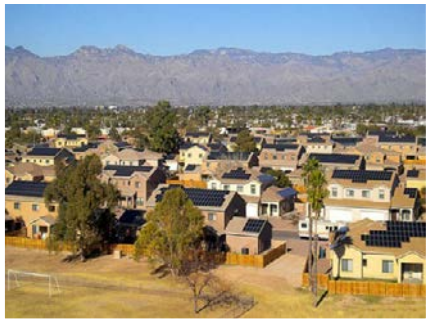
PORTFOLIO AND ASSET MANAGEMENT HANDBOOK



Residential Communities Initiative Privatized Army Lodging

Version 5.0 – September 2014

"Delivering the Promise"

U.S.ARMY

PAL

THE ARMY'S RESIDENTIAL COMMUNITIES INITIATIVE

Quality communities for Army families.

DEPARTMENT OF THE ARMY
WASHINGTON, DC 20310-0600

SEP 11 2014

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Portfolio and Asset Management (PAM) Handbook, Version 5.0, Residential Communities Initiative (RCI) and Privatized Army Lodging (PAL)

1. The purpose of this memorandum is to provide an update to PAM Handbook version 4.0, dated 2 Sep 10. Accordingly, Draft PAM Handbook version 5.0 is immediately released as implementing guidance.

2. The RCI and PAL PAM Handbook describes the processes, procedures and oversight management roles and responsibilities for RCI and PAL, and requirements of stakeholders from all levels of participation from the project level to Army Headquarters. Army representatives must understand and perform their duties within the legal framework of RCI and PAL projects. The goal of the PAM Handbook is to foster communication and collaboration between all government stakeholders as well as our private sector partners. This version provides entirely new sections detailing compliance requirements and roles and responsibilities for PAL. Additionally, information is provided on RCI out-year development planning, updated accounting and financial reporting templates, as well as additional compliance requirements per Section 2884/2885 of the 2013 National Defense Authorization Act, and the RCI and PAL Major Decision process.

3. Major updates and new additions in version 5.0 are highlighted in the Summary of Key Updates. Further, this Handbook is now available as a PDF file on the ACSIM website, (http://www.acsim.army.mil/isd/publicprivate.html). The OACSIM-ISP point of contact is Mr. Ian "Sandy" Clark, (703) 545-4200, email: ian.a.clark.civ@mail.mil.

Sincerely,

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Deputy Assistant Secretary of the Army
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Director, IMCOM PACIFIC
Garrison Commanders W/RCI and PAL Projects
RCI and PAL Private Partners

SUMMARY OF KEY UPDATES TO PORTFOLIO AND ASSET MANAGEMENT HANDBOOK V5.0

Section I (a) – RCI Portfolio and Asset Management Overview

- Additional detail on HQ Installation Management Command (IMCOM)/Region roles
- Portfolio and Asset Management (PAM) tools and associated summaries updated to match changes made throughout the Handbook

Section I (b) – PAL Portfolio and Asset Management Overview (new section)

- Provides an overview of the Privatized Army Lodging (PAL) program, principal parties involved in oversight, and oversight model
- Provides an overview of the purpose, importance, and means of employing the Army PAM tools
- Provides underlying principles for PAL performance evaluation the Army PAM tools are intended to support
- Provides a brief description of each of the seven tools used in Army PAL PAM

Section II (a) – RCI Roles and Responsibilities

- Updates roles and responsibilities as defined in new ASA (IEE) RCI Policy for Major Decisions and on new requirements per 10 U.S.C. 2884/5
- Additional detail provided on the role of HQ IMCOM/Region

Section II (b) – PAL Roles and Responsibilities (new section)

- Explains the roles and responsibilities for key parties involved in PAL, in accordance with the ASA (IEE) *Policy Memorandum #2, Privatization of Army Lodging (PAL) Major Decisions Authority* (dated 7 May 2012)
- Clarifies the overall relationships/communication process between key parties needed to carry out PAL Portfolio and Asset Management oversight functions
- Provides a detailed explanation of the customer service resolution process

Section III (a) – RCI Major Decisions

- Provides detail on the Major Decision process in accordance with the ASA (IEE) *Policy Memorandum #1, RCI Policy for Major Decisions Authority* (dated 5 Feb 2013)
- Moves Modified Scope Plan information to Section VI
- Attaches the Policy Memorandum as the guiding document

Section III (b) – PAL Major Decisions (new section)

- Provides detail on the Major Decision process in accordance with the ASA (IEE) *Policy Memorandum #2, Privatization of Army Lodging (PAL) Major Decisions Authority* (dated 7 May 2012)
- Attaches the Policy Memorandum as the guiding document

Section IV (a) – RCI Incentive Performance Management Plans

- Provides additional Incentive Performance Management Plan (IPMP) metrics related to Capital Repair and Replacement for Property/Asset Managers and Development Managers

Section IV (b) – PAL Incentive Performance Management Plans (new section)

- Provides detail on the IPMP process specific to PAL
- Provides discussion of the overall purpose, timeframes, and considerations needed to accurately complete the Garrison Commander Evaluation

Section VI – RCI Project Planning (Previously IDP Close-out Process)

- Changes focus of chapter to Out-Year Development Planning, Modified Scope Plans, and IDP Close-outs
- Provides clarification on requirements for Out-year Development Plans (5 year plans)

Appendix A.1 – RCI Program Compliance and Quality Assurance

- Provides explanation on the updated requirements for 10 U.S.C. 2884 and 2885 per NDAA 2013
- Provides updated Davis-Bacon checklists which require review at the PPD level
- Provides new internal control compliance requirements and checklists

Appendix A.2 – PAL Lease Compliance (new section)

- Explains lease compliance requirements

Appendix B.1 – RCI Accounting and Financial Reporting

- Updated Monthly Project Dashboard, Quarterly Reporting templates, and glossary
- New 10 U.S.C. 2884/2885 reporting requirements updated in templates
- New template to track Lockbox Waterfall funding below operating expenses
- New template to track partner equity return and cash flow split calculations
- New out-year development and construction templates
- New template for providing a change order log
- New guidance and templates for OSD Program Evaluation Report (PER) and 10 U.S.C. 2884(c) Semi-Annual Report on Privatized Housing to Congress
- Deletes OSD Program Evaluation Performance (PEP) report information

Appendix B.2 – PAL Accounting and Financial Reporting (new section)

- Summarizes and describes the various financial reporting components contained within the PAL Lease
- Provides expanded discussion of the Quarterly Snapshot report, including interpretation of performance data
- Includes a table providing suspense dates for report submission from the Lessee and key evaluation metrics contained in each report

Appendix D – Project Compliance and Partnering Visit

- Provides updated Compliance and Partnering visit templates and checklists
- Provides a project visit timeline and describes required preparation tasks for a typical Compliance and Partnering Visit for PAL

Appendix E – Project Reviews

- Provides description of a Capital Repair and Replacement Review
- Provides description of a PAL Construction Review

Appendix G – Training and Professional Development

- Refers Army Housing personnel to the Army Civilian Training, Education and Development System (ACTEDS) Career Program 27

Appendix G – Document Management

- Provides guidance for PAL document management methods, retention, and access
- Provides examples of specific PAL documents and how they should be treated
- Includes copy of security form required for Documentum access

Appendix I – Summary of RCI and PAL Policies

- Updated summary to include all current policies

Appendix J – Glossary of PAM terms

- Minor updates throughout
- Includes new terms specific to PAL

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RCI Portfolio and Asset Management Overview

Overview

The purpose of this document is to outline elements entailed in Portfolio and Asset Management (PAM) oversight of the Department of the Army Residential Communities Initiative (RCI) projects. This RCI PAM Handbook is intended for use by Army personnel and RCI Managing Members (partners) involved with RCI housing privatization. The PAM tools, as defined below, are designed to assist the Army in performing RCI program and project oversight and fulfilling its roles and responsibilities to ensure delivery of quality housing, revitalized communities, and sound fiscal management of privatized housing.

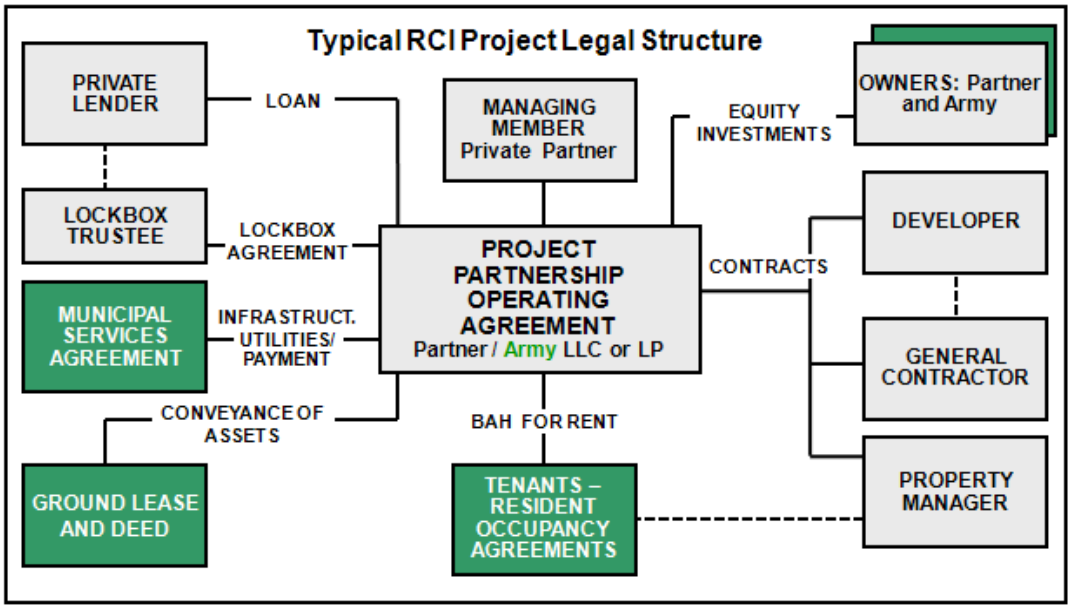
The primary purpose of PAM is to proactively and systematically manage the risks associated with the RCI portfolio, as well as the individual assets, to meet the Army's housing privatization objectives. The PAM program also supports Army strategy to ensure attainment of programmatic goals, uses financial and performance standards for evaluating financial performance over the short and long term of the projects, and ensures accountability, transparency, and efficient management of the projects.

The Military Housing Privatization Initiative (MHPI) Act, passed in 1996 and codified in 10 US Code 2871-2885, provides the military Services with alternative authorities for the construction and improvement of military housing (family and unaccompanied personnel). Under these authorities, the Services leverage appropriated housing construction funds and government-owned assets to attract private capital and expertise to improve the quality of life for Service Members and their Families. Through the use of these authorities RCI has changed the government's role from a "provider" or "supplier" of housing for soldiers to a "partner" with the private sector for provision of these services. RCI focuses on the total residential community, not just housing. Performance is measured by the Soldiers' satisfaction with family housing, the continuous enhancement and preservation of the housing assets over the life of the project, the mitigation of project risk, the successful completion of the housing development scope of work, and sound financial management.

The Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships, Capital Ventures Directorate (ODASA (IH&P-CVD)) is the proponent for policy, portfolio oversight and transaction management for the RCI Program. The Office of the Assistant Chief of Staff for Installation Management, Directorate of Installation Services, Privatization and Partnerships Division (OACSIM (DIS-PPD)) is the proponent responsible for formulating, administering and monitoring asset management program objectives for the RCI Program. IMCOM is responsible for installation level day to day oversight of RCI housing in addition to ensuring installation resources are available to support Army RCI staffing and RCI projects. The U.S. Army Corps of Engineers (USACE) is responsible for providing RCI ground lease administration and technical advice and assistance on real estate compliance, acquisition, conveyance, and environmental issues.

Figure I-1 below illustrates the basic legal structure for RCI projects. While various projects may differ somewhat from this structure, in every case, the fundamental relationships remain the same. The Army's RCI portfolio consists of minority ownership interests in Limited Liability Companies (LLCs) or Limited Partnerships (LPs), each of which is formed to own, operate, develop, and maintain family housing at one or more installations (also referred to as a "project"). A typical project consists of two owners – the Department of the Army and the private-sector partner. The Secretary of the Army, through the Assistant Secretary of the Army for Installations, Energy and Environment (ASA (IE&E)), grants limited authority to the Garrison Commander to serve as the senior military representative on the ground, of the LLC or LP entity. Additionally, each RCI project has an on-site Army RCI Asset Manager (normally the Army Housing Manager) responsible for coordinating with the partner and representing the Army's interests on a day-to-day basis.

