and supported the Air Force Surgeon General for worldwide roll out. Symphony Consulting Group's primary expertise deals primarily with program management activities for medium to complex information technology projects. These projects include elements from the network, application, and data layers as well as business process analysis to ensure effective use of technology to support the program objectives. All Symphony Project Managers are PMP certified, bringing industry best practices for project management.

### **1.3. Project Management**

PGEUL LP will provide day to day management of aspects of contract performance, and will create feedback mechanisms to insure that VA executive and contracting staff are given timely and appropriate communication. Depending on the Task Order, PGEUL LP will provide implementation support, project and program management, and transitional management through its staff of highly experienced and very capable managers and executives.

The PGEUL Team is multi-disciplinary and provides the full range of specialists required to help VA support EUL initiatives. Collectively, our team possesses all of the skills and knowledge required to provide the scope of services outlined in the RFP. Please refer to Section 2.2 for a complete description of the executive personnel, their roles and each executive's resume.

PGEUL LP will coordinate communications among project teams and with VA. PGEUL LP recognizes that the nature of this contract calls for the implementation of appropriate management controls to ensure accomplishment of several key objectives. In addition to individual task orders specifically related to EUL analyses and associated transactions is the underlying policy goal of having work flow to SDVOSBs as intended. The highly specialized nature of many task orders will also call for teams to be created of individuals with different skills from different organizations. PGEUL LP has given careful thought to the kind of contract management required under this contract. Drawing upon best practices from other contracts of similar scope and complexity, we have incorporated an approach to project management that is specifically designed for this type of engagement.

Our project teams will meet regularly to discuss project status, identify any problems and seek early resolution of any difficulties. Leaders from the individual project teams will also meet as a group to share information and insights about on-going projects and to advance cross-fertilization of issues and solutions common to all task areas. Subcontractor leaders will report through PGEUL staff, who are ultimately responsible for successful completion of assignments and for coordinating team members' work.

A key feature of the PGEUL LP proposal is our Management Committee. The Committee brings the leaders of the key team member firms together in the overall direction and client service discussions for all work performed by our team. The following senior executives are members of the Management Committee:

- Michael Pruitt, The Pruitt Group, Inc., Chair
- Roger Kormendi, Kormendi\Gardner Partners
- Libby Kavoulakis, The Metis Group LLC
- Thomas Rosenfeld, American Express - National Real Estate Group
- Patrick Sharkey, Pruitt Beach LLP

Primary responsibilities include:

- Development of strategic direction for identification of EUL opportunities;
- Discussion of common issues affecting all EUL projects and development of proposed solutions and strategies for resolution;
- Confirmation of staffing and capacity to meet on-going and anticipated workflow;
- Collection of best practices developed in our work and implementation of these best practices to all of our work;
- Confirmation that Quality assurance/Quality control of all deliverables is established and implemented; and
- Metrics and Quality Assurance Plans to ensure that our team is meeting and exceeding VA requirements.

As the Committee implements this policy and oversight agenda, the individual items will be modified and/or added as necessary and appropriate to assure prompt and effective implementation of contract requirements that conform to the quality expectations of VA.

The primary responsibility of the Committee is to guide the direction of overall contract performance. When VA first issues a task order for EUL contractors to bid on, the Committee will conduct a preliminary review to identify the most appropriate members of the PGEUL Team to respond. Each response to a task order will identify a Task Order Manager, who will be responsible for day-to-day management of the work to be performed. The Task Order Manager will be a senior staff individual from one of the PGEUL partner firms, with functional expertise that is closely aligned with the major requirements of the task order. The manager will be responsible for preparation of the response to each task order. Any response to VA must be approved by the Committee prior to submission.

Once awarded, the Task Order Manager will be PGEUL LP's point of contact (POC) with VA for that specific task order. In addition to his or her role as the POC with VA, the manager will coordinate all activities and work to be performed by staff assigned to the project, and will provide routine project status updates to the Committee.

PGEUL LP will utilize a standard project reporting format to track performance metrics that are appropriate for the task. One example is the use of a File Plan, an approach to project management and

associated document control used very effectively by PGEUL LP team members recently for Air Force housing privatization projects.

Another key responsibility of the Committee will be quality assurance. Major reports or deliverables to VA will also be subject to review and approval by the Committee prior to delivery. As part of its review of responses to task orders issued by VA, the Committee will determine which products or deliverables specified in the TO will be subject to internal review prior to release. When agreement is reached, the manager will ensure that the work schedule allows for sufficient time to permit review by the Committee. This process will also ensure that for key products or documents, they are subject to a rigorous program of internal review and quality control before external dissemination.

## 2. Technical Approach

The members of the PGEUL Team bring our industry knowledge and hands-on experience in developing, implementing and managing EUL and Public/Private Partnership programs. Our team members developed the methodologies and the processes by which the government structures such transactions. We perform comparable components of the work as individual services and recognize how the various components relate to one another. From the outset of thinking about a possible transaction, through closing and monitoring, members of the PGEUL Team has been in the forefront of performing these services.

Our work in public/private partnerships (including enhanced-use leasing) covers all property types through the various agencies. We work with throughout the government, with the U.S. Air Force, Department of Defense, Forest Service, HUD and the District of Columbia, to identify opportunities (EUL identification), structure the transaction (EUL formulation and marketing) and execute the transaction (EUL execution). We have the advantage of monitoring these transactions post-closing (EUL management) and seeing first-hand how the transaction is operating for both parties. Because our work lasts through the life cycle of the transaction, we are involved, invested and impacted by the success of the transaction. We "live our transactions" to address the realities of the outcomes and understand the effects for decisions made along the way.

Because our team includes the thought leaders for these transactions, we develop and present best practices in government for transactional structuring throughout our work. We build into each of our transactions the process for consideration of the program-wide initiatives affecting that asset (CARES general reuse study and comprehensive reuse plan) through an awareness of our clients' operating environment. In this, we are able to align the incentives for the government and the private partner, with maximum return to the transaction. This experience is captured in our technical approach, which is presented on following pages.

For each of the seven objectives, we present our approach based upon direct and applicable experience in performing services comparable to those identified for each objective. Our team performs these services for the Federal government and is able to provide our insights to the services requested, and the ultimate outcomes desired. Throughout our project descriptions (presented in Factor 3: Past Performance) we discuss the many enhanced-use leasing type of transactions that the members of our team have been involved. Because we perform EUL-type services throughout the Federal government, we are able to provide an approach that is proven in a government environment. We understand the requirements and the ultimate outcomes and have structured this discussion to present our understanding.

Following the broad direction of the approach is a step by step process that will be employed in the conduct of the services. Our approach to each objective is presented to address the individual components of that objective. The methodology to perform the specific components is presented in list format, identifying key actions and considerations. While these lists are comprehensive and are sufficiently detailed to represent our hands-on knowledge of the components, the lists are not meant to be viewed as a step-by-step roadmap of how to do the work. The presentation is a guide for the most critical elements in the performance of the work, both in terms of key actions and key considerations.

## **2.1. Factor 1: Understanding the Requirement/Approach**

### **Current State**

Over half of VA's medical center campuses were constructed circa- World War I and World War II – from over 50 to 100 years ago! The proliferation of medical center campuses across the country was necessary to meet the increased needs for veterans returning from combat. At that time, in-hospital care was the standard of practice. Hospital beds were required to care for the veterans, who often required long-term stays followed by rehab and continuing outpatient care. In larger cities, repetitive facilities and multiple facilities were required to meet the needs of the veteran population. Many of these VA Medical Centers are well-located properties in prime locations within the cities.

As the veteran population ages and mortality rates increase for WWI and WWII veterans, the needs and the uses of the facilities changed. Not including our current actions in the middle East, there are approximately 26 million veterans, with 20 million of these veterans from the Korean War period forward and in peacetime. The original groups of WWI and WWII veterans for whom the current VA facilities were built to serve account for only 5.6 million of the veterans, with only one thousand WWI veterans remaining. The veterans by period are younger and have different needs from veteran populations from eras at the beginning of the 1900's. According to the Office of the Actuary, projections for 20 million veterans by 2015 and 15 million veterans by 2030 show a direct downward trend. As the veterans age, so do VA's buildings.

Technology and advances in medical treatment brought about shorter hospital stays and a focus on outpatient care. Today's veterans may still be in the workplace and have alternative medical care. Those requiring VA care are sicker and need more services and different kinds of services than previous era's veterans. With the confluence of changing medical practices/ changing veteran demographics and aging facilities, VA faces a challenge to address the optimal use of its facilities.

This challenge is actually a golden opportunity! Because VA is one of the largest property owners in the Federal government (surpassed only by Department of Defense and General Services Administration), there is a concentration of wealth in the properties. The medical centers, while including aging buildings, also include land and while some of the historical structures present significant problems some have significant latent potential. These centers are prime candidates for creative development and utilization, as is the intent of Enhanced-Use Leasing.

Enhanced-Use Leasing (EUL) captures the opportunity to minimize negative budgetary impact caused by increasing operating and capital costs through leveraging the assets to generate revenue, reduce costs and obtain private investment in VA facilities, programs and/or services. EUL allows formerly under-utilized and obsolete facilities to be returned to a productive use. EUL was a cutting-edge, innovative legislation when it was introduced and still places VA highest among Federal agencies for latitude to enter into creative, forward-thinking transactions with or without cash outlay from VA. This provides



an avenue to capture market opportunities without additional budget constraints (not spending appropriated dollars).

### **Moving Forward**

With VA having an expansive and desirable inventory of under-utilized properties, there is great opportunity to capture market interest in the redevelopment, reuse and renovation of the properties. The interest of the marketplace for such initiatives has been proven by existing VA EUL transactions as well as with DoD military housing privatization and public/private partnerships by GSA, DoD, RTC, FDIC, HUD and the US Postal Service.

To capture these opportunities for VA requires a seasoned team of professionals who perform successfully in this arena daily and have a track record of success throughout the Federal government and the private sector. The breadth of the substantive and procedural requirements of the Objectives in the solicitation requires a team with expertise and experience in transactional design and implementation, as well as an understanding of the component expertise required to execute a successful transaction. The PGEUL Team brings together this unique combination of hands-on knowledge at the program level and track record of service and success at the task level in several key differentiators:

- We are the leaders in creating pilot programs and transactions for public/private partnerships and Enhanced-Use Leasing, including pilots for RTC, DoD, HUD, AFCEE, USDA/FS and the District of Columbia government
- We have a proven track record of success in taking these transactions from conception through execution and monitoring - - from beginning to end
- We bring depth of capabilities for each position and each skill set, providing scalability to meet the volume of task orders and concurrent projects anticipated under this solicitation
- Our resources are national, with the full structure of all resources nationwide
- Our senior team performs the work as well as manages the team, bringing our track record of success to VA and the experience necessary to build trust with VA
- Many team members have worked together successfully for many years.

The team must have the ability to both synthesize information into an action plan and successfully execute its plan. Our team provides exactly that ability.

- Through our previous and on-going work with Department of Veterans Affairs, we know VA's environment and are aware of the sensitivities of the various stakeholders
- Through our on-going public private partnerships, enhanced-use leasing and privatization work, we know the management and technical requirements to bring all of the moving parts together and toward a common objective - - a transaction that is attractive in the marketplace and that meets the internal objectives of VA
- We have credibility with all related parties (VA, Congress, market participants, veterans groups, industry) through our previous related work
- Because we work with Federal programs and private institutions as trusted advisors, we manage programs and concurrent projects and initiatives with ease.

There is no learning curve with our team. We have performed these services and know the elements of success. We have the in-house knowledge, skills and experience and apply our knowledge to each client interaction. Through this solid foundation, we understand the requirements of the Enhanced-Use Lease program and have the right personnel and companies in place to succeed.

### **2.1.1. We understand the scope and complexity of knowledge to perform these services (Subfactor 1)**

Our team has worked with Department of Veterans Affairs and other Federal agencies in Enhanced-Use Leasing, public private partnerships and privatization projects nationwide. We are the team that has taken Federal transactions from conception - through analysis - to marketing – and to closure. The firms on our team close transactions: we have a track record of taking deals through to fruition. We are known in the market and with the key participants, bringing credibility to the projects and building upon our market credentials.

Because we work with Veterans Affairs and other Federal agencies, we understand the continual feedback loop that is necessary to keep programs on track and clear to the public. We are aware that public misconceptions may sideline a project that is beneficial to all parties, and will be along side with VA throughout each step.

Building upon our solid foundation of knowledge, the following paragraphs describe our approach to each of the seven objectives that may be required to provide a full range of EUL developmental and transaction support. We have the expertise and the capacity and will provide all resources necessary to perform the specific requirements.

#### **Objective 1: Under-Utilized Assets/Potential Enhanced-Use Leasing Identification**

This is the critical first step that is the foundation for all following services. We will help VA to identify and link under-utilized assets on a given VAMC campus with potential EUL opportunities. Key activities performed in the identification of under-utilized assets and potential EUL identification includes the following:

- Identification and discussion of stakeholder needs
- Estimations and projections of potential consideration (cash and in-kind services) for the EUL
- Market, economic and feasibility analyses, including community ideas and support
- Description of the proposed EUL project.

The PGEUL Team uses a variety of tools and market research formats to create an overall detailed approach to determining the validity and economic benefit for potential projects. Our financial analysis for real estate development takes on a number of phases to complete the process.

The Initial phase involves an alignment of the intended scope of the proposed development in conjunction with analysis of market demographics, current commercial and residential development and future growth projections. This initial phase is designed to quantify and qualify the proposed development as to its applicable level of feasibility and environmental impact.

Phase two takes qualified projects and forecasts the financial impact of its presence on the intended area. Analysis would consider issues involving the use and availability of public incentives such as tax financing, tax abatement, sales tax sharing agreements, public funding of roads/utilities, transportation development and other special taxing districts, state and federal tax credits, grants, job training funds and joint development agreements to facilitate the project and its intended beneficiaries. Internal project impact studies analyze site development, design, and layout costs while considering traffic (construction/post-construction) movement in the area and potential economic costs to resident businesses and citizens. Additional phase two analyses would disclose community benefit opportunities and long-term economic growth versus other development/non-development projects.

Phase two is designed to disclose for us the “best fit” scenario for the community and the intended beneficiaries of the goods and services to be provided as a result of the project.

Phase three takes the project into detailed development issues. The PGEUL Team examines and projects zoning, licensing, construction, tenant and maintenance costs projected in conjunction with anticipated revenues. A detailed pro-forma financial package is prepared and presented to interested parties to ensure alignment with expectations. The pro-forma includes a “break-even” analysis sensitivity report, confidence probability assessment and a graphical cost breakdown.

The final phase of the financial analysis covers the implementation of the planning and projections with actual construction and coordination with the developer, architects, engineers, inspectors and end users. The PGEUL will endeavor to ensure the projects compliance with the inherent risks of real estate development. Oversight of the project will focus on adherence to the current investment decision for an uncertain future return, the reconciliation of a project’s projected cost with its expected revenue and corresponding values.

Team members have worked on numerous VA and private sector health projects, including key projects of particular relevance to this EUL contract (i.e. military family housing privatization and enhanced-use lease opportunity assessment at VA Sepulveda and nationwide for 176 medical centers). In addition, our team works with DoD, GSA and the DC government to identify assets for disposition and the transactional structure of the disposition. Our work throughout the Federal government is recognized, with team members being thought leaders and the developers of the Government’s key asset disposition initiatives. This work experience provides our team with a comprehensive understanding of the complex, often competing needs of key stakeholders and constituencies who have input into decisions about EUL opportunities. Our experience, coupled with our understanding of methodologies for market analysis, is combined toward developing feasible and supported proposed EUL projects.

The information and analysis is cumulative throughout these components and possible services. The analysis will be streamlined and where possible, existing documentation will be used as is, or updated, to expedite the timeline and/or reduce costs. Actions by our team include, at a minimum, the following:

- Identification and discussion of stakeholders needs
- Identify stakeholders, including, but not limited to VA, veterans, the community, local jurisdiction, taxpayers and developers.
  - Contact representatives of key stakeholder groups and initiate discussion, introducing the EUL concept and opportunity
  - Assemble, streamline and prioritize the concerns and ideas generated from preliminary discussions
  - If necessary, meet with the various stakeholder groups to modify or elaborate on the initial discussions
  - Document discussions for incorporation into proposed project
- Estimations and projections of potential consideration (cash and in-kind services) for the EUL
  - Concurrent with and dependent upon the market analysis of potential EUL options. Identify potential and possible consideration options for the EUL options
  - Project lifecycle compensation and benefits for EUL identified options
  - Develop “best value” opinion for the selected option
- Market, economic and feasibility analysis, including community ideas and support for ideas:
  - Identify range of potential re-use categories, including residential, multifamily, commercial, retail or other

- For each category, determine the relevant sources of market data, such as published reports, market contacts, planning documents, periodicals, databases, existing team databases
  - Identify key characteristics of the property affecting marketability for each potential reuse
  - Assess property and site conditions, including meeting with the Medical Centers to determine the condition of the existing property and site conditions
  - Review existing real estate master plan, studies, budgets, etc.
  - Contact market participants for collection of market data and operations to support various financial analyses
  - Identify trends in the market and the effect on potential proposed transactions
  - Analyze the collected data for market demand for each of the potential reuses
  - Prepare written reports, indicating reuse categories that are most appropriate, based on market demand versus market supply
  - Develop preliminary conclusions
  - Support “Go/No Go” decision and documentation
- Description of the proposed EUL project
    - Assess suitability for proposed use, based on physical, legal, financial and productive uses
    - Validate acceptable “mission-enhancing” uses with the medical center and VISN
    - Ensure that the proposed uses are permissible; conformance with medical center master plan and design guides, building codes and environmental restrictions must be examined to ensure feasibility of highest and best use
    - Outline the potential EUL options that are financially feasible or suitable based on non-monetary/ in-kind gains to VA
    - Identify strengths and challenges associated with each of the potential uses
    - Rank and select the best alternative, given the stakeholder feedback and the market demand and characteristics
    - Present the preliminary recommendations to VA in a written summary report
    - Discuss options with VA, with variations, if applicable
    - Finalize options and presentation

These studies and analyses are the comprehensive assessment of the opportunities for marketing EUL assets in the market. They will identify an EUL project opportunity’s fit with VA’s mission, whether direct or complementary in the case of non-VA services. They will also identify and address for each subject EUL opportunity the legal, environmental, economic and other constraints that impact the opportunity. The objective of each assessment is to identify the risks and benefits for each recommended opportunity.

## **Objective 2: Enhanced-Use Lease Formulation**

In the RFP, the list of issues under Objective 2 reveals the main elements that go into enhanced-use lease formulation. We present below a discussion of the elements in this list, the considerations involved and how we would execute them. What the list does not fully reveal is the conceptual creativity that is involved in developing an enhanced-use lease concept and formulating the opportunity so that it is mutually beneficial to VA, stakeholders, and potential private sector partners.

The hallmark of the PGEUL Team is the creativity with which it approaches this critical formulation step. There is, however, no “formula” for such creative formulation. Time and again, PGEUL Team members have been brought into assignments for both government and private sector clients who have an idea of what they want, and have good insights into what may be feasible, but have an instinct that

more may be able to be achieved. Once we have fully analyzed the project it has often turned out that the creativity we have brought to the table has resulted in a fundamental restructuring that not only solved the problems at hand but enabled much more to be achieved than had been initially thought could be.

In one example, DRMS was facing infrastructure and staffing reduction and needed a way to involve the private sector in public/private partnership transactions to continue its logistical mission of maximizing revenue recoveries on surplus military assets in order to support the primary mission of the Defense Department. DRMS had envisioned a sequence of public private partnerships similar to what RTC (with PGEUL Team members as financial advisors) had so successfully structured to sell RTC assets. When the PGEUL Team members were brought in, they realized that far greater efficiencies could be achieved by going to a "pipeline" structure under enhanced-use leasing type facilities use arrangements. The full flow of all assets over a five to ten year period would be the subject of the partnership which operates out of military facilities under de facto leases, and DRMS could achieve much greater and much faster reduction in infrastructure and staffing than with a sequence of many bulk sale partnerships. The DRMS "pipeline" transaction won second place in the Baldrige Award competition for innovation in government, and DRMS' revenue flow from these transactions have grown dramatically over time.

When the National Forest Service and the White River National Forest brought in PGEUL Team members to address their facilities master planning process, they didn't know how they were going to deal with the budgetary problems they were facing, but they knew that they had potentially valuable assets due to the high land values in the Vail valley and Aspen valley regions. It turned out that a portfolio of public private partnership structures, including some closely related to enhanced-use leasing, were able to provide the Forest with a full array of options that could be implemented to achieve their facilities needs for the next thirty years fully within their budget constraints. Moreover, PGEUL Team members were instrumental in the process of developing legislation that would enable such options, including the leasing options and revenue retention options, to be put into effect.

Because the PGEUL Team is the leader in structuring pilot programs and asset disposition transactions throughout the Federal government, we understand the multiple aspects and moving pieces that must come together. Financial analysis and physical factor analysis support the parameters under which an EUL is formulated. We conduct our analysis consistent with local market data, using existing internal databases, primary market data, industry contacts in the local market, and other sources generally available through our extensive network of SDVOSBs and market contacts. With this data, we gain an understanding of the market dynamics and the financial parameters under which a proposed EUL would be structured and executed.

The following information presented in the RFP serves as the core elements upon which to develop the project:

- Project documents for internal VA review and approval
  - Concept plans
- Appraisal to determine market value
- Project and development cost estimates
- Environmental and/or historical assessments to meet regulatory requirements
- VA Project Approval/notification documents
  - Public hearing package
  - Notice of intent to enter into an EUL
  - Environmental analysis and Historic Assessment (NEPA and NHPA Compliance)
- Public hearing

Actions by our team include, at a minimum, the following:

- Project documents for internal VA review and approval (Concept Plans)
  - Develop innovative concept plans for internal VA review and approval
  - Begin by using information from a combination of the most recent strategic planning and CARES documents from VA that identify areas of projected need for a specific location
  - Conduct a market analysis to determine potential sources of supply, first in the immediate local market, and subsequently beyond
  - Develop alternative concept plans that match program needs identified in planning documents with possible EUL solutions
  
- Appraisal to determine market value
  - Identify state certified general appraiser from VA approved appraisers lists, the Appraisal Institute website and from local market contacts
  - Interview two to three appraisers for ability to perform within agreed upon timeline, evaluate experience with comparable properties and references
  - Retain one appraiser to appraise the property
  - Develop scope of work and reporting requirements consistent with USPAP, and the needs of the analysis (the reporting requirements may vary – restricted, summary or self-contained reports)
  - Provide appraiser with any information applicable to the market value estimate
  - Obtain draft appraisal and review
  - Provide review comments to appraiser and discuss findings
  - Obtain final appraisal
  
- Project and development cost estimates
  - Identify all cost components for the project
  - Apply local, regional and national cost figures for each element
  - Based on projected revenue, calculate profit (loss) for each project, including EBITDA and ROI analysis
  - Conduct sensitivity analysis on profit (loss) for each project
  
- Environmental and/or historical assessments to meet regulatory requirements
  - Develop three levels of analyses that will determine whether or not actions proposed to be undertaken will significantly affect the environment:
    - assessment as to whether the proposed action would be categorically excluded by NEPA;
    - where appropriate and required (as prescribed by 42 U.S.C 4321), prepare environmental assessments to determine impacts (in accordance with Section 1508.9 of the Environmental Council's NEPA regulations);
    - where no significant impact can be determined, prepare a Finding Of No Significant Impact (FONSI) for the appropriate VISN or VA signatory; and
    - Where necessary and required, prepare an Environmental Impact Statement (EIS). The EIS is a more detailed and substantive evaluation of the proposed action and alternatives developed within the EA
      - Actively interface with VA management staff to develop a solid program for appropriately involving the public; community leaders; local veteran interests and other Federal agencies, as may be required

- Develop in full compliance with Part 1502 of the EPA NEPA regulations and in full consultation with the appropriate EPA Regional staff
  - By law, the public has an important role in the NEPA process. This is especially true during the scoping or definition of the issues which will be addressed in an EIS. Public input is ascertained in meetings or hearings, which require public notice.
    - These meetings or hearings will be convened by VA's designated officer, with our team fully coordinating and providing all technical assistance which will be required
    - All public comments and comments by all parties of interest will be scrupulously integrated into the record for consideration within the EIS process
    - Fully comply with regulatory requirements regarding public comment periods mandated by EPA NEPA policy
  - Based upon the scoping and public and agency input, we will develop a Draft EIS that fully evaluates environmental impacts for review and approval by VA staff and will provide access to the document for subsequent review by interested parties
  - Upon completion of the review of the Draft EIS, appropriate input will be integrated into the Final EIS
  - Upon completion of the Final EIS, with approval and endorsement from VA, we will prepare a public record of the document that will outline the final decision of the reviewing authorities and how the findings of the EIS, including consideration of the various alternatives, were incorporated into the final decision
  - Once the Final EIS is recorded that VA will be able to proceed with the intended action, as prescribed by the protocols established by the EIS
- VA Project Approval/notification documents (public hearing package; notice of intent to enter into an EUL; environmental analysis and historic assessment (NEPA and NHPA Compliance); and Public hearing)
  - Finish draft approval or notification documents
  - Prepare supporting material to be presented for public hearings and notices that meet the "Notice of Intent" requirements for publication in the *Federal Register*, or other publications as required
  - Participate in the planning and support activities necessary for implementation of public hearings
  - Schedule public meeting and provide supporting documents
  - Conduct and/or attend public hearings
  - If needed, provide responses or support for responses at public hearings
  - If necessary, arrange for transcription/documentation of each public hearing
  - As needed, provide responses to questions/issues raised at public hearings
  - As needed, provide additional information identified at public hearings

### Objective 3: Enhanced-Use Lease Opportunity Marketing

The PGEUL Team is perhaps unrivaled in its experience in marketing new and innovative public private partnership transactions to the private sector. Because we have structured so many pilot transactions for such a wide variety of assets, we have developed the capabilities of marketing fundamentally new and untested opportunities for partnership with the government to private sector interests.

A list of the different assets classes and opportunity types that we have successfully marketed in the context of public private sector partnerships includes:

- Huge portfolios of troubled and non-performing real estate loans in the depths of the Saving and Loan Crisis for the RTC, most of which were “stuck” in earlier poorly designed transactions
- The hardest-to-market remnants of RTC’s portfolio that had fallen out of other transactions, including unsecured loans
- A pipeline flow of future surplus and excess DoD military property nationwide, some of which could not be marketed in previous transactions attempted under differing structures
- The scrap operations and “pipeline” flow of DoD scrap property nationwide
- The pilot transaction for U.S. Air Force military family housing under a new enhanced-use lease type transactional structure.

The foundational keys to marketing these and other partnership opportunities successfully include:

- Well designed transactional structures that align the interests of the private sector partner and the government
- Comprehensive due diligence information upon which the private sector can assess the merit and risks of the opportunity
- A full financial analytical presentation that demonstrates the economic rationale for the value inherent in the opportunity
- An efficient and fully developed post-closing partnership interface that allows the private sector partner to see that the government partner is committed to minimizing frictions and working in sync with the private sector partner
- Well crafted legal documents that potential partners can see will accomplish the goals of the transaction without risk of legal disputes
- Solicitation documents that are clear and fully descriptive of the both the opportunity and the processes bidders must follow
- An information dissemination process that keep all potential bidders fully informed and on a level playing field
- And to the extent possible, especially in new, complex or difficult contexts, a process of fully addressing all questions of potential bidders in order to maximize their comfort level.