Figure I-1 Basic RCI Project Legal Structure



Day-to-day operational decision-making authority rests with the partner whereas specific strategic decisions require consent of the Project's owners (referred to as Major Decisions). Major Decisions are defined by the partnership's operating agreement. For Army's administrative purposes, they are segregated into two categories: "Local Authority" and "Higher Authority". Local Authority: certain Major Decisions specified in the Operating Agreement may be made at the project level which the Garrison Commander signs without prior approval of higher authority. An example of a Local Authority Major Decision would be approval of the annual or quarterly performance incentive fee awards. Higher Authority: most Major Decisions specified in the Operating Agreement require review and approval of higher authority. The review of these Major Decisions is provided at either the PPD or CVD level. In these instances the approval will be made by ACSIM (DIS) or DASA (IH&P). Coordination, normally in the form of a concurrent review, for a number of proposed actions (e.g. real estate or environmental actions) may also be required with the Headquarters Installation Management Command (HQ IMCOM), IMCOM Region, or other entities. The

ASA (IE&E) Policy for Major Decisions is provided in Section III (a); it includes a Major Decisions Matrix with examples of Local and Higher Authority Major Decisions.

Army Portfolio and Asset Management Tools

In the private sector, the primary benchmark for measuring the success of an asset or a portfolio of assets is the financial return generated for the client. While this measure is not the fundamental criteria for RCI PAM, the same underlying principles, strategies, approaches, and tools apply. Thus, the Army's housing privatization performance will be measured based on:

(1) Service Member and Family Member satisfaction with housing

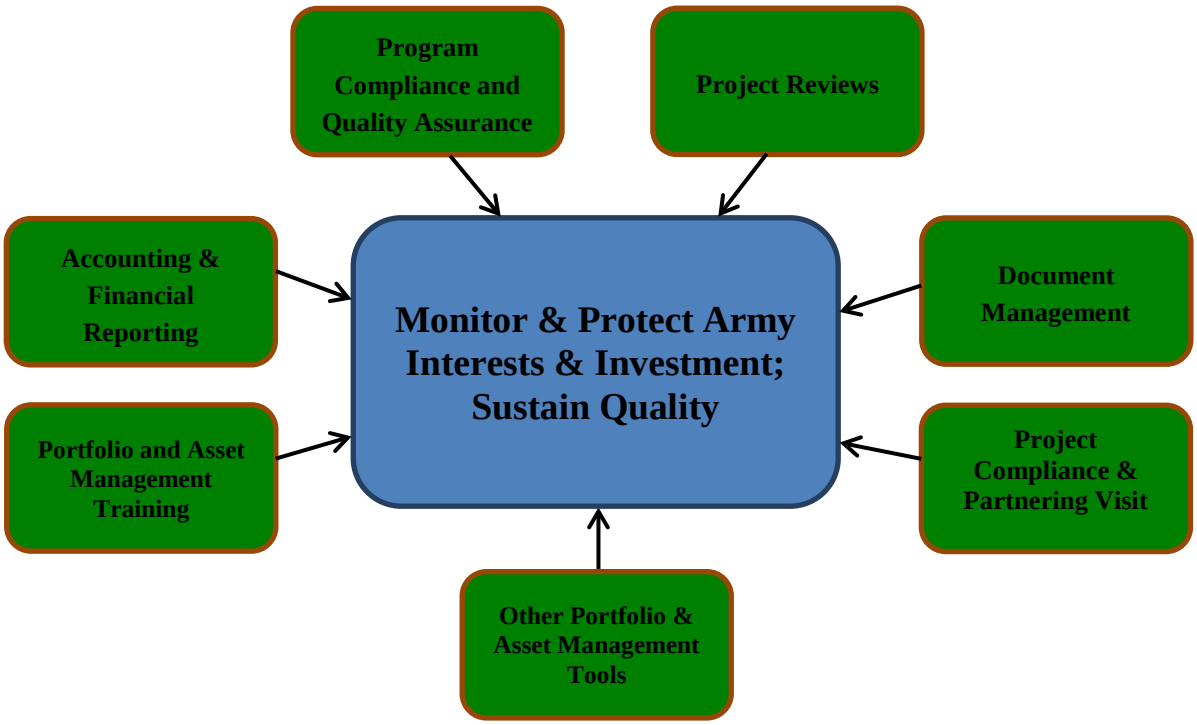
(2) The continuous enhancement/preservation of housing and community facilities over the life of the project

(3) The ability to limit risk to the project,

(4) Successful completion of housing development scope of work, and

(5) Sound financial management

Each RCI project entails an integrated structure involving three components – development, operations and finance. As a result of the interrelated nature of the components, the success of each RCI project is dependent upon meeting agreed upon targets for each of the components. Knowledge and insight into the short- and long-term interdependencies of the three components of privatization projects are critical requirements for portfolio and asset management. To proactively monitor the health of each project RCI PAM is structured around seven primary tools shown below:



Portfolio and Asset Management

Portfolio and Asset Management uses the tools shown above to ensure accountability and efficiency of RCI projects and evaluate the financial, operational, and development performance over the short and long term. The PAM tools are intended to strengthen the financial performance of the portfolio and assist in project decisions. Portfolio management also involves assessment, consolidation, distribution, and management of relevant data required by HQDA (OASA (IE&E)), OACSIM, HQ IMCOM, Office of the Secretary of Defense (OSD), Office of Management and Budget (OMB), and Congress to ensure the overall success of the Army's housing privatization program.

The OASA (IE&E) provides input and promulgates Army Policies and Strategic Plans affecting the RCI Program. The CVD monitors the portfolio's overall performance and leads the coordination and negotiation of Major Decisions. Information collected from all projects and analyzed by CVD is provided back to the ACSIM Program Managers in the form of lessons learned to enhance the success of individual projects. The DASA (IH&P) also coordinates and executes transactions (Major Decisions) and manages transition support efforts.

Asset management focuses on oversight and compliance to include project level reviews of operations, development, and finance. PPD PMs review information prepared by the partner to assess the success of the RCI project. PPD Program Managers work under the jurisdiction of the OACSIM (DIS).

IMCOM provides installation level oversight for each RCI project. The Army RCI Asset Manager, as the installation level functional expert, acts on behalf of and serves as chief project advisor at the direction of their Garrison Commander. The PPD PM, IMCOM HQ/Region and RCI Asset Manager work in concert to ensure Army involvement in legal compliance, Major Decisions, project recommendations, courses of action, and to resolve project issues.

Communications

CVD communications are focused upward and out (i.e., OSD, OMB, Congress, private industry) unless a Major Decision is underway, in that case direct liaison to the GC or RCI Asset Manager will be necessary. PPD communications are focused across the Army Staff (ARSTAF), including upward to the Chief of Staff of the Army (CSA), the Vice Chief of Staff of the Army (VCSA), and the Director of the Army Staff (DAS). Representatives from CVD and PPD will meet periodically to collaborate on activities, studies and analyses.

Army RCI Program – PAM Tools

The Army's approach to PAM envisions tailoring an oversight program that meets the specific needs of each Army housing privatization project at both the portfolio and the asset level. The PAM process provides key lessons learned to enhance and improve the policies and procedures at existing projects and drive a "best practice" approach for future projects. The following section presents an overview of the portfolio and asset management tools that have been designed to meet RCI requirements.

Program Compliance

Ensuring compliance with the legal documents and business agreements, the Davis-Bacon Act, and 10 USC Section 2884/2885 requirements are key responsibilities of the Army HQ, the Army RCI Asset Management team and the partner. The PPD PM provides associated Compliance Checklists for the RCI team/partner and ensures completion of the Ground Lease Inspection Process. The Compliance Checklists are tools the Army RCI Asset Management teams use to ensure all parties adhere to the compliance requirements as detailed in the business agreements for each project. Asset management oversight is focused on ensuring that project processes and procedures, including quality assurance inspections and subcontracting practices, comply with the legal documents and business agreements of each project.

The PPD PM's role is to review project-level issues for non-compliance and coordinate with CVD to identify emerging trends across the portfolio. As non-compliance issues are identified, corrective measures may be initiated for both existing and future projects. At the project level, the Army RCI Asset Manager utilizes the Compliance Checklists as a mechanism to identify potential project deficiencies and initiate appropriate corrective measures. Appendix A presents a more detailed description of the Compliance Checklists along with compliance templates.

The ground lease establishes a legal relationship between the Army and the partnership entity (LLC or LP). The Ground Lease Inspection Process is administered by USACE and serves as the vehicle for enforcing the RCI entity's obligations and responsibilities as set out in the ground lease. Ground lease non-compliance issues must be corrected through the remedies and procedures set out in the Ground Lease. These issues (and others outside the Ground Lease) may also involve cases where the Army has caused the non-compliant condition, such as encroachment into the RCI footprint. The operating agreement is the legal document which establishes the partnership between the Army and the Private Partner; this details the roles and responsibilities of the Managing Member and the Army in decisions affecting the project.

The IDP Close-out Process is discussed in Section 6 of this Handbook. It is administered by the PPD PM, working closely with CVD and the partner/Army RCI Asset Manager. The objectives of the IDP Close-out Process are to ensure all development and construction elements of the project are acceptably completed and documented by the partner, that an acceptable plan for out-year operations and housing sustainment is presented by the partner, and that Major Decisions are made recording Army's approval of both the IDP Close-out, if required, and project out-year plan.

Headquarters Requirements – CVD

- Monitor portfolio-level compliance issues. Reporting may include, but is not limited to, compliance with environmental and historic preservation statutes and regulations, Small and Disadvantaged Business Utilization Office (SADBU) programs, Davis-Bacon requirements, Section 2884/2885 Congressional requirements, construction and engineering standards, and finance and accounting principles.

- Obtain necessary approvals from HQDA (ARSTAF/Secretariat), Congress, OSD, OMB, USACE, ASA (IE&E), and DASA (IH&P), the latter for approval and signing of real estate documents
- Coordinate and review 2884/2885 Compliance requirements and report deficiencies to OSD as per legislation
- Negotiate Concept Paper requests submitted to DASA (IH&P)
- Obtain DASA (IH&P) approval for Major Decisions and Modified Scope Plans
- Develop recommendations for portfolio enhancements

Headquarters Requirements – PPD

- Review project-level non-compliant items. Reporting may include, but is not limited to, compliance with environmental and historic preservation statutes and regulations, Small and Disadvantaged Business Utilization Office (SADBU) programs, Davis-Bacon requirements, Section 2884/2885 Congressional requirements, construction and engineering standards, and finance and accounting principles. The purpose is to ensure the project is satisfying requirements incorporated in the project legal and business agreements and those imposed by regulations or law.
- Ensure Annual Ground Lease Inspection in coordination with USACE
- Perform Program Compliance Review at annual Project Compliance and Partnering Visit
- Approve Higher Authority Major Decisions requiring HQDA – ACSIM approval
- Coordinate and submit Higher Authority Major Decision Concept Papers requiring DASA (IH&P) approval
- Perform program reporting in support of Section 2884/2885 submittal requirements

USACE – Norfolk District Real Estate

- Execute MHPI real property program for the Army
- Assist with Ground Lease negotiations and control Ground Lease document revisions on behalf of the Government
- Issue guidance on procedural and technical implementation of the policies and general procedures for real estate

HQ IMCOM/Region Requirements (G4)

- Ensure RCI Asset Managers complete Compliance Oversight requirements
- Ensure adequate review/approval of Local Authority Major Decisions
- Support Garrison Requirements

Garrison Requirements – Army Housing/RCI Asset Management

- Monitor Ground Lease Compliance on a regular basis

- Complete and submit the Davis-Bacon Compliance Checklist on a semi-annual basis
- Perform Legal Compliance Oversight
- Conduct detailed legal compliance review. Tailor Compliance Checklist to reflect the processes and procedures conducted at the specific project and report any non-compliance issues that could have a serious and more immediate negative impact on the state of the project to IMCOM/ACSIM.
- Perform program reporting in support of Section 2884/2885 submittal requirements

Managing Member Requirements – Project Asset Management

- Monitor Ground Lease compliance on a regular basis
- Perform Project Compliance Oversight
- Conduct detailed compliance reviews for Legal Requirements, Davis-Bacon Act requirements, and Section 2884/2885 Congressional Requirements. Ensure each member of the service provider teams (developer, general contractor(s), property manager, and asset manager) complies with all applicable legal and regulatory requirements imposed on the project.

Accounting and Financial Reporting

This component of PAM involves the oversight/review of critical accounting and financial reporting aspects of the project, including project-level financial statements, cash management functions (including lockbox and escrow review), budget versus actual, loan servicing, trend analysis, etc. Accounting and Financial Reporting requirements are completed on a monthly, quarterly, semi-annual, and annual basis and conform to the requirements of Section 2884/2885 Congressional Requirements. A table including the timing of each reporting requirement follows this section. A more detailed description of Accounting and Financial Reporting is presented in Appendix B.1, including sample templates of the Quarterly Project Report, OSD Program Evaluation Report (PER), and Project Monthly Dashboard Report.

Headquarters Requirements – CVD

- Monitor portfolio-level performance
- Develop and monitor program/portfolio-level performance metrics
- Provide periodic briefings and reports on portfolio performance to Army, OSD, OMB and Congressional leadership
- Publish quarterly portfolio reports and annual Program Evaluation Report (PER)
- Provide portfolio status updates for all initiatives and respond to external inquiries involving programmatic performance issues
- Develop recommendations for portfolio-level enhancements

- Direct audits of privatized Army housing, UH, and other privatization initiatives, as required
- Approve annual development budgets and/or project out-year plans
- Identify and develop solutions to project challenges with enterprise-wide impacts (i.e. sustainability, financial structure options, etc.)

Headquarters Requirements – PPD

- Monitor asset-level performance
- Develop and monitor asset-level performance metrics
- Provide periodic briefings and reports on asset performance to ARSTAF, HQ IMCOM, and other Army stakeholders as needed
- Develop PER reports at the asset level using information from quarterly reports and provide to the portfolio level for consolidation of OSD PER
- Perform audits of privatized Army housing, UH, and other privatization initiatives, as required
- Approve annual operating and capital repair and replacement (CRR) budgets providing feedback to installation teams and identify programmatic issues to CVD
- Review and submit Quarterly Asset Reports regarding project-level financial and operational data submitted by the Partner
- Provide roll-up of project/installation performance data and submit results to CVD for programmatic review
- Identify/develop solutions to asset challenges with project/installation-level impact
- Develop recommendations for asset-level enhancements
- Review periodically the loan guarantees, loans, option agreements, and leases

Garrison Requirements – Army Housing/RCI Asset Management

- Review, validate and provide additional comments on Monthly Dashboard Report prepared by partner
- Review, validate and provide additional comments on Quarterly Project Report prepared by partner
- Prepare annual OSD PER installation submission. Review and validate any data prepared by partner
- Review the annual budget submission in coordination with the partner and PPD PM
- Forward all required financial reports to PPD PM on time

Managing Member Requirements – Project Asset Management

- Prepare a Monthly Dashboard Report to be reviewed by RCI Asset Manager
- Prepare a Quarterly Project Report to be reviewed by RCI Asset Manager
- Prepare monitoring data for the PER report
- Provide the Annual Project Plan and Budget submission
- Provide all required financial reports to RCI Asset Manager on time

Timing of Required Financial Reports:

Report	Responsible Party	Frequency	Timing
Project Dashboard Report	**Partner / RCI Asset Mgr**	**Monthly**	**15 days after end of month**
Project Report	**Partner / RCI Asset Mgr**	**Quarterly**	**30 days after end of quarter**
Portfolio Report	**PPD Program Mgr**	**Quarterly**	**60 days after end of quarter**
2884 (c) Semi-annual Report to Congress	**Partner**	**Semi-Annual**	**Subject to OSD deadline**
Program Evaluation Report (PER)	**RCI Asset Mgr**	**Annual**	**Subject to OSD deadline**
Project Plan and Budget	**Partner / RCI Asset Mgr**	**Annual**	**As required in legal docs**

Project Compliance and Partnering Visit

Annual Project Compliance and Partnering Visits provide portfolio and asset management training, gather information, evaluate performance, and reinforce the importance of communication between the PPD Program Manager, RCI Asset Manager, and partner.

Project Visits allow the PPD PM to verify that submitted reports reflect actual conditions on the ground. The PPD Program Manager will conduct a Compliance and Partnering Visit to each Project annually, or more frequently as deemed necessary to discuss the project with the RCI Asset Manager and partner and ascertain the effectiveness/efficiency of the management and development of the Project.

A more detailed description of Project Visits is presented in Appendix D.1, as well as templates for an agenda, compliance checklist, and facilitation questions.

Headquarters Requirements – PPD

- Conduct/participate in project visits to keep current with the project, as well as assess the physical condition and operational performance of the project and Asset/partner teams

- Assess the effectiveness of the Development Manager in representing the interest of the Army as an owner
- Assess the effectiveness of the Construction Contractor in delivering quality housing and amenities at budgeted costs within agreed unit delivery schedules
- Assess the effectiveness of the Property Manager in delivering efficient, responsive services to Soldiers and Families and sustaining project assets at desirable quality levels
- Assess the effectiveness of the RCI Asset Management Team in representing the interests of the Army as an owner

USACE – Norfolk District Real Estate

- Complete Ground Lease Compliance Checklist
- Support PPD PM as required

Garrison Requirements – Army Housing/RCI Asset Management

- Coordinate with the ACSIM Program Manager to arrange Project Visits
- Request a Project Review in coordination with the Project Visit, through the PPD PM, when required

Managing Member – Project Asset Management

- Coordinate with the RCI Asset Manager on all Project Visits including preparation of required presentations and materials

Project Reviews

Project Reviews will be conducted when an issue requires resolution or appears as a potential problem. CVD may direct a review to gain greater insight into a particular situation which may impact the entire portfolio. Also, the PPD PM may direct or the Army RCI Asset Manager may request a Project Review in response to a specific project issue or problem. As an example, the PPD PM may direct a review of lockbox activity at the project or the Army RCI Asset Manager may request a Project Review for this reason.

The PPD Program Manager will coordinate the review requirements with the Army RCI Asset Manager. Depending on the situation, this could include participation by the Army Audit Agency (AAA), USACE, or other government entities. Project Reviews may be focused on: lockbox management, development and construction, capital repair and replacement, project operations, resident satisfaction, insurance, incentive performance management plans, municipal service agreements, utility costs and reimbursement, etc. A more detailed description of Project Reviews is included in Appendix E.

Headquarters Requirements – CVD

Portfolio Management:

- Direct and Coordinate Project Reviews when necessary

Headquarters Requirements – PPD

- Coordinate initiation of performance reviews and provide results to ACSIM (DIS) or DASA (IH&P), e.g., insurance, lockbox, construction and development and other reviews

Garrison Requirements – Army Housing/RCI Asset Management

- Request and/or support Project Reviews when necessary

Managing Member – Project Asset Management

- Support and provide requested data/materials for Project Reviews when necessary

Army RCI Training and Professional Development

The HQ IMCOM Housing Chief will establish a program for systematic training of the Army RCI Asset Management Team, and the partner/project team in RCI PAM directives, principles, practices, and procedures. Training will include real estate fundamentals and their applicability to the specific project and will incorporate lessons learned. A more detailed description of Army Training is presented in Appendix F.

Headquarters Requirements – CVD

- Provide input to HQ IMCOM for development of installation training programs
- Support a Lessons Learned training program across the portfolio to convey lessons learned and best practices from each RCI project
- Support HQ IMCOM and installation-level training programs

Headquarters Requirements – PPD

- Provide training to incoming Garrison Commanders and other key Army stakeholders
- Support a Lessons Learned training program across the portfolio to convey lessons learned and best practices from each RCI project
- Support HQ IMCOM and installation-level training programs

HQ IMCOM/Region Requirements (G4)

- Provide training to asset-level management for existing Projects relating to:
  - Real Estate Fundamentals
  - Portfolio Management Systems
  - Finance and Accounting Practices
  - Project-specific Development Scope
  - Project Compliance Oversight
- Provide training to incoming Garrison Commanders and other key Army stakeholders
- Implement a Lessons Learned training program across the portfolio to convey lessons learned and best practices from each RCI project
- Develop IMCOM and installation-level training programs in coordination with PPD

Garrison Requirements – Army Housing/RCI Asset Management

- Coordinate with HQ IMCOM to discuss topics that need to be addressed at the project training
- Ensure Army Housing/RCI Asset Management team members are afforded the opportunity to build on RCI required skill sets and attend professional development training

Managing Member – Project Asset Management

- Ensure team members are afforded the opportunity to build on RCI required skill sets and attend professional development training

Document Management

Successful implementation of PAM oversight includes the collection and retention of documents and materials from each project. USACE, Norfolk District, Real Estate, provides policies and procedures for capturing and retaining material associated with each project, and systems will be continuously updated with this information. A more detailed description of Document Management is presented in Appendix G.

Headquarters Requirements – CVD

- COR on web-enabled document repository (Documentum) service contract

Headquarters Requirements – PPD

- Administer and update the installation and portfolio information on PPD shared drive

USACE – Norfolk District Real Estate

- Design the policies and procedures for capturing and retaining documents
- Administer and update Documentum

Other Portfolio and Asset Management Tools

Other tools may be needed to address issues that may surface from compliance reporting, accounting and financial reports, Project Reviews or Project Visits; or to focus special expertise to provide advice on critical issues such as project expansion or restructuring.

Headquarters Requirements – CVD

- Review business opportunities outside the scope of RCI brought forward by a partner
- Develop program structures for initiatives determined to be economically viable
- Secure appropriate approvals for implementation of initiatives
- Establish and promulgate policies related to strategic sourcing initiatives
- Conduct industry outreach and solicitation preparation/issuance
- Recommend legislative initiatives where appropriate

- Provide input to the source selection process
- Organize periodic Senior Executive Meetings (SEM) between Corporate Partners and Army Leaders
- Collaborate with PPD to help identify strategic business opportunities and assist with feasibility studies as needed

Headquarters Requirements – PPD

- Collaborate with CVD to help identify strategic business opportunities and assist with feasibility studies as requested
- Organize/conduct periodic asset-level conferences/meetings
- Assist with development of program structures for initiatives
- Establish implementing policies and procedures and implement those policies and procedures related to strategic sourcing initiatives
- Assist DASA (IH&P), as requested, with:
  - Industry outreach and solicitation preparation/issuance
  - Sustainability efforts, legislative initiatives and source selection processes

A more detailed description of Other Portfolio and Asset Management Tools is presented in Appendix H which includes information on the Army Annual Resident Survey discussed below.

Army Resident Survey

The Resident Survey is intended to provide those responsible for privatized housing operations and RCI Asset Managers with specific feedback from which to gauge the satisfaction of the residents with various aspects of housing. The Resident Survey analysis provides the Army with a portfolio snapshot of how successful projects meet the goals of the RCI program. The Resident Survey is discussed in more detail in Appendix H: Other Portfolio Management Tools.

Headquarters Requirements – CVD

- Review results and look for portfolio wide trends, positive and negative, which can be areas of focus for project visits and RCI training forums

Headquarters Requirements – PPD

- Provide HQ level publicity and outreach to ensure tenants complete the survey
- Review project action plans and provide lessons learned across projects to improve resident satisfaction

HQ IMCOM/Region Requirements (G4)

- Review and support project action plans and work with Army RCI Asset Manager to ensure correction of deficient project areas

Garrison Requirements – Army Housing/RCI Asset Management

- Ensure residents understand the importance of the survey
- Review results with Partner to pinpoint areas of success and develop action plans to correct deficient areas

Managing Member – Project Asset Management

- Coordinate with RCI Asset Management team to ensure residents understand the importance of the survey
- Review results with RCI Asset Manager to pinpoint areas of success and develop plans to correct deficient areas
- Provide options to improve resident satisfaction

Summary

A robust Portfolio and Asset Management program requires the coordinated use of the seven PAM tools at the portfolio and asset levels. Used effectively, the PAM tools will provide early indications of project or portfolio issues and allow for timely resolution of those issues. Communication among all levels of the partnership is critical to ensuring resolution of any issues which may arise. The following sections of the PAM Handbook provide detail of the roles, responsibilities, and requirements for Army PAM oversight and should be understood by all Army representatives involved in the RCI partnerships. Questions about any of the information should be forwarded to your respective PPD Program Manager.

The following chart displays the expected frequency of PAM tool utilization:

Portfolio and Asset Management Tools	Frequency
Program Compliance: Legal, Davis Bacon Act, and 10 USC 2884/5	Monthly, Quarterly, Semi-Annually, Annually
Accounting and Financial Reporting	Monthly, Quarterly, Semi-Annually, Annually
Project Compliance and Partnering Visit	Annually, or As Required
Project Reviews	As Required
Development Reviews	Within 1 yr after Closing 3-6 Yr IDP: Midpoint of project (subject to the timing of the initial Development Review) and at IDP Close-out 6-10 Yr IDP: at the 1/3 (subject to the timing of the initial Development Review), 2/3 and IDP Close-out points Out-year: Within one year prior to each new

Portfolio and Asset Management Tools	Frequency
	Out-Year Development Plan, or as required
Army RCI Training and Professional Development	Ongoing
Document Management	Ongoing
Other Portfolio and Asset Management Tools	As Required
IDP Close-out Process/Out-Year Development Plan	Six month period prior to planned IDP Close-out date/Out-Year Development Plan completion

PAL Portfolio and Asset Management Overview

Overview

The purpose of this document is to outline various elements entailed in Portfolio and Asset Management (PAM) oversight management of the Department of the Army Privatized Army Lodging (PAL) program. This PAL PAM Handbook is intended to provide guidance and should be used by all Army personnel involved with the PAL Program. The PAM tools, as defined below, are designed to assist the Army in performing oversight and fulfilling its roles and responsibilities ensuring quality lodging and sound fiscal management of PAL. The primary purpose of PAM is to proactively and systematically manage the risks associated with the PAL portfolio, as well as the individual assets, to meet the Army's lodging privatization objectives. The PAM Program helps ensure PAL meets its strategic goals by using performance standards for evaluating financial, operational, and development performance over the term of the lease. This Program ensures accountability, transparency, and financial stability of PAL.