The above keys to successful marketing are applicable regardless of the specific type of opportunities being marketed. The PGEUL Team has effectively applied these principles and elements for real estate assets, personal property, operational opportunities, and intangible assets. In many cases, these were the first time such opportunities were ever offered to the private sector. Obviously, such first-ever marketing cannot be accomplished with reference to master bidder lists of prior successful “cookie cutter” transactions. The PGEUL Team has extensive such lists, and of course they are useful, but the hallmark of effective marketing is when you can do it when it has never been done before. This is where creativity comes into play, and again creativity is an important distinguishing strength of the PGEUL Team. Since the spectrum of VA EUL opportunities is hardly “cookie cutter” VA will need highly creative transactional design capabilities and highly creative opportunity marketing capabilities. In a sense both of these go hand in hand together, because a poorly designed transaction will be very difficult to market, and a poorly implemented marketing effort will cause the benefits of even the best designed transaction to fall short of its potential.

One of the capabilities that the PGEUL Team offers VA is an understanding of the criteria developers look for in assessing project feasibility and the ability to market the project to prospective partners. Key to the success of the transaction is having sufficient qualified interested parties proposing on the transaction. This provides a confirmation from the marketplace that the proposed use and structure is desirable. Without effective marketing of the EUL opportunity, the field narrows to a small group that may diminish the



recapture of funds to VA or utilization of the asset by VA. However, equally important having many interested bidders is having the right bidders. Especially in circumstances in which difficult, complex or first-ever opportunities are involved, it may be that only a few highly qualified bidders will be brought to the table.

Our transactions have market credibility. For each transaction for which members of the PGEUL Team are involved, multiple qualified parties have submitted proposals, leading to successful award and closing of the transaction. The opportunity marketing conducted throughout the process, leading to draft requirements and final requirements, builds enthusiasm in the marketplace. We saw this during our work with DRMS in its recent Scrap Venture Solicitation. Through our efforts, seven qualified bidders submitted proposals, providing a strong pool of candidates from which to select.

We will help to market EUL opportunities, only as requested by VA. We work in environments where confidentiality and discretion are daily concerns and are aware of the stakes involved for mis-information or incomplete information. Therefore, the comprehensive understanding of the different ways in which VA markets its business opportunities, both formally and informally, is a consideration for our team. The various sub-objectives include the following:

- Solicitation documents and marketing, including RFPs or RFQs
- VA industry conference
- Site visits
- VA evaluation and selection of preferred lessee(s)

The team's experience will not only help VA identify a greater number of qualified prospective EUL partners for a specific opportunity, but will also identify the "right" potential partners. In addition to some of the traditional ways of notifying prospective EUL partners of impending opportunities, such as the Federal Business Opportunities (FBO), or VA's Business Opportunities System (BOS) web sites, our team will develop and implement a proactive marketing approach that will produce maximum exposure to a potential EUL opportunity in front of key target audiences. The team's experience with Federal contracting enables us to understand how the process can be improved and enhanced to achieve better results and outcomes. While VA is not required to follow the Federal Acquisition Regulations when selecting EUL partners, procedures must be in place and documented to maintain integrity in the process.

Where the identified EUL opportunity may be envisioned based on a limited number of participants or sole sourced (to a government entity or non-profit or other unique partner), we will adjust our processes accordingly, but maintain the comparable level of integrity and diligence in the marketing and award processes.

Actions that we will undertake in marketing potential EUL opportunities include, but are not limited to, the following:

- Solicitation documents and marketing, including RFPs or RFQs
  - Bring forth the best practices and templates in solicitation documents in place at VA and within the knowledge of our team
  - Conduct legal research
  - Draft solicitation notices and publicize (example: FedBizOpps or VABOS website)
  - Draft transactional documents and solicitation documents (or adapt existing ones, if possible and applicable)
  - Complete documentation of transaction
  - Identify potential EUL partners or entities and contact them for preliminary interest

- Prepare partner/developer information packages
- Market the transaction to the potential EUL partners
- Track contacts on an on-going marketing information report provided to VA
- Publish notices of the RFP/RFQ in appropriate Federal and/or private publications
- Collect and log in responses and initiate VA evaluation process
- VA industry conference
  - Identify the goals and participants for the industry conference
  - Determine the logistics (date, time, location)
  - Plan the conference
  - Include contingencies for unexpected events or changes
  - Market the conference to attract the greatest number of qualified individuals
  - Develop materials and messages for the conference
  - Track and report those planning to attend
  - Conduct the conference
  - Send out follow-up materials
  - Report success of conference
- Site visits
  - Identify the need for a site visit
  - Organize and participate in site visits, as appropriate, to:
    - prospective properties to be marketed by VA for EUL projects
    - facilities identified by prospective EUL contractors
  - Publish notice of site visit opportunity to prospective lease bidders
  - Coordinate/conduct site visit as necessary and appropriate
- VA evaluation and selection of preferred lessee(s)
  - Establish evaluation criteria for RFP and RFQ responses that are consistent with all applicable VA and legal requirements
  - Secure concurrence/approval of selection criteria from VA
  - Establish Lessee Selection Panel that includes, as appropriate, representation from VACO, VISN, stakeholders, VA service providers and others
  - Conduct evaluation and selection for complete and timely EUL projects
  - As required, prepare Notices of Intent to Award and any other needed documentation required by VA

#### **Objective 4: Enhanced-Use Lease Execution**

PGEUL Team resources have been involved in every phase of transactional execution for public private partnerships of all kinds, including enhanced-use lease transactions. As the list of issues raised in the RFP suggests, there are many elements to transactional execution including legal documentation, financial structuring, accounting treatment determination, the award/closing process, and post closing activities including, in the case of development related projects, facility design and construction management. In some respects, the activities prior to closing (such as legal documentation, financial engineering and accounting treatment determination) are logically and functionally separate from those after closing (such as facility design process management and construction management).

With respect to the pre-closing activities of legal documentation, financial structuring, and accounting treatment determination these are really fundamentally interrelated elements. The financial structuring of the transaction helps determine the accounting treatment, but it requires an in depth knowledge of the accounting treatment issues to ensure that the financial structuring receives the appropriate accounting treatment. Similarly the legal documentation must be fully consistent with the intended financial

structuring and accounting treatment issues or the transaction will not produce its intended consequences.

With respect to the post-closing issues of facility design process management and construction management, the critical issues move towards the partnership implementation. In this regard, the processes of monitoring execution of design and construction are critical in obtaining the desired outcomes in terms of quality, timing and cost. Because enhanced-use lease transactions are fundamentally public private partnerships, not only will there be obligations on the part of the private sector partner, but the government will likely have significant obligations as well that have to be tended to. It is in these contexts that frictions can often arise, and perhaps the single largest element of risk in enhanced-use leases from the private sector's perspective is the prospect of friction in the execution phase of the partnership arising from execution delays or failure on the part of the government. These problems can be minimized by careful pre-closing planning that puts in place well structured post-closing monitoring and partnership execution processes.

This objective contemplates the need for services from the selected contractor that are necessary to assure successful implementation and operation of selected EUL opportunities.

- Legal transaction and documents (subject to VA legal dissection, review and approval), including MOU, MOA, or Lease
- Financial transaction and accounting treatment
- Notice of Intent to Award, with supporting documentation for internal and external review
- Facility design and/or construction management

We will undertake the following steps in the execution of enhanced-use leases:

- Legal transaction and documents (subject to VA legal dissection, review and approval), including MOU, MOA, or Lease
  - Coordinate with (and/or recommend to) VA to identify the documents required for each EUL lease
  - Draft required documents
  - Submit for VA review
  - Subsequent to VA review, the relevant documents are written in final, approved form
  - The final EUL document package is collated for the selected lessee

PGEUL LP anticipates working with the VA's legal staff to evaluate, develop and draft programmatic legal documents that could serve as templates for all types of legal documents needed for the Enhanced-Use Lease initiative and referenced in the RFP (i.e., all definitive and operative lease documents as well as transitional or "bridging" documents such as MOU's and MOA's). Lead Pruitt Beach LLP attorneys would expect to meet with the VA to establish working parameters, and to determine the level of supervision by and coordination with the VA. Pruitt Beach LLP would be comfortable with either a broad mandate to craft documents following consultation leading to the VA's review and approval, or working through a close, interactive relationship with the VA with respect to the development of document templates and subsequent reviews and approval, or at some intermediate point on the continuum of VA involvement.

Underlying our strategic approach to the engagements would be an understanding and appreciation of the value of document standardization to enhance administrative ease in managing a large and far flung program. Standardized documentation that would need modification only to the extent necessary to reflect the unique nature of each individual project in its respective locale ultimately can result in a

simplified, cost effective legal component for the Enhanced-Use Lease initiative. Such an approach can also benefit VA by providing it with the maximum control over the Enhanced-Use Lease initiative and insure that the agency's needs are recognized and adhered to by all parties, internal and private developers alike.

Given the nature of the legal task and in an effort to optimize the likelihood of success, Pruitt Beach LLP believes there might be merit in the appointment of a single "National Enhanced-Use Lease Counsel" who would be responsible for strategic planning and implementation, template drafting and potentially overall development and management of the program-wide (as opposed to the transaction specific) legal efforts. The major benefits of this approach are that the VA would maximize economies of accountability, service and scale while minimizing costs, learning curves and the possibility of programmatic inconsistencies, while being managed by a service disabled veteran owned law firm.

Pruitt Beach LLP attorneys also special expertise in health care finance matters. This expertise includes experience with capital financing for private hospitals, nursing homes, primary care facilities, facilities for the mentally and physically disabled and other long term care facilities as well as for state-owned health care facilities involving, taxable and tax-exempt capital and operating lease structures, fixed and variable rate structures, and synthetic fixed rate financings using long term swaps. In addition, Pruitt Beach LLP attorneys have extensive familiarity with and understanding of HUD and the FHA-insured health care financing program (under Sections 242 and 232 of the National Housing Act) and have rendered opinions on more than 50 FHA-insured financings. In many instances, Pruitt Beach LLP attorneys have played a primary role in structuring such transactions, are particularly experienced with legal issues related to security for such transactions and have assisted in developing new security sources for existing programs.

- Financial transaction and accounting treatment
  - Perform full review of transaction documents to compare to appropriate FASB/GASB pronouncements
  - Analyze lease transaction in light of primary accounting pronouncements to ensure that transaction qualifies as an operating lease
  - Propose adjustments to transaction structure to ensure compliance with Federal regulations, accounting practices and other guiding regulations

One of the primary issues related to the financial structuring and accounting treatment of EULs is to ensure that the transaction does not inadvertently create a subsidiary of the government. The concerns here typically relate to control. Transaction structures that have limited control require careful construction to ensure that the outcome is desirable. Said a different way, you can recover from a lack of planning on the transaction structure by maintaining control. However, maintaining control is not the intent of an EUL. The experience of the transaction team in properly aligning incentives to promote desired behavior is critical to a successful EUL transaction.

The accounting issues faced in an EUL transaction primarily revolve around two issues:

- Proper structuring of the lease to create an operating vs. capital lease
- Proper structuring of the transaction to ensure that it does not create a reportable entity for financial reporting purposes.

Both issues have been fully addressed and resolved by PGEUL Team members in the past for VA, and the same resources will be available for future transactions. In short, to satisfy the accounting issues, the Team will review appropriate FASB/GASB accounting pronouncements, work with the VA accounting staff and draw on our experience to ensure that the desired accounting treatment is obtained.

- Notice of Intent to Award, with supporting documentation for internal and external review
  - From the beginning of the sources selection process to the end, there is total documentation of the process to ensure that there are no protests.
  - If there are protests, the entire process is documented to support the selection decision-making.
  - Draft approval or notification documents, prepare supporting material to be presented for public hearings and notices that meet the "Notice of Intent" requirements for publication in the *Federal Register*, or other publications as required.
  - Based on source selection process, draft the Notice of Intent to Award
  - Publish the Notice of Intent to Award
  - Review and finalize file documentation, assuring that all file information is complete and accurate and reflective of the selection process
  - Close out source selection process

As discussed earlier, perhaps the most important issue for post-closing execution activities related to facilities design and construction management is pre-closing preparation to put in place the processes that minimize frictions and unnecessary burdens. Moreover, by putting such process in place and making the potential private sector partners aware of them prior to their committing to bid, one can remove a potentially significant chilling factor that may inhibit potential bidders from participating in the process.

- Facility design and/or construction management
  - Confirm building specs and design standards
  - Discuss any modifications
  - Confirm contractor performance period and budget
  - Determine reporting schedule and budget comparison schedule
    - Budget vs. actual - to date
    - Budget vs. actual – for reporting period
  - Issue notices and discrepancy memorandum based on agreed-upon reporting requirements and findings of periodic review
  - Inspect the project for timeline compliance and report
  - Monitor the progress and report
  - Act on any findings to resolve issues

#### **Objective 5: Enhanced-Use Lease Management**

Once the EUL is negotiated, finalized and executed, the leases must now be administered and enforced. This portion of the EUL process is important since it is the manifestation of all previous steps. There is risk to VA in the appropriate collection and occupancy of the facility, consistent with the terms of the EUL. Because of the enforcement, notification and financial responsibilities under these services, enhanced-use lease management requires accuracy, promptness and attention to detail.

Our work with lease administration and compliance inspections provides insights into common areas where lease management typically falls short. Included in these are discrepancies in space usage and size resulting from lease amendments or modifications during the construction process. In both instances, accurate and complete documentation is essential to know exactly the terms of the transaction. In addition, missing the trigger dates for renewals and escalations result in on-going discrepancies and financial exposure to (1) the lessor for uncollected rent and (2) the lessee for arrearages and possible penalties. Likewise, incorrect performance requirements or baseline numbers creates compounding errors for both parties to the EUL.

In our work, we implement standards of accuracy that leave no margin for error. Processes are in place for a check of the numbers, a double check and another one, just to ensure that financial projections are accurate, complete and without question. In the work of the members of the PGEUL team, we experience the best and the worst of lease management (EUL management). We provide examples of the two extremes in following paragraphs, with greater detail in our Past Performance project summaries.

The American Express lease management portfolio is operated with a dedicated staff of lease administrators, with oversight and guidance from accounting professionals. The internal processes are known, written and enforced. Workload and responsibilities are commensurate with the complexity of the leases and each person has additional resources to contact if questions or problems arise. Members of the PGEUL team have this lease administration function running smoothly. Dollars balance each month, with few if any penalties paid. Renewals and expirations are known in advance and American Express has the opportunity to analyze its options before making a decision. This is an example of "what to do" in lease management. Members of the PGEUL team brought American Express to this level of excellence and maintain the level during their on-going involvement.

The District of Columbia government is the opposite and is an example of "what not to do" in lease management. The District is the tenant for approximately 80 spaces. This is in addition to over 100 leases where the District is the landlord. For both functions, there are two people administering all aspects of the leases. Documentation is fragmented and is maintained in paper files with varying degrees of accuracy and completeness. While the District has state of the art technology to link the lease administration function to budget software, personnel choose not to use the software and the information is outdated and incomplete. Instead, electronic tracking is performed on an excel spreadsheet resident on one employee's hard drive. This spreadsheet is the guiding source for renewals, escalations and arrearages. Asset managers do not routinely inspect the property for compliance since they are not provided with the lease documents. If the landlord is not aggressive and persistent, renewals are not signed, the District goes into holdover status and leases expire without any action. In short, no one is managing the lease function. Members of the PGEUL team assisted the District in trying to clean up this problem and provided some corrections to the process and documentation. The PGEUL team members identified financial savings to the District and transferred knowledge to District employees. Our recommendations were implemented by the District, and the lease administration and compliance functions were cleaned up.

Through our hands-on experience and daily contact with lease management functions, we know where the pitfalls may be and know how to avoid them. Our team members negotiate leases, manage leases, inspect properties, renew contracts and terminate contracts, providing the PGEUL team with the most comprehensive perspective of this process. Because we work throughout this process, we know how to protect VA's leasehold position or partnership position in any transaction.

The steps that our team will take will address the following sub-objectives:

- Lease administration
- Lease compliance inspections
- Contract renewals
- Other services as determined in support of Enhanced-Use Leasing

Once the EUL is negotiated, finalized and consummated, there is risk to VA in the appropriate collection and occupancy of the facility, consistent with the terms of the EUL. Monitoring and oversight of the terms of the lease, the space utilization, maintenance, occupancy and costs begin from the date the signatures are placed on the documents and extend beyond the term of the EUL.

The approach to the EUL management includes, but is not limited to, the following:

- Lease administration
  - Obtain executed final originals and copies of the EUL documents
  - Abstract the documents for key lease terms, trigger dates and conditions
  - Enter the information into our lease administration database
  - Notify parties of the lease administration function and their actions
  - Collect monthly (or in accordance with the timeframe stated in EUL) funds or verify in-kind services
  - Enter collections into lease administration database
  - Identify discrepancies in payment or actions between requirements and actual collections
  - Report to tenant and VA, indicating requirement to pay VA
  - Reconcile payment and actions
  - Monitor lease terms for any changes and adjust database accordingly
  - Notify lease parties to any changes in lease terms (escalations, notices required, upcoming expirations and other agreed-upon terms)
  - This process continues through final payment and reconciliation at the end of the lease term
- Lease compliance inspections
  - Obtain lease document and/or lease abstract from lease administration function
  - Review the terms and the space requirements
  - Schedule site visit, consistent with notifications required per the lease
  - Conduct compliance inspection, including financial, physical, occupancy and use compliance
  - Develop report, including a conclusion or observations of discrepancies
  - Submit to VA
  - Discuss with VA and provide action steps for resolution of any discrepancies, including remedies provided in the EUL agreement
  - Notify EUL tenant of discrepancy and required resolutions
  - Re-inspect property (if approved by VA) for EUL tenant compliance
  - Develop update to report and submit to VA
  - Repeat as necessary
- Contract renewals
  - Monitor "tickler" system for key lease dates and action dates and notification dates
  - Review actual lease to verify lease administration database information
  - Notify parties consistent with the lease dates

- Prepare contract renewal documents, consistent with lease terms
  - Discuss renewal with VA for any changes to the agreement or on-going negotiations
  - Identify need for outside experts or parties involvement in the lease renewal process
  - Delivery notification documents to tenant, with copy to VA and copy for file
  - Notify VA of any correspondences from EUL tenant that would affect renewal
  - When renewal is complete, enter data into lease administration database, develop a new lease abstract and administer the lease commensurate with the lease terms
- Other services as determined in support of Enhanced-Use Leasing
    - Upon notification from VA that additional services may be required, we will meet by telephone or in person with VA to identify the scope of services, performance requirements and timeframes
    - The work will be conducted commensurate with the procedures for the remaining work under this contract

### **Objective 6: CARES General Property Reuse Study**

VA has adopted the CARES process as a comprehensive approach to strategic planning. To date, the process has resulted in the identification of numerous properties and facilities that are vacant, underutilized, or represent excess capacity that can be more productively employed. In principal, the CARES process is similar to the evaluation of options and opportunities that the Department of Defense (DoD) undertook in the last decade with the Base Realignment and Closure Commission (BRAC). With the end of the cold war and a drawdown of the military, DoD was faced with a similar challenge of disposing of unnecessary or underutilized properties and finding the highest possible use. DoD's experience with multiple rounds of base closures and realignment offers a useful body of knowledge as VA seeks to pursue similar objectives with its portfolio of excess and underutilized properties.

VA has established a two-phased approach under its CARES model. The first phase is a CARES General Property Reuse Study. The purpose of the CARES General Property Reuse Study is to examine the range of issues and alternatives presented by assets that are not currently being put to the best or highest use on a preliminary basis. Drawing upon qualified experts with backgrounds and experience in areas such as law and multiple legal subspecialties, real estate development, finance and leasing, health care and planning, PGEUL will assemble, from its team, experts to conduct a General Property Reuse Study. The focus of the study is to develop analyses and information at a level of detail that is appropriate for internal discussion and preliminary decision making within VA. Key components of the General Property study include:

- Real Property Baseline—This baseline identifies key characteristics of the property from a legal (e.g., tax parcel, page references in local real estate property records, etc.), record-keeping and physical standpoint. A site visit will be made to assess the physical condition visually and obtain reports from any facilities evaluations or assessments previously performed.
- Environmental Baseline—This baseline identifies key environmental and related regulatory requirements that must be addressed if use, ownership or operation of the property is to be changed or transferred.
- Highest and Best Use Analysis—This analysis will examine the highest and best possible use of the property, based upon that use which is physically possible, legal, financially feasible and maximally productive. It is the use that results in the highest value.
- Appraisal/Valuation—The PGEUL team will conduct appraisals during this phase of Property Reuse Studies consistent with scope of work requirements of the Uniform Standards of Professional Appraisal Practice and supplemental standards of VA.



- General Property Reuse Plan—After conducting the previous analyses, the PGEUL team will prepare a draft general reuse plan based on the physical, financial, market and legal characteristics identified. The plan will include alternative concepts for how the asset may be reused (e.g., an inpatient unit converted to accommodate assisted living or supportive housing; an administrative facility converted to childcare; etc.), how new functions can be integrated within remaining activities on the campus, and potential implications upon site changes as a result. The plan will be submitted to VA for review and discussion. Following discussion of the options with VA, a recommendation will be made as to the most preferable option. PGEUL will then prepare a revised, final General Property Reuse Plan.

### Objective 7: CARES Comprehensive Property Reuse Plan

When VA elects to proceed with the recommendations of a General Property Reuse Plan, a CARES Comprehensive Property Reuse Plan will be initiated. This will involve a more thorough and detailed analyses of selected tasks that were already performed, and add several new tasks not previously performed. The Comprehensive Property Reuse Plan adds more rigorous analyses to refine initial versions of General Reuse Plans to the point where information is sufficient to take up through internal VA decision/approval process and to begin presenting concepts to additional stakeholders outside VA. At the same time, information and concepts will be developed to set the stage for successful marketing discussions with potential development and leasing partners from the private sector.

- For the Real Property Baseline, Environmental Baseline, Highest and Best Use Analysis and Appraisal/Valuation, the information is updated to consider changes in the property or in the market that would affect use or value. Also, if based on the original reports, there is interest in moving forward, the scope and detail of the reports are also updated and expanded to provide greater depth of information to develop further the opportunities from EUL solutions. For example, in Objective 6, the HBU may have been “back of the envelope”, which is expanded to a full financial model in Objective 7. This is a core strength of our PGEUL team. The use of this information is applied in this objective as a premise and support for the opportunities available for the property.
- Industry Forum/Expression of Interest—The PGEUL team will organize one or more industry forums to initially present the potential for EUL opportunities for identified properties to potential private sector partners for feedback and expressions of interest. This is a pre-marketing activity that is expanded upon if the EUL opportunity goes to a solicitation process. This step is the input into the business case that is used as a decision/approval document internal to VA.
- Reuse Master or Land Use Concept Plan—A Reuse Master/Land Use Concept Plan will examine a number of site plan issues associated with potential development options. As an example, development of an assisted living facility on a VA campus will have a variety of impacts that will need to be carefully planned and evaluated. The PGEUL team will prepare alternatives leading to development of a preliminary master plan or land use plan to illustrate how the new functions will co-exist and/or enhance current activities on the campus and what accommodations may need to be considered. Full master plans could be expensive. Therefore, the scope must be commensurate with the potential economics of the opportunity.
- Enhanced-Use Concept or Business Plan—If one of the options under consideration includes an EUL, an EUL concept or business plan will be developed to analyze the feasibility of that alternative. This is the document that makes the case for the decision/approval process leading to authority to begin specific EUL transaction efforts that start with Objective 1.
- Communication and Reuse Marketing Plan—This is the plan that sets forth the processes of communication with stakeholders and the more detailed marketing to potential private sector

partners, building on the earlier industry forums, to ensure that the “win/win” solutions can be obtained.

- Transaction Management and Implementation Support— At this stage of the process, transaction management and implementation support plans must also be developed, again to support the decision/approval process leading to activities in Objective 1. The PGEUL team will develop transaction management and implementation support processes to support the different kinds of transactions that may occur under a Comprehensive Property Reuse plan. Transaction management and implementation support processes may include solicitation support, source selection evaluation, legal documentation development, accounting treatment determination, facility design and construction management, lease administration, compliance, etc.

### **2.1.2. We Incorporate a Problem-solving Approach to Enhanced-Use Leasing (Subfactor 2)**

The PGEUL team is often sought after to provide insights and recommendations when the Government faces a challenge. In this problem-solving capacity, the PGEUL team develops innovations (discussed in Subfactor 3) and successfully implements problem-solving approaches. Our senior personnel work closely with government and private sector personnel to identify problems, develop an approach and incorporate the approach to problem-solving.

Because we work throughout the Government in a variety of programs, we are on the front-lines of change and activity. Our senior personnel serve as trusted advisors to our clients, and are Program Financial Advisors and Program Real Estate Advisors to the government. We work in developing new programs and re-engineering existing programs and processes, all of which includes significant problem-solving activities. By the nature of our experience, projects and relationships, problem solving is a component of the work we perform. Our approaches are discussed for the projects presented in our Past Performance Section. Our project descriptions are structured as case studies to present the projects in a way that describes the project, describes the approach and action items, and the resolution.

Because we are problem-solvers for the Federal government, we know the key aspects, particularly as they relate to Enhanced-Use Leasing. Key aspects of excellence in problem solving include:

- Knowing the full environment—government, markets, key players, stakeholders, known methodologies, data sources, etc.
- Generate the full structure of information from all sources in the environment into a systematic structure tuned to the ultimate objectives
- Fully analyze the information using state-of-the-art methods to develop the full range of options
- Lay out all of the trade-offs, risks, returns, contingencies, etc. and present quantitative and qualitative analysis of these trade-offs, risks, returns, contingencies, etc.
- Fully document all analysis and develop the necessary decision-making documents and presentations
- Ingrain knowledge transfer and “teaching” to the decision-makers so that they understand all the implications
- Conduct a continuous follow-on assessment with feedback loops to ensure that decision-making is also subject to continuous improvement and adaptation to the changing environment.

We apply these key aspects as we provide problem-solving solutions to our clients and within the context of Enhanced-Use Leasing.

Identifying the opportunity requires depth of knowledge and the ability to develop solutions. The ability to provide solutions is exhibited by the PGEUL team's work with the Paracelsus Healthcare Corporation as the 10-hospital for profit system faced Chapter 11 bankruptcy. The hospital system faced financial, operational and strategic problems, including absence of leadership. The hospital system lost focus of its core business. Poor performance resulted. Members of the PGEUL team developed strategic direction and stepped into day-to-day operations. In this example, we stepped into our client's business to fill critical knowledge gaps and were tasked with fixing the problems - - from start to finish, up and down the organization. This broad-scale, far reaching approach reflects the critical state of affairs at the hospital system and was consistent with the strong action required to stabilize a sinking operation.

Formulating a transaction and providing accurate and complete analysis is critical to the transaction's overall success. This is an area where members of the PGEUL team excel. When the Air Force started its housing privatization under new authorities (guarantees, partnerships, equity, etc.), there were inadequate tools in place to provide supported analyses. The standard financial model was obsolete, but still in use by AFCEE and contractors. We identified the areas where the model no longer was applicable to the transactional structure, identified the risk associated with using an obsolete financial model and discussed it with AFCEE. Then, having AFCEE's buy-in, a new, relevant model was developed to analyze housing privatization. We mitigated potential back-end problems with the transactions as well. By correcting the financial model, we achieved scoring of back-end cash flows, thus reducing the budgetary impact of the transaction by tens of millions of dollars. In conjunction with resolving problems with the former financial model, we identified problems in the initial legal documentation, in particular the document as it related to the financial structure of the transaction. We worked along with the Air Force to correct the document. In these examples, we solved problems by thinking through the whole process of an Enhanced-Use Lease transaction and identifying multiple effects emanating from the same problem. One by one, we worked to fix them and corrected the problem for the current transaction as well as all future transactions.

A slightly different type of operational and opportunity capture problem was in place with DRMS. This client was faced with infrastructure and personnel reduction problems. There was inadequate capacity to conduct DRMS asset disposition responsibilities. With this shortage, creative measures were required. It was not possible to add personnel or procure new infrastructure. Our team members developed an approach that focused on technology as a solution. Bringing our knowledge in full force, we knew that DRMS problem could be resolved by structuring the first ever pipeline approach to asset sales and by combining logistics solutions into the transactional structure.

Our approach to problem solving often uses state-of-the-art financial spreadsheet modeling of the whole transactional structure, including all underlying cash flows, sharing arrangements, risk exposures and market context in order to quantify whenever the trade-off involved. Our financial analysis is based on scientific principles. This same discipline permeates even our non-financial decision-making. The credentials of our senior team members show a level of achievement (PhD's, MBAs, teaching positions, publications, etc.) that reveals that the disciplined knowledge we bring to our VA and other governmental clients is as high as it gets.

Once a transaction is closed, problems may still arise. The PGEUL team has experience in addressing these specific areas. When the District of Columbia was publicly embarrassed by absence of oversight and control for their leasing process, members of the PGEUL team assisted in identifying the breakdowns in the process and the implications (both financially and operationally). First, the facts were gathered and understood. This provided a solid baseline upon which to develop a strategy. We collected missing information and updated information and identified areas where breakdowns occurred

in the lease negotiations, procurement and administration. We presented the financial implications and the organizational changes that were necessary and supported the findings with best practices to District officials and developed a game plan for resolving these issues. From that, we assisted the District in being self-sufficient to handle the changes internally through knowledge-transfer and technical assistance.

### **2.1.3. We employ state-of-the-art methodologies and systems in our work (Subfactor 3)**

The PGEUL Team not only employs state-of-the-art methodologies and systems, but has a proven track record of successfully innovating these in the context of public private partnership and enhanced-use leasing transactions that are equivalent in scope and scale to this RFP. Such innovation on the part of PGEUL Team members is clearly indicated by the many first ever "pilot" transactions that they have undertaken.

The PGEUL Team has also developed and implemented many innovative transactional structures in private sector healthcare contexts. Pruitt Group, Inc. principals, for example, have been responsible for developing virtual mergers and dual member holding arrangements that achieve combinations of operational and facilities related assets of competing healthcare providers that satisfy complex regulatory requirements that have often been difficult hurdles; they have structured creative off balance sheet mechanisms that enable healthcare providers access to required capital to achieve operational efficiencies and facilities development; they have structured syndications and physician joint ventures to deal with operational and facilities related issues.

As discussed earlier, PGEUL Team key personnel were the program financial advisor for the pilot transaction for the U.S. Air Force military family housing privatization program. This program was structured as on an enhanced-use leasing structure template similar to the one used by VA, and as the financial advisor for the pilot project, Kormendi \ Gardner Partners was the first to fully design and implement all the component parts of the process into a successful transaction. From transactional design, to due diligence design, to economic modeling, to lease documentation, to solicitation design to budgetary scoring methodologies, these PGEUL key personnel were required to either design from scratch new methodologies, systems and processes or significantly upgrade existing draft methodologies, systems and processes.

The principals of the American Express National Real Estate Group have been equally innovative. For VA's VISA 4 project NREG has developed an innovative enhanced-use leasing structure that achieves the requisite accounting treatment for project success. They were RTC's first so called "equity monitor" for monitoring the post-transaction operations, financial results and contract compliance of the bulk of RTC's public private partnership transactions, including those designed by KGP discussed above. The NREG principals were the ones that initially designed and implemented the first comprehensive compliance monitoring methods and systems for RTC, and they have continued to enhance and upgrade these methodologies and systems for many other agencies including HUD and DOD.

Other PGEUL Team key personnel have been responsible for new methodologies and systems now used by HUD in reporting to the Secretary regarding its huge multibillion dollar mark-to-market restructuring program for subsidized multifamily loans. These Team members were also responsible for new innovative field information gathering methodologies widely used in HUD's Economic Market Analysis Report (EMAR) system now in place to generate its comprehensive facilities condition assessments.

PGEUL Team key personnel were the financial advisor to the RTC that developed the RTC's template for public private partnership transactions for large scale portfolio sales. The so-called "Bass deal" designed in 1991 and closed in 1993 involved restructuring a failing management contract for the disposition over \$4 billion in troubled real estate loans and REO into the first ever incentive-aligned public private partnership transaction. The result of that transaction was a complete reversal both in terms of speed of disposition and revenue recovery. Whereas, under the old arrangement, less than 10% of the portfolio had been disposed of in the first year and a half, with recoveries falling short of market valuations, under the incentive aligned partnership structure the whole portfolio was disposed of in a year and a half, beating market valuations by over 20%. Even better results were achieved in the second transaction of the series in which a \$1 billion portfolio sale under the same structure increased recoveries for RTC by over 30%.

Finally, PGEUL Team key personnel designed a new variable equity sharing pilot transaction series for RTC's hardest to market assets in 1994-95 that closed out the RTC's efforts. The so-called NP-series (for non-performing assets) turned out to be RTC's highest performing transactions. These results were documented in the FDIC's comprehensive study of the RTC's programs undertaken after RTC's sunset and merger into FDIC. On the basis of that study FDIC chose the NP-series model to be the prototype model for FDIC portfolio sale transactions go forward.

As part of the above efforts, PGEUL Team key personnel designed and put in place the full structure of analytical financial modeling, market valuation methodologies, due diligence systems, performance monitoring systems and other analytical methodologies and systems that were required to undertake such large scale public private partnership transactions. Several of these methodologies were so innovative at the time that they resulted in published papers in scholarly and business journals, and they became the models for such analysis as a result.

The above are just some of the examples of innovative methodologies and systems that PGEUL Team members have designed and implemented. Others included pilot projects for a new transactional vehicle for HUD to deal with its economic development loans, a new compliance monitoring system for HUD's \$3 billion per year single family REO disposition program, new incentive aligned transactional models and bid evaluation methodologies for GSA's Federal Asset Sales initiative and new valuation methodologies for commercial real estate assets in commercial bank's portfolios, and many more examples too numerous to list. In short, the hallmark of the PGEUL Team is innovation in transactional structuring and all the methodologies and systems that support such transactional efforts from conception through implementation.

#### **2.1.4. We understand VA and similar environments and are sensitive to VA's current and upcoming challenges (Subfactor 4)**

This contract presents a number of challenging aspects, not only because of the complexity of the analytical tasks, but because of the overall political environment in which the tasks are to be performed and the number of constituencies involved. One of the strengths of the PGEUL proposal is the depth of the team's experience and its comprehensive understanding of VA's current environment and upcoming challenges. In the sections that follow, we discuss our understanding of some of these issues, and how this understanding will enable the PGEUL team to perform in a manner that appropriately reflects the sensitivities of the parties involved, yet proposes solutions that are based on objective analysis of the information considered.

In addition to its direct experience with VA projects, the PGEUL team has created a virtual library of key EUL and related documents, including:

- CARES and EUL legislative history;
- CARES and related EUL directives, memoranda, or information letters;
- related policy and planning documents available through VA's Office of Asset and Enterprise Management (OAEM) web site;
- information letters;
- Government Accountability Office (GAO) reports; and
- VA Office of Inspector General (OIG) reports.

Prior to commencing work on individual task orders, team members will review the most current documents related to the specific tasks. This will ensure that staff assigned to a specific task are able to approach it with the most up-to-date information available about critical issues, developments and policies related to the task. PGEUL consultants will have a full appreciation for the complexity of the environment, and the challenges faced by the agency in the future. This approach will supplement information team members may already have from their specific experience with VA projects and offer a level of sensitivity to its upcoming challenges that will be unmatched by other offerors.

- Multiple Constituencies and Stakeholders: Concerns have been raised in the past about whether various constituencies exerted undue influence in decisions that have been made. Shortly after the CARES process began some four years ago, the Government Accounting Office (GAO) expressed concern that some of VA's stakeholders were functioning more like decision-makers, than as advisors. In particular, GAO expressed concern that some academic affiliates of VA, as well as certain unions representing VA employees, might be in a position to inappropriately bias the eventual outcome of a particular project. In addition to non-veteran stakeholders, certain sub-categories of veterans representing the interests of select groups of veterans may press for services or programs that must be reasonably balanced against the needs of all veterans. VSOs representing veterans who have been paralyzed or disabled as a result of wartime service, such as the Disabled American Veterans (DAV), or the Paralyzed Veterans of America (PVA), feel very strongly--and understandably--about the VA's responsibility to address their special rehabilitation needs. While this is a legitimate, emotional and understandable source of pressure, it must nevertheless be balanced against the needs of other veterans for other kinds of programs, such as those for the homeless, or those for the chronically mentally ill. For the EUL process to be implemented effectively, it is important that stakeholder input be balanced among the parties involved. While we understand that VA has made efforts to address these concerns, it's important that the EUL contractor introduce proper controls to ensure that stakeholder input is actively solicited, yet objectively balanced. The PGEUL team's understanding of these issues will help ensure the integrity of the process to assess stakeholder needs equitably.

Part of the challenge emerges from number of diverse stakeholder, and constituent groups whose input will be sought throughout the process. In any complex project involving multiple stakeholders with various agendas, a key objective is to achieve consensus among the parties involved. While individual PGEUL team members have had substantial experience working on a variety of VA and related projects, all members appreciate the complexity of this contract are committed to develop a comprehensive perspective of some of the key issues we are likely to face before commencing work on the initial task orders.

- Veterans Have Different Needs: Candidates for health-related EUL projects may also reflect the entire spectrum of health care needs by the veteran population as a whole. Such needs reflect virtually the entire continuum of functional capabilities found in the general population. For example, at one end of the spectrum are veterans who are relatively young and healthy, with corresponding levels of needs. At the other end of the spectrum are veterans with totally

disabling conditions, such as spinal cord injuries (SCI) or the severely mentally ill (SMI) who may require round the clock, institutional care. In considering proposed uses for an EUL at a given location, PGEUL recognizes that what's "in the best interests" of the veteran who is relatively healthy, may be very different from those of a quadriplegic. Indeed, several Veterans Service Organizations (VSOs) were established to represent the special interests of these unique populations, such as the Paralyzed Veterans of America (PVA), or Disabled Veterans of America (DVA).

The PGEUL team includes individuals with extensive background and experience in local and regional health planning. This knowledge will be of assistance addressing, in an objective manner, the merits of various preferences expressed by different constituencies in early stages of planning and gathering stakeholder input. PGEUL's understanding of such issues and considerations will help it maintain a balanced perspective as it develops and evaluates alternative proposals for EUL projects.

- Changes in Medical Practice: One of the fundamental factors influencing the entire CARES process has been the gradual shift away from inpatient to outpatient care. Prompted in the private sector largely by changes in reimbursement and improvements in technology, the entire hospital industry has undergone major structural changes to "downsize", "right-size" and re-align capital assets to better reflect the kinds of services and facilities needed. While reimbursement has not been the same driving factor within VA as it has in the private sector, changes in medical practice and technology have clearly been significant factors contributing to the shift in demand from inpatient to outpatient care within the agency. While the private sector has been able to re-align assets much more quickly, VA's ability to re-align its facilities cannot be accomplished as quickly, as a result of additional layers of complex regulatory oversight and requirements. As a result, VA has been unable to quickly modify, adapt or dispose of many of its aging capital assets to meet the change in functional requirements that it now faces. Consequently, a number of EUL projects are expected to focus on evaluating potential alternative uses for space that was formerly used for inpatient care.
- Efficiency of Operations: Many of VA's properties that offer potential EUL projects include older facilities originally designed for inpatient care on a VA Medical Center (VAMC) campus. EUL candidates also include properties used for non-clinical functions. The PGEUL team understands the unique challenges such properties present and that in order to be marketable, the property must permit the lessee to operate the project efficiently. Depending on the location and the condition of the property, certain alternative uses may be more practical than others; one type of lessee may be able to operate more efficiently at one site than another. For example, assisted living (AL) is often cited as a potential evaluation option to be considered for an EUL project. If the specific site is a more rural location, development by an investor-owned national chain may not be feasible. The company may not operate other facilities in the local area, and it may not be able to operate as efficiently as necessary in order to achieve target financial returns; alternatively, the company may have financial targets that are unlikely to be met by the income profile of the eligible population in the service area. On the other hand, development as an assisted living facility may be feasible with a local non-profit agency that has experience operating group homes or retirement facilities, but may not have requirements to achieve the same level of financial return. In considering the market potential of a given site, PGEUL will give careful consideration to efficiency considerations in evaluating the range of alternative uses.
- Duplicate Facilities in Major Markets: Several major metropolitan markets where VA has multiple campuses or facilities offer potentially attractive development opportunities with the

private sector. While that will make marketing an EUL project to a developer or lessee easier in such a location, any EUL project that arises out of efforts to reduce unnecessary duplication of services, either through consolidation or elimination of services, can reasonably be expected to generate opposition from several fronts that may increase risk that the project can move forward. Any time VA proposes to eliminate, or otherwise consolidate services, various stakeholder groups are likely to raise objections to such plans. PGEUL is aware of this dynamic and understands the sentiments that prompt these reactions. By anticipating the potential response of the parties involved, PGEUL it may be able to develop innovative or creative approaches that help address the legitimate concerns of those parties who may be most directly affected.

- Lack of Funds, but Land Rich: PGEUL understands that while VA may not on its own have the budget flexibility to fund many of the programs it would want to offer to veterans locally, the properties under consideration for EUL projects may present attractive development opportunities for the private sector. PGEUL team members have participated in a wide range of innovative projects and understand how to effectively position these opportunities to maximize their development potential.
- Future Challenges: Many of the challenges VA faces have been well documented for some time. The shift to outpatient care and the increasing need for long term care, for example, are among those that are well known, even if the implications remain somewhat uncertain.

One of the biggest challenges facing VA is the issue of long term care (LTC) and the demands upon the agency for LTC services from a growing, aging population of beneficiaries. VA currently offers a continuum of LTC services including skilled nursing, assisted living, and home-based, supportive services. VA provides nursing home care through its own units on VA campuses, through state veterans homes, and through contracts with private providers in the community. While assisted living (AL) is not a statutory benefit for veterans nationally, a pilot program was implemented several years ago as part of the Veterans Millennium Health Care and Benefits Act (Public Law 106-117) in several states in the northwest. The pilot was originally established evaluate the cost-effectiveness of AL as an alternative for veterans who needed assistance, but not at the level of intensity typically found in a nursing home setting. Recent amendments have authorized continuation of the pilot for another three years. Finding cost-effective supportive living services for the aging veteran population remains a tremendous challenge and AL presents one possible approach. Indeed, AL projects are among the most often cited for EUL consideration. While the financial implications of creating a statutory AL benefit for veterans is daunting, the need for that level of care will nevertheless remain strong. The prospect of addressing this demand by encouraging private sector development of facilities under the EUL program explains why this type of project is so frequently identified for potential consideration.

In addition to challenges VA has known about for some time, however, include a host of others that have only recently become apparent. In what must be considered one of the most successful organizational re-incarnations in the health care industry over the last decade, VA has successfully re-invented itself and cast aside its reputation as a health care system of last resort, to become the system of choice for many veterans. Factors known to have made the system much more attractive over the last decade include major improvements in quality of care, the dramatic increase in access to primary care through the proliferation of CBOCs, and creation of a cost-effective pharmacy benefit for enrollees that drove many veterans to enroll in VA's health care system for the drug benefit alone. In addition to the natural migration towards outpatient care that has characterized the entire US health care system, several changes unique to VA have contributed to an enormous increase in the demand for outpatient services. To a certain extent, VA has become a victim of its own success.



For any federal beneficiary population like veterans, the future always presents challenges from legislative change. VA is no exception. While the change has been resisted for years on Capitol Hill, each year there is increasing pressure to make veterans' health care a statutory entitlement, like Medicare. If the idea seems a bit far-fetched, it is useful to keep in mind lessons learned from DoD's "Tricare for Life" (TFL) benefit. After years of going up to Capitol Hill and coming away empty-handed, military retirees recently scored a significant legislative victory through the enactment of TFL, which enhanced the military health benefit for retirees under age 65 to approximate that of Medicare beneficiaries. Many of VSOs have taken notice of that and have used it as justification to lobby aggressively for a similar statutory entitlement to health care for veterans. In light of the increased role of the military in today's international environment, pressure to enhance health benefits for veterans may gain further momentum. This could have a tremendous impact on the system, if new or enhanced benefits create significant additional sources of demand upon the system.

From our perspective, some of the uncertainties with potentially significant implications for VA include not only what happens to veterans benefits, but what happens to Medicare and Medicaid programs as well. If drug benefits that have recently induced many veterans to enroll in VA's health system are exceeded by private plans as a result of the Medicare Modernization Act (MMA), VA could find itself facing reduced growth, or even declines in outpatient demand.

With the timing and resolution of the war in Iraq also uncertain, there are a number of uncertainties that arise as to the health status of returning veterans and their needs following discharge. As the war in the Persian Gulf illustrated with the emergence of Gulf War Syndrome several years after the war ended, the possibility exists of another emergence of unexplained symptoms that create unanticipated demand upon the system.

## **2.2. Factor 2: Personnel Qualifications**

The PGEUL Team has the ability to obtain, retain and provide adequate staffing with capability and knowledge to perform the objectives of VA EUL program. The PGEUL Team is comprised of consulting firms that have comprehensive staffs of qualified experts in their respective fields of knowledge. Collectively, the firms have sufficient depth to ensure that the PGEUL Team can easily staff multiple task orders simultaneously with the right mix and qualifications of individuals assigned to the work. With our existing employees, we have the capacity to meet the requirements of this solicitation. Our team has the capacity to perform on several concurrent projects. The following sections describe our recruiting, retention and staffing practices.

### **Recruiting**

Recruiting is an on-going effort and is adjusted to meet surges and slowdowns in workflow. Although we have the capacity to meet the needs of multiple concurrent, on-going EUL initiatives, we may recruit additional resources as the workflow progresses and stabilizes. Following are the key aspects of our recruiting practices, which are consistent among all key firms on this team.

- Our core team includes senior level professionals who have developed over the years an extensive network within our areas of expertise and with other related service providers. We will draw upon this network to obtain appropriately qualified personnel.
- We each belong to professional organizations in our areas of expertise and through these organizations we are able to draw upon our peers or their referrals to recruit qualified personnel.
- We have supplemented the previous recruiting strategies with job postings in industry journals, on-line job resources and occasionally utilizing executive recruiters.

- Each of our firms has managed our new and existing client needs through a system where we always keep in our human resources pipeline a pool of qualified candidates, so that we can quickly hire when needs arise.

### **Professional Employee Retention**

All of the firms that are part of the PGEUL team strive aggressively to retain their professional employees. PGEUL member firms are committed to maintain an environment where employees are challenged by their work, stimulated by their peers and look forward to tackling the engagements presented to them. Each firm on our team also provides their employees with a range of professional development and/or continuing education opportunities to ensure enhancement of their skills, knowledge and expertise. Combined with competitive compensation plans, innovative benefits packages and flexible work schedules, we strive to retain our personnel for many years with minimal turnover. In our respective firm structures, we strive to encourage individual development of professionals that engenders loyalty both ways between employer and employee. We have been able to attraction and retain employees based on the following practices:

- Competitive compensation plans
- Internal professional growth plans
- Continuing professional education opportunities
- Work environments that facilitate and encourage direct access to company leaders for knowledge transfer. Please note, since we are all small businesses, the senior level members of each company are hands-on in their businesses and mentor junior colleagues.

### **Staffing Plans**

We expect surges and slowdowns in the flow of work from VA. Our team structure includes the contingencies needed to meet these possibly changing needs. In developing the team structure, a strong management team was put in place with the ability to monitor and adjust staffing to ensure the best service delivery to VA. The management team has the reach to draw upon team resources, as needed, and augment these core resources with additional resources from other SDVOSBs.

In recognition of the uncertainty of volume of work to flow out of this contract, PGEUL has adopted a strategy designed to easily enable the team to meet surge requirements. By establishing arrangements with firms having sufficient numbers of staff at various labor categories, we are confident that we will be able to respond to multiple task orders simultaneously. In assembling our team, we have also been careful to explain to all members the uncertainty that flows from a multiple award contract like this (e.g., the number of master EUL contracts to be awarded), and the uncertainty about task order awards. To accommodate potential surges in demand, we have intentionally built in excess capacity, so that when a specific task order arises with unusual demands we are able to accommodate it from multiple team members, if necessary. In effect, we will be "recruiting" from the staff of firms that are already part of the PGEUL team. Team members clearly understand this, and are prepared to respond accordingly.

The PGEUL team will also make periodic, but regular inquiries of our contracting officer to elicit any non-proprietary information that may help anticipate potential workflow in advance. Members of the PGEUL team will monitor other sources of information that may help anticipate changes in workflow under the contract. Information from Congressional hearings related to CARES, or meetings of the CARES Business Plans Advisory Commission, for example, may enable us to obtain early indications of circumstances that may affect our work under the contract, and allow us to anticipate changes accordingly.

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A team staffing plan will be maintained, reviewed and updated to meet the workload. In addition, each company in our team will be responsible for maintaining and reporting staffing and capacity changes throughout the period of the contract. This two-pronged approach to knowing the staffing status allows adjustments to be made pro-actively as well as quickly in response to changes in need.

Our staffing approach is as follows:

- The senior level personnel, as well as all other personnel proposed are available and are committed to serving VA
- The management team proposed will be hands-on and is committed to being an active participant on this project as well as overseeing the projects and program service delivery
- When developing staffing plans, we plan for the unexpected and build in contingency plans to accommodate unforeseen situations. We hire personnel that are cross-trained or have expertise in more than one area of knowledge and skills, so that our personnel will adapt to change quickly, support each other or be redeployed to other projects
- In the event that we need additional personnel to serve VA, we have a network of independent contractors we can easily call upon. We will use SDVOSB personnel first and then go outside of our team

#### **Overview of the Pruitt Group EUL Team Expertise**

Following the table of senior personnel below are individual resumes for these senior team members. Within each resume are skill areas illustrating the proposed personnel's skills that meet and exceed those required to perform the services. The personnel are all partners and principals within their firms and have the authority to commit resources for this project. The resumes reflect the leaderships' experience with projects directly related to enhanced-Use Leasing and the reuse and disposition of properties, including medical centers.

Our executive personnel bring a unique mix of legal, consulting and managerial experience and background to our team. Please note that our team has depth in each labor category and resumes are not included for all available personnel. We selected senior personnel only because our team approach has significant involvement by senior level personnel, with these personnel actually performing the work while directing support resources and mentoring SDVOSB resources.

TEAM MEMBER	AREAS OF EXPERTISE							
	Program Management	Transaction Identification	Transaction Formulation	Opportunity Marketing	Transaction Execution	Lease Management	General Reuse Study	Comprehensive Reuse plan
Michael Pruitt	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Roger Kormendi	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Cyrus Gardner	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Libby Kavoulakis	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Thomas Rosenfeld	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Patrick Sharkey	✓✓	✓✓	✓✓	✓	✓✓	✓	✓	✓
Doron Bar-Levav	✓✓	✓✓	✓✓	✓	✓✓	✓	✓	✓
Douglas Womer	✓✓	✓	✓	✓	✓	✓	✓✓	✓✓
J. Christopher Newman	✓✓	✓	✓	✓	✓	✓	✓✓	✓✓
William Picard	✓✓	✓	✓		✓		✓✓	✓✓
Michael B.J. Foster	✓✓	✓	✓		✓		✓	✓
Gil Bakshi	✓✓	✓	✓		✓✓		✓	✓
Scott Honiberg	✓✓	✓	✓	✓✓	✓			
Kevin Jay Bacon	✓✓		✓	✓			✓	✓

On the table above, double checkmarks denote leadership expertise in the identified area. A single checkmark denotes support level expertise.

### Resumes

Resumes are presented on the following pages.

**MICHAEL K. PRUITT, ESQ., CHE**  
**PRUITT GROUP, INC.**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**ADMINISTRATIVE AND LEGAL BACKGROUND**

**President; The Pruitt Group, Inc.,** The Woodlands, Texas (and formerly Amelia Island, FL)  
 Provide counsel and develop strategic initiatives for healthcare system, hospital, and physician clients. Create market opportunities through application of sophisticated decision support tools. Lead/conduct feasibility studies including demand forecasts, clinical and facility programming, capital/operational budgeting, and facility development scenarios. Develop acute, ambulatory and long term care delivery vehicles that meet demonstrated community need. Create physician equity models. Facilitate design/build scenarios and project financing. Perform operational analyses.

- Led feasibility study and contingency plan process for new tax district sponsored community hospital with projected capital cost of \$100 million in one of fastest growing counties in U.S.
- Developed physician and ambulatory projects with national real estate development firm in various markets, e.g., ASC with wraparound POB - \$25 million off balance sheet.
- Led strategic initiatives for 10-hospital, \$800 million net revenue, for-profit system re-organizing under Chapter 11. Planned whole hospital joint venture with physicians. Planned monetization of \$250 million medical office building portfolio. Developed hospital joint venture concept with nonprofit healthcare system. Led hospital and clinic acquisition and divestiture activities with major investment bank. Reconfigured corporate headquarters including downsizing of staff and modification of class A leases. Developed opportunity and led alternative use project resulting in \$6.8 million asset sale vs. \$400K in annual maintenance costs for closed hospital converted to college dorm.
- Spin-out of large hospital owned physician group for regional healthcare system. Medical group lost \$48 million over six years of operations. Crafted "soft landing" for doctors through creation of independent group practice that eliminated operating losses for system and preserved physician loyalty.
- Planned and developed multi-site, west coast subsidiary for national rehab corporation. Managed start-up phase, including development of relationships and execution of contracts with three client healthcare systems, payors, employers/industry, and professional staff.
- Provided strategic guidance to major academic medical center under construction in Los Angeles. Planned the consolidation of its fragmented faculty practice group (USC-University Hospital - \$400 million project).

Own and operate ancillary joint ventures and partnerships focused on: Distribution of made-to-spec clinical casegoods and road/parking lot construction and paving. Forming partnership to provide nationwide state-of-the-art medical transcription and electronic medical record services to the healthcare industry.