The PAL Program is authorized to allow the Lessee to construct, develop and operate the improvements pursuant to a Lease under the auspices of the Military Housing Privatization Initiative, 10 U.S.C. §§2871, *et seq*. (the "MHPI") which includes authority for the acquisition or construction of ancillary supporting facilities for the housing units concerned under 10 U.S.C. 2881. Through the use of these authorities, PAL has changed the government's role from a "provider" of lodging for Soldiers to a "Lessor" with the private sector for provision of these services. Unlike the RCI structure, under PAL the Army is not a member of the project's managing Limited Liability Company (LLC).

ODASA (IH&P-CVD) is the proponent for acquisition, policy, lease modifications, and Major Decision approval for the PAL Program. OACSIM (DIS-PPD) is the proponent for asset management oversight and reporting of the PAL program. IMCOM is responsible for appointing garrison-level PAL points of contact and dealing with customer service issues at the installation level. The U.S. Army Corps of Engineers (USACE), Norfolk District Real Estate is responsible for Lease compliance, real estate conveyance, and environmental issues.

Army Portfolio and Asset Management Tools

In the private sector, the primary benchmark for measuring the success of an asset or a portfolio of assets is the financial return generated for the client. While this measure is not the fundamental criteria for PAL PAM, the same underlying principles, strategies, approaches, and tools apply. Thus, the PAL performance is measured based on:

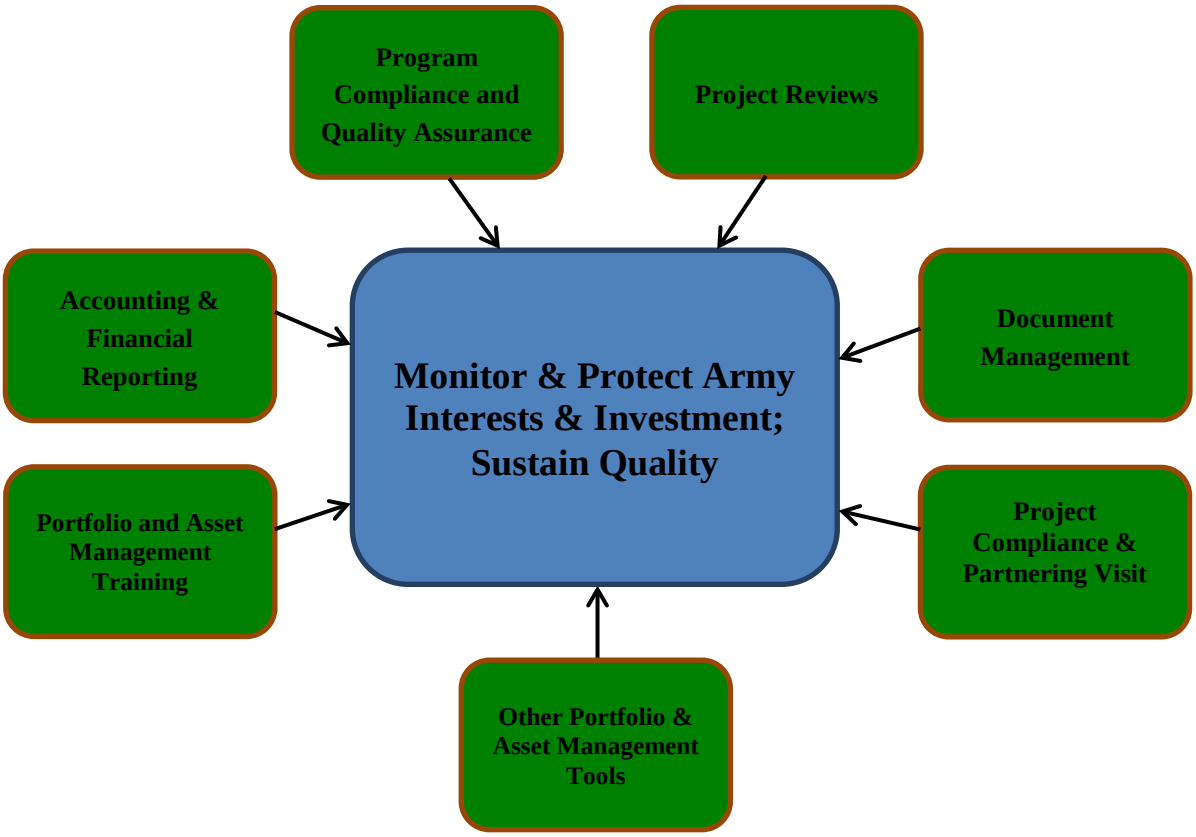
(1) Timely delivery of newly built and renovated hotels

(2) Army stakeholder and lodging guest satisfaction

(3) The continuous enhancement and sustainment of the lodging facilities over the life of the project

(4) Sound financial management

The PAL project entails an integrated structure involving three components – development, operations and finance. As a result of the interrelated nature of the components, the success of PAL is dependent upon meeting agreed upon targets for each of the components. Knowledge and insight into the short- and long-term interdependencies of the three components of privatization projects are critical requirements for portfolio and asset management. To proactively monitor the health of the PAL Portfolio, PAL PAM is structured around seven primary tools shown below:



Portfolio and Asset Management

Portfolio and Asset Management uses the tools shown above to ensure accountability on the part of the lessee, efficient operation of PAL, and to evaluate the financial, operational, and development performance over the short and long term. The PAM tools are intended to strengthen the financial performance of the portfolio and assist with portfolio decisions requiring Lessor approval. Portfolio management also involves assessment, consolidation, distribution, and management of relevant data required by HQDA, OSD, Office of Management and Budget (OMB), and the Congress to ensure the overall success of the Army's PAL program.

The Capital Ventures Division (CVD) works under the jurisdiction of the DASA (IH&P). The CVD PM provides oversight over all Lease modifications and decision approval requirements which must be signed by the DASA (IH&P). This includes review of all development plans, out-year development plans, changes in brand standards, and transfer/assignment or change in entities to the Lease. The CVD PM also coordinates and executes all transactions and manages transition support efforts.

Asset management focuses on oversight and review of project operations, finance and development to assess the success of each specific PAL installation and overall PAL Portfolio. The PPD PAL Program Manager (PPD PAL PM) works under the jurisdiction of OACSIM (DIS). The PPD PAL PM ensures Army oversight in legal compliance, development, operations, and finance and to resolve issues and support CVD as required at the programmatic level. Information collected from all PAL locations is analyzed by the PPD PAL PM and feedback is provided to the Lessee and as needed the Garrison PAL POC's to enhance the success of PAL.

Communications

CVD communications are focused upward and out (i.e., OSD, OMB, Congress, private industry) unless a major decision is underway; in that case direct liaison to the GC is authorized. PPD communications are focused across the Army Staff (ARSTAF), including upward to the Chief of Staff of the Army (CSA), the Vice Chief of Staff of the Army (VCSA), and the Director of the Army Staff (DAS). Representatives from CVD and PPD will meet periodically to collaborate on activities, studies and analyses.

Army PAL Program – PAM Tools

The Army's approach to PAM envisions tailoring an oversight program that meets the specific needs of the overall portfolio and each Army lodging asset as required. The PAM process provides key lessons learned to enhance and improve the policies and procedures and drive a "best practice" approach. The following section presents an overview of the portfolio and asset management tools that have been designed to meet PAL requirements.

Program Compliance

Ensuring compliance with the legal documents and business agreements for the project is a key responsibility of the CVD, PPD, USACE and the Lessee. The PAL PM manages the Compliance Checklist. The Compliance Checklist is a tool the PAL PM and USACE use to ensure all parties adhere to the project's legal requirements as outlined in the Ground Lease.

The PPD PAL PM's role is to review installation/portfolio issues for non-compliance and coordinate with CVD to identify emerging trends across the portfolio. As non-compliance issues are identified, corrective measures may be initiated.

The Lease Inspection Process is administered by USACE and serves as the vehicle for enforcing the PAL entity's obligations and responsibilities as set out in the Ground Lease. The Lease establishes a legal relationship between the Army and the PAL entity. Lease non-compliance issues must be corrected through the remedies and procedures set out in the Lease. These issues (and others outside the Lease) may also involve cases where the Army has caused the non-compliant condition, such as encroachment into the PAL footprint. A more detailed description of compliance is presented in Appendix A.2.

Accounting and Financial Reporting

This component of PAM involves the oversight/review of critical accounting and financial reporting aspects of the project, including project and installation-level financial statements, cash management functions (including lockbox and escrow review), budget versus actual, loan servicing, trend analysis, etc. Accounting and Financial Reporting requirements are completed on a monthly, quarterly, semi-annual, and annual basis. A more detailed description of Accounting and Financial Reporting is presented in Appendix B.2.

Project Compliance and Partnering Visit

Project Compliance and Partnering Visits (PCPVs) provide PAM training, gather information, evaluate performance, and reinforce the importance of communication between the PPD Program Manager, Garrison PAL POC, Hotel General Manager and Project Owner.

PCPVs allow the PPD PM to verify that submitted reports reflect actual conditions on the ground. The PAL PM will conduct a PCPV to each installation annually or as deemed necessary to discuss the project with the PAL POC, Development Manager and Hotel General Manager to ascertain the effectiveness/efficiency of the management and development of the project. A more detailed description of PCPVs is presented in Appendix D.2.

Project Reviews

Project Reviews will be conducted when an issue requires resolution or appears as a potential problem. The PAL PM may request a Project Review to gain greater insight into a particular situation which may impact the entire portfolio or future projects, as with a design compliance review. Also, the PAL PM may direct or the PAL POC may request a Project Review in response to a specific project or installation level issue or problem. The PAL PM will coordinate the Project Review requirements with the PAL POC. Depending on the situation, this could include participation by USACE, AAA, Government Accountability Office (GAO), Inspector General (IG), or other government entities. Project Reviews may be focused on: lockbox management, development and construction, design review, insurance, municipal service agreements, utility costs and reimbursement, etc. A more detailed description of Project Reviews is presented in Appendix E.

Army Training and Professional Development

PPD, in coordination with ACSIM (DIS-ISH) and HQ IMCOM will establish a program for training in PAL PAM directives, principles, practices, and procedures. Training will include real estate and lodging fundamentals. A more detailed description of Training and Professional Development is presented in Appendix F.

Document Management

Successful implementation of PAM oversight includes the collection and retention of documents and materials for the PAL Program. USACE, Norfolk Real Estate, will provide policies and procedures for capturing and retaining material associated with each installation, and systems will be continuously updated with this information. A more detailed description of Document Management is presented in Appendix G.

Other Portfolio Management Tools

Other tools may be needed to address issues that may surface from compliance reporting, accounting and financial reports, Project Reviews or PCPVs; or to focus special expertise to provide advice on critical issues such as PAL expansion or restructuring. A more detailed description of Other Portfolio Management Tools is presented in Appendix H.

Summary

A robust Portfolio and Asset Management program requires the coordinated use of the seven PAM tools at the portfolio and asset levels. The structure of the PAL relationship, lessor and lessee, results in different applicability and use of these tools. Used effectively, the PAM tools will provide early indications of program issues and allow for timely resolution of those issues. Communication among all levels of stakeholders is critical to ensuring resolution of any issues which may arise. The following sections of the PAM Handbook provide detail of the roles, responsibilities, and requirements for Army PAL PAM oversight and should be understood by all Army representatives involved in the PAL Program. Questions about any of the information should be forwarded to the PPD PAL PM.

RCI Roles and Responsibilities

Overview

This section outlines the roles and responsibilities of the Army, partner, and third parties for oversight of the Army's RCI housing privatization program. RCI projects are complex, large-scale, long-term real estate transactions. They involve extensive ongoing relationships between development, operations, and financial components requiring significant interactions at multiple stakeholder levels and coordination of challenging government and military processes. The full support and understanding of all parties is critical to a successful long-term portfolio and asset management program.

The Institute of Real Estate Management defines portfolio and asset management as functions focused on long-term accomplishment of owner objectives and the physical and financial integrity of investment real estate. An asset manager is defined as one who is charged with supervising an owner's real estate assets at the investment level. In the case of RCI privatized military housing, CVD is considered the portfolio level while PPD is considered the investment level providing oversight for asset management of housing privatization. IMCOM has oversight of the installation-level day to day responsibilities of the Garrison Commander and RCI Asset Manager. The Garrison is at the execution level of asset management where the Army's on-the-ground oversight is focused. These efforts are led by the Army RCI Asset Manager, who is normally the Army Housing Manager. The RCI Asset Manager and Garrison Commander are supported by higher authorities through two entities: ACSIM (PPD) and IMCOM HQ/Region. The responsibilities discussed below.

At the execution level, the RCI Asset Management team, under the RCI Asset Manager, provides oversight, not operational control of the project. The Managing Member is the entity which provides day-to-day operational control and management for the project. There will be many decisions that could be classified as either operational control or oversight of the project; the RCI Asset Manager should ensure there is clear communication between the Garrison Commander, the partner, and higher level authorities on any decision that will impact the RCI project and who has authority to make the project decision.