**V. P., Mergers and Acquisitions: CHRISTUS Health (pre-merger - Corporate Director & Counsel, System Development; Sisters of Charity Health Care System),** Houston, Texas  
 Corporate legal officer and development executive for \$3 billion, co-sponsored Catholic healthcare System with operations in California, Utah, Texas, Louisiana, Oklahoma, and Arkansas. Managed System's core business literacy process. Planned, developed, and executed its growth strategy through

mergers, acquisitions, and new venture development. Led market analysis, strategic planning, and development activities for System and subordinate market-based regions. Provided legal counsel for development group activities. Managed all external development related consulting and legal resources and a \$6 million annual external professional services budget. Created, staffed and led all project work groups utilizing internal and external professional resources.

- Identified gaps in healthcare delivery continuum and opportunities for new venture development in under-served segments of Houston metro region (4th largest city in America, 4.5 million population in SMSA). Negotiated and closed multiple raw land purchases (\$35 million aggregate). Created concept, led feasibility study and development of new community medical centers with combined capital expenditure plan exceeding \$200 million.
- Acquired/divested physician practices. Developed ancillary joint ventures with physicians, e.g. Ambulatory Surgery Center with wraparound Physician Office Building.
- Purchased, leased, or arranged contract management of facilities that fit System and region strategic profile, e.g. management: DeQueen RMC (converted to Critical Access Hospital), Rice Medical Center; Acquisitions: Columbia Highland Hospital - \$80 million; lease: Jasper.
- Developed model for Holding Company in major metro market to consolidate and integrate over \$1 billion in healthcare assets. Led transaction team, steered negotiations and efforts of transaction counsel, facilitators, and consultants through the creation of MOU/Terms Sheet.
- Created holding company venture with a secular partner in two-hospital community to consolidate and integrate over \$800 million in healthcare assets. Led transaction team, steered negotiations and managed outside resources. Led post-MOU processes: documentation; resolution of Ethical and Religious Directives issues; antitrust analysis, comprehensive due diligence; communications plan, and strategic planning for Newco.

**Senior Associate Attorney; Hall, Render, Killian, Heath & Lyman, P.C.**, Indianapolis, Indiana  
Transactional health law practice focused on mergers, acquisitions, joint ventures and strategic counseling. Hospital Counsel team member for St. Vincent Hospital and Health Care Center, flagship of Daughters of Charity National Health System-East Central Region.

- Established strategic and legal profile for heart hospital joint venture with physicians.
- Counsel for county hospitals merging \$100 million in facility based assets with tertiary medical center to form large regional system.
- Formed physician group practices. Represented physicians in acquisition and sale of practices. Extensive physician counseling regarding strategies and resultant initiatives.

**Administrator; Charter Medical Corporation, Macon, Georgia**  
CEO of 100 bed hospital in south Texas. Interim administrator at various hospitals throughout the U.S. Reported to out-of-state corporate officers on performance of institution. Responsible for market-based strategic development.

- Maintained high quality care in the face of aggressive cost containment measures while exceeding financial performance budgets.
- Developed and executed capital projects (facility and equipment).
- Created management team and reorganized staff. Deployed staff development plan. Recruited and increased key medical staff by 75%.
- Developed and maintained contracts and relationships with payers, professional staff, and employers/industry.

**Associate Administrator; 241 bed hospital.** Reported to hospital CEO. Line responsibility for all ancillary, business, and physical plant operations at Charter's flagship hospital in Atlanta, GA.

- Developed and maintained relationships with staff, physicians, payors, and industry.
- Led team and managed \$75 million hospital construction project. Developed, implemented, and acquired capital equipment for national neuro-psychology program.
- Reorganized and led operations, marketing, communications, and clinical teams that exceeded earnings targets and other performance measures.

**Assistant Administrator/Resident; The Nemours Childrens Clinic, Jacksonville, Florida**  
Reported to CEO. Led general and sub-specialty pediatric surgery, laboratory, and imaging services.

- Member of management team that planned and developed staff model pediatric subspecialty group practice and comprehensive ambulatory care center, replacing existing children's hospital with \$50 million Mayo-model comprehensive pediatric ambulatory care center.
- Program and space analysis, evaluation, and review with architects, contractors, and professional staff for replacement facility.

## RELATED BACKGROUND

**Sergeant First Class, Permanently Disabled Retired List; United States Army**

Specialties in administration, clinical medicine, and recruiting. Highest awards and honors: Meritorious Service Medal; Department of the Army and USAREC National Recruiter of the Year. Assignments included: Recruiter/Station Commander; Major Command Professional Development NCO; NCOIC of Plans, Operations and Training; Hospital and Medical Center Wardmaster – NCOIC; Senior Clinical Specialist.

## EDUCATION

- Valparaiso University School of Law, Valparaiso, IN; Juris Doctor
- Duke University, Fuqua School of Business, Durham, NC; Master of Health Administration
- Medical College of Georgia, Augusta, GA; Bachelor of Science, *Magna Cum Laude*
- University of Florida, Gainesville, FL; did not graduate (drafted during Viet Nam era)

## ADDITIONAL INFORMATION

Diplomate/Board Certified Healthcare Executive (CHE), American College of Healthcare Executives. Admitted to bar in Indiana (currently inactive), Tennessee, and practiced under corporate counsel policy in Texas.

**ROGER C. KORMENDI**  
**KORMENDI \ GARDNER PARTNERS (KGP)**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**SUMMARY OF QUALIFICATIONS**

Dr. Roger Kormendi is a principal and founder of KORMENDI \ GARDNER PARTNERS. With co-founder Cyrus J. Gardner, he shares ultimate responsibility for all of the firm's consulting and advisory business providing innovative financial advisory services for governmental and private sector clients. He holds undergraduate and doctoral degrees in economics.

Dr. Kormendi has been the director or co-director of financial advisory teams and other consulting teams for many transactional and programmatic projects at U.S. government agencies including the Department of Defense, General Services Administration, Department of Agriculture, Department of Housing and Urban Development, Department of the Treasury, Department of Health and Human Services, Resolution Trust Corporation, Federal Deposit Insurance Corporation, Corporation for National Service, and Office of Personnel Management. Dr. Kormendi's projects have included the analysis, valuation, design and implementation of purchase, sale, lease and investment transactions for financial and business assets in North America and Europe representing over fifty billion dollars in book value.

**SIGNIFICANT RELEVANT ENGAGEMENTS**

Dr. Kormendi co-directs KGP's ongoing enhanced-use leasing financial advisory engagement for the U.S. Air Force. KGP was originally selected as financial advisor for the original pilot project of the Air Force enhanced-use leasing privatization program of military family housing and has since been assigned projects at several follow-on bases. KGP has been responsible for all aspects of the projects including concept identification and design, financial and market analysis, lease formulation, cost, internal and OMB approvals, budgetary and scoring analysis, marketing to private sector developers, capital market development, due diligence, document design, evaluation of developer proposals, and management of planning, engineering, accounting and legal subcontractors.

Dr. Kormendi also co-directs KGP's financial advisory assignment for the U.S. Department of Defense (DoD), Defense Reutilization and Marketing Service. KGP was selected to design and implement a series of multi-year "pipeline" joint venture transactions for approximately \$2 billion in acquisition value per year of surplus DoD assets. This is the first incentive-aligned public/private partnership sale structure for multi-year future asset flows. KGP is responsible for all aspects of the sale strategy, asset stratification, due diligence, marketing, document preparation, data analysis, analytical services, preparation of bidder materials, bidder pre-qualification, asset valuation, bid design, market sensitivity analyses and post-sale analysis. The operations resulting from these transactions take place using military facilities under de facto lease arrangements derived, documented and implemented by KGP.

For more than 25 years, Dr. Kormendi has taught and researched at leading academic institutions including the Graduate School of Business and the Committee on Public Policy Studies at the University of Chicago from 1975 to 1985, where he was an Associate Professor of Business Economics, and the School of Business Administration at the University of Michigan from 1985 to 1998, where he was a tenured full Professor of Business Economics and Public Policy. He has



published over fifty scholarly articles and books and written dozens of other professional papers and reports on a wide variety of subjects in economics and finance.

Dr. Kormendi has also consulted with major private corporations on a wide variety of issues related to financial markets and private transactions. He has testified numerous times before Committees of the U.S. Congress on issues related to his expertise. He has been an expert witness in major litigation on issues related to valuation and insolvency.

## EDUCATION

- Ph.D. in Economics, University of California, Los Angeles, 1977. Chancellor's Intern Fellow.
- B.A. in Economics with High Honors, University of Virginia, June 1971. Honors Program in Economics, 1969-71.

## SELECTED ADVISORY AND CONSULTING POSITIONS

- Financial Advisor, U.S. Air Force, Privatization of Military Family Housing, 2000-present.
- Project Director, U.S. Department of Defense, Joint Venture Sales of Surplus Commercial Assets, 1997-present.
- Financial Advisor, General Services Administration, Federal Assets Sales, 2002-2003.
- Financial Advisor, U.S. Department of Housing & Urban Development, Analysis of Economic Development Lending by Local Communities, 2000-2002.
- Financial Advisor, U.S. Department of Housing & Urban Development, Community Empowerment Trust Fund (CEF Trust), 1999-2001.
- Financial Advisor, U.S. Department of Housing & Urban Development, Assessment of Recent Innovations in the Secondary Market for Low and Moderate Income Lending, 1999-2000.
- Financial Advisor, U.S. Forest Service, Transactional Design and Privatization of Improved Real Property Assets of White River National Forest, 2001-2003.
- Financial Advisor, U.S. Department of Defense, Share-in-Savings Performance Based Contracting, 1999.
- Financial Advisor, U.S. Office of Personnel Management, Benefits and Costs of ESOP Privatizations, 1995-1996.
- Director, Economic Advisory Team, U.S. Department of Treasury, Bank Privatization in Central Europe, 1995-1996.
- Co-Director, Financial Advisory Team, Federal Deposit Insurance Corporation, Valuation, Management and Disposition of Equity Interests in Large Securitizations and Partnership Transactions, 1995-1996.
- Co-Director, Financial Advisory Team, Resolution Trust Corporation, Design and Marketing of the NP-Series Retained Interest Transactions, 1995.
- Co-Director, Financial Advisory Team, Federal Deposit Insurance Corporation, Post-Closing Implementation of the AMDA Partnerships, 1993-4.
- Director, Financial Advisory Team, Resolution Trust Corporation, Restructuring the Major FSLIC-Assisted Transactions, 1991-1994.

## BOOKS

- Grain Futures Contracts: An Economic Appraisal (with Craig Pirrong and David Haddock), Kluwer Academic Publishers, 1993.
- Crisis Resolution in the Thrift Industry (with Victor Bernard, Craig Pirrong, Edward A. Snyder), Kluwer Academic Publishers, 1989.

- Black Monday and the Future of Financial Markets (with Robert Kamphuis, eds.), Dow Jones/Irwin, 1988.
- Deregulating Financial Services: Public Policy in Flux (with George Kaufman, eds.), Ballinger Press, 1986.
- The Taxation of Municipal Bonds: An Economic Appraisal (with Michael Mussa), American Enterprise Institute, 1979.

## SELECTED ARTICLES

- "The Rationale For Retained Interest Privatization Transactions and the Role of Leverage," *The Financier* magazine, Spring 1998 (with KGP colleague Cyrus J. Gardner).
- "Retained Interest Transactions vs. Bulk Sales: Evidence from the RTC AMDA Partnerships," *The Journal of Financial Engineering*, June 1996 (with KGP colleagues Cyrus J. Gardner and Gregg M. Breen).
- "Incentive Contracting for Problem Assets" (with Dennis Capozza, Lawrence Benveniste and William Wilhelm), *Journal of the American Real Estate and Urban Economics Association*, 1994.
- "The Origins and Resolution of the Thrift Crisis" (with Victor Bernard, Craig Pirrong and Edward Snyder), *Journal of Applied Corporate Finance*, Vol. 5, No. 2, Fall 1989, pp. 85-99.

## PUBLIC POLICY TESTIMONY AND PRESENTATIONS

U.S. Department of the Treasury, 1995, 1996; AVRT (Hungarian Privatization Agency), 1994, 1995, 1996; U.S. Corporation for National Service, 1995; Vice President's National Performance Review, 1994; Resolution Trust Corporation, 1992, 1993, 1994; Federal Deposit Insurance Corporation, 1993, 1994; The U.S. Senate Subcommittee on Antitrust, Monopolies and Business Rights Hearings on Solvency Assessment in the Insurance Industry, 1991; The U.S. House Banking Committee Hearings on the 1988 FSLIC Assisted Thrift Transactions, 1990; The U.S. Senate Banking Committee Special Staff Hearing on the Thrift Crisis, 1989; The Federal Home Loan Bank Board Special Session on the Thrift Crisis, 1989; Board of Governors of the Federal Reserve System Special Session on Black Monday, 1988; Commodities Futures Trading Corporation Advisory Board Hearings on Black Monday, 1988; The U.S. Senate Finance Committee Hearings on Major Tax Reform Options, 1984; The U.S. Treasury Panel on Tax Simplification and Reform, 1984; The House Ways and Means Committee Hearings on Tax Exempt Mortgage Revenue Bonds, 1983; The House Ways and Means Committee Hearings on Tax Exempt Industrial Revenue Bonds, 1981; The U.S. Senate Finance Committee Hearings on Tax Exempt Industrial Revenue Bonds, 1980.

## GENERAL BUSINESS CONSULTING

Esmark, Inc.; John Nuveen and Co.; The St. Paul Companies, Inc.; The Public Securities Association; The Council of Pollution Control Financing Agencies; E.F. Hutton and Company Inc.; Massachusetts Industrial Finance Agency; The Small Business Foundation of America; Republic Steel, Inc.; McCann-Erickson and Co.; Exchange National Bank; Ogilvy and Mather; Great Lakes Federal Savings and Loan; Michigan Manufacturers Association; Product Liability Advisory Council; Citicorp; Capital Holdings; Meridian Point Properties, Inc.; Brazos Partners; Mountain AMD; Robert M. Bass Group; Pryor, McClendon, Counts & Co., Inc.

**CYRUS J. GARDNER  
KORMENDI \ GARDNER PARTNERS (KGP)**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**SUMMARY OF QUALIFICATIONS**

Mr. Gardner has over twenty years of professional experience in investment banking, financial economics and private law practice in business and real property law. Mr. Gardner is a Principal and founder of KORMENDI \ GARDNER PARTNERS. With co-founder Roger C. Kormendi, Mr. Gardner shares ultimate responsibility for all of the firm's investment and advisory business. That business includes innovative financial advisory services for governmental and private sector clients, the preparation of expert testimony, and investment acquisitions as a principal. Mr. Gardner holds advanced degrees in economics and law.

**SIGNIFICANT RELEVANT ENGAGEMENTS**

Mr. Gardner co-directs KGP's ongoing enhanced-use leasing financial advisory engagement for the U.S. Air Force. KGP was originally selected as financial advisor for the pilot project of the Air Force enhanced-use leasing privatization program of military family housing and has since been assigned projects at several follow-on bases. KGP has been responsible for all aspects of the projects including concept identification and design, financial and market analysis, lease formulation, cost explanation, intent approvals, budgetary and scoring analysis, marketing to private sector developers, capital market development, due diligence, document design, evaluation of developer proposals, and management of planning, engineering and legal subcontractors.

Mr. Gardner also co-directs KGP's financial advisory assignment for the U.S. Department of Defense (DoD), Defense Reutilization and Marketing Service. KGP was selected to design and implement a series of multi-year "pipeline" joint venture transactions for approximately \$2 billion in acquisition value per year of surplus DoD assets. This is the first incentive-aligned public/private partnership sale structure for multi-year future asset flows. KGP is responsible for all aspects of the sale strategy, asset stratification, due diligence, marketing, document preparation, data analysis, analytical services, preparation of bidder materials, bidder pre-qualification, asset valuation, bid design, market sensitivity analyses and post-sale analysis. The operations resulting from these transactions take place using military facilities under implicit lease arrangements derived, documented and implemented by KGP.

Mr. Gardner co-directed the team of financial advisors to RTC/FDIC that designed the restructuring of two of the largest "FSLIC 1988 Deals" then governing over \$25 billion of mortgage loan and real estate assets, the Bass Group's acquisition of American Savings Bank and the Ford/First Nationwide acquisition of Columbia Savings. That advisory team was responsible for all aspects of the due diligence, asset valuation, sale structuring and design, negotiation, document preparation, closing and post-closing analysis of restructuring the original financial assistance provisions into the FDIC's "AMDA Partnerships." The AMDA Partnerships involved over \$5 billion in book value of assets, including performing and non-performing mortgage loans, mortgage-backed securities, multifamily, office, retail and single family real property, time-share units, unsecured loans, guarantees and other assets.

Mr. Gardner also co-directed the team of financial advisors for the RTC-NP Series of joint venture transactions involving nearly \$1 billion of RTC's least liquid assets, including mortgages, other secured

and unsecured loans, multifamily and other REO, guarantees, judgments and other assets. In this assignment KGP designed and implemented the first "variable equity percentage" auction process, and supervised all asset stratification, sub-pooling, due diligence, marketing, document preparation, data analysis, analytical services, preparation of bidder materials, asset valuation, bid design, market sensitivity analyses and post-sale analysis.

Mr. Gardner has directed or co-directed KGP financial advisory projects for many government agencies, including FDIC, RTC, The Corporation for National Service and OPM. He has also consulted with major private corporations, foundations and foreign governments on issues related to financial markets and asset sale transactions.

## EDUCATION

- J.D., University of Chicago Law School, 1978
- M.A. (Economics), University of California, Los Angeles, 1972
- A.B. (Economics), California State University, 1970

## EMPLOYMENT

### Principal

Washington, D.C.

**KORMENDI \ GARDNER PARTNERS**

1991 – Present

Directed or co-directed financial advisory projects and consulted for private clients, public agencies, foundations and foreign governments as described above. Agency clients include Department of Defense, FDIC, RTC, The Corporation for National Service and OPM.

### Private Law Practice

Washington, D.C.

**Cooter & Gell, 1987 – 1991**

**Sole Practitioner and Consultant, 1985 – 1987**

Business law and consulting practice with emphasis upon economics issues in complex commercial and real property transactions and disputes. Trial and appellate practice in federal, state and bankruptcy courts. Representative clients: E.I. du Pont de Nemours and Company, American Title Insurance Co., The MAXIMA Corporation.

### Counsel to the Chairman of the Democratic National Committee

Washington, D.C.

1983 – 1985

### Private Law Practice

Los Angeles, California

**Barash and Hill, 1981 – 1983**

**Cox, Castle and Nicholson, 1978 – 1981**

## PUBLICATIONS

- "The Rationale For Retained Interest Privatization Transactions and the Role of Leverage," The Financier magazine, Spring 1998 (with KGP colleague Roger C. Kormendi).
- "Mortgage Lenders' Rights and Remedies in France," and "Bankruptcy Law in France," chapters in International Survey of Bankruptcy Law, J. Barrett, ed., forthcoming (with J. Henrot and E. Fatome).
- "Retained Interest Transactions vs. Bulk Sales: Evidence from the RTC AMDA Partnerships," The Journal of Financial Engineering, June 1996 (with KGP colleagues Roger C. Kormendi and Gregg M. Breen).

## PROFESSIONAL MEMBERSHIPS

- Bars of the State of California, 1978; District of Columbia, 1988; State of Maryland, 1991

**LIBBY KAVOULAKIS, MAI**  
**THE METIS GROUP LLC (TMG)**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

Ms Kavoulakis is the Managing Member of The Metis Group. She founded the company in 1999 and has been responsible for its continued growth and success. Ms Kavoulakis is responsible for all aspects of the firm's client service, client satisfaction and business operations. She has the sole authority to commit resources and enter into contractual relationships. Through Ms. Kavoulakis's leadership, The Metis Group LLC is certified as an 8(a)/Small Disadvantage Business (SDB) by the U.S. Small Business Administration.

Ms Kavoulakis has held leadership positions in numerous national organizations. Her prior employment includes the development of the real estate consulting practice at MAXIMUS. Ms. Kavoulakis was a Senior Manager with Arthur Andersen's Office of Government Services, where she directed the firm's government real estate practice. In this capacity, she worked with city, state and federal clients to provide solutions to real estate operations, procedures and holdings. Ms. Kavoulakis was previously a Senior Manager with the Real Estate Advisory Services where she worked with private sector real estate clients in development, valuation, portfolio review and litigation. She was an officer with Mellon Bank in Pittsburgh, PA where she was involved in the strategy to dispose of the bank's Real Estate Owned (REO) portfolio and developed frameworks for disposition or continued ownership and investment in properties in various stages of completion. She was also a Vice President at a full-service real estate company in Pittsburgh and at a real estate and machinery & equipment valuation and auction company in Dallas, Texas.

Ms Kavoulakis is a nationally recognized expert in real estate consulting, transactions and valuations. She has testified as an expert witness in real estate development-related disputes. She has worked with both private sector clients and government clients to address ownership, occupancy, operations and reuse challenges. Her innovations have resulted in changes to the way that Government addresses real estate, including up-front involvement with pilot projects and cutting-edge legislative authorities addressing the way in which the government owns and operates its real estate. Most recently, her work has expanded to include changes to zoning regulations and addressing security concerns for government owned and leased properties.

**KNOWLEDGE AND SKILL AREAS**

- Developed methodology and provided QA/QC for the valuation and estimate of demolition costs for 176 VA medical centers nationwide.
- Developed the marketability and feasibility plan for a possible Enhanced-Use Lease transaction for the gymnasium at VA's Sepulveda Medical Center (CA)
- Ms. Kavoulakis was integral to the development a financial model to test the development feasibility and housing cost factors for the U.S. Air Force's housing privatization initiatives. This model has been accepted by the Air Force for use as an analytical tool to test the proposed structures the potential privatization transaction.
- Developed financial projections and modeling for military housing privatization projects, including Kirtland AFB, Wright Patterson AFB, Fort Leavenworth, Aviano AFB, RAF Lakenheath and Hickham AFB

- Assisted with source selection for Wright-Patterson AFB and Hickham AFB military housing privatization transactions
- Served as Program Director for the Financial Advisor to HUD's Office of Multifamily Housing Assistance Restructuring. Team of 40+ consultants addressed all areas of restructuring financing on troubled multifamily properties.
- Developed the Real Estate Strategic Plan for USDA/FS White River National Forest, including a proposed EUL transaction to meet needs for the next 30 years.
- Reviewed 80 leases for the District of Columbia government, identifying space use, occupancy and financial discrepancies and developed the strategies and approaches to benefit the District's position as tenant in these properties.
- Identified best practices for the development of a 3-1-1 call center, including space utilization, cost structures and approaches to services; conducted discussions with stakeholders to identify needs and concerns, then developed recommendations to address the disparate needs and positions.
- Serving as Financial Advisor to a local jurisdiction on the market opportunities and structuring of a possible sale of \$240 million loan portfolio
- Developed the acquisition strategy for a non-profit to acquire the Walter Reed Army Medical Center Annex, including outreach to the county to enter into a public/private partnership for eldercare services
- Ms Kavoulakis serves as part of the GSA Financial Advisor team, assisting with the disposition of real and personal property from all Federal agencies. The services include development of financial projections, source selection assistance and other services required to analyze and implement the disposition of assets by GSA.
- Ms Kavoulakis developed the Inclusionary Zoning Incentive Model (IZIM) for the District of Columbia Office of Planning (DCOP). This model is a tool by which DCOP may perform financial analysis of each proposed option for developers to include additional affordable housing at new projects in exchange for various incentives offered by the District of Columbia.
- Ms. Kavoulakis lead a team of consultants in the development of the fiscal and economic impact study for the proposed Bureau of Alcohol, Tobacco and Firearms' new headquarters building in Washington DC.
- Ms Kavoulakis assisted in the development and refinement of Program Management solicitations for the District of Columbia government. The solicitations were issued for the renovation and management of the John A. Wilson Building, renovation of Parks & Recreation properties citywide and renovation of Metropolitan Police Department facilities citywide.
- Ms. Kavoulakis formulated management controls for revenue and expense estimates applied to a national portfolio for the U.S. General Services Administration. This provided consistency in the forecasting and the performance measures for each of GSA's ten regions.
- Ms. Kavoulakis worked with the District's Real Property Tax Administration to re-engineer the tax assessment process and methodologies and to disseminate the improvements to the public and to the media.
- Ms. Kavoulakis developed the asset disposition options for seized and forfeited assets under the control of the U.S. Marshal Service. Included was the development of incentives and means to enhance the marketability of properties that were difficult to sell.
- Ms Kavoulakis has performed due diligence, valuation and market analysis for properties nationwide.

## PROFESSIONAL LICENSES, DESIGNATIONS AND ORGANIZATIONS

- MAI Member, Appraisal Institute
- Metro Washington DC Chapter of the Appraisal Institute, Treasurer and Director 2005. Previously served as Director 2000 to 2002.
- Instructor, Maryland Association of Appraisers. Includes development of curriculum and individual classes and seminars.

## EDUCATION

- Bachelor of Science, Business & Administration/Finance, 1985, Duquesne University

## COMMUNITY INVOLVEMENT, PUBLICATIONS AND AWARDS

- Board of Directors/ Director, Centre for Management and Technology (CMAT), a non-profit organization providing consulting services at little or no cost to other non-profit organizations. This allows the other non-profits to operate at a more efficient and effective level, thereby redirecting limited funds toward their missions.
- Reviewer, Urban Land Institute's upcoming book on "green properties". Anticipated release date for the book is 2005.
- Chairperson, District of Columbia Board of Real Property Assessments & Appeals 2000 to 2002. Appointed by the Mayor of the District of Columbia.
- Leadership Advisory Council, Appraisal Institute. Think-tank of young real estate professionals and future leaders.
- Ms Kavoulakis serves as the real estate investment advisor to the ALKAV Junior fund. This is a privately held entity focused on commercial property investment.

**TOM ROSENFELD, CPA**  
**AMERICAN EXPRESS TAX AND BUSINESS SERVICES, INC.**

Mr. Rosenfeld is a Managing Director in the National Real Estate Group of American Express TBS (NREG). He leads the Government Services practice for NREG and has extensive privatization experience leading contractor teams on federal agency engagements. He has expertise in project management, real estate finance, database design and contract administration. Mr. Rosenfeld has experience in all facets of large real estate transactions. His experience also includes performing financial audits and accounting, loan servicing operations and computer based financial analysis. Mr. Rosenfeld's career includes public accounting and Loan Servicing Director for a commercial mortgage company.

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**KNOWLEDGE AND SKILL AREAS**

- Project Director for VA providing financial transaction and accounting treatment services under the VISN 4 Enhanced-Use Lease program. The program goal is to utilize the EUL tool to leverage private sector capital to accomplish a necessary multi-billion capital investment for the VA hospital system. Provided overall technical expertise and accounting and financial structuring research.
- Project Director as a sub-contractor to Kormendi/Gardner Partners as a Privatization Support Contractor for the US Air Force's Family Housing Privatization effort. Role includes assisting with RFP development, economic analysis and coordinating industry day conferences for 5 USAF bases.
- Project Director for HUD providing Equity Monitor services for pilot single family loan sale program. Services include compliance and performance monitoring of 7 separate transactions totaling more than \$2 billion in assets. Mr. Rosenfeld oversees a staff of accountants and financial analysts who perform on-site and desk compliance reviews, provide advice on business matters and develop specialized reporting and analytic approaches to monthly quarterly and annual performance data.
- Project Director, Equity Monitoring Services contract for HUD. American Express TBS monitors partnership issues on behalf of HUD's limited partnership interest in the Multifamily Mortgage Trust 1996-1. Services include providing full limited partnership interest valuation, monitoring of portfolio and asset level issues, and assuring compliance with partnership and asset servicing documents.
- Loan Servicing Director and contract oversight providing services to HUD in creating and implementing the Community Empowerment Fund (CEF Trust). CEF Trust was a financing vehicle sponsored by HUD to work with private sector finance sources for community development lending. Role included creation of loan servicing standards, creation of specialized loan servicing group and full implementation and responsibility for contract performance.
- Project Manager providing on-site annual compliance reviews for 11 loan servicers and 4 trustees serving the FDIC's securitization program. Oversee all staffing, coordination and technical issues for multiple teams providing services on a national basis. The reviews include contract compliance as well as comparison to industry standards.
- Provided on-going consultative expertise regarding the analysis of real estate limited partnerships for the FDIC. Specific areas and duties include financial performance monitoring, valuation of limited partnership certificates as part of overall analysis of partnership exit strategies. Expertise in this area includes real estate finance, valuation and transaction structures.