Key Portfolio and Asset Management Roles and Responsibilities

The roles and responsibilities of the Army's RCI portfolio and asset management functions begin prior to project closing. Installation asset management staffing requirements (after transfer of ownership and operation) should be addressed prior to and no later than the completion of the CDMP development phase. Each identified RCI asset management position should be filled and trained prior to closing of the transaction and

transfer of operations; this ensures effective Army support of the partner and military families at the commencement of the project.

Skills

Multiple skill-sets are needed to effectively perform the roles of RCI asset management including: engineering, housing, legal, finance, quality assurance/quality control, environmental, and property management, operations and maintenance. Maintaining and continually training garrison-level personnel to understand both the execution phase and the transaction details is important to successful and sustained oversight of the project-level entity.

RCI asset management responsibilities can be divided into four separate core oversight functions:

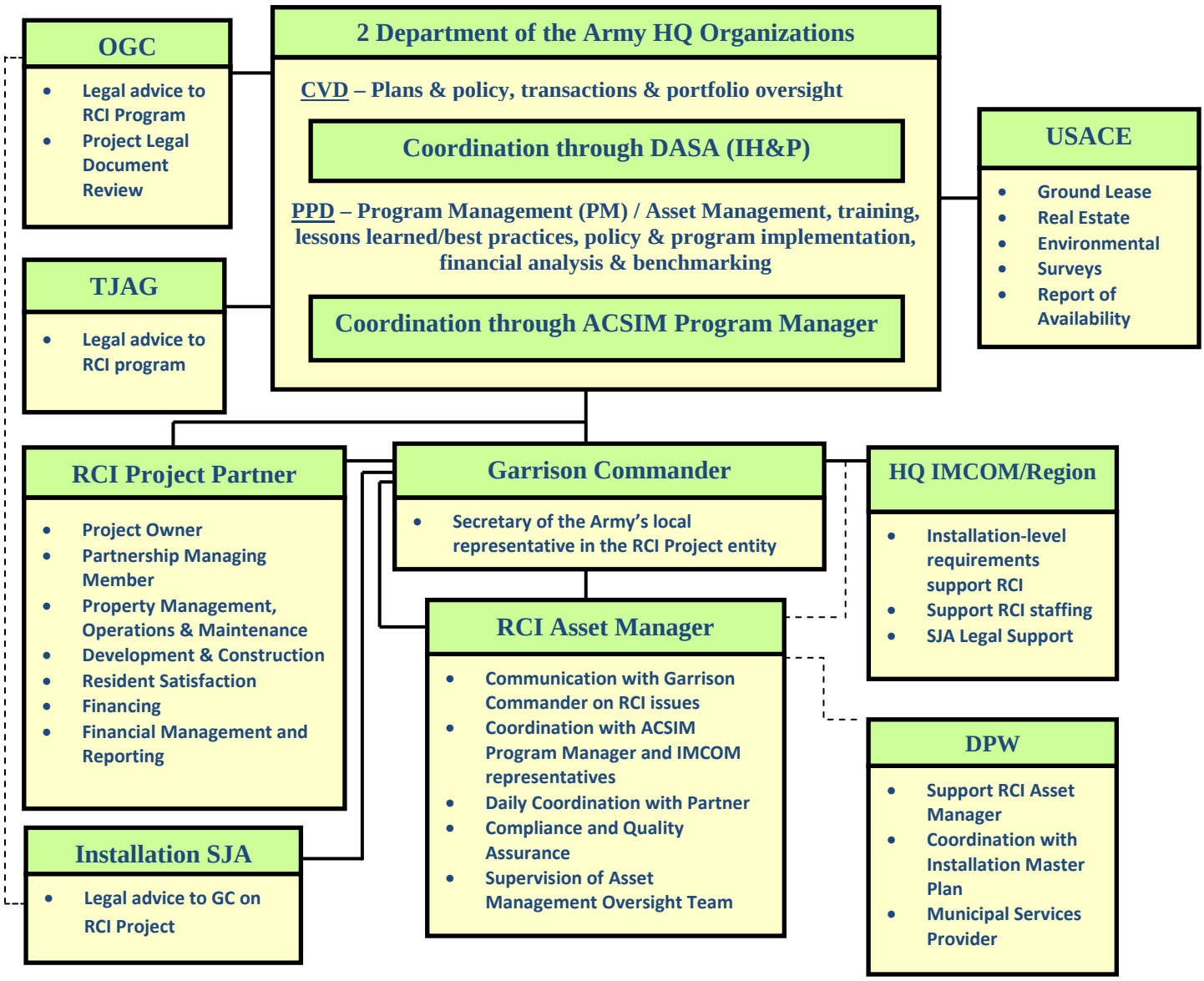
- Development and Construction
- Operations and Maintenance
- Financial Management
- Legal and Governance

The actual size of the RCI project determines the number of individuals allocated to the installation RCI Asset Management team.

Figure II (a)-1 on the following page outlines the overall Army structure for RCI portfolio and asset management oversight.

As shown in the chart below, each member of the team has key duties; more detailed explanations are provided below the chart; first with a summary of primary roles and responsibilities of key positions and second with more detailed explanations of all project-level positions.

Figure II (a) - 1 RCI Portfolio and Asset Management Oversight Organization



Portfolio and Asset Management Primary Roles and Responsibilities

CVD Program Manager:

Role: Provides RCI portfolio level oversight, guidance and support for projects or privatization initiatives

Responsibilities:

- Monitor portfolio-level compliance issues

- Obtain necessary approvals from HQDA (ARSTAF/Secretariat), Congress, OSD, OMB, USACE, ASA (IE&E), and DASA (IH&P), the latter for approval and signing of real estate documents
- Coordinate and review 2884/2885 Compliance requirements and report deficiencies to OSD as per legislation
- Negotiate Concept Paper requests submitted to DASA (IH&P)
- Obtain DASA (IH&P) approval for Major Decisions and Modified Scope Plans
- Develop recommendations for portfolio enhancements
- Interact with partner portfolio managers on issues that involve or affect multiple projects/installations
- Review business opportunities outside the scope of RCI brought forward by a partner
- Develop program structures for initiatives determined to be economically viable
- Secure appropriate approvals for implementation of initiatives
- Establish and promulgate policies related to strategic sourcing initiatives
- Conduct industry outreach and solicitation preparation/issuance
- Recommend legislative initiatives where appropriate
- Provide input to the source selection process
- Organize periodic Senior Executive Meetings (SEM) between Corporate Partners and Army Leaders
- Interact with partner portfolio managers on issues that involve or affect multiple projects/installations
- Negotiate all new privatization initiatives from initial concept and due diligence to financial closing
- Collaborate with PPD to help identify strategic business opportunities and assist with feasibility studies as needed
- Negotiate all project and initiative business terms and agreements, to include:
    - Refinance the project for any reason
    - Expand the existing project scope through additional land, additional debt, additional government contribution, and/or creation of a project Out-Year Development Plan
    - Expand an existing project to include Unaccompanied Housing (UH) requirements using the same organizational, financial, real estate, and/or operational resources
    - Expand on existing project scope
    - Modify the project for a joint basing or Base Realignment and Closure (BRAC) integration

PPD Program Manager:

Role: Provides RCI program level oversight, guidance and support to projects or privatization initiatives

Responsibilities:

- Identify program / project level challenges and provide approaches to resolve
- Approve annual operating and capital repair and replacement budgets
- Review drivers of project successes and challenges and ensure feedback and lessons learned are provided to other RCI installations
- Offer expertise to complement skill sets not present at sites
- Assist in analysis and execution of project refinancing / restructuring
- Direct, assist, and monitor installation production of the Report of Availability and associated documentation
- Track, assess, and analyze reports and provide consolidated project and program information
- Assist with Project Reviews, to include Development, Operations, Special Purpose, and Compliance requirements as needed to ensure Army interests are protected
- Collaborate with CVD to help identify strategic business opportunities and assist with feasibility studies as requested
- Organize/conduct periodic asset-level conferences/meetings
- Assist with development of program structures for initiatives
- Establish implementing policies and procedures and implement those policies and procedures related to strategic sourcing initiatives
- Assist DASA (IH&P), as requested, with:
  - Industry outreach and solicitation preparation/issuance
  - Sustainability efforts, legislative initiatives and source selection processes

HQ IMCOM/Region:

Role: Serves as IMCOM's representative to ensure installation requirements support RCI

Responsibilities:

- Ensure RCI Asset Managers and Garrison Commanders are aware of issues that may impact the program (re-stationing, leasing priority waterfall, etc.)
- Serve as the IMCOM subject matter expert on all RCI issues
- Coordinate housing privatization issues within the public works (master planning, real estate, housing and environmental), resources (budget), public affairs, legal and operations offices to ensure awareness and planning for the RCI program

- Coordinate residual housing issues that may impact the installation RCI program
- Monitor/support local authority Major Decisions as required
- Monitor the project staffing and structure of the RCI Office to ensure consistency with current Garrison, IMCOM, ACSIM, and ASA (IE&E) objectives
- Monitor compliance responsibilities required by the RCI Asset Management team at each installation

USACE – Norfolk District, Real Estate:

Role: Supports installation, IMCOM, PPD, CVD, and DASA (IH&P) in consummating all actions necessary to effectuate the real estate transaction underlying the RCI project

Responsibilities:

- Execute MHPI real property program for the Army
- Assist with Ground Lease negotiations and control Ground Lease document revisions on behalf of the Government
- Issue guidance on procedural and technical implementation of the policies and general procedures for real estate
- Review surveys prepared by Lessee or installation in support of proposed RCI land actions
- Support OACSIM Real Estate Specialist in review of ROA and associated documentation, including surveys
- Assist the installation with the completion of any required Programmatic Agreement with respect to historic/historic eligible assets
- Support the installation Environmental Office and partner in assessment and resolution of all environmental challenges affecting the RCI project
- Serve as Contracting Officer for the Lease

Garrison Commander (RCI - related):

Role: Serves as the Army's installation level representative in the RCI operating entity, on behalf of the ASA (IE&E)

Responsibilities:

- Utilize ASA (IE&E) - RCI Policy for Major Decisions Authority as framework for Army coordination
- Utilize RCI Asset Management Team as expert resource for project guidance
- Maintain a long-term focus on project-related Major Decisions
- Review the annual operating budget with Partner, forwarding to ACSIM PM for approval
- Approve the incentive fee distributions (as required by business agreements)

- Support, not control of, partner resident eviction process

Army RCI Asset Manager (normally Army Housing Manager):

Role: Serves as the Garrison Commander's chief advisor on the RCI Project

Responsibilities:

- Army's point-of-contact for individual project-level asset management, serves as the direct source of communication between the Garrison Commander, Partner, IMCOM and the ACSIM PM
- Consult with the partner on a frequent (normally daily) basis to ensure coordination of project issues
- Utilize the Decision Matrix to guide appropriate coordination for Major Decisions
- Provide oversight of the RCI project's business entity and make certain all processes and procedures are in place and functioning to ensure compliance with the project's legal documents (supported by ACSIM PM, USACE, and HQ IMCOM)
- Analyze adjustments to the project development scope or schedule
- Understand and evaluate risks that may affect the project and alert ACSIM PM if assistance is needed in evaluating potential or existing risks
- Monitor and interface with Army agencies in the routine completion of BAH Surveys, Housing Market Analyses (HMA) and HMA Updates
- Review and coordinate submission of required PPD, CVD, OSD and other reports

Director of Public Works:

Role: Serves as advisor to the RCI Asset Manager and may, in instances, serve as supervisor

Responsibilities:

- Support the RCI Asset Manager to ensure utilities, fire and emergency services, and any other services furnished per authority 10 U.S.C. 2872(a), are provided to RCI housing per the municipal services agreement (MSA)
- Update the MSA on an annual basis, or as specified in the agreement
- Oversee and coordinate the sale of utility services to RCI housing, ensuring the utility rates / expense allocations are in compliance with the MSA and ASA (IE&E) – RCI Utility Reimbursement to Installation Policy
- Provide coordination support for RCI project integration with Installation Master Planning and other installation activities and functions
- Ensure utility and other municipal service bills are provided to the project in a timely manner
- Request USACE support as needed to supplement installation capabilities

Asset Management Functions at the Garrison Level

Provided below is more detailed information about the oversight functions and responsibilities of the Garrison RCI Asset Management team members. As discussed earlier, the actual size of the RCI project, number of homes, and funding available determines the number of individuals allocated to the installation RCI Asset Management team; in many cases certain positions detailed below may be combined and filled by one individual.

Project Oversight

RCI Asset Manager (normally Army Housing Manager)

In most cases the Army Housing Manager also serves as the RCI Asset Manager. The RCI Asset Manager serves as the Director of the installation's Residential Communities Initiative Office and chief advisor to the Garrison Commander on RCI project or program matters. The RCI Asset Manager is responsible for coordination of plans, implementation, resolution of issues, and long-term management of the RCI project at the asset-level. The RCI Asset Manager, in their role as Army Housing Manager, may be responsible for non-RCI programs such as unaccompanied housing (UH), centralized barracks management, non-privatized installation housing functions, government-leased family and UH/barracks, budgeting and execution (AFH and OMA), facilities and infrastructure management, off-post private rental Housing Services Office (HSO), furnishings management and information/data collection and management in support of installation housing programs.