40-55



- Project Director for due diligence services for HUD loan sales MHLS 2003-1 and MHLS 2004-1 sales. Sales included approximately \$400M of multi-family and health care assets. Responsibilities included overall project oversight, client relations and acted as a resource for technical issues.
- Assistant Project Director for Due Diligence Services for SBA Sale #7. Project staff included 95 individuals on a transaction of approximately 30,000 single family loans. Responsibilities included overall project oversight, client relations and backup resource for technical issues.
- Provided litigation support for the FDIC New York Office as a consultant and expert witness in connection with loan servicer litigation. Mr. Rosenfeld performed primary research and prepared and presented the formal report
- Multiple projects for the RTC including Project Manager, Closing and Post-Closing Services contract to provide settlement services for the Resolution Trust Corporation, National Sales Center, converted the DIV Methodology to a spreadsheet model for use by RTC, coordinated more than 120 portfolio closings for commercial real estate transactions valued in excess of \$12 billion. Other areas of work included providing due diligence services, assisting with asset claims, performing asset valuation reviews and other services..

#### **PROFESSIONAL LICENSES, DESIGNATIONS AND ORGANIZATIONS**

- Certified Public Accountant
- Certified Government Financial Manager

#### **EDUCATION**

- University of Illinois at Chicago, B.S. Accounting with Honors

**PATRICK T. SHARKEY**  
**JACKSON WALKER L.L.P**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

Patrick T. Sharkey is a partner in the Business Transactions section of Jackson Walker L.L.P. Mr. Sharkey has over 28 years of experience as a commercial real estate attorney representing numerous real estate investors, developers, and lenders with respect to commercial lease transactions (office, industrial, and retail), loan documentation (real estate and commercial), loan workouts, asset management, collections, foreclosures, and disposition of REO property. He also maintains an active commercial real estate practice involving real estate sales, purchases, leasing, development, brokerage, foreclosure, and financing (e.g., office buildings, retail centers, warehouse/service centers, restaurants, health care properties, apartment projects, residential communities, and condominium regimes). In addition, Mr. Sharkey's clients include real estate and corporate entrepreneurs, real estate investment trusts, real estate developers, health care institutions, private investors, joint ventures, brokers, and property management companies in connection with various real estate, commercial, and corporate law matters.

Mr. Sharkey is Board Certified in Commercial Real Estate by the Texas Board of Legal Specialization.

**MEMBERSHIPS**

- State Bar of Texas (Real Estate, Probate and Trust Law section)
- American Bar Association (Real Property, Probate and Trust Law). Vice-Chair of the Industrial Leasing Committee and the Ownership and Management Committee of the ABA Real Property Section and 5th Circuit Reporter of its Significant Decisions Committee.
- Houston Bar Association (Real Estate Law Section, President (1988-1989)).
- Commercial Arbitrator for the American Arbitration Association.

**PUBLICATIONS/ SPEAKING ENGAGEMENTS**

- "How Alligators Hidden in Leases Can Eat a Client's Bottom Line - Damage and Destruction Provisions"; "More Alligators Hidden in Leases - Maintenance, Alterations and Compliance With Laws"; "Still More Alligators Hidden in Leases - Operating Expense Increases" published in the March/April 2000 issue of Probate & Property (an American Bar Association Publication).
- "Build Out Issues in Office and Retail Leases" published in the May/June 2000 issue of Probate & Property.
- Various speeches at the Houston Bar Association's Real Estate Law Luncheons; South Texas College of Law's Real Estate Law Institutes; and the ABA Section of Real Property, Probate and Trust Law's Spring CLE and Annual Meetings.
- "Real Estate Law: Mortgages - In Depth" at Southern Methodist University and Real Estate Law Course
- "Negotiating Commercial Leases" at CLE International Seminar.

**AWARDS**

- American Bar Association's Probate & Property 2000 Excellence in Writing Award for Best Overall Article.

- "Texas Super Lawyer" in the November 2003 and October 2004 issues of Texas Monthly magazine.

## EDUCATION

- A.B. degree in Political Science from Columbia University (1973).
- J.D. degree from Case Western Reserve University School of Law (1976).

## REPRESENTATIVE TRANSACTIONS

- Represent client in \$40 million acquisition, development and phased disposition of 3,000 acre parcel of land
- Assist client with acquisition, development and multiple sales of 2 large parcels of land involving approximately 2,700 acres
- Represent health care client in sale of medical office buildings in which client ground leased the land for long term and sold fee simple title to medical office building
- Assist numerous clients, as landlords and tenants, in connection with large office, retail and industrial leases

**DORON M. BAR-LEVAV**  
**HARRIS BEACH LLP**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**EXPERIENCE**

Mr. Bar-Levav is a partner in the New York City office of Harris Beach and a member of the Public Finance Group. For more than 25 years, Mr. Bar-Levav has served as bond counsel and underwriters' counsel in connection with the issuance and refundings of general obligation bonds; revenue bonds for health care, housing, educational facilities, transportation, electric utility and infrastructure; infrastructure, industrial development, municipal water, sewer and solid waste, public power, local furnishing of electricity and gas, university and student loans, transportation and housing; and certificates of participation (for lease-purchase transactions dependent upon annual appropriations). Issuers for whom Mr. Bar-Levav has served as bond counsel or on whose financings he has served as underwriters' counsel include:

- Dormitory Authority of the State of New York; State of New York; New York State Housing Authority; State of New York Mortgage Agency; New York State Medical Care Facilities Finance Agency, the New York State Energy Research and Development Authority, the New York State Urban Development Corporation, the Power Authority of the State of New York, the New York Local Government Assistance Corporation
- Metropolitan Transportation Authority, the Triborough Bridge and Tunnel Authority, the New York State Environmental Facilities Corporation, the Battery Park City Authority, the New York State Thruway Authority, the Port Authority of New York and New Jersey
- City of New York, the New York City Health and Hospitals Corporation
- New York City Housing Development Corporation, the New York City Transit Authority, the New York City Industrial Development Agency
- Nassau County Industrial Development Agency, the Westchester County Industrial Development Agency
- State of Connecticut, the Connecticut Housing Finance Authority, the Connecticut Health and Educational Finance Authority
- City of New Haven, Connecticut.

**EDUCATION**

- JD, University of Texas Law School, where he was a Note and Comment Editor of the Texas International Law Journal
- BA from Reed College

**PROFESSIONAL AFFILIATIONS**

- Member of the New York State Bar since 1980
- Member of the National Association of Bond Lawyers, the New York State Economic Development Council, and The Municipal Forum of New York.
- Lecturer in a Government Finance Officers Association municipal finance bond seminar.

**DOUGLAS X. WOMER JR., CPA**  
**THE PRUITT GROUP / MATRIX DYNAMICS, INC.**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**SUMMARY**

Mr. Womer's background embraces substantial and successful experience in healthcare real estate and financial operations. Selected experience includes strategic planning/development and operational management of hospital operations healthcare facility development and operations. He is involved with Independent Practice Associations (IPA) and Federal/state healthcare programs for the Department of Defense (DoD) and Health and Human Services (HHS) organizations in "for profit", "not for profit" and academic environments including executive management in acute care, multi-specialty group practice, staff model HMO and Long Term Care facilities.

**ACCOMPLISHMENTS**

- Operated USTF facility for Johns Hopkins Health System in Baltimore, MD. Facility use included delivery of healthcare services to DoD (Department of Defense) retirees, active duty and beneficiaries.
- Developed real estate in outlier rural and under-served communities to bring USTF services to local beneficiaries
- Directed the operation and service offerings for DoD beneficiaries at facilities located in the state of Texas for the Sisters of Charity of the Incarnate Word, Houston, Texas
- Directed and conducted market studies to determine viability of land development projects for expansion of services under DoD program guidelines

**EXPERIENCE**

**President, Matrix Dynamics, Inc.**

**February 1998 to Present**

Independent Healthcare consulting practice with a wide range of clients engaged in the development of properties and operations for the delivery of health services. The Practice has been engaged to bring expertise to Clients' hospital operations, physician practice management, pharmacy services companies and Chapter 11 workouts.

**Regional Vice President, Sisters of Charity Health Care System, Houston, TX.**

**May 1994 to January 1998**

Employed by this worldwide health care provider with revenues in excess of \$1 billion. Hired to the position of Corporate Director of Managed Care with a promotion to regional Vice President in June, 1995. Responsible for direction and operation of the Southeast Texas Hospitals (5 facilities) and Physician Hospital Organizations (PHOs), Regional managed care contracting for all facilities and related physician organizations, direction and operation of the Regional Reimbursement Department which had responsibility for all Medicare/Medicaid and contracted revenue, development of an equity based Capitation Management entity as well as development, direction and operation of all Regionally based clinical Ancillary services and Behavioral Health Network. Total operational and financial responsibility for the System's only full risk HMO product, Uniform Services Family Health Plan

(USFHP), with an enrollment in excess of 27,000 members. The USFHP program generates revenues in excess of \$80 million per year. USFHP program profit growth in excess of 20% to the System in each of the three fiscal periods (1995, 96, 97). The program had generated losses in FY '94 of (\$1) million prior to my arrival.

**Corporate Director of Financial Planning, EPIC Healthcare Group, Inc., Dallas, TX  
1993 to May 1994**

EPIC is a \$1.5 billion, forty-three owned/operated hospital and ancillary healthcare provider with operating locations throughout the southern United States. Hired to the position of Corporate Director to provide the organization with expertise in strategic planning, budgeting, financial reporting and operation of integrated delivery systems including operational re-engineering, information systems selection.

- Facilitated the development and implementation of a strategic plan for the integration of EPIC's acute care and Presbyterian Health Systems' acute/tertiary care facilities, all related physician providers and ancillary facilities in the north Texas market. The IDS strategic plan was negotiated through the creation of joint entity executive committees to pursue market strategies in the delivery of care and physician configuration.
- Developed with Presbyterian executive management the strategic plan for administration of this joint effort. The plan included re-engineering business strategies from a single facility focus to a market wide perspective that would serve the best interest of the IDS without limitation to an individual operation's impact. Initial implementation and management of this process included the operation and marketing of this plan for the referral of: (1) all spine related surgical cases to the Medical Arts-Dallas facility and (2) all cardiology referrals to the Presbyterian Heart Institute.

**Johns Hopkins Health System, Baltimore, MD.  
1987 to 1993**

Held positions at Francis Scott Key Medical Center (FSK)--Accounting Manager; Homewood Hospital Center (HHC)--Controller; and Johns Hopkins Medical Services Corporation (MSC)--Chief Financial Officer. Developed strategic plan and implemented operational management for the conversion of the MSC's Department of Defense (DOD) USTF program from an unduplicated user reimbursement to an enrolled, fully capitated/risk bearing product. The plan included changes to delivery of services, physician/administrative staffing and development of a fully integrated information system spanning all JHHS facilities. Integral to this process was the expansion of service delivery points from the urban Wyman clinic location to eighteen state wide primary and multi-specialty care clinics. Implementation of the plan required a process to effect the operational management of down-sizing the Wyman clinic while increasing physician and support staff at existing suburban sites and the ground-up development of two additional sites.

**EDUCATION**

- Masters in Business Administration (Healthcare concentration), University of Baltimore, 1991
- B.A. Business Administration, Gettysburg College, 1978

**CERTIFICATION**

- Certified Public Accountant, Maryland, 1983

**J. CHRISTOPHER NEWMAN**

**THE PRUITT GROUP / METIS ADVISORY GROUP, LTD.**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Lease Management	X	Comprehensive Reuse Plan

**EXPERIENCE**

Chris Newman has over 25 years of experience in healthcare facilities planning and management consulting. At Metis Advisory Group, where he has been a partner for the past twelve years, he has performed facility planning and operational improvement studies for a wide variety of institutions, ranging from academic medical centers to community hospitals and ambulatory care centers. His consulting experience also includes strategic planning, feasibility studies, and market assessments.

Mr. Newman has developed expertise in the planning and management of health systems in Eastern Europe through serving as a special consultant to the United States Agency for International Development and the World Bank for the Ministry of Health in Albania in the planning and implementation of management improvements. Prior to joining Metis, he served as Associate Vice President for Corporate Planning and Market Research at Rush-Presbyterian-St. Luke's Medical Center, where he retains active faculty status as an assistant professor in Rush University's department of health systems management, teaches classes in health facility planning, and serves on the international exchange program committee with Guy's & St. Thomas' Hospital Trust in London. Mr. Newman is active in presenting at national and regional professional conferences and seminars on a wide variety of topics related to facility and program planning.

**RECENT DOMESTIC PROJECTS**

- Children's Memorial Hospital - Chicago, IL: Master Facility Plan Update, Clinic Improvement Study, Ambulatory Services Building Programming, Emergency Department Operations Improvement Study, Surgical Services Improvement Study
- Childrens Los Angeles – Los Angeles, CA: Replacement hospital functional and space programming
- Duke University Medical Center - Durham, NC: Functional and Space Programming and Lease Rates Calculation, Off-site Primary Care Center
- Fantus Health Center (of Cook County Hospital) - Chicago, IL: Operational and Facilities Improvement Study
- Intermountain Health Care – Salt Lake City, UT : Pre-design and Programming (Replacement Tertiary Care Hospital, Retrofit of Two Community Hospitals)
- Memorial Hospital of Southern Oklahoma – Ardmore, OK: Master Facility Plan
- Mercy Hospital and Medical Center – Merced, CA: Utilization Projections, Master Plan Facility Programming
- Mercy Hospital of Pittsburgh – Pittsburgh, PA: Emergency Department Program and Facility Planning
- Mercy Medical Center / St. Elizabeth and Kaukauna Community Hospitals- Oshkosh, Appleton and Kaukauna, WI: Merger Capital Avoidance Analysis
- Methodist Hospital of Memphis - Memphis, TN: Master Facility Plan
- Rush-Presbyterian-St. Luke's Medical Center - Chicago, IL: Ambulatory Care Strategic Plan; Feasibility Study for a cancer center; Program Review of New Hospital Facility (replacement of 222

- beds); Feasibility, Implementation and Development of Off-Campus Primary Care Sites; Market Research (on consumer and physician satisfaction); Five-Year Strategic Plan.
- St. Joseph Medical Center – Stockton, CA: Women’s & Children’s Pavilion Functional & Space Programming
- St. Luke’s / Roosevelt Hospitals – New York, NY: Clinics Improvement Study Research Space Planning
- Trinity Medical Center - Moline and Rock Island, IL: Merger Capital Avoidance Study and Facility Implementation Plan
- University of Illinois - Chicago, IL: Ambulatory Care and Clinic Programming
- University of Medicine and Dentistry Medical Center (UMDNJ) – Newark, NJ: Functional and Space Programming for Doctors’ Office Center II
- Western Reserve Care System - Youngstown, OH: Consolidation Facility Plan and Savings Analysis

**International Projects**

- Alberta Children’s Hospital – Calgary, Alberta Province, Canada: Replacement hospital functional and space programming
- Great Ormond Street Hospital for Sick Children - London, England: Operational Improvement Study
- Hospital Demonstration Project - Durres, Albania: Strategic Planning Process (450-bed regional hospital, under sub-contract with USAID)
- International Hospital – Caracas, Venezuela

**PROFESSIONAL AFFILIATIONS / AWARDS**

- American Association of Healthcare Consultants, Member
- American College of Healthcare Executives, Diplomat
- Chicago Area Healthcare Planning and Marketing Association/1993 Recognition Award
- Chicago Health Executives Forum, Member

**TEACHING**

- Rush University, Assistant Professor, Department of Health Systems Management, 1985 - present

**PUBLICATIONS**

- “Capital Strategies to Support Integration” in Alliances. Strategies for Building Integrated Delivery Systems, Aspen Publications, 1994.

**EDUCATION**

- MBA in Health Administration, University of Chicago, 1980
- BFA, 1966; MFA, 1968, University of Pennsylvania
- BA in History and Literature, cum laude, 1965, Harvard University

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**WILLIAM R. PICARD, AICP**  
**ADVANCED ENVIRONMENTAL SOLUTIONS, INC.**

<b>X</b>	Program Management	<b>X</b>	Transaction Formulation	<b>X</b>	Transaction Execution	<b>X</b>	General Reuse Study
<b>X</b>	Transaction Identification		Opportunity Marketing		Lease Management	<b>X</b>	Comprehensive Reuse Plan

**SUMMARY OF QUALIFICATIONS**

Mr. William R. Picard, a Land Use and Environmental Planner, is President and majority owner of Advanced Environmental Solutions, Inc. (AES). He has over eighteen years of land use and environmental planning experience. Prior to starting AES in October 2001, he served as the Vice President/Chief Operating Officer of another consulting firm, and served as the Firm’s Program Manager for a National Guard Bureau (NGB) Contract to perform site investigation and assessments, remedial engineering and design at contaminated NGB properties throughout the Northeast. Mr. Picard also founded and served as President and CEO of Lightning Environmental Recovery Systems, Inc. Lightning is a P-2 firm that served the needs of over twenty hospitals in developing environmental compliance and waste management and minimization programs for municipal solid waste, hazardous waste and bio-hazardous waste.

As a part of his duties as the Director of Environmental Affairs, he coordinated, on behalf of Fallon Healthcare System, one of the largest Brownfields projects in MA, the Worcester Medical Center. The site encompassed twenty-seven acres in downtown Worcester, and the project was comprised of thirty-seven separate parcels of land with structures built. The \$9.7 million site clean-up budget for the project had a three-year time limit. The project was completed several months ahead of schedule at a total project cost of \$7.2 million. The site currently hosts the Worcester Medical Center, a \$250+ million hospital and medical office building.

- Managed numerous remedial investigations, risk assessments, groundwater remediation projects, feasibility studies, final site assessments, response action outcomes and monitoring well closures for numerous Air National Guard bases and buildings housing hospitals, clinics and physician’s offices.
- Managed environmental audit projects that address the full spectrum of pollutants covering all types of industrial and commercial operations, including healthcare facilities
- Managed a wide variety of large and small projects for diverse Federal, municipal, industrial, commercial and private clients.
- Coordinated one of the largest Brownfield projects in Massachusetts, The Worcester Medical Center
- Served as pollution prevention and environmental compliance resource advisor to the Massachusetts Hospital Association and also an advisor to the Massachusetts Governor’s Mercury Elimination Task Force.

**SELECTED PROFESSIONAL EXPERIENCE**

- Extensive Program Management Experience – Mr. Picard served as the Program Manager of a \$15,000,000 ID/IQ environmental services contract for the National Guard Bureau out of Andrews Air Force Base. Under the ID/IQ contract, investigation and remediation activities were conducted at NGB military installations in CT, NC, MA, TN, RI and NY. The scope of services included conducting Remedial Investigations, Baseline Human Health and Ecological Risk

Assessments, soil and groundwater remediation, Feasibility Studies, MADEP Response Action Outcomes, monitoring well closures and long term monitoring programs.

- Worcester Medical Center, Worcester, MA - During previous employment, Mr. Picard was involved with the Worcester Medical Center in Worcester, MA and served as the owners' representative in collaboration with the MADEP, Worcester Redevelopment Authority (WRA) in the Tier IA site assessment of thirty contiguous sites. These sites were assembled under the eminent domain taking powers of the WRA. This site had historically hosted a major electric sub-station, a tannery, a lubricant processing plant for industrial and motor vehicle lubricants among other industrial uses. The end-user was a 299-bed hospital and a 100,000 square foot medical office building. This project was completed substantially under budget and several months ahead of schedule.
- Environmental Audits and Waste Minimization and Management Programs, Various Massachusetts Hospitals - Mr. Picard developed and managed Pollution Prevention (P2) and environmental compliance programs for municipal solid waste, hazardous waste, bio-hazardous waste and mercury elimination programs at seventeen hospitals in Massachusetts.
- Environmental Compliance and Hazardous Waste Management Training Mr. Picard provided pollution prevention and environmental compliance training programs for hospital Executive staff and operations personnel through the Massachusetts Hospital Association.
- U.S. AID – International Symposium on Health Care Environmental Compliance and Hazardous Waste Management Mr. Picard was selected by the U.S. Agency for International Development to provide a series of environmental symposia in India, where he lectured on U.S. Environmental Policy for healthcare and best management practices hazardous and bio-hazardous waste management.

## EDUCATION

- M.C.P., Environmental Planning, University of Rhode Island, 1986
- B.A., Community Planning, University of Massachusetts – Boston, 1984

**MICHAEL B.J. FOSTER**  
**SULLIVAN CONSULTING GROUP**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Lease Management	X	Comprehensive Reuse Plan

**QUALIFICATIONS**

Dr. Foster has over 19 years of experience in the field of hydrogeology and the management of large environmental investigations. He is an experienced project manager, an expert in achieving CERCLA site closure, assessment of property environmental liabilities and is skilled in the application of new technologies to hydrogeologic investigation and the integration of geology, hydrogeology, hydrochemistry, and geophysics for site characterization. Dr. Foster has conducted hydrogeological investigations in subsurface flow systems dominated by layered aquifers, fractured rock, carbonate karst, and the vadose zone. His hydrogeological experience includes investigations related to hazardous waste, regional water resources, vadose zone hydrology, mining, and geotechnical engineering.

**SELECTED RELEVANT EXPERIENCE**

**Program Manager, San Francisco Bay BRAC Installations.** Dr. Foster currently manages SCG's fixed price direct awards from SWDIV for IR and BRAC support at Mare Island, Point Molate and China Lake. In this role Dr. Foster provides technical direction, quality assurance support, subcontractor management, and routine project management support to the technical teams executing the project work. Dr. Foster is the primary point of contact for SWDIV remedial project managers and contract specialists and all subcontractors.

**Project Manager, Remedial Investigation and Feasibility Studies of Investigation Areas F1 and F2, Mare Island, 2003.** Dr. Foster provides technical direction and overall project management. The project required the preparation of work plans, sampling and analysis plans, quality assurance project plans and health and safety plans for all field work performed as part of the remedial investigations (RI). After completion of all planning documents the SCG team conducted soil, sediment and groundwater sampling at the former ordnance production and manufacturing area of investigation area F1 at Mare Island. All subsurface sampling locations required clearance for concerns related to military munitions and UXO. The potential presence of DNAPLs at the site was investigated using a ribbon sampler. All field work was completed on schedule and the project team is now preparing the RI report. This project also requires the completion of the RI report for Investigation Area F2 including the preparation of responses to agency comments on the draft report prepared by a previous contractor.

**Project Manager, Remedial Investigation, SVE Pilot Study, Removal Actions, IR12, IR23, and IR70 China Lake Naval Air Weapons Station, 2003.** Dr. Foster provides technical direction and overall project management for multiple tasks being conducted at IR12, 23 and 70 at China Lake NAWS. Dr. Foster manages the project teams preparation of sampling and analysis plans, health and safety plans, and work plans for time-critical removal actions and an SVE system pilot study. The work involves the coordination and technical direction of resources for landfill regarding, soil and groundwater sampling, excavation of PCB and pesticide contaminated soil at two sites and the design installation, operation and evaluation of the SVE pilot study and the preparation of a remedial investigation report. The project team includes geologists, hydrogeologists, GIS specialists, engineers, environmental scientists, equipment operators a document manager and subcontractors.

## RESEARCH AND SCHOLASTIC AWARDS

- Geological Society of America, Student Research Grant, 1991
- South African Association for the Advancement of Science, Best Master of Science Dissertation, 1988
- South African Geographical Society, Best Master's Dissertation in the discipline of geography, 1988

## PROFESSIONAL ORGANIZATIONS/ASSOCIATIONS

National Ground Water Association

## PUBLICATIONS

- Piezometer Installation Using a Cone Penetrometer. Groundwater Monitoring and Remediation. Foster, M.B.J, Stefanov, J, Bauder T, Shinn J and Wilson, R, 1995.
- Measurement of Preferential Flow in the Vadose Zone Using a Conical Lysimeter. Ph.D. Dissertation, University of Minnesota, Minneapolis. Foster, M.B.J. 1993.
- The Hydrogeology of the Dolomitic Formations in the Southern and Western Transvaal. In Paloc H., and W. Back (editors-in-chief) Hydrogeology of Selected Karst Regions. International Contributions to Hydrogeology, Vol 13, International Association of Hydrogeologists, Heise, Berlin 355 - 376. Foster, M.B.J. 1992.
- Geological Control of Aquifer Properties of the Chuniespoort Group in the Klip River Valley and Natalspuit Basin, Transvaal. M.S. Dissertation. University of Rhodes, Grahamstown, South Africa. Foster, M.B.J. 1987.

## EMPLOYMENT HISTORY

- Sullivan Consulting Group, 2003 – Present
- Tetra Tech EM Inc., 1997 - 2003
- Environmental Research Division, Argonne National Laboratory, 1993 - 1996
- University of Minnesota, Department of Geology and Geophysics, 1989 - 1993
- Directorate of Geohydrology, Department of Water Affairs, South Africa, 1983 - 1989
- Wimpey Laboratories, United Kingdom, 1982 – 1983.

## EDUCATION/SPECIAL TRAINING

- Ph.D. Geology (hydrogeology focus), 1993, University of Minnesota, Minneapolis
- M.Sc. Geography (geohydrology focus), 1988, Rhodes University, South Africa
- B.Sc. (Honors) 1982, Engineering Geology and Geotechnics, Portsmouth University, England
- Radworker-2 training, Argonne National Laboratory, 1995

## REGISTRATIONS/CERTIFICATIONS

1997, California Registered Geologist (#6653)

**GIL BAKSHI**  
**AMES CORPORATION**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Lease Management	X	Comprehensive Reuse Plan

**PROFESSIONAL BACKGROUND**

Mr. Bakshi is a Project Manager involved in a variety of commercial facility management activities. He coordinates and implements project management initiatives involved with construction, operations, and maintenance interior and exterior facility systems. He is involved with facility inspections for new and existing facilities. His experience covers all aspects of facility maintenance and compliance inspection. He is a seasoned professional with broad property experience.

**ADDITIONAL INFORMATION**

- Supervision and training
- Management and supervision
- Coordination and management of facility maintenance operations, construction projects, and environmental projects
- Construction of Medical Treatment Facility JACHO and Inspection preparation assistance
- Ability to obtain certifications and accreditations from foreign governments
- Outstanding technical skills and exceptional results through superior training
- Demonstrated problem solving skills/trouble shooting
- Developed training course curriculum in health and safety

**SELECTED PROJECTS**

**Facility Maintenance at Occupied Medical Facility; 20<sup>th</sup> Medical Group, Shaw Air Force Base, SC**

- Provided facility maintenance services for preventative maintenance, operations and maintenance, and new work,
- Provided general facility maintenance of interior and exterior systems.