RCI Asset Manager's duties related to RCI program implementation include preparation and negotiation of a CDMP and 50-year business agreement with a private sector development partner. The RCI Asset Manager supervises the RCI Asset Management Team and performs related personnel management duties.

The RCI Asset Manager will have direct access to the Garrison Commander on all RCI project matters. The RCI Asset Manager provides support to the Garrison Commander related to Major Decisions and approval of incentives fees. The RCI Asset Manager ensures full coordination of program implementation and long-term portfolio and asset management with HQDA, IMCOM, Installation, and Partner.

Compliance of the partner/project with all compliance requirements (discussed in detail in Appendix A of this Handbook) is a joint responsibility of the partner and Asset Management team. The partner is focused on implementation of processes and actions to ensure the project and partnership is in compliance with all requirements imposed by regulations, legal documents and business agreements, including the CDMP. The Army RCI Asset Management Team monitors and oversees the partner's compliance with these requirements. Compliance Checklists, examples of which are provided in Appendix A, are tools provided by OACSIM to assist the Army RCI Asset Management team in ensuring all parties adhere to requirements. Asset management oversight should be focused on ensuring the project processes and procedures, including quality assurance inspections, satisfy these requirements -- efforts which comprise a majority of the Asset Management team's job responsibilities.

These duties require in-depth knowledge and understanding of the mission objectives, applicable laws, HQDA and OSD guidance and directives, resources, and various internal and external stakeholder interests' in the program. The RCI Asset Manager applies extensive knowledge of effective management principles and best business practices in conjunction with housing and privatization policies and procedures to plan, implement, and provide long-term oversight of the Army RCI housing program.

The RCI Asset Manager's performance is evaluated following the IMCOM supervisory chain-of-command. The RCI Asset Manager will be rated by the Director of Public Works and/or as directed by the Garrison Commander.

Specific duties of the RCI Asset Manager position are provided below:

- Serve as the Garrison Commander's chief advisor on the RCI project and family housing and make recommendations regarding modifications to the RCI project or CDMP
- Lead the RCI Asset Management Team and coordinate with the PPD PM and CVD PM in collaborations and negotiations with the Partner relating to proposed modifications to the project's scope, schedules, financial projections, and/or associated documents.
- Engage the Asset Management Team and other subject matter experts as needed to support efforts involving Major Decisions
- Coordinate project operations and construction with affected installation agencies
- Interface with ACSIM PM and Asset Management Team on reporting requirements
- Support project compliance and partnering and project review visits
- Provide oversight of Developer business processes/procedures which ensure compliance with the Project requirements as outlined in Appendix A – Compliance for Legal, Davis Bacon Act, and Congressional areas of focus. This includes review and/or approval and retention of copies of all construction Change Orders proposed by the Developer or Construction/Renovation Contractor regardless of whether the proposed Change Order requires a Major Decision
- Ensure the project is in compliance with all CVD, PPD, and OSD reporting requirements
- Work with the partner to ensure reports are accurate
- Provide input on the composition of the Army's annual resident survey and the process by which it is administered
- Work with the partner to establish and maintain meaningful, objective, performance metrics for the Project's Incentive Performance Management Plan (IPMP). This includes managing and conducting regular quality assurance reviews and inspections of the partner's incentive fee reporting process to ensure that partner's self-reporting is reasonably accurate and complete and draws appropriate conclusions with respect to earned incentive fees.
- Make recommendations to the Garrison Commander on project and partner performance and assist the Garrison Commander with approval of incentive fee payments

- Respond to inquiries from the Senior Mission Commander and Garrison Commander and assist the partner in their interactions with the Army installation, ACSIM PMs or other DA staff
- Assist with the partner's resident and outside public relations efforts through the Garrison's Public Affairs Office
- Engage local government, chambers of commerce, school districts, congressional and state representatives, and other private and public sector stakeholders to inform, advise, and resolve issues related to housing privatization
- Assist Army HQ on Congressional inquiries when requested
- Manage and delegate responsibilities to the RCI Asset Management Team
- Manage HSO, Army Lodging, UH, 801 Housing, Deposit Waiver Programs or other Army programs, as directed

Deputy Asset Manager (Optional)

Specific functions involved in undertaking the Deputy Asset Manager position are provided below (for smaller Projects this position may include responsibilities of other asset management positions):

- Provide support to the RCI Asset Manager in all of his/her duties and assume leadership responsibilities in his/her absence
- Identify significant RCI project issues for consideration by the RCI Asset Manager
- Provide support to Service Members regarding resident issues that cannot be resolved by the partner or Property Manager
- Resolve every resident complaint that comes to the Residential Communities Office, elevate it to the RCI Asset Manager, who may, if required, request mediation by the Garrison Commander
- Review and make recommendations to the RCI Asset Manager and Garrison Commander on exceptions to policies
- Supervise RCI Asset Management staff on a daily basis to ensure that the key missions are accomplished (e.g. Resident Liaison, Quality Assurance/Control, project budget analysis and reporting, etc.)
- Serve as the RCI Asset Management human resources officer and make recommendations on personnel management to the RCI Asset Manager
- Make recommendations to the RCI Asset Manager on the annual resident survey composition and process
- Coordinate with the partner on the development, review and approval of proposed modifications to the CDMP, project scope, ground lease, etc.

Financial Management

Financial Specialist

The Financial Specialist promotes privatized housing success by providing decision makers/senior leadership with qualitative and quantitative analysis of the financial health of the Project. The Financial Specialist position normally requires a qualified financial analyst to work closely with the RCI Asset Manager and other garrison staff members, as well as the Garrison Commander when requested, to communicate a clear and detailed understanding of the financial status of the Project.

Specific functions involved in undertaking the Financial Specialist position are provided below:

- Review project financial statements, lockbox statements, annual budgets, and modifications to the CDMP. Identify impacts affecting project financial performance and/or project financial reporting provided to OSD and HQDA
- Analyze financial position and operating performance using multiple types of financial analysis (trend, variance, cash flow)
- Develop and maintain proficiency in the project pro forma and using this tool, forecast the effect of actual project operations and annual budgets on future project cash flows and how this affects the development/construction plan and reinvestment funding
- Ensure the Developer is in compliance with financial aspects of project legal documents
- Communicate with the Property Manager regarding occupancy, rank mix, and marketing incentives as these items affect project finances
- Provide financial updates to the RCI Asset Manager
- Coordinate with the partner on the development, review and approval of proposed modifications to the CDMP and/or legal documents to include changes in the phasing schedule, scopes of work, or draw schedules.
- Maintain database of project closing documents and all annually-approved project budget information including pro formas
- Support the Annual BAH Survey data collection process and validate information to ensure compliance with survey requirements

Operations and Maintenance Oversight

Operations and Maintenance Specialist

The Operations and Maintenance Specialist monitors and assesses the property management and maintenance operations of privatized family housing and ancillary facilities for appropriate quality and performance levels and advises the RCI Asset Manager concerning adherence to the CDMP and/or legal documents. The Operations and Maintenance Specialist inspects facilities, utilities, roadways, and surrounding grounds to evaluate use patterns and identify maintenance requirements and review cost factors affecting preventative and major

maintenance items. Additionally, the Operations and Maintenance Specialist studies maintenance and property management operations and reviews developer recommendations on facility maintenance processes. The Operations and Maintenance Specialist ensures that facility and associated systems are acquired, operated, maintained, and cleaned in a manner that provides the most suitable, productive, and safe environment for normal operations in conformance with established criteria.

As part of the monitoring responsibility, the representative will observe property management and operations activities in cooperation with the partnership.

Specific functions involved in undertaking the Operations and Management Specialist position are provided below:

- Review and analyze modifications to property management and operations plans of the project with Property Management personnel and make recommendations to the RCI Asset Manager and the Garrison Commander
- Coordinate with the RCI Asset Manager when Property Manager seeks information or assistance from the DPW or Garrison Commander
- Submit periodic status reports on the execution of property management and operations plans to the RCI Asset Manager
- Provide confirmation to the RCI Asset Manager and the Garrison Commander that property management and operations goals have been met for approval of incentive fee awards
- Communicate with the Financial Specialist on matters affecting project finances (e.g. occupancy, rank mix, and marketing incentives)
- Coordinate with the partner on the development, review, and approval of proposed modifications to the CDMP and/or legal documents
- Review turnover maintenance program and survey an adequate number of turnover completions and review turnover checklists to ensure the Property Manager meets established maintenance requirements

Customer Service/Resident Liaison

The Customer Service/Resident Liaison serves as the RCI Asset Management staff member who specializes in handling exceptional inquiries from Service Members or Families that cannot be resolved by the Property Manager or Project Director. On larger projects, this position should be specific to resident population groups (e.g., senior officers, command sergeant majors, sergeant majors, field grade, company grade, etc.). The Resident Liaison will also review resident and property management policy changes, as compared to what was in the legal documents or CDMP, which would affect all residents. The vast majority of resident inquiries will be placed with and handled by the Property Manager and the RCI Customer Service/Resident Liaison focus should be on broad policy issues or changes which impact the residents.

Specific functions involved in undertaking the Customer Service/Resident Liaison position are provided below:

- Assist/mediate landlord/tenant disputes when requested by the resident
- Coordinate with the partner on resident eviction actions
- Receive, review, and make recommendations to the RCI Asset Manager on exceptions to policy from housing applicants and residents not resolved at Property Manager level
- Assist the RCI Asset Manager, Operations and Maintenance Specialist, and Construction and Development Specialist in all Quality Assurance reporting
- Coordinate with the partner on the development, review, and approval of proposed modifications to property management policy detailed in the CDMP
- Provide support to Partner on General Flag Officer Quarters (GFOQ) regulation and Key and Essential personnel issues

Construction and Development Oversight

Construction and Development Specialist

This position fulfills the engineering/construction technician role. This person monitors the development and construction of family housing and ancillary facilities for appropriate quality and safety standards and advises the RCI Asset Manager concerning adherence to the project development and construction plans and associated legal documents. This responsibility requires the ability to read and interpret engineering and architectural plans and specifications, and provide quality control by independently inspecting a wide variety of standardized items or operations, which require substantial knowledge of the methods and techniques of construction inspection and of construction methods, equipment, materials, and practices. The Construction and Development Specialist works closely with the RCI Asset Manager and other installation staff components, as well as the Major Decisions Committee, to communicate a clear and detailed understanding of the development and construction status of the project.

As part of the monitoring responsibility, the representative will observe and analyze development and construction activities in cooperation with the partner's personnel -- specifically ensuring the construction meets standards required in development plan, including applicable RCI Construction Standards and Installation Design Guide standards.

Specific functions involved in undertaking the Construction and Development Specialist position are provided below:

- Review and analyze IDP and out-year development and construction plans and budgets of the project and make recommendations to the RCI Asset Manager and the Garrison Commander
- Coordinate with the RCI Asset Manager when the partner seeks information or assistance from the Garrison Leadership

- Communicate with the Financial Specialist on matters affecting project finances (e.g. changes to the phasing schedule, scope of work, or draw schedule)
- Submit periodic status reports to the RCI Asset Manager on the execution of development and construction plans, development and construction draws, and variances from approved goals
- Conduct quality assurance of developer's and construction contractor's performance reporting system and provide recommendations to the RCI Asset Manager and the Garrison Commander whether development and construction performance goals have been accurately reported for consideration of incentive fee awards
- Review third party QA/QC reports (Construction Consultant and/or Lender's Construction Inspector) to ensure compliance with local and state building code requirements and achievement of construction standards required in the legal documents
- Review an adequate number of punch lists and punch list inspections to ensure that no adverse trends are noted with specific aspects of construction
- Review all certificates of occupancy
- Oversee a substantial number of the home acceptance processes between Developer / General Contractor and the Property Manager
- Participate in code compliance inspections
- Accompany the lender's Construction Consultant on their monthly site tour
- Coordinate with the partner on the development, review, and approval of proposed modifications to the CDMP
- Ensure partner and major service provider compliance with Davis-Bacon Act requirements
- Monitor progress of capital repair and replacement and unit renovation/replacement projects; evaluate Partner's annual Capital Repair and Replacement plan, including proposed utilization of Capital Repair and Replacement Reserves and Reinvestment Reserves and provide recommendations to RCI Asset Manager and Garrison Commander

Legal Counsel

Legal Compliance

When complicated legal situations arise, or the RCI Asset Manager requires additional legal expertise, the RCI Asset Manager should consult with the installation's Staff Judge Advocate (SJA) or HQ-IMCOM SJA, or working through the ACSIM Program Manager, with the HQDA Office of General Counsel (OGC), or USACE Legal Counsel for Ground Lease or Real Estate specific issues.