**Facility Maintenance at Occupied Medical Facility; Anderson Air Force Base, Guam**

- Provided facility maintenance services for preventative maintenance, operations and maintenance and new work.
- Provided general facility maintenance services.

**EDUCATION**

- Master of Arts; University of South Florida, College of Education, Tampa, Florida
- Bachelor of Arts; University of South Florida, College of Social and Behavioral Science, Tampa, Florida

**SCOTT A. HONIBERG  
POTOMAC HEALTH ASSOCIATES**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing		Lease Management	Comprehensive Reuse Plan

Scott Honiberg has over 20 years of experience in federal health contracting, working on behalf of both private organizations and federal agencies. Mr. Honiberg specializes in marketing, market research, business development, and proposal preparation for a broad range of health care transactions for federal agencies and private contractors.

**KNOWLEDGE AND SKILL AREAS**

Mr. Honiberg has been extensively involved with VA contract initiatives upon enactment of P.L. 104-262, the Veterans Healthcare Eligibility and Reform Act of 1996, when the VA began a new phase of contracting with the private sector. Mr. Honiberg began working with private providers interested in business opportunities with the VA. Engagements typically included the following:

- concept development and planning;
- business plan development;
- economic feasibility studies;
- extensive stakeholder involvement, primarily on the part of veterans, VSOs, the VA and members of a local congressional delegation;
- development and or refinement of solicitation documents;
- involvement in industry conferences and site visits; and
- marketing opportunities to the private sector.

Mr. Honiberg helped his clients win contracts for Community Based Outpatient Clinics (CBOCs) in the following locations:

- Albany, GA (2)
- Auburn, NY
- Bloomington, IN
- Danville, VA
- Florence, SC
- Grant County, WV
- Jackson, MI
- Oxnard, CA
- Ponca City, OK
- Sonora, CA
- South Bend, IN

Mr. Honiberg also helped three major hospital systems capture backup hospital contracts with local VA Medical Centers in VISN 15. These five-year contracts were awarded to Truman Medical Center in Kansas City, the University of Missouri Health Sciences Center in Columbia, and the Unity Health Network in St. Louis, with a maximum potential value to each contractor of \$50 million. In each case, Mr. Honiberg helped these organizations develop a contracting strategy, prepare their technical and price proposals, and negotiate with VA.

Mr. Honiberg's clients also include several of the nation's largest long term care providers, one of whom was awarded a three-year, \$30 million contract under VA's Regional Community Nursing Home program, while another was awarded a contract to provide Assisted Living services to veterans under a pilot program that was part of the Veterans' Millennium Health Care Act. His understanding of VA health care environment led to several invitations by VA to give presentations to contracting and clinical personnel from VA's Sunshine Network in Florida and Georgia, and he was selected to present

on primary care contracting in the VA at the third annual Federal Healthcare Acquisition Conference in Orlando, Florida, in June of 2000.<sup>1</sup>

Mr. Honiberg was previously affiliated with several prominent consulting and policy research firms. As a consultant at ICF, Inc. (subsequently Lewin\ICF, then Lewin\VHT), he was a member of the original consulting team that conducted policy analyses for the Office of the Assistant Secretary of Defense (Health Affairs) related to the CHAMPUS Reform Initiative (CRI), the Department of Defense' first major at-tempt to restructure its \$1.5 billion health benefit for non-active duty beneficiaries from a fee-for-service model to a triple-option.

Mr. Honiberg left ICF in 1987 to become a Principal at Abt Associates. While there, he created a consulting practice specializing in assisting private organizations interested in federal healthcare contracting initiatives. Extending the work he began at Abt, Mr. Honiberg founded Potomac Health Associates in 1991. The firm specializes in marketing, business development and health care contracting at the federal level. Mr. Honiberg has prepared successful bids, as well as successful bid protests on behalf of clients and has been asked to present healthcare contracting seminars to federal procurement officials. Following publication of an article on healthcare contracting with the military, he was asked to serve as an expert witness in litigation pertaining to government contracting for healthcare services. The firm's client base ranges from health care and insurance companies with no previous federal health care experience, to sophisticated, highly-experienced federal contractors who have been among the DoD's top 100 federal contractors.

Mr. Honiberg has advised clients on a number of new contracting initiatives that have been introduced by the government for the first time. In 1991, one of his clients was awarded the first of the Navy's external Managed Care Obstetrics contracts, the only contract of its kind awarded in the country. In 1995, he helped a client win a new contract to provide IVF laboratory services for the entire military beneficiary population through a program based at Walter Reed Army Medical Center. In 1996, one of his clients was awarded the contract to provide all health care services to inmates at a federal correctional facility under a demonstration contract based on capitation. Also in 1996, another client was awarded the contract to provide cardiothoracic surgery and support services at Bethesda Naval National Medical Center. In 2000, he advised several clients who were bidding on VA's first series of comprehensive, preferred provider contracts.

## EDUCATION

- M.B.A., Health Care Management, 1980, Wharton Graduate School, University of Pennsylvania
- B.A., English, Hobart College

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<sup>1</sup> The presentation may be found at the address of the Department of Defense's Tricare conference web site: [www.tricare.osd.mil/conferences/fedacq/presentations/W504\\_Scott\\_Honiberg.ppt](http://www.tricare.osd.mil/conferences/fedacq/presentations/W504_Scott_Honiberg.ppt)

**KEVIN JAY BACON**  
**SYMPHONY CONSULTING GROUP**

X	Program Management	X	Transaction Formulation		Transaction Execution	X	General Reuse Study
	Transaction Identification	X	Opportunity Marketing		Lease Management	X	Comprehensive Reuse Plan

**PROFESSIONAL PROFILE**

As Chief Executive of Symphony Consulting Group, Mr. Bacon sets the vision for the organization and provides knowledge and insight gained over thirty years in the healthcare industry. He blends his practical, hands-on in public-sector healthcare experience with more than twenty-years working with industry leaders to provide innovative solutions to the Government. Mr. Bacon is a recognized expert and national speaker on various topics including; sales and business development, federal healthcare procurement process, effective communication and marketing, HIPAA, and emerging trends in healthcare technology.

Mr. Bacon enlisted in the United States Air Force in 1976 and was commissioned in the Medical Service Corps in 1981. He filled various management and leadership positions in the US and abroad and won numerous awards and commendations until medically discharged as the result of a sporting accident in 1988. Upon discharge, Mr. Bacon embarked on business career in management, marketing and sales. His affiliations include technology groups in healthcare and Government. He helped build and run one of the most successful business development companies in the public-sector healthcare marketplace. By the mid-1990's, his firm, Integrated Healthcare Services, helped clients win over \$5 billion in Government contracts. IHS customers have won contracts in excess of \$7 billion, and Mr. Bacon continues to have an active roll in this ongoing concern.

Since establishing Symphony Consulting Group, in 2002, Mr. Bacon has dedicated himself to creating a vision and building a team of professionals that can bring world-class products and services to Government customers. Symphony has begun to change the face of DoD and VA collaboration with his introduction of F-STOP (the Federal-Shared Third-party Obligation Program) an example of Government best practice, and brought commercial best practices with its HIPAA consulting work for the United States Air Force.

**REPRESENTATIVE PROJECT EXPERIENCE**

- Assisted clients in winning more than \$7 billion in government contracts
- Led more than one hundred winning Government proposal and business development efforts
- Guided strategic capital and resource planning for numerous Government contractors
- Headed consulting projects involving Medicare, Medicaid, and TRICARE
- Designed DoD's first outsourced third party insurance program
- Published numerous articles on sales strategy and sales management techniques
- Developed a \$25 million commercial healthcare market in twenty-four months
- Built Medicaid delivery network in South Bronx and four counties in Upstate New York
- Facilitated numerous management re-engineering and operational efficiency projects

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## SELECT PUBLICATIONS AND SPEAKING ENGAGEMENTS

- "Medicare Subvention: *Fulfilling the Promise*," NCMA Committee Newsletter, October 1998.
- "Starting a Provider-Sponsored Organization: The Strategic Consideration," Kevin Jay Bacon, *Chief Executive Officer*, August 1998.
- "PSOs: The Tough Reality for Provider-Sponsored Organizations," AAHP Managed Care Institute, San Francisco, June 22, 1999.
- "Winning is the Beginning," a presentation on Government-Wide Acquisition Contracts (GWACs), Federal Healthcare Acquisition Conference, Denver, March 24, 1999.
- "TRICARE in Context," Presented to the Health Care Contracting Committee (HCCC) of the American Bar Association, Washington, DC, October 21, 1998.

## PROFESSIONAL EXPERIENCE

- Chief Executive Officer, Symphony Consulting Group, Herndon, Virginia, 2002-Present
- President (Co-Founder), Integrated Healthcare Services, Inc., Herndon, Virginia, 1993-Present
- Regional Director, CIS Technologies, Inc, Hospital Claims Management & Reimbursement, Fredericksburg, Virginia, 1991-1993
- Regional Manager for Health Programs, Moore Business Forms & Systems, Fairfax, Virginia, 1990-1991
- Account Representative, Data Forms Company, Boston, Massachusetts, 1988-1990
- Business Owner, Trans America Printing, Burlington, Massachusetts, 1987-1988
- Military Officer, United States Air Force, Medical Services Corps, Washington, DC, 1976-1987

## EDUCATION

- Master of Science in Business Administration, Troy State University
- Bachelor of Science in Business Administration, University of Maryland

### 2.3. Factor 3: Past Performance

This section presents our past performance for projects with comparable scope to those identified in the RFP. Each project is performed within the past three years. Since our team consists of firms with long-term relationships with the Federal government and the medical community, we have numerous projects that are consistent with the full range of services and transactional support anticipated in the RFP. Members of our team serve or served as Financial Advisors to government programs and initiatives as well as private-sector entities with similar challenges as those faced by VA. The projects will demonstrate the following key program-wide differentiating factors found within our team's expertise:

**Program Advisors**—Members of the PGEUL team have served as senior program advisors to a number of key federal agencies as they sought ways to redeploy underperforming assets by establishing creative partnerships with the private sector. The PGEUL team's past performance includes previous work serving as Program Advisors to VA on several EUL-related projects.

**Pilot Programs**—Members of the PGEUL team have extensive experience with important pilot programs, frequently designed with goals of eventual replication on a national basis. Such pilot programs are often high-visibility projects that are carefully scrutinized at the highest levels of government. This requires a level of experience and sophistication that permits the team to operate comfortably, yet confidently under such close scrutiny. The PGEUL team's past performance includes examples of several key, high-profile pilot programs, including the Defense Department's housing privatization initiative to create innovative public-private partnerships to develop housing on military bases.

**Long Term Relationships**—The PGEUL team values long term relationships with our clients as they reflect our ongoing ability to solve problems and the continued confidence in the team's performance. Past performance credentials presented here include examples of these long term client relationships serve as a model of what we hope to establish with VA under the EUL contract.

**Management of Multi-disciplinary Teams of Professionals**—This EUL consulting contract will require coordinated efforts by teams of highly specialized, highly qualified experts in a variety of legal, financial, real estate, and health-related disciplines. Successful completion of projects in such an environment requires seasoned managers who understand how to assemble, direct, motivate and direct the efforts of a team comprised of talented individuals from different organizations. References for the PGEUL team have been selected, in part, to demonstrate the team's success working in these kinds of complex environments in the past. This experience will provide VA with additional confidence in the team's ability to successfully manage the kind of complex engagements likely to arise under the EUL contract.

We selected 13 projects to highlight which are indicative of the services that we have provided for similar programs and projects. The projects include both generalized and specialized capability, knowledge and skills in the performance of the work. In most of the projects, the members of our team were the ones responsible for the integration of the team, client satisfaction and project performance. The members of our team managed the workflow and developed strategy, reports and findings.

**References**

Listed references will speak to Pruitt Group EUL member performance on specific projects of similar scope and complexity as the services required under this RFP.

<b>Name</b>	Nicol Huff
<b>Title</b>	Montgomery County Hospital District (Former) Vice-Chairman MCHD Board
<b>Address</b>	
<b>Email Address</b>	
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Michael Pruitt, Pruitt Group Inc.</li> </ul>
<b>Project description</b>	Strategic Positioning of the Montgomery County Hospital District

<b>Name</b>	Robert L. Smith
<b>Title</b>	Paracelsus Healthcare Corp./Clarent Hospital Corp. (Former) President & Chief Executive Officer
<b>Address</b>	
<b>Email Address</b>	@tenethealth.com
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Michael Pruitt, Pruitt Group Inc.</li> </ul>
<b>Project description</b>	Strategy and Development for 10 Hospital For-Profit System

<b>Name</b>	Dan Wolterman
<b>Title</b>	Sisters of Charity Health Care System (Former) Senior Vice President and Chief Operating Officer
<b>Telephone Number</b>	
<b>Email Address</b>	@mhhs.org
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Michael Pruitt, Pruitt Group Inc.</li> </ul>
<b>Project description</b>	Strategy and Development for multi-state, multi-hospital Not-for-Profit System

<b>Name</b>	Larry Hagan
<b>Title</b>	U.S. Department of Defense, Air Force Center for Environmental Excellence
<b>Address</b>	Contracting Officer HQ-AFCEE 3300 Sidney Brooks Brooks City - Base TX
<b>Telephone Number</b>	
<b>Pruitt Group EUL team member</b>	<ul style="list-style-type: none"> <li>• Roger Kormendi , Kormendi \ Gardner Partners</li> </ul>

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<b>Project description</b>	<ul style="list-style-type: none"> <li>• Cyrus Gardner, Kormendi \ Gardner Partners</li> <li>• Libby Kavoulakis, The Metis Group LLC</li> <li>• Tom Rosenfeld, American Express</li> </ul>
	Bond Financing Review for Privatized Military Family Housing

<b>Name</b>	Nancy Rhearne
<b>Title</b>	Defense Reutilization and Marketing Service (DRMS), Performance-Based Contracting
<b>Address</b>	74 N. Washington Ave. Battle Creek, MI 49017
<b>Telephone Number</b>	[REDACTED]
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Roger Kormendi , Kormendi \ Gardner Partners</li> <li>• Cyrus Gardner, Kormendi \ Gardner Partners</li> </ul>
<b>Project description</b>	Program Financial Advisor (PFA) – Venture Transactions

<b>Name</b>	Steven Moore
<b>Title</b>	U.S. Department of Agriculture, Forest Service
<b>Address</b>	Administrative Officer White River National Forest 900 Grand Avenue Glenwood Springs, CO 81601
<b>Telephone Number</b>	[REDACTED]
<b>Pruitt Group EUL team member</b>	<ul style="list-style-type: none"> <li>• Roger Kormendi , Kormendi \ Gardner Partners</li> <li>• Libby Kavoulakis, The Metis Group LLC</li> </ul>
<b>Project description</b>	Program Financial Advisor (PFA) – White River National Forest

<b>Name</b>	Nathan Francis
<b>Title</b>	District of Columbia
<b>Telephone Number</b>	Assistant to the Deputy Mayor of Operations
<b>Email Address</b>	[REDACTED]@dc.gov
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Libby Kavoulakis, The Metis Group</li> </ul>
<b>Project description</b>	Lease Review and Analysis

<b>Name</b>	Jack Adler
<b>Title</b>	Love Funding
<b>Telephone Number</b>	Underwriter
<b>Email Address</b>	[REDACTED]

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<b>Pruitt Group EUL team members Project description</b>	• Libby Kavoulakis, The Metis Group
	Valuation of VA Medical Centers

<b>Name</b>	Leanne Tobias
	Mortgage Bankers Association
<b>Title</b>	Director, Commercial Real Estate Finance
<b>Telephone Number</b>	[REDACTED]
<b>Email Address</b>	[REDACTED]@mortgagebankers.org
<b>Pruitt Group EUL team members Project description</b>	• Libby Kavoulakis, The Metis Group
	Due Diligence/Transaction Advisory, NESCO

<b>Name</b>	David Farrar
	Brand Farrar & Bauxbaum, LLP
<b>Title</b>	Partner
<b>Telephone Number</b>	[REDACTED]
<b>Email Address</b>	[REDACTED]
<b>Pruitt Group EUL team members Project description</b>	• Libby Kavoulakis, The Metis Group
	Enhanced-Use Leasing Opportunity Assesment, Department of Veterans Affairs

<b>Name</b>	Ed Bradley
	Department of Veterans Affairs
	Office of Asset Enterprise Management
<b>Title</b>	
<b>Telephone Number</b>	[REDACTED]
<b>Email Address</b>	[REDACTED]@mail.va.gov
<b>Pruitt Group EUL team members Project description</b>	• Tom Rosenfeld, American Express NREG
	Enhanced-Use Lease Consulting- VISN 4

<b>Name</b>	Myrna Gordon
<b>Title</b>	
<b>Telephone Number</b>	[REDACTED]
<b>Email Address</b>	[REDACTED]@hud.gov
<b>Pruitt Group EUL team members Project description</b>	• Tom Rosenfeld, American Express NREG
	Valuation of VA Medical Centers

<b>Name</b>	Richard Larson
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<b>Title</b>	CARES Commission Department of Veterans Affairs
	Executive Director, Currently Special Assistant to the Secretary
<b>Telephone Number</b>	[REDACTED]
<b>Email Address</b>	
<b>Pruitt Group EUL team members</b>	<ul style="list-style-type: none"> <li>• Kevin Jay Bacon, Symphony Consulting Group</li> </ul>
<b>Project description</b>	Capital Asset Realignment for Enhanced Services (CARES) Commission Support

**Projects**

We routinely work with government and private sector entities in environments comparable to that affecting VA. We work on inter-disciplinary teams, delivering on time-sensitive projects under intense public scrutiny. With this background, our team is experienced with and knowledgeable about the issues affecting VA. The projects described on following pages encompass many of the same issues as those faced by VA:

- Aging and deteriorating infrastructure with inadequate operations & maintenance and capital expense funds
- Changing demographics of constituency, affecting a change in the types of facilities and services required to provide constituent service
- Surplus properties and duplicative properties serving the same market area
- Public and constituent pushback on any changes to operations and service-delivery

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PROJECT NAME	CLIENT/AGENCY	FIRM	OBJECTIVES																	
			Program Management	Transaction Identification	Transaction Formulation	Opportunity Marketing	Transaction Execution	Lease Management	General Reuse Study	Comprehensive Reuse Plans										
Strategic Positioning	Montgomery County Hospital District	Pruitt Group, Inc.	x	x	x		x				x									
Strategy and Development for 10 Hospital System	Paracelsus Healthcare Corp./Clarent Hospital Corp.	Pruitt Group, Inc.	x	x	x		x		x											
Strategic Development Multi-State System	Sisters of Charity Healthcare System	Pruitt Group, Inc.	x	x	x		x		x											
EUL Privatization - Air Force Military Family Housing Program Financial Advisor	U.S. Air Force / AFCEE	Komendi \ Gardner Partners	x	x	x		x		x											
Program Financial Advisor	Defense Reutilization and Marketing Service (DRMS)	Komendi \ Gardner Partners	x	x	x		x		x											
Lease Review and Analysis	U.S. Department of Agriculture, Forest Service, White River National Forest	Komendi \ Gardner Partners	x	x	x		x		x											
Valuation of VA Medical Centers	Government of the District of Columbia	The Metis Group	x	x	x		x		x											
Due Diligence / Transaction Advisor	Department of Veterans Affairs	The Metis Group	x	x	x		x		x											
EUL Assessment - Sepulveda	National Eldercare Services Company (NESCO)	The Metis Group	x	x	x		x		x											
EUL Consulting - VISON 4	Department of Veterans Affairs	American Express	x	x	x		x		x											
Transaction Compliance	U.S. Department of Housing and Urban Development	American Express	x	x	x		x		x											
CARES Commission Support	Department of Veterans Affairs	Symphony	x	x	x		x		x											

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**Summary Description**

The Pruitt Group was engaged by the Montgomery County Hospital District to assess the Hospital District's strategic position in the Montgomery County hospital market. Rapid population growth in this suburban Houston county made it extremely attractive for new healthcare development. The Hospital District wanted to ascertain the role that it should play to protect the medical and health care interests of the growing county population, especially the underserved and uninsured elements of the community.

**Relevant Functional Sills Used**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post-Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

Montgomery County, Texas was experiencing the highest growth of any of the greater metropolitan Houston suburban areas, and was one of the fastest growing counties in America. The Montgomery Hospital District's statutory mandate requires it to create revenue through operations or through its taxing authority in order to:

- reimburse hospitals under contract to provide hospital services for its beneficiaries, essentially un-insured individuals who meet income guidelines;
- reimburse primary care and specialty physicians for services rendered to its beneficiaries; and
- maintain and operate all emergency medical services for residents of the county.

Although the two hospitals in the county and other Houston area hospitals had expressed plans to increase bed size and develop satellite hospitals respectively, the Hospital District's elected Board of Directors was concerned that, a) projected private sector hospital development plans would not materialize, or b) the number of new hospital beds that would be added to the hospital bed inventory would not be sufficient to accommodate the demand arising from the county's rapidly growing population.

The Board was confronted with the possibility that demand for hospital services would exceed capacity and that it would not be able to provide a safety net for county residents without a hospital owned and operated by the Hospital District. Further, since its sale several years earlier of the county hospital to a major national for-profit hospital chain which operated one of the two existing hospitals in the county, the Hospital District's only sources of revenue were its taxing authority and the miniscule margins derived from its provision of emergency medical services. The Hospital District board desired to evaluate options that would allow it to generate operationally related revenue streams in an effort to reduce or eliminate the tax burden on the citizens of Montgomery County.

**Action Steps**

- Established and led a team that included experts in healthcare, community and facility planning, financial analysis of capital development plans, and hospital design specialists to conduct this engagement.



- Assessed population growth and changing demographics in the Montgomery County market. Analysis demonstrated that the population grew 61% from 1990 to 2000 and was projected to grow another 58% from 2000 through 2010.
- Conducted interviews with existing hospital systems, physician groups, and community stakeholders regarding their interest in participating in the development or joint venturing of any provider based activities that might arise from the processes contemplated in the engagement.
- Using local, state, regional and national sources, analyzed data from hospital annual reports of services to assess and quantify utilization of the services provided by market area hospitals and to establish trends in utilization.
- Identified hospital utilization by the market's population using database analysis techniques to establish the number and types of discharges, inpatient days used by the market area population, and the market share maintained by hospitals operating in the county and other hospitals in the region that siphoned some share.
- Evaluated the Hospital District's emergency medical services, its transport patterns and use of county and area emergency departments and the number of hospital admissions resulting from emergency transport.
- Synthesized all data to confirm most appropriate number of hospital beds by service mix, and ambulatory care capability. Created a model that forecasted the current and future demand for hospital beds, inpatient service lines, and ambulatory care services for the market area.
- Created three hospital conceptual options with bed complements ranging from 100 to 58 beds and associated campus elements that included physician office buildings and various ambulatory care complexes. The models were also subjected to capital requirements analysis which determined capital costs ranging from nearly \$100 million for the 100 bed option including the integrated components, to approximately \$50 million for the 58 bed model including the integrated components.
- Created a pro forma financial model that forecasted operating results sensitized to changes in reimbursement, service mix, and market share. Based upon a reliance on the most likely operating scenario, recommended to the District Board the 58 bed model with expansion capacity.
- Established and led user groups composed of architects, engineers, community and healthcare planning specialists, district executives, board members, physicians, nurses and other allied health practitioners, and administrators to work through a capital budget-limited clinical programming and design process. Collaborative effort resulted in a patient and practitioner friendly approach to community based healthcare design. Design contemplated a comprehensive community care complex that included a hospital with medical, surgical, laboratory and radiology and emergency services, and included ambulatory services and integrated physician office spaces and capacity to expand beds if and when the demand dictated such expansion.
- Crafted preliminary plan for the District Board to issue revenue bonds collateralized by its taxing authority. In order to reduce the initial capital requirements that the Board would have to absorb and amortize through operations, separated the acute inpatient care facility and equipment components from the physician and ambulatory care facility components. Quantified the capital requirements for the hospital at approximately \$37 million. Created "off balance sheet" financing mechanism designed to defray the additional \$8 million in capital costs related to ambulatory care and physician office space development. Created opportunity for private sector real estate developers to participate in this portion of the campus development.
- Based upon a shift in the political winds in the county, recommended and the Board accepted a contingency plan for the Hospital District that would be put into effect if the development

plans of the two private sector hospitals in the county and other regional hospitals did not materialize.

- Delivered presentations of findings, updates, and recommendations (in PowerPoint format) to the Montgomery County Hospital District Board in a public meeting/town hall format. Led and facilitated Hospital District Board planning and review sessions.

## Results

The Pruitt Group presented its final findings and recommendations at a Montgomery County Hospital District public meeting. The District Board accepted The Pruitt Group's comprehensive report, its recommendations, and its initial design work product. Currently, the Hospital District is maintaining surveillance of the new hospital facilities under development in Montgomery County, and is positioned to deploy its facility and campus development plans if the private sector operators' plans do not materialize.

**Summary Description**

The Pruitt Group and specifically Michael Pruitt were engaged by the client to lead strategy and development activities for a 10 hospital system undergoing Chapter 11 reorganization. Pruitt functioned as de facto Chief Administrative Officer reporting to the Chief Executive Officer on a variety of strategic development and corporate reorganization issues for \$800 million net revenue system with hospitals located in CA, VA, TN, TX, FL, GA, and ND. The following chart reflects activities performed on behalf of Pruitt's client which are analogous to the activities contemplated in the VA CARES Enhanced-Use Lease project.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

Robert Smith was recruited to become CEO of Paracelsus/Clarent after a period of dismal financial performance. Soon after his appointment the board decided to reorganize the company's debt through Chapter 11 bankruptcy proceedings. Prior to Smith's arrival, the corporation experienced severely declining operating performance, created largely by inefficient senior management that did not enforce adequate control over its corporate infrastructure or its hospital operations, and that lacked strategic focus regarding its core business elements. Former senior management projected faulty operating results based on flawed assumptions leading to the accumulation of a debt burden that operating revenues could not amortize. Smith engaged Pruitt to provide interim leadership for the System as it grappled with the challenge of regaining operational control. Pruitt's primary duties were to create strategies, develop and enforce core business literacy in the pursuit of those strategies, and execute strategic initiatives designed to restore the System to profitability as an operating entity, or to make it an attractive acquisition target for potential purchasers. Pruitt interacted with senior corporate management on a daily basis, with corporate board members as needed, with subordinate hospital CEO's, physicians and staff weekly. Pruitt worked with senior management to identify priority issues. He formed and led corporate and facility based impact teams focused on the wide variety of problems and issues so identified, and led the execution of the initiatives designed to resolve those matters.

**Action Steps**

The assessments conducted reflected a number of high priority problems and issues, several of which are discussed herein:

- Issue: System had lost its core business focus.