Installation Staff Judge Advocate

The Installation SJA position will provide support to the Garrison as follows:

- Advise the Garrison Commander and/or RCI Asset Manager on legal matters pertaining to the project
- Apply independent judgment and initiative in ensuring compliance with the unique and complex legal documents controlling the project partnership
- Request proposals, prepare Army positions, and conduct negotiations with the partner to incorporate or change provisions of the business agreements necessitated by mission changes, change in regulations, or as directed by HQDA
- Consult with HQ-IMCOM SJA and/or OGC as necessary for additional legal support and RCI programmatic legal guidance.

Administrative Support for the RCI Asset Management Team

Administrative Specialist

Specific functions involved in undertaking the Administrative Support position are provided below:

- Provide administrative and office management support to the Army RCI Asset Management team
- Prepare, assemble, copy, distribute, and mail documents and reports as directed by the RCI Asset Manager
- Develop and maintain an intimate knowledge of office systems (e.g., voicemail)
- Monitor activities of team members and remain aware of schedules and appointments
- Monitor supplies and order when necessary
- Monitor and maintain RCI files in accordance with RCI document retention policies and guidelines
- Track budget line items relating to administrative purchases and identify opportunities to control such costs
- Perform additional asset management functions on smaller projects

Partner/Project Roles and Responsibilities

The roles and responsibilities of the partner are detailed in the operating agreement between the Army and the Managing Member with additional requirements detailed in the Ground Lease. The service agreements between the Partnership and Developer, Construction Contractor, Renovation Contractor (if required), Property Manager, and Asset Manager detail responsibilities of these service providers to the Owner. While these agreements are always crafted as “arms-length” third-party contracts, some or all of the service providers are frequently affiliated with the Managing Member. Below is a list of some of the responsibilities of the above noted parties; this list is not exhaustive. Where questions arise as to specific responsibility the legal documents between the parties must be consulted.

Managing Member (Partner):

Role: Serves as the project decision maker with authority for the business and the affairs of the Project Company

Responsibilities:

- Manage and operate the business and affairs of the project according to the legal documents
- Coordinate Major Decisions for approval
- Comply with any applicable federal or state laws, or obtain exemptions under such laws
- Manage the Project finances to include the borrowing and repayment of funds as well as Project cash flow
- Employ, discharge, contract with, or terminate contracts with project employees and service providers
- Commence or defend litigation related to the project
- Coordinate with service providers to ensure delivery of scope established in the legal documents
- Understand the financial impacts of changes to the approved scope
- Monitor potential and existing risks to the project and recommend resolutions to the RCI Asset Management Team
- Coordinate with RCI Asset Management Team, PPD, or CVD when appropriate
- Prepare PAM reports
- Develop and implement corrective action plans when such plans are deemed necessary

Developer:

The Developer coordinates and monitors all planning, design, demolition, renovation, construction, financing, and legal support activities on the project partnership's behalf. This includes ensuring performance of services and administration of any contracts/agreements and activities relating to Owner's Reinvestment Account.

Role: Serves as the Owner's advocate in all planning, design and construction activity

Responsibilities:

- Comply with the legal requirements detailed in the Development Agreement
- Coordinate and monitor all plan, design and construction activities on the Owner's behalf in connection with the design, construction and renovation of the project
- Establish reporting requirements and coordinate the reporting process among Owner, Architect, Construction Contractor, and other contractors, consultants, and technical team members

- Review plans and specifications to include designs and delivery schedules
- Understand impacts to the project budget resulting from changes to designs and delivery schedules
- Inspect the project site, schedule, and conduct regular progress meetings with Architect, Construction Contractor, and other contractors, consultants and technical team to discuss matters such as costs, procedures, scheduling and progress
- Monitor construction progress and compliance with the project schedule and budget
- Coordinate final inspections and ensure compliance with relevant codes and standards
- Secure Certificates of Occupancy
- Coordinate the project audit
- Oversee contractor retainage release and project close-out documents
- Ensure the project's safety plan is implemented properly

Construction Manager:

The Construction Manager generally coordinates and oversees all construction activities for the Project. This includes ensuring performance of services and administration of the Construction Contract as it applies to new construction and may include renovation work if required in the contract documents. The Construction Manager monitors the daily progress of the construction process.

Role: Oversees all matters pertaining to construction

Responsibilities:

- Comply with the legal requirements detailed in the Construction Agreement
- Monitor the financial operations of the construction team to ensure the optimum use of available Project funds
- Control the scope of the work and ensures that unit delivery meets the expectations and needs of the project
- Ensure compliance with relevant codes and standards
- Responsible for Project scheduling and procurement of subcontractors
- Responsible for the supplying of all material, labor, equipment (engineering vehicles and tools) and services necessary for the construction of the project
- Ensure avoidance of delays, major changes and disputes
- Monitor compliance with legal issues pertaining to labor and wages, including compliance with the Davis-Bacon Act
- Direct implementation of a construction project safety plan and oversees ongoing safety concerns

Renovation Contractor:

The Renovation Contractor coordinates, monitors, plans, and oversees all activities related to the renovation of existing homes. This includes ensuring the performance of services and administration of the Renovation Contract.

Role: Serves to oversee the performance of all areas relating to the renovation of existing homes

Responsibilities:

- Comply with the legal requirements detailed in the Renovation Agreement
- Control the scope of the renovation work and ensures that unit delivery meets the expectations and needs of the project
- Responsible for project scheduling, including procurement and scheduling of subcontractors for all work associated with unit renovation
- Responsible for the supplying of all material, labor, equipment (engineering vehicles and tools) and services necessary for renovations
- Ensure avoidance of delays, major changes and disputes
- Ensure compliance with relevant codes and standards
- Monitor compliance with legal issues pertaining to labor and wages, including compliance with the Davis-Bacon Act
- Coordinate with the State Historic Preservation Office (SHPO) on matters pertaining to the renovation of homes designated historic or historic-eligible

Property Manager:

Role: Serves as the manager of the property under the Ground Lease

Responsibilities:

- Comply with the legal requirements detailed in the Property Management Agreement
- Use private sector best practices to monitor occupancy on a daily/weekly basis and market homes for residential leasing and tenant priority in accordance with the legal documents
- Efficiently operate and maintain the project to generate targeted resident satisfaction with service delivery
- Ensure accurate books and records are kept for the project in accordance with generally accepted accounting principles
- Ensure accuracy and timeliness in submitting all reports
- Manage day-to-day operations and project accounts in accordance with the approved budget

- Understand financial impacts of the project caused by variances between actual and budgeted figures
- Develop and implement corrective action plans to address negative variances
- Prepare annual operating budgets as part of the Partner's Annual Business Plan submittal
- Make decisions and recommendations regarding capital repairs and replacements and renovations

Asset Manager (3rd Party):

Role: Serves the Owner by providing financial, market, and other analysis to gauge the performance of the Project. Provide solutions to financial, development, or property management problems.

Responsibilities:

- Periodically collects information pertaining to real estate investments, the economy, and the local markets and communicates this information to the Owner
- Maintain all records relating to the status of taxes, assessments, and liens on the project's assets and expenses
- Perform periodic financial analysis on the performance of the project and provide recommendations to project owner to improve performance
- Provide information, reports and standard information regarding the performance of the project
- Review performance of the project against CDMP requirements, pro forma and budgeted financial requirements
- Support the implementation of solutions to potential project challenges

Lender Controls

RCI lenders impose certain controls on the projects to ensure that project funds (BAH rent stream, borrowed funds, cash equity investments, and investment interest earnings) are utilized only on behalf of the project and are protected from unauthorized use, and that construction work is completed in accordance with legal requirements. To facilitate achieving these goals, Lenders typically engage the services of a Construction Consultant to review the Progress Certificate and Disbursement Requests and a Lockbox Agent (also called Lockbox Trustee or just Trustee) to exercise independent control of disposition of the project's funds in accordance with the Lockbox Agreement.

Construction Consultant(s)

The Construction Consultant(s) are one or more specialized consultants, frequently architects or engineers experienced in residential design, codes, and construction standards;

Role: Represents the Owner's and Lender's interests, providing Certificates of Occupancy and frequent reports on Progress Certificates and site observations.

Responsibilities:

- Conduct routine technical building inspections during the progress of construction to certify compliance with applicable building codes and quality standards and issue certificates of occupancy in accordance with requirements set forth in the project documents
- Inspect work performed and review and validate associated construction draws
- Provide an on-the-ground perspective, to the Owner and lender, on a project's development progress through reports and follow-on discussions
- Influence how the servicing agent views a project's performance using partner-supplied information
- Prepare feedback comments to send to the Owner and Lender regarding the quality of construction at the project

Lockbox Agent:

Role: Serves in a fiduciary capacity to collect, disburse, account for, and protect project funds to ensure compliance with the Lockbox Agreement

Responsibilities:

- Ensure funds are being deposited and withdrawn from the proper accounts
- Disburse collected funds only for intended uses set forth in the Lockbox Agreement
- Disburse amounts in accordance with approved budget to fund operating expenses into accounts controlled by the Managing Member or major service provider on a monthly basis
- Assemble monthly cash waterfall statements for RCI Asset Manager and Financial Specialist review
- Notify the Project Owner and the RCI Asset Manager in the event critical accounts experience shortfalls or unauthorized disbursement requests are received

Summary

Table II-1 outlines a description of each of the key financial and operational indicators as well as the associated roles performed by Garrison Commanders, RCI Asset Managers and IMCOM in monitoring the metrics.

Table II (a) - 1 – Key Project Status Indicators and Associated Roles / Responsibilities

Indicator	Description	Role of GC / Asset Manager	Role of IMCOM
Net Rental Income	Gross Potential Revenue Less Vacancy and Credit Losses	Ensure support for BAH survey, correct census tracks excluded. HMA data validation and oversight.	Focus on consistent BAH survey. Provide deployment/restationing data to Installation ASIP.
Operating Expenses	Controllable and Non-controllable costs required to run day to day operations of Project	Ensure adequate review / approval of annual budget; make recommendations for reductions in operating expenses. Ensure utility costs, fire/police are charged in accordance with ASA (IE&E) Utility Reimbursement Policy.	Ensure consistent application of ASA (IE&E) Utility Reimbursement Policy across Region / IMCOM.
Net Operating Income (NOI)	Operating Cash left after all operating expenses are paid, calculated as Net Rental Income Less Operating Expenses	Understand impact that reduced NOI will have on the end-state of Project and out-year plan that relies on the Reinvestment Account. Work with Partner during annual budget process to minimize impact.	Ensure lessons learned at successful RCI projects are incorporated at each assigned installation to maximize revenue generation and minimize operating costs.
Debt Service Coverage Ratio	Ratio between amount of money available to make debt payments (NOI) and amount of money actually owed as debt payments (debt service)	Monitor trends to anticipate whether cash flow may be insufficient to meet minimum DSCR requirements imposed by the Lender.	Monitor trends to initiate further investigation if DSCR's appear to be decreasing below planned levels.

Table II (a) - 1 – Key Project Status Indicators and Associated Roles / Responsibilities (continued)

Indicator	Description	Role of GC / Asset Manager	Role of HQ IMCOM
Construction Progress	Number of new / renovated homes completed relative to pro forma	Ensure efficient DPW / Installation support (e.g., road closures, land planning, environmental issues). Coordinate Major Decisions affecting construction scope. Track, review, approve as necessary and retain copies of all proposed change orders. Complete ROAs due to changes in original footprint / encroachments. Complete monthly compliance report.	Ensure coordinated Master Planning at Installation regarding new requirements. Efficiently support / review / complete ROAs.
Resident Satisfaction	Resident survey conducted annually; goal of 3.5 on 5 point scale	Complete survey action planning with Partner, provide areas of focus.	Provide PAO support for HQDA Resident Survey.
Estimated Cost to Complete Construction	Annual update, based on actual and estimated costs of construction required to do original scope	Monitor actual construction draws against pro forma draw schedule.	Participate in Annual Business Plan review process.
Updated Project Sources and Uses	Semi-annual update of Project sources and uses; incorporates actual performance, current BAH and budget information for snapshot of ability to meet original CDMP scope	Review on annual basis or prior to Major Decision. Understand overall impact of decisions on project end-state.	Assist in considering Annual Business Plan, share lessons learned from other installations.

Table II (a) - 2 details which RCI Asset Management parties participate in the PAM process with respect to topic and frequency.