Solution: Led strategic planning process that incorporated all senior corporate staff and subordinate hospital-based executives into a period of reflection and re-evaluation designed to articulate the fundamental values and constituent needs that drive the business of the System. Process revealed a need to return to core competencies – running high quality, cost

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efficient, community need focused hospitals and ambulatory care centers. Process focused corporate officers and subordinate hospital executives on the need to eliminate activities that would distract from such a core business focus, and the need to pursue service and facility related development activities through the application of a disciplined business literacy approach. Operating performance and cash flow began to improve steadily thereafter.

- Issue: Client had an extremely top heavy central office creating out-of-control corporate overhead costs. The corporate staff was far too large. The large staff created a concomitantly excessive need for class A corporate headquarters office space.

Solution: Evaluations of the corporate staff from a functional perspective led to a reduction in force of redundant and very expensive human resources. The reduction in force lessened significantly the need for high cost, class A office space. Renegotiated and reformatted all leases, at corporate and subordinate entities, resulting in 75% reduction in space and related costs. Total corporate overhead reduced from \$30 million per year to \$8 million per year. Out of that total, lease cost reduction amounted to savings of \$3 million per year.

- Issue: System owned and controlled over \$250 million in medical office real estate. These properties were used primarily to house physician members of subordinate hospitals' medical staffs and in some cases outpatient or administrative elements of the hospitals. Led corporate strategic refocusing effort that dictated in part that owning and operating physician office buildings was not a core business pursuit. Further, the capital tied up in such real estate could be accessed and deployed elsewhere in the System to meet strategic capital needs that reflected the renewed core business focus on inpatient and ambulatory care programs and services.

Solution: Led team that evaluated capabilities of various national medical real estate developers. Led the process to roll out real estate holdings in an off-balance-sheet model that provided the selected private developer the opportunity to acquire medical real estate with positive cash flow streams, without exposing the System to significant master lease financial pressure. The major benefit of monetizing the medical office building portfolio was an infusion of capital dollars into the System's coffers for deployment into core business activities, and long term debt reduction. A secondary benefit was to relieve hospital executives of the burden of management of these real property holdings, thereby giving them more time to focus on their core business - running high quality, cost efficient, hospitals and ambulatory care centers oriented toward demonstrated community need.

- Issue: The System-owned hospital in Richmond, VA was located in an area of urban decay. Conducted an analysis of the facility and determined that it could not be operated efficiently. Decision was made to sell the hospital. Led efforts to sell as a going concern but was rebuffed by a variety of potential acquirers, local, regional and national alike. Given mounting operating losses expected to be in the range of \$2 million per year, the decision was made to close the facility. Managed a complex hospital closure process, complicated by a plethora of local, state, and federal regulatory and public notice requirements, as well as federal litigation by an urban community group seeking to keep the hospital open despite its growing losses. Closing and maintaining the shuttered hospital was projected to cost the System \$400 thousand per year. The System would have to bear that annual cost indefinitely until an unlikely purchaser appeared or until they demolished the building and absorbed exorbitant demolition and abatement costs.

Solution: Researched community needs and determined that nearby Virginia Commonwealth University was experiencing growing enrollment against a static student housing supply.

VCU, as a state university, was involved in a long and grueling budget and appropriations process designed to access capital to build needed dormitory space. Initiated discussions with VCU administration which ultimately led the University to acquire the closed hospital. VCU, with Pruitt's help and analysis, determined that the costs to them to acquire and retrofit the hospital would be significantly less than the capital costs they would absorb by acquiring land and building a de novo dormitory project. On the other side, System client realized a \$6.8 million sale on a derelict building that they were going to have to maintain indefinitely at a cost of \$400 thousand per year. Led the entire divestiture/sale process creating an alternative use "win-win" scenario for the State of VA, for VCU, for the Richmond community, and for my client.

- Issue: Chapter 11 reorganization process led to change in the corporate board membership. New members represented major bondholders, who decided it was in their best interests to liquidate their holdings. As a consequence, board instituted divestiture action and brought in Merrill Lynch to sell the System's holdings.

Solution: Established and managed internal corporate and facility-based teams that interacted with investment bankers, potential acquirers and other interested parties regarding due diligence processes, contractual and legal matters, and regulatory and public relations issues. Maintained core business focus while lengthy divestiture process took its course, in order to preserve and maximize the value of the hospital assets to be sold.

## **Results**

Despite a return to operating profitability and the opportunity to restructure its long term debt in a manageable manner, the Board decided to divest all holdings. Shareholder value was maximized in the sale price.

**Strategic Development for \$2 billion (growing to \$3 billion post merger) net revenue, multi-state, multi-hospital Not-for-Profit System**  
**Sisters of Charity Healthcare System/CHRISTUS Health** 1996 to 2001

**Summary Description**

Michael Pruitt worked with the Sisters of Charity Healthcare System to lead its system-wide strategy and development function. He reported to the system Chief Operating Officer. Pruitt led teams that developed and applied SCH's core business literacy model. This approach to strategic development required the application of a rigorous, analytical, market-based, decision support process to any initiative contemplated or undertaken, in the broader context of utilizing and applying shared "learnings" from across the system and the industry at large. He conceptualized, planned, developed, and executed the system's growth and market-based strategic positioning activities through mergers, acquisitions, divestitures, and new venture development. In addition to his expertise in strategic development and operations, Pruitt as an attorney experienced in complex healthcare transactions, assumed the dual role as Counsel responsible for creating the legal structure and documentation of the system's development activities.

**Relevant Functional Skills Used:**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problems:**

Michael Pruitt was recruited to become SCH's executive in charge of strategic development because of his unique background, education, and experience in healthcare operations, strategic planning and business development, and healthcare-related transactional law. SCH functioned within a decentralized approach to market-based strategy and business development. While this afforded maximum flexibility to local hospital operators, it resulted in shared learning deficits and diminished economies of scale across the system, caused a loss of standardization and created control and accountability issues. Further, the heavy regulatory burden placed upon healthcare organizations with respect to formation of business combinations led to an environment where local executives, unfamiliar with the complex legal requirements imposed upon healthcare providers, attempted development activities that could not pass regulatory and legal muster. For instance, the application of antitrust principles, fraud and abuse and anti kickback laws, False Claims Act, Stark laws prohibiting physician self referral, etc., all bore down heavily on any initiative pursued, yet most administrators were ill equipped to deal with these pressures. Significant time, energy, effort and local resources were being poured into projects that were not evaluated properly from a disciplined strategic, legal, and regulatory perspective applied early in the development process. Expectations surfaced that could not be realized because of legal or regulatory impediments unearthed after the fact. In particular, physician expectations and confidence was shaken in the face of numerous "false starts".

## Action Steps:

A representative sample of Pruitt's activities on behalf of SCH follow.

- Issue: SCH needed to articulate a core-business literacy process to be applied to strategic development activities system-wide.

Solution: Pruitt led teams that created, established, communicated, and implemented a rigorous analytical methodology that considered multiple variants, and applied sensitivity based decision support tools to any strategic initiative contemplated, whether at the system or the operating entity level. This was tempered by an overarching subjective philosophy that espoused commitment to service, and particularly, to activities inherent in the mission of Catholic healthcare organizations.

- Issue: The Houston SMSA was experiencing dramatic growth and shifts in population bases. Many not for profit, for profit, independent and governmental, healthcare providers existed in the market. With the rapid population growth into new areas, gaps in the delivery continuum began to appear and access to care became an issue for many consumers of healthcare services. Further, SCH's hospitals were located in market segments that were either decaying or were tightly managed from a reimbursement standpoint. The combination of these dynamics forced net operating revenues down significantly. SCH needed to evaluate its strategic position in the greater Houston area, and determine how to boost operating revenues in order to preserve its mission presence in the market place.

Solution: Pruitt took on the monumental task of evaluating the competitive and service delivery dynamics affecting the 4<sup>th</sup> largest healthcare market place in the United States. Using population based analysis adjusted for age, sex, ethnicity and a variety of other factors, Pruitt formed and led multi-disciplinary teams composed of planners, clinicians, operations executives, finance experts and many others to establish a segmental map of the current and projected Houston healthcare market. By overlaying existing healthcare service providers to each segment, he was able to identify gaps in the service delivery continuum. Once identified, the teams applied objective analytical methods to derive a needs assessment and forecast the demand for services on a market segment by segment basis. This effort demonstrated to the SCH governing board the opportunity for new service line and institutional development, and opportunities to engage in Catholic healthcare mission related activities in the growing and changing communities located in the greater Houston area. Just as important, these growth and mission opportunities represented operating revenue stream expansion potential for a faith based system which had to operate with a positive margin in order to preserve its mission related commitments.

- Issue: In Houston, gaps in the delivery continuum and areas of potential growth were identified. How does the system get from recognizing demonstrated community needs, to providing for those needs?

Solutions: Pruitt took the next step on behalf of SCH and identified the market segments that had high priority development profiles:

Pruitt identified three of the fastest growing suburban communities in the area where access to care was an issue for healthcare consumers. He quantified the demand, articulated a plan

and commenced development initiatives to meet the demonstrated community need. In all three cases, the forecasts reflected the need for community based campuses that provided convenient access to inpatient care delivering a variety of services including medicine, surgery, labor and delivery, comprehensive ambulatory care including a full array of diagnostic and therapeutic capability including lab, imaging, and outpatient surgery, located on a campus with integrated and readily accessible physician offices.

Pruitt located, negotiated all sale agreements and purchased on behalf of SCH several strategically located real estate parcels in the aggregate amount of \$35 million. He created and led multi disciplinary development teams tasked to clinically program, and work with architects, engineers, contractors and especially, users to design an innovative, adaptable, expandable community based campus model. Pruitt led three similar facility based development projects simultaneously, but prioritized construction activities in a sequential development process.

The first facility to be taken from concept to programming to design to construction was St. Catherine Medical Center in Katy, TX. This project included an expandable 70 bed hospital with comprehensive medical/surgical capability, dedicated labor and delivery, and emergency services, co-located with a comprehensive community based ambulatory care center and physician office complex.

Pruitt created an off balance sheet financing plan to spin out the integrated physician office components and build a second medical office building post opening, and selected the private medical real estate developer to complete the project.

Pruitt led all development activities, some transitional management activities, and legal, transactional, and regulatory matters associated with opening the hospital. Total hospital development costs were \$75 million, with an additional \$25 million in off balance sheet capital asset development. St. Catherine Medical Center won *Modern Healthcare's* prestigious hospital design award.

Right after construction on St. Catherine started, SCH began merger talks with another Catholic healthcare system. The SCH board decided to table the other two hospital projects until the merger was complete. Following the merger, the new entity decided it needed time to "get its arms around the new system" from an operational perspective and tabled indefinitely the other two Houston projects.

Pruitt identified a variety of development opportunities related to ambulatory care and physician activities.

Pruitt developed an ambulatory surgery center with a wraparound physician office building on the St. John Hospital campus. He created an off balance sheet financing mechanism to fund this project, and evaluated and selected a medical real estate development firm to partner on the project. He crafted and documented a syndication model and joint venture partnership between the hospital and the participating physicians who would use the surgicenter and occupy the medical office building, creating legally appropriate revenue stream access for the physicians and augmented outpatient surgery revenue streams for the hospital. Total project cost: \$30 million, but no capital expenditure exposure to the system and the hospital since the project was completed off balance sheet. (This is one example of several similar projects completed on behalf of SCH by Pruitt during his tenure with the system.)

- Issue: SCH served several communities where competitive dynamics created an escalating war of redundant strategic capital expenditures. For instance, one system would build an imaging center or surgicenter and the other would respond in kind as a defense mechanism.



One system would plan to build a suburban hospital and the other would mirror the plan. The challenge that surfaced was how to get intense competitors to see the benefit of partnering or joint venturing in order to drive costs out of the delivery system and improve access to and quality of care. To further complicate matters, in many cases especially in communities dominated by two providers, significant legal and regulatory hurdles were present that required Pruitt to develop creative partnering models that achieved sufficient integration and risk sharing in order to overcome antitrust obstacles.

Solution: Pruitt looked at a variety of markets where the system was enmeshed in this scenario and identified, to system constituents and competitors alike, partnering opportunities. Pruitt worked shoulder to shoulder with the system Chief Operating Officer and Chief Financial Officer to negotiate durable collaborative ventures between institutions in highly charged, competitive markets. In these instances, Pruitt established and led transaction teams that developed creative integrated models, such as virtual merger dual member holding companies that achieved integration sufficient to overcome potential antitrust obstacles. He developed the action plans, structural models, and led the legal documentation and due diligence processes in support of these initiatives. These business combinations were designed to achieve economies of scale and reduce strategic capital costs and operating costs through integration of infrastructure elements and operating elements. This integration was designed to improve quality of care, reduce costs and improve access for consumers, in an approach that allowed the system to articulate clearly its mission. Pruitt's efforts in this regard in one case involved the planned integration of widely dispersed healthcare assets generating over \$1.5 billion in net revenue per year. In another case in a two hospital market, the operating assets contemplated in the transaction generated over \$800 million in net revenue. (Pruitt cannot reveal the specific identities or markets due to constraints imposed by Confidentiality Agreements still in effect.)

**Privatization Support Contractor and Financial Advisor** 2000 to Present  
**Enhanced-Use Leasing Privatization of Military Family Housing at Kirtland Air Force Base, F. E. Warren Air Force Base, Fairchild Air Force Base, Maxwell Air Force Base, McChord Air Force Base, and Tyndall Air Force Base**

**Summary Description**

Kormendi \ Gardner Partners (along with The Metis Group as principle subcontractor and American Express) has an ongoing enhanced-use leasing financial advisory engagement for the U.S. Air Force. KGP was originally selected as Financial Advisor for the original pilot project of the Air Force enhanced-use leasing privatization program of military family housing and has since been assigned projects at several follow-on bases. KGP as prime contractor (jointed by American Express and The Metis Group as subcontractors) has been responsible for all aspects of the projects including concept identification and design, financial and market analysis, lease formulation, cost, internal and OMB approvals, budgetary and scoring analysis, marketing to private sector developers, capital market development, due diligence, document design, evaluation of developer proposals, and management of planning, engineering, accounting and legal subcontractors.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing		Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

The Air Force was required to initiate a comprehensive military family housing privatizing program for all its military bases. It desired to use leasing structures that are equivalent to VA's enhanced-use leasing program. Air Force wanted to structure an innovative program that was more efficient and effective than the parallel programs of other services with respect to both higher quality of resulting product and reduced time from execution.

**Action Steps**

- KGP, as the PSC, facilitated the successful closing of the housing privatization transaction at Kirtland Air Force Base. In that process, KGP was responsible for all financial and real estate advisory tasks associated with privatization of the family housing at Kirtland AFB, including preparation of the RFP; review and revision of Project Information Package and all transactional documents; design and implementation of market research and marketing program to prospective offerors; comprehensive legal, technical and financial review and revision of all project documents; planning and organization of Industry Forum; compilation of technical documents and due diligence data for prospective offerors; review and revision of source selection plan; issuance of RFP; support to AFCEE for evaluation of offeror proposals; presentation of proposal evaluations and recommendations; assistance in transaction closing; post-closing support for transition, compliance monitoring, portfolio management, construction surveillance and loan servicing as required by AFCEE.
- As evidence of (i) the importance and informative value of the Kirtland transaction discussed above, and (ii) KGP's substantive contribution as PSC to the successful closing of the

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transaction, KGP prepared a definitive case study of the transaction for AFCEE to be used as a training and education tool for process stakeholders.

- KGP prepared a presentation and related materials to provide an overview of bond markets, bond financing and the role of bond financing in Air Force housing privatizations. These materials will be used as a training and education tool for other process stakeholders.

## **Results**

KGP successfully structured the pilot project and closed the transaction in a shorter time frame than previous transaction attempts, with complete customer satisfaction and a high quality housing product obtained. In its part of the transaction, KGP achieved the first ever budget scoring saving of tens of millions of dollars related to the back-end cash flows returned to the government under the lease structure developed by KGP. KGP's templates developed in the Kirtland transaction became the basis for the Air Force privatization program.

**Summary Description**

Kormendi \ Gardner Partners has a long-standing and highly productive relationship with the DRMS branch of the U.S. Department of Defense. KGP was selected to design and implement the first incentive-aligned public/private partnership sale structure for multi-year future asset flows for the federal government. As Program Financial Advisor, KGP provides financial advisory assignments, and was selected to design and implement a series of multi-year "pipeline" public/private partnership transactions for approximately \$6 billion in acquisition value per year of surplus DoD assets. The operations resulting from these transactions take place using military facilities under de facto lease arrangements derived, documented and implemented by KGP.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	X	General Reuse Study
X	Transaction Identification	X	Opportunity Marketing	X	Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

DRMS, the agency responsible for handling and disposing of all DoD surplus property, was facing infrastructure and staff reduction mandated by OMB, yet still had full responsibility for its operational and disposition missions. DRMS had been cited by the national performance review as a "reinvention laboratory" and was seeking creative solutions to these problems.

**Action Steps**

KGP designed and implemented:

- "Commercial Venture I": a five-year "pipeline" public/private partnership transaction to privatize the operations involved with the sale of approximately \$2 billion book value per year of surplus DoD industrial assets including machine tools, construction equipment, electrical products, materials and supplies, and other industrial products.
- "Commercial Venture II": a seven-year "pipeline" public/private partnership transaction to privatize the operations involved with the sale of approximately \$4 billion book value per year of DoD surplus commercial assets including vehicles, aircraft parts, textiles, office furniture, and other products.
- "Scrap Venture": a seven-year "pipeline" public/private partnership transaction to privatize the sale of all DoD ferrous, non-ferrous and non-metallic marketable "scrap" materials in the U.S. Most recently, an Industry Forum has been held for this proposed transaction. The request for Proposals is expected to be issued during the second quarter of 2004.

For each of these three transactions, KGP has been responsible for all feasibility studies, transaction strategy structuring and design, financial and analytic modeling, budget analysis, database design, due diligence, data analysis, transaction marketing, pricing support, solicitation design and implementation, specification of technical qualifications for prospective bidders, drafting of the solicitation documents for bids, legal documentation, pre-bid and post-bid support, and compliance review specifications.

## **Results**

Each of these transactions closed successfully and continues to perform exceptionally well as the preferred method to liquidate government assets and provide high returns to the Department of Defense. It has also been used as a model for transactions by other agencies including GSA, HUD, and the District of Columbia.

**Summary Description**

Kormendi/Gardner Partners and The Metis Group led an integrated team of professionals providing facility master plan and strategic plan development for the White River National Forest (WRNF). This federal public land is located in Central Colorado and totals 2.30 million acres. The WRNF identified twenty specific properties for possible disposition or re-use. The properties are dispersed throughout WRNF and include selected administrative and support sites.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation		Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

The WRNF lacked adequate funds to maintain their existing facilities, construct new facilities, and house Forest personnel. The WRNF includes some of the most expensive housing markets in the country. The Forest Service needed a long-term solution (30+ years) to their facility ownership and occupancy challenges.

**Action Steps**

Kormendi \ Gardner Partners performed work including financial and legal design, development and implementation of public/private partnership transactions to develop facilities on privatized administrative sites at White River National Forest.

- Developed a facility master plan to determine optimum locations of future administrative management of the Forest Service, documented those facilities that were needed and would be needed in the future, and provided a list of facilities that were no longer needed
- Developed a full set of options, evaluation criteria, and decision-making guidelines for both future facilities use and facilities disposition
- Assisted in formulating a proposed transactional structure, resulting in Congressional support to introduce Enhanced-Use Leasing authority for USDA
- Assisted in developing supporting documentation for stockholder outreach and opportunity briefings

Areas addressed in the initial study included the following:

- Workload, staffing, and location analysis
- Real estate, land and facilities
- Financial analysis
- Strategic planning and solutions development
- Regulations and authorities

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## Results

Through the analyses performed, WRNF was provided with an integrated plan to address the location of administrative and support facilities, the relationship to employee housing, use of vacant land and opportunities to offset operating and capital expenses. Possible consolidation of sites and partnerships with private entities are being explored. Preliminary recommendations were accepted. The work is being undertaken in phases, with decision-making required at each step. The results will support effective use of WRNF facilities and provide a financial framework that is beneficial to the on-going needs of remaining facilities and anticipated facility needs.

KGP is responsible for overall management, which includes preparing policy decision reports and transactional documentation, developing and managing solicitations, developing due diligence strategies and analyzing the impact of each transaction with respect to the 1990 Credit Reform Act and other analyses required for federal privatization transactions.

**Summary Description:**

The Metis Group assisted in the review of 80 leases for the District of Columbia where the District is the tenant (referred to as an "in-lease"). The services were required to assist the District in identification of financial and contractual risk associated with the administration and procurement of leased space.

**Relevant Functional Skills Used:**

X	Program Management		Transaction Formulation		Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing	X	Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem:**

Improprieties were identified in the negotiation and execution of commercial leases by the District of Columbia government. Public trust was destroyed as the flow of questionable lease actions and space occupancy were revealed very publicly in the newspapers, Council hearings and on television. The District had to restore faith in its real estate operations and management and its public face within the real estate and business community.

**Action Steps:**

The reviews considered the lease terms, the market forces and the physical condition of the leased premises. In addition, The Metis Group developed a findings report for the overall framework in which leases are competed, negotiated and administered, including best practices and operational improvements to curtail future scandals.

- Review and analysis of contract lease terms, including rents, reimbursable expenses, tenant improvements and parking expenses;
- Identification and analysis of actual payments made to the landlords;
- Identification and analysis of payments received by the landlords;
- Identification and analysis of the impact of key lease terms;
- Identification of properties where the District was at risk and the impact thereof;
- Inspection of the leased premises, the overall property and the surrounding neighborhood;
- Identification of tenant improvements and the consistency of costs allocated for tenant improvements;
- Consistency of space utilization, occupancy and square footage with the terms of the lease;
- Market rent estimates at the time the lease was executed and in the current market;
- Identification of the approval process undertaken for each lease;
- Identification of the market competition undertaken in negotiating each lease; and
- Review of the overall documentation associated with each lease.

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**Results:**

Based on the report, actions were taken by the District to re-negotiate or terminate expired and hold-over leases. In some instances, the District is attempting to purchase the leased properties. Recommendations from the report have been implemented allowing the District to address the potential financial exposure and occupancy risk associated with some of the leases. Over \$1 million in cost savings were identified.

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**Summary Description**

The Metis Group supported a larger firm's efforts to assist VA with the valuation of 176 medical centers nationwide.

**Relevant Functional Skills Used**

X	Program Management		Transaction Formulation		Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

Market opportunities available for Enhanced-Use Leasing or adaptive reuse at the 176 VA medical centers were not known. Market value and demand for properties were unknown, therefore informed decision-making was not possible. The engagement was at a critical stage and The Metis Group was brought in by the prime contractor for expertise to complete the work consistent with client requirements.

**Action Steps**

Services include both valuation analysis assistance with the 176 medical centers and abstracting 20 existing enhanced-use leases. Services were performed as part of a contractor team, where key personnel of The Metis Group provided training, guidance and management of the team and the work product.

- Inspected the property and the surrounding neighborhood for market value-influencing characteristics
- Identified existing buildings, surplus land and excess land at each medical center
- Identified highest and best use for each medical center
- Trained subcontractors in real estate valuation, market analysis and forecasting and highest and best use analysis
- Reviewed draft valuations for methodology, consistency and quality of data and findings. Worked with subcontractors to bring the valuations up to standards and levels of acceptability
- Assisted in developing valuation methodology and application of demolition costs to ensure consistent treatment across all VA medical centers and market areas
- Assured quality and consistency among all valuations
- Monitored USPAP compliance and proper valuation techniques
- Developed responses to VA comments on methodology

For the existing enhanced-use leases, the following action steps were completed:

- Abstracted all existing enhanced-use leases
- Identified and documented key lease terms and conditions

- Developed financial projections for revenues from the enhanced-use leases

### **Results**

Valuations were developed providing a measurable and consistent basis for comparison across the country. The valuations were applied by VA in identifying medical centers where Enhanced-Use leasing opportunities could be applied. A short-list of medical centers was developed.

**Summary Description**

The Metis Group was the real estate advisor and transaction advisor for National Eldercare Services Company (NESCO), a 501(c)(3) non-profit corporation. NESCO desired to purchase the former WRAMC, also known as the Forest Glen Seminary, in Montgomery County, Maryland. This property was surplus by the U.S. Army and a sale was being contemplated. The Metis Group provided all real estate, financial, transactional and outreach services to enable NESCO to purchase this property prior to having it enter the Federal disposition process.

Walter Reed Army Medical Center is a 20-acre campus including approximately 25 historically designated buildings. The property's unique architecture and history as a private school, then an Army medical center, raised environmental and historical use restrictions. The property has not been maintained and suffers from significant deferred maintenance and neglect. Citizens groups and historical preservation organizations were very vocal about the Army's "demolition by neglect" approach to the property and were interested in a disposition to a caring and competent buyer.

The Metis Group worked with NESCO to approach the Montgomery County government to enter into a public/private partnership for the property. The County would acquire the property through its preferred status, then lease a portion of it to NESCO for eldercare services. The County faced several competing interests from affordable housing advocates, neighboring home developments and commercial developers. The property's prime location "inside the Beltway" made it a highly desired target for residential or mixed use development. However, the County wanted to preserve the character of the campus and was interested in the joint use with NESCO.

In assistance to NESCO, The Metis Group assisted with the financing of the project. TMG identified lenders who typically finance such projects and made introductions to these institutions. Interviews were conducted to determine the exact data and projection needs for the lenders and any specific requirements of each lender and expected loan terms. Through these conversations, the level of equity and cash flow from the project for feasibility was developed.

The Metis Group also provided outreach to the local neighborhood association, veterans groups who had an interest in the disposition of the property, the U.S. Army and U.S General Services Administration. This outreach included consensus-building and needs assessments of these various parties.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation		Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management	X	Comprehensive Reuse Plan

## **Business Problem**

Under the Federal asset disposition process for surplus real estate, the priority of offering the property first to a Federal agency, then to the state/county/local government, then to identified non-profits/organizations, then finally to the public, would have minimized the chances for NESCO to be the successful buyer of the WRAMC property. The Metis Group was retained to develop a strategy that would reduce the long disposition timeframe and provide enhanced opportunities for NESCO to be the successful buyer. The strategy would also address the many competing interests between veterans groups, neighborhood groups and developers.

## **Action Steps**

Action steps were required for each component of the work performed. Each major component is discussed below.

### **Market Analysis**

- Identified and researched market activity within the metro-Washington DC area and the region for similar historic properties.
- Identified sales of historic campuses nationwide
- Interviewed Federal government officials for upcoming or anticipated dispositions of comparable properties.
- Inspected the property and the surrounding neighborhood for market value-influencing characteristics
- Identified existing buildings, surplus land and excess land
- Identified highest and best use for the property and each building
- Identified structural issues and engineering costs associated with rehab and renovation of buildings that would remain

### **Public/Private Partnership Identification and Execution**

- Identified and researched market activity within the metro-Washington DC area and the region for similar historic properties.
- Developed all financial documents and analyses to present to Montgomery County government
- Formulated the framework for the transaction
- Discussed proposed transaction with GSA and the U.S. Army real property officers for their initial perspective and reactions (both were positive)

### **Stakeholder Outreach and Communications**

- Met with neighborhood homeowner associations, citizen action committees and eldercare providers to obtain ideas and feedback about NESCO project
- Conducted focus groups to identify key needs within the community
- Interviewed and met with Paralyzed Veterans of American (PVA) and other veterans groups for their concerns about the disposition of the property
- Developed fund raising plan and provided best practices in fund raising from other successful non-profits

## **Results**

The work provided a feasible and desirable strategy and approach to the preservation and redevelopment of the Walter Reed Army Medical Center campus. The proposed solution

satisfied the various stakeholders and interested parties and gained the buy-in of the county government. However, NESCO failed to raise required equity and the property was disposed of through the traditional Federal disposition process and is being developed with condominiums and housing units.

**Summary Description**

The Metis Group provided the feasibility study to determine the fate of the basketball/gymnasium building on the VA campus in Sepulveda, CA. This building was partially condemned after the Northridge Earthquake in 1994 and closed by VA in 1999. In addition, the existing pitch-and-putt golf course was considered to be an under-improvement of the site.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation		Transaction Execution	X	General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management	X	Comprehensive Reuse Plan

**Business Problem**

The Sepulveda gymnasium was damaged during the Northridge Earthquake. This facility was used by veterans to play basketball, but was generally considered to be under-utilized. Because of the damage, VA did not permit use of the building and did not have the funds to repair it. Public pressure to re-open a gymnasium facility on the campus prompted the exploration of options available to partner with the private sector under VA's Enhanced-Use Lease authority.

**Action Steps**

- Inspected the property and the surrounding neighborhood for market value-influencing characteristics
- Interviewed market participants and identified potential alternatives.
- The existing pitch-and-putt golf course was considered in the possible EUL, therefore the golf market was also researched and conclusions regarding redevelopment of VA's course were presented.
- Interviewed Medical Center personnel and the Director for opinions and ideas about the possible re-use of the gymnasium.
- Identified feasible alternatives that would all include a gymnasium component for the veterans.
- Alternative compatible uses were analyzed for demand in the market and likelihood of success at the property.
- Prepared financial projections for each of the eight identified alternative uses.
- The options were ranked according to rating factors developed specifically for this project and included quantifiable and non-quantifiable measures, such as benefits to VA personnel and the community.
- Options for a fitness center proved to be feasible and were pursued. Inclusion of the golf course in the analysis was not required to make the project feasible, therefore the golf component was to be pursued under a different initiative.

- A gap analysis was conducted to identify any steps necessary for VA to complete and enable the development.

## Results

The marketability and feasibility studies and the ranking provided feasible options for VA to pursue. Interested fitness center operators were identified and initial conversations about a possible transaction were discussed. Ultimately, the partnership was not pursued as a result of Congressional action. At the completion of the fiscal year, the U.S. Congress appropriated \$1.5 million to renovate the gymnasium for use by the veterans, thus eliminating the private sector opportunity for involvement.



**Summary Description**

American Express Tax and Business Services, Inc. provides accounting support services for the Department of Veterans Affairs, Veterans Health Administration VISN 4 Enhanced-Use Leasing Transaction Advisory Team. The EUL transactions are designed to accomplish identified energy co-generation projects for VA hospitals.

**Relevant Functional Skills Used**

X	Program Management	X	Transaction Formulation	X	Transaction Execution	General Reuse Study
	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management	Comprehensive Reuse Plan

**Business Problem**

The VISN 4 transaction team identified the need to obtain a “captive” supplier of electricity, steam and chilled water for their hospitals. This was seen as the best way to reduce cost and ensure supply. Recognizing that VA hospitals tend to reside on large campuses, VA personnel identified the opportunity to utilize EULs to accomplish their goal with little budgetary impact.

**Action Steps**

- Reviewed the relevant accounting pronouncements to review for elements of control and for proper lease treatment.
- Met with the Transaction Team regularly to ensure that all objectives were met.
- Reviewed previous transactions.
- Recommended changes to the structure to ensure compliance with OMB and accounting pronouncements.

**Results**

We made significant changes to the EUL structure to ensure that it is in compliance. Changes related to areas of control by VA and the structure of the lease. Developers are currently being solicited.

**Summary Description**

American Express Tax and Business Services, Inc. provides equity monitoring services for the Federal Housing Administration's (FHA) public/private partnerships. TBS provided these services for more than \$2B of assets in seven separate transactions. Similar to one type of EUL, the public/private partnerships require a private sector partner to pay for an equity stake in the partnership. There are typically multiple areas of the transaction that need to be complied with to ensure that FHA maximizes its investment. It is TBS's responsibility to monitor the execution of business matters under the transaction documents to ensure compliance.

**Relevant Functional Information**

<b>X</b>	Program Management		Transaction Formulation	<b>X</b>	Transaction Execution		General Reuse Study
	Transaction Identification		Opportunity Marketing	<b>X</b>	Post Closing Transaction Management	<b>X</b>	Comprehensive Reuse Plan

**Business Problem**

FHA needed to enter into transactions with the private sector that would create an ongoing business relationship. However, FHA wanted to ensure that the relationship did not create an appearance (either in fact or appearance) that a new governmental entity had been created. Utilizing Limited Liability Companies and Limited Partnership structures, FHA was able to participate in the transaction while ensure that they were isolated from the business risk of the new structure.

**Action Steps**

- Meet regularly with the investor private sector investor
- Perform regular tests of internal controls at the investors' office to ensure that controls are in place and functioning properly
- Review monthly, quarterly and annual reports for compliance with transaction documents
- Prepare regular management reports for our client to provide oversight and review performance of the transactions.

**Results**

Ensure compliance by the private sector, exemplified by more than \$100,000 of recovered costs wrongly deducted by the private sector partner. The transactions continue to run at a high-level of efficiency, with TBS providing approximately 5 FTE professionals providing daily service to our client.

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**Capital Asset Realignment for Enhanced Services (CARES) Commission Support****Department of Veterans Affairs****2003-2004**

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**Summary Description**

Symphony provided editorial and content support as part of the most comprehensive capabilities assessment ever undertaken by VA. At the direction of Secretary Principi, under Commissioner Everett Alvarez and Executive Director Richard Larson, the CARES Commission assessed and made recommendations on the Integrated Delivery Network (IDN) and capital infrastructure needed to provide modern healthcare to VA beneficiaries nationwide.

**Relevant Functional Skills Used**

X	Program Management		Transaction Formulation		Transaction Execution		General Reuse Study
X	Transaction Identification		Opportunity Marketing		Post Closing Transaction Management		Comprehensive Reuse Plan

**Action Steps**

- Symphony augmented Commission Staff at a critical point in the CARES process – subsequent to the massive data collection process, but before organization analysis processes had been agreed upon.
- Symphony immediately assimilated the data available and began making recommendations for organization, additional data requirements, and realignment to create meaningful information.
- Subsequently, Symphony consulted on a process where thirteen Commissioners from varied professional backgrounds, could review the aggregate information from 20 VISNs and collaborate to make recommendations for the future of the VA healthcare system.

**Results**

Ultimately, Symphony was part of a small working group that crafted the Commission observations and recommendations into a final report for submission to Secretary Principi. Additionally, we worked with Mr. Larson to write the final draft of the report that was ultimately published. What began as a two-week engagement, evolved into ten-week effort. Symphony staff was personally recognized by Commissioner Alvarez, Mr. Larson and, in a special ceremony, Secretary Principi.

## **2.4. Factor 4: Quality Assurance and Metrics Plans**

The PGEUL Team is committed to ensure that the tasks it performs are carefully monitored for quality assurance throughout all phases of the work. To accomplish this, PGEUL will form a Quality Assurance (QA) Subcommittee that reports to the overall Management Committee. The QA Subcommittee will provide the necessary level of oversight for individual task orders to ensure that all work products and services delivered to VA meet, or exceed acceptable quality levels contained in our plan.

Given the expected variation in the type of task orders issued, the PGEUL team will create a summary Quality Assurance Plan (QAP) for each task order awarded. The plan will be prepared and submitted with the team's proposal for the task order. By submitting a draft summary QAP along with the task order proposal, we expect to get early feedback and comment to confirm our proposed approach. For each task the QAP will be tailored to assure VA that:

- Staff selected for the specific task order have the appropriate qualifications, training and experience;
- The proposed work plan reflects a level of effort necessary to complete the subtasks accurately and in a timely fashion;
- Staff are familiar with applicable VA EUL policy and directives relevant to the task order;
- Proposed schedules are realistic and reflect the potential need for contingency plans;
- Key data and information are collected in a timely fashion so that the QA Subcommittee can monitor progress and take steps proactively to ensure continued and uninterrupted performance;
- Tasks proposed will be in compliance with VA-wide policies and produce the desired outcomes.

As part of the ongoing QAP, the PGEUL Team will incorporate regular contact at designated intervals with the VA Contracting Officer or Contracting Officer's Technical Representative (COTR) to ensure continuous communications and feedback.

The Quality Assurance Plan is related to the Metrics plan presented below. The Metrics Plan presents one proposed avenue for VA to recognize the PGEUL Team's outstanding performance. We understand that incentives and disincentives are at the discretion of VA and are fully optional. Because we have performed EUL services throughout the government, we are confident in our ability to meet and exceed VA's standards and the agreed-upon performance measures. Because we hold ourselves to high standards, we expect VA to hold us to high standards. With this, we have presented a proposed approach to compensate the PGEUL Team, both financially and non-monetarily, for our outstanding performance. This Metrics Plan will build upon the performance measures presented in our Quality Assurance Plan and tailor the measures to the specific task order. With this consistency in application of standards, performance standards will be known to both parties, measured and acted upon -- all of which are elements of successful performance measures and rewards.

Following is our Quality Assurance Plan and our Metrics Plan.

### 2.4.1. Quality Assurance Plan (QAP)

The performance-based QAP sets forth the tasks, subtasks, quality standards, and an acceptable level of quality for each of the major objectives identified in the RFP. The following chart describes the process that we will use to assess our performance and how performance results will be analyzed.

**Quality Assurance Plan: Requirements, Tasks, Standards, Quality, Measurement, and Incentives**

OBJECTIVE	TASKS AND CRITICAL SUBTASKS	QUALITY STANDARDS	ACCEPTABLE QUALITY LEVEL
<b>Objective 1: Under-Utilized Assets/ Potential EUL Identification</b>	a. Identify stakeholder needs b. Develop estimations and projections c. Perform market analysis/economic/feasibility analysis d. Describe/propose a project for approval	a. Concise summary of needs and relative ranking b. Accurate and market-supported projections c. Realistic estimates consistent with market operations; clearly describes trends and challenges. d. Realistic and thorough considerations of proposed projects, providing VA with alternatives suitable for unique market characteristics; proposed project is not unduly influenced by unique interests of a particular stakeholder group (e.g., a local academic affiliate)	a. Completed report by milestone due date. b. No material omissions or errors in information. c. No material omissions or errors in information. d. Feedback from VA and stakeholders has been incorporated and accurately reflects stakeholder positions;
<b>Objective 2: Enhanced-Use Lease Formulation</b>	a. Prepare project documents for internal VA review/approval (concept plans) b. Appraisal to determine market value c. Project and development cost estimates d. Environmental and/or historic assessments to meet regulatory requirements	a. Accurate documents reflecting previous discussions and agreements b. Supported and documented appraisal: <ul style="list-style-type: none"> <li>• performed on time;</li> <li>• performed by state certified appraiser; appraiser is a MAI;</li> <li>• appraisal performed compliant with Uniform Standards of</li> </ul>	a. Completed documents submitted by milestone due date and adequately address all key sections b. No material errors or omissions in information. c. No material errors or omissions in information. d. Meets quality standards. e. Feedback from VA staff has been

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OBJECTIVE	TASKS AND CRITICAL SUBTASKS	QUALITY STANDARDS	ACCEPTABLE QUALITY LEVEL
	<p>e. VA Project approval/ notification documents (public hearing package, notice of intent to enter into EUL, EA and Historic Assessments (HA))</p> <p>f. Public hearing</p>	<p>Professional Appraisal Practice (USPAP)</p> <p>c. Supported cost estimates; performed on time</p> <p>d. Accurate and complete cost estimates, including special features of the project and potential elements of risk that could effect timeline and/or cost</p> <p>e. Timely EA or HA, consistent with regulatory standards</p> <p>f. Adequate attendance by representatives of key stakeholder groups; presentation and hand-out materials are easily understood; hearing is controlled to enable sufficient time for all parties to comment and is not dominated by a particular stakeholder group</p>	<p>incorporated into the notification documents</p> <p>f. Quality standards are met.</p>
<p>Objective 3: Enhanced-Use Lease Opportunity Marketing</p>	<p>a. Solicitation documents and marketing (RFP, RFQ)</p> <p>b. VA industry conference</p> <p>c. Site visits</p> <p>d. VA evaluation and selection of preferred lessee(s)</p>	<p>a. Clearly describes proposed transaction and requirements:</p> <ul style="list-style-type: none"> <li>• Considers possible benefits of RFI or release of draft RFP first;</li> <li>• Eliminates ambiguity in early drafts prior to public release;</li> </ul> <p>b. Conference:</p> <ul style="list-style-type: none"> <li>• Conference planned with adequate notice to maximize participation/attendance of prospective offerors;</li> <li>• Extent of efforts to maximize participation by local developers and potential lessees;</li> </ul>	<p>a. Issued consistent with agreed-upon timeline.</p> <p>b. Conducted in a timely manner; conference succeeds in attracting multiple qualified prospective developers and or lessees</p> <p>c. Contractor is prepared with documents and questions.</p> <p>d. VA receives at least one competitive offer from a responsible offeror; selection is made on the basis of an offer that best demonstrates the likelihood of successful performance; if protests are filed, VA or GAO sustains VA's original award decision</p>

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OBJECTIVE	TASKS AND CRITICAL SUBTASKS	QUALITY STANDARDS	ACCEPTABLE QUALITY LEVEL
<p><b>Objective 4: Enhanced-Use Lease Execution</b></p>	<p>a. Legal transactional documents (MOU, MOA or lease)  b. Financial transaction and accounting treatment  c. Notice of Intent to Award; with supporting documentation  d. Facility design and/or construction management</p>	<ul style="list-style-type: none"> <li>• Concepts and concerns are clearly and accurately presented; conference plan shows clear logic path, good participant interaction techniques and effective use of time.</li> <li>c. Site visits conducted effectively; key VA facilities and engineering personnel are present to address questions;</li> <li>e. Confidentiality is maintained and objective standards applied</li> </ul>	<p>a. No material errors or omissions of information  b. No material errors or omissions of information  c. No sustained protests  d. Reporting is accurate, timely and provides recommendations for actions, if required</p>

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OBJECTIVE	TASKS AND CRITICAL SUBTASKS	QUALITY STANDARDS	ACCEPTABLE QUALITY LEVEL
<p><b>Objective 5: Enhanced-Use Lease Management</b></p>	<p>a. Lease administration b. Lease compliance inspections c. Contract renewals d. Other services in support of EUL</p>	<p>a. Monitors, acts and reports on the status of each EUL and updates systems and files.  <ul style="list-style-type: none"> <li>▪ Collections and reimbursements</li> <li>• Escalations and changes in lease terms</li> <li>• Renewals and expirations and required actions</li> </ul> <p>b. Monitors, acts upon and reports on the status of leased premises, including:  <ul style="list-style-type: none"> <li>• Construction completion schedule and timeframe</li> <li>• Budget versus actual time</li> <li>▪ Budget versus actual cost</li> <li>• General conditions</li> </ul> <p>c. Monitors, acts upon and distributes required contract renewal documents and information to all parties, including recommendations or history affecting any specific lease to support VA decision makings            Perform other services in support of BUL</p> <p>d. Perform other services in support of BUL</p> </p></p>	<p>a. All financial data are accurate; sufficient time is provided for VA and EUL partner to perform required actions; file documentation is complete, updated and accurate.            Reporting is accurate, timely and complete, providing a status of the leased premises and recommended actions for remedy of any observations.            Notice for parties to take action is provided at least 90 days prior to required action for renewals and expirations (or consistent with lease requirements); documentation is prepared correctly and distributed in a timely manner; all required signatures are in place; renewal documentation is included in the administration files and all systems are updated.            Perform other services in support of EUL  <ul style="list-style-type: none"> <li>• Client satisfaction</li> <li>• On time</li> <li>• In budget</li> <li>• Accepted the first time</li> </ul> </p>

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OBJECTIVE	TASKS AND CRITICAL SUBTASKS	QUALITY STANDARDS	ACCEPTABLE QUALITY LEVEL
<b>Objective 6: CARES General Property Reuse Study</b>	a. Real property baseline b. Environmental baseline c. Highest and best use analysis d. Appraisal/valuation e. General property reuse plan	a. Accurate and complete information submitted b. Well documented and supported information leading to realistic conclusions	a. No material errors or omissions of information b. No material errors or omissions of information c. Findings and conclusions are logically presented and reported, consistent with USPAP and VA standards d. Findings and conclusions are logically presented and reported
<b>Objective 7: CARES Comprehensive Property Reuse Plan</b>	a. Real property baseline survey b. Environmental baseline survey and audit c. Highest and best use study d. Appraisal/valuation analysis e. Industry forum/expression of interest f. Reuse master or land use concept plan g. Enhanced-use concept or business plan h. Communication and reuse marketing plan i. Transaction management and implementation support	a. Accurate and complete information submitted b. Well documented and supported information leading to realistic conclusions c. Timely preparation and distribution of materials; participation and attendance	a. No material errors or omissions of information b. No material errors or omissions of information c. Findings and conclusions are logically presented and reported, consistent with USPAP and VA standards d. Distribution materials appear professional and are accurate; well attended by variety of participants; follow-up completed within 5 business days.

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## 2.4.2. Metrics Plan

Our team is accustomed to working under performance-based contracts. We work in environments where the majority of fees are, at times, "success" fees. This is the case with the disposition of loan sale portfolios for Resolution Trust Corporation (RTC), HUD, GSA and DC, and, to a lesser extent, closing transactions under military family housing privatization with the Air Force. Our work with the Defense Reutilization Marketing Service (DRMS) was an innovative program under performance-based fees, with significant fees earned only upon sale of the surplus assets. The best practices that we developed for DRMS were adopted for the disposition of surplus real and personal property by GSA, where members of The PGEUL Team serve as Program Financial Advisor. This role is critical to the structuring of the transactions for GSA and compensation to parties involved in the disposition of the surplus assets. Our innovations have taken hold within the federal government and are now standard-practice at many agencies.

While this VA contract is presented to include primarily firm-fixed price task orders and there are limitations to what the government may offer in terms of incentives, we are taking this opportunity to provide new thinking on this issue. Typically, under a firm fixed price arrangement, there are built-in incentives for the contractor to perform satisfactorily and on-time, including:

- A defined scope of work
- An agreed-upon timeframe to perform
- A budgeted amount consistent with the agreed-upon timeframe
- A budget that includes profit (as well as recapture of G&A, Overhead and Fringe)

Our metrics plan is based upon *exceeding VA's expected performance*, as we have been able to do for so many other federal clients. Our track record of success allows us to provide the following creative thinking toward structuring an incentive component that is applicable throughout the term of this contract.

### Incentive-Related Issues

The incentive contract is used to motivate a contractor to perform over and above the expected level of performance. The Government may assess performance and determine if the contractor has performed above the requirements and expectations. Considerations for assessing the contractor's performance include the following:

- Complexity of the work
- Timeframe for completion of the work
- External issues that are not controlled by either the government or the contractor
- Conditions under which the work was performed (i.e., high stakes, high visibility, public scrutiny, unclear direction)

When work is performed poorly and has to be redone, the contractor absorbs the cost both in actual time and labor expended and in opportunity cost (unable to do the next job until this one is completed satisfactorily). Likewise, by not using qualified personnel to perform the work, the

contractor spends more time internally training, managing and refining the work before it is provided to VA. Therefore, disincentives for poor performance are built into the firm fixed price model.

Other issues affecting the incentive include:

- Ability of VA to monitor the performance: Incentive-based contracts require additional management and oversight by the Government. This may create an undue burden on VA for certain task orders. This will be a factor in identifying the best task orders in which to include an incentive bonus.
- Internal procedures at VA: If VA has internal procedures, such as a review board or forms and approvals, this must be considered. This requires greater upfront documentation of the incentive plan and measures and outcomes, which will help in defining the incentive, but may raise additional questions to work through prior to executing the task order. VA would have to weigh the expediency of any internal approval process for incentive-based performance contracting against the need to execute timely task orders.
- Federal Acquisition Regulations (FAR): Any incentive program must comply with the FAR and internal VA acquisition regulations.
- Other on-going task orders by the PGEUL Team: There are multiple considerations within this factor. The number and amount of fees and work undertaken on other concurrent task orders will be relevant if, for instance, our team is tasked with the most complex and time-sensitive task orders and consistently meets and exceeds VA expectations. As our track record strengthens, both parties must keep expectations in check. Because we are accustomed to working in such environments, we may seek more difficult task orders and perform them well. The concern that the level of difficulty for our task orders will exceed that of other teams' requires that expectations are aligned with the difficulty.
- Use of SDVOSB firms to perform work: Since this is a requirement of the contract, it is a factor that requires monitoring. Our team is uniquely designed to meet and exceed the 51 percent SDVOSB requirement. This factor may be applicable to all awarded contracts under this solicitation.

### **Our Proposed Incentive Plan**

In a soundbite, our proposed incentive plan is one where a holdout sum for each task order is set aside as an incentive pool. A rating system of VA customer satisfaction from 1 to 100 points is achievable on a task order. The score is achieved based on the rating from a customer satisfaction survey. Depending on the score, that percentage of the incentive pool is given to the PGEUL Team as the incentive for that task order.

Under our proposed plan, an incentive discussion would occur at the outset of each appropriate task order. We recognize that some task orders may not lend themselves to incentives for reasons such as the straightforward nature of the work or the relatively small dollar amount of the task order. The components of the incentive plan are as follows.

- A customer satisfaction survey is developed by VA and the PGEUL Team
  - The survey will be mutually developed and mutually acceptable to the Government and the contractor

- This serves as the basis for identifying the objectives and measures for the contractor
- This is also the basis for calculating the numeric score for the task order performance
- This survey may be modified depending on the nature of the task order and specific performance required for that task order, or it may be standardized
- Discuss and agree whether the proposed task order will have an incentive component
  - Key personnel from VA and the contractor will be involved in the discussion
  - Factors such as those discussed in the previous section will be considered
  - Factors specific to the proposed task order will be considered
  - Task orders are scored individually
- Discuss and determine the amount of funds to be held back as the incentive pool
  - This may be ten percent of the task order value or some agreed upon amount that is commensurate with the characteristics of the task order
  - Additional discretionary funds for the incentive pool may be considered at the outset, such as an additional five percent enhancement
- Upon completion of the work for that task order, VA scores the performance based on a scale of 1 to 100
  - Scoring will be set forth on the questionnaire with weighting of importance captured when the questionnaire is developed
  - Multiple scorers or one scorer may participate, based on initial discussions and involvement in the project
- Based on the numerical score, the incentive is calculated and distributed from the incentive pool
  - Scores over 90 percent result in full payment of the incentive bonus
  - Scores under a specified amount would not receive an incentive bonus
  - The discretionary incentive enhancement will be determined based on the scoring

Our proposed incentives are both monetary and non-monetary for performance and delivery of work. Our team has developed processes and tools to monitor performance and measure project and program success. We will transfer our knowledge with similar, comparable projects to VA as our enhanced "starting point" versus other teams. Because we are advanced in our knowledge area and ready to hit the ground running, we hold ourselves to higher standards. We are prepared to *exceed the requirements*, not just meet them.

Disincentives are built into our plan. If the minimum level of performance is not reached, there is no incentive. However, the minimum performance must still be good performance and acceptance by the Government of any work product. This creates a base that is still satisfactory to the Government, but of no additional "value" to the contractor. Likewise, if our team fails to perform above expectations, we will not receive any incentive. This will not be known until after the performance of the work, so all motivations are going to be toward doing the best job possible. Likewise, if our performance is not better than acceptable to VA, over time VA may choose not to enter into discussions to include incentive bonuses on our task orders. In any case, we must (and have and will continue to), exceed VA expectations to achieve any incentive bonus.

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Here is an example of what we might measure and how we might measure it. The factors will be mutually agreed upon by VA and the PGEUL Team at the outset of relevant task orders. We can break these down to subsets of the individual incentives if VA desires, but because many incentives are qualitative rather than quantitative, a grading system may be preferable to VA. We will discuss and come to a mutually beneficial set of measurements that are acceptable to both parties.

WHAT IS MEASURED		MEANS OF MEASUREMENT	
<b>Timeliness of Performance</b>			
	<input type="checkbox"/> Timely completion of tasks	<input type="checkbox"/>	Actual compared to plan
	<input type="checkbox"/> Responsiveness	<input type="checkbox"/>	Turnaround times
<b>Cost/ Budget Performance</b>			
	<input type="checkbox"/> Cost containment	<input type="checkbox"/>	Actual compared to budget
	<input type="checkbox"/> Cost reduction	<input type="checkbox"/>	Actual costs compared to projected costs
<b>Quality of Work</b>			
	<input type="checkbox"/> Accuracy of market analysis	<input type="checkbox"/>	Compare actual performance against projections of analysis
	<input type="checkbox"/> Quality and clarity of solicitation documents	<input type="checkbox"/>	Volume of Amendments needed to clarify documents
	<input type="checkbox"/> Accuracy of lease administration	<input type="checkbox"/>	Dollar discrepancies and actions required to correct
	<input type="checkbox"/> Quality deliverables	<input type="checkbox"/>	Tracking client comments and changes
<b>Innovations and Best Practices</b>			
	<input type="checkbox"/> Creativity and innovation	<input type="checkbox"/>	Number of new ideas presented by team leads and used Program-wide
	<input type="checkbox"/> Creation of replicable documents and processes	<input type="checkbox"/>	Number of templates and processes re-used for subsequent projects
<b>Contract Compliance</b>			
	<input type="checkbox"/> Commitment to SDVOSBs	<input type="checkbox"/>	Contract dollars
	<input type="checkbox"/> Client satisfaction	<input type="checkbox"/>	Quarterly discussions with key VA contacts

In addition to customer satisfaction on the part of VA, it may be appropriate to include qualitative input (e.g., customer satisfaction survey results) from other sources. As an example, if a task order calls for the contractor to convene an industry forum, there may be a number of variables that can be measured to reflect not only the VA's satisfaction with the event, but other participants' as well. The process is similar to that of many conferences, where participants are asked to rate different variables, such as:

- the quality of the presentation;
- skills of the presenter;
- level of knowledge of the presenter;
- ability to answer questions;
- utility of information provided.

For task orders calling for significant involvement from parties outside VA, the total score available for determination of an incentive fee may also be structured to include this type of input. Where a potential project is controversial, the extent to which different parties evaluate a conference, or material distributed at a conference as accurate or objective, may provide an important perspective on performance in addition to VA's input.

In addition to qualitative measures that can be incorporated into an overall performance evaluation strategy, PGEUL may also propose several objective measures, when appropriate. In a task order that calls for the EUL consultant to provide acquisition support, outcomes that might be useful indicators of performance might include, for example:

- Number of attendees at a pre-proposal conference;
- Extent of clarifications required following release of RFP;
- Number of bids received from qualified, responsible offerors;
- Number of bids from local developers or lessees;
- Assessment of overall benefits to the VA.

As part of the process of responding to each task order request, PGEUL will carefully examine potential outcomes of both a qualitative and quantitative nature and suggest those that are appropriate for consideration as part of the overall incentive plan.