Table II (a) - 2 – Army Asset Management Monitoring

	Installation		IMCOM	HQDA
Daily	**AM**	**GC**	**HQ/Region**	**PM**
Ad Hoc Project Issue Resolution	✓	✓	★	✓
Concept Paper / Major Decision Oversight and Support	✓	✓	★	✓
Monthly				
Dashboard Analysis	✓	✓		✓
Consolidated Dashboard Report			★	✓
Project Call	✓			✓
IMCOM Update			✓	✓
Quarterly				
Quarterly Report Analysis	✓			✓
Quarterly Report Feedback to Project	✓			✓
Asset Management Report	★	★	★	✓
Portfolio Report	★	★	★	✓
Annually				
OSD Program Evaluation Report (PER)	✓		★	✓
Project Budget and Business Plan	✓			✓
Other				
Development/Operations Reviews	✓		★	✓
Project Reviews	✓		★	✓
Asset Management Training	✓		✓	✓
RCI Energy Conservation Program (RECP)	✓		★	✓
CG / GC Training	★	✓	✓	✓
Ground Lease Administration Compliance	✓			✓
Legal Compliance of Business Agreements	✓		★	✓
AM=Asset Managers GC=Garrison Commanders HQ=IMCOM PM=Program Managers, ✓=Oversight Role ★=FYI/Support Role				

PAL Roles and Responsibilities

Overview

This section outlines the roles and responsibilities for the Army's PAL Program. The PAL Lease encompasses all the PAL locations under one document, and stipulates the rights and obligations between the Lessee and the Army (Lessor). The Army roles and responsibilities are addressed in ASA (IEE) *Policy Memorandum #2, Privatization of Army Lodging (PAL) Major Decisions Authority*, dated 7 May 2012. This chapter supplements but does not supersede the guidance outlined in that policy memorandum.

The PAL program is structured in a manner markedly different from the predecessor business model employed in RCI. There are two primary areas where the business models distinguish themselves.

1. The Army, under the lease, is the lessor to the ownership LLC (lessee). Unlike the RCI model, the Army is not a principal member or partner in the Owner LLC. Whatever rights, duties and obligations the Army has in the PAL program are empowered by the lease.
2. PAL financing is collateralized across the portfolio of lodging across Army installations. The multiple installation portfolio necessitates leasehold administration and performance reporting requirements that while inclusive of installation oversight, are ultimately performed by Headquarters Department of the Army (HQDA).

In the case of privatized lodging, the Army has assigned areas of responsibility for program oversight to several internal entities. Because the development and operational performance of an individual installation may affect the entire PAL Project, ASA (IEE) has developed policy identifying ODASA (IH&P) as the highest level of leasehold administration and authority. In support of this authority, the Army has contracted with the USACE, Norfolk, Real Estate, to administer the lease in matters of compliance as directed by CVD and PPD. In addition, PPD has overall asset management responsibility and is required to monitor, evaluate and make recommendations as to the Lessee's performance related to the terms and conditions of the lease. PPD will coordinate Major Decisions which require Army approval. Under the PAL Program, the Army utilizes garrison-level PAL POCs to coordinate with the Hotel General Manager (GM) and development manager on local issues. In addition, each garrison will ensure Lessor requirements regarding support to the Lessee are met; normally detailed in municipal services agreements. These include, but are not limited to, providing installation security, municipal services, and utilities. Additionally, the Garrison Commander will maintain communication with the GM and/or Development Manager to ensure the PAL

owner/operator is aware of mission needs. Finally, the Garrison Commander will complete annual evaluative assessments that are used to award operating incentive management fees.

The PPD PAL PM, CVD, or PAL Project Company are responsible for requesting amendments to the Lease. Lease changes require the approval by the DASA (IH&P). The approval authority for PAL Lease amendments and/or Major Decisions in addition to explanation of certain roles and responsibilities is detailed in the ASA (IEE) memorandum dated 7 May 2012, *"Privatization of Army Lodging (PAL) Major Decisions Authority – Policy Memorandum #2"*.

Since the Army is not a member of the development and operating LLC, its ability to influence the outcome of business-related events is governed by the terms of the Lease and subsequent amendments and agreements.

Key PAL PAM Roles and Responsibilities

The PAL program supports complex, large-scale, long-term real estate and private sector business transactions which require extensive ongoing relationships between development, operations, and financial components including: interactions at multiple stakeholder levels, as well as government and military process challenges. The full engagement, support and understanding of the Garrison Commander as well strong communication with each Hotel GM are critical to a successful long-term PAL program. Effective communication by and between all stakeholders is the primary means by which the Army may best serve the interests of all parties to the lease.

Key Portfolio and Asset Management Skills

Multiple skill-sets are needed to effectively perform the roles of PAL oversight. The PPD PAL PM will be responsible for asset management oversight of the PAL PAM efforts. In addition, a Garrison PAL POC will be appointed in writing by the Garrison Commander at each installation to serve as a garrison-level advocate. Because the PAL Army oversight is provided programmatically at the PPD/CVD level, and Army oversight at the local level is minimal, the duties of the Garrison PAL POC are expected to be an additional, periodic duty and do not require a full-time employee. The Garrison PAL POC will facilitate communication between garrison-level stakeholders, the local GM, customers and the PAL PM for programmatic issues as required.

PAL PAM responsibilities can be divided into four separate core oversight functions:

- Construction and Development Monitoring
- Operations and Maintenance Monitoring
- Financial Review and Reporting
- Legal and Governance Compliance

Detailed Portfolio and Asset Management Roles and Responsibilities

Primary Roles and Responsibilities of the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships, Capital Ventures Directorate:

Role: Serves as the Army's principal agency for establishing and promulgating PAL programmatic policy guidance, due diligence, deal negotiation, lease amendment and major decision approval.

Responsibilities: This entity shall promulgate, review and render decisions that require a change to the ground lease or other legal or business agreement. PAL Major Decision negotiation and approval authority resides with ODASA (IH&P-CVD). The PAL Major Decision review and approval process requires a collaborative effort between CVD, PPD, USACE, and the PAL Project Company. All communications with other Federal Governmental Agencies, The Congress, and OSD shall be under the purview of CVD.

- Oversight of construction and development to include review of change order requests or adjustments to the development scope or schedule as required by the Lease
- Review performance of the portfolio against Lease requirements, pro forma and budgeted benchmarks, establish a band of acceptable deviation and inform appropriate interested parties
- Understand and evaluate risks, and develop, recommend and implement solutions to potential portfolio challenges
- Review and coordinate on required OACSIM-PPD, ODASA-IH&P, OSD, and Congressional PAL reports
- Coordinate proposed changes to per diem entitlements and lodging policy including, but not limited to, the Joint Federal Travel Regulations and Joint Travel Regulations

Primary Roles and Responsibilities of the Office of the Assistant Chief of Staff for Installation Management, Privatization and Partnerships Division:

Role: Serves as the Army Program Manager required to monitor and report financial, market, and other analyses to gauge the performance of the Lessee. This entity shall provide recommendations to financial, development, or lodging management challenges that are within its delegation authority. PPD will provide guidance to stakeholders to ensure successful coordination activities and relations of all principals.

Responsibilities:

- Approval authority for the Lessee's annual operating and asset management budgets for the Army
- Oversight of construction and development to include review of change order requests or adjustments to the development scope or schedule as required by the Lease

- Collect information pertaining to PAL project's performance, the economy, and the local markets and communicate this information to Army stakeholders
- Determine and finalize incentive fee distributions as detailed in Lease documents
- Conduct project visits as required
- Perform analyses and provide recommendations to improve portfolio performance
- Review performance of the portfolio against Lease requirements, pro forma and budgeted benchmarks
- Coordinate as needed with USACE on requirements as detailed in the Lease and concerning: policies impacting development and/or hotel operations, real property rights, environmental management and oversight which may impact the Lessee's performance under the lease
- Understand and evaluate risks, and develop, recommend and implement solutions to potential portfolio challenges in accordance with established policy. Elevate Major Decisions to CVD per policy requirements.
- Review and coordinate on required PPD, CVD, OSD, and Congressional PAL reports

Primary Roles and Responsibilities of USACE Norfolk, Real Estate

Role: Serves as the Army's principal agency for Lease compliance issues. USACE will work closely with CVD and PPD on issues affecting the portfolio.

Responsibilities:

- Point of Contact for matters of Lease compliance
- PAL office of record for all administrative actions under the PAL Lease
- Charged with Lease non-compliance communications to the Lessee

Primary Roles and Responsibilities of the Headquarters Installation Management Command (IMCOM) / Region (G4)

Role: Serves as IMCOM's representative in support of PAL

Responsibilities:

- Ensure Garrison PAL POCs, Garrison Commanders, PPD PM, and CVD are aware of issues that may impact the program (re-stationing, assignment of tenants, etc.)
- Coordinate residual program issues that may impact the PAL program and forward to PPD PAL PM

Primary Roles and Responsibilities of the Garrison Commander

Role: Exercises installation level authorities and responsibilities per regulations and provides specific support, approvals, execution and oversight as detailed in the PAL Lease

Responsibilities:

- To provide evaluations of PAL hotel operations and Lessee community involvement consistent with lease business terms which include advising PPD on incentive management fee award
- Work with Lessee's Development Manager to support and resolve issues concerning the approved development, installation reserved rights and/or responsibilities identified in the Installation Specific Development Plan
- Work with the Lessee's Development Manager, Asset Manager, and GM to ensure that current installation regulations are provided to the Lessee so that any revised installation procedures or requirements (concerning development or hotel operations respectively) can be updated and incorporated into PAL Lease requirements, including the Installation's approval over the PAL Lease Condition 20 Plans (See Appendix J Definitions).
- Ensure installation staff elevates any locally irresolvable development, coordination, policy, and protocol type issues or questions to the PPD PAL PM for resolution
- Ensure installation staff elevates any real property and environmental issues concerning administration, interpretation, oversight, and/or non-compliance concurrently to both the PPD PAL PM and the USACE Realty Specialist for investigation and resolution
- Identify funds necessary to pay administrative costs of a lease modification resulting from an installation request
- Work with the Hotel GM, Asset Manager, and Development Manager to coordinate PAL facility support of installation mission lodging requirements

Primary Roles and Responsibilities of the Garrison PAL POC (Ideally this should be the Army Housing Manager/RCI Asset Manager)

Role: Serves the Garrison Commander and coordinates with the Hotel GM. Ensures installation-level Lessor responsibilities are met as required by the Lease.

Responsibilities:

- Provides support as needed in direct coordination with the Garrison Commander and the Hotel GM, Asset Manger, and Development Manager
- Communicates with the Hotel GM, Asset Manager, and Development Manager to ensure lodging support meets mission requirements
- Provide coordination support for project integration with other installation activities and functions
- Advises PPD PAL PM of emerging issues
- Support the PAL PAM efforts

- Serves as the government point of contact for unresolved customer service issues or complaints
- Works as liaison between Hotel GM and installation-level Institutional Training Directed Lodging and Meals (IDLM) Coordinator as requirements demand

Primary Roles and Responsibilities of the Director of Public Works:

Role: Serves as coordinator for installation services required under the Lease to the PAL Project.

Responsibilities:

- Support the Lessor to ensure utilities, fire and emergency, and other services authorized per 10 U.S.C. 2872(a) are provided per the municipal services agreements (MSA)
- Provide input on updates to the MSA on an annual basis, or as required in the Lease
- Oversee and coordinate the sale of utility services to PAL hotels, ensuring the utility rates / expense allocations are in compliance with the MSA and ASA (IE&E) – RCI Utility Reimbursement to Installation Policy
- Provide and support permits or licenses, under their purview, as required under the lease
- Notify PPD PM of required changes to installation-level plans (i.e. signage, environmental, pest management, etc.)

Lessee Roles and Responsibilities

The roles and responsibilities of the Lessee are detailed in the Lease. Agreements between the Lessee and the Development Manager, Design-Build Contractor, Asset Manager and Hotel Operator detail responsibilities of these third-party service providers to the Lessee. These agreements are approved by the DASA (IH&P). Below is a list of some of the responsibilities of the above noted parties; this list is not all inclusive. Where questions arise as to specific responsibility the legal documents between the parties must be consulted.

Formal communications with the Lessee are made in accordance with the Lease and through regularly scheduled meetings between the Lessee, the PPD PAL or CVD PM, and USACE. The PAL Development Manager may interface directly with the Garrison for resolving local development coordination issues due to requirements in the Installation Specific Development Plan. The Lessee ensures that project coordination occurs internally between Asset Manager, Development Manager, Design-Build Contractor and Hotel Operator/GM. Specific lodging guest complaints should be forwarded immediately to the Hotel GM either directly by the Garrison Commander or through the Garrison PAL POC.

Primary Roles and Responsibilities of the Lessee:

Role: The Lessee is a special-purpose, bankruptcy remote entity. It contracts with a third-party entity to perform the duties of the Development Manager. The Development Manager serves as the project development and hotel or facility construction entity. In turn the Development Manager will retain the services of a Design-Build Firm that will renovate and

construct the PAL hotel assets according to the lease terms and construction contract. The Lessee retains an Asset Manager responsible for the oversight of hotel operations and management. The Lessee also retains a hotelier to be its third party provider of professional hotel operating expertise. The hotelier is bound by but not a party to the lease and communications regarding overall programmatic issues regarding hotel operation are to be addressed through the Asset Management entity to PPD.

Responsibilities:

- Overall responsibility for managing business and affairs of the project according to the lease. Note that actions which require Army approval will be coordinated by USACE and/or PPD for approval by CVD.
- Manage the Project finances to include the borrowing and repayment of funds as well as Project cash flow
- Ensure that non-historic fully renovated and/or newly constructed hotels are designed and built sufficient to meet the Hotel Branding specifications and requirements of the Hotel Operator
- Comply with any applicable Federal or state laws
- Implement all major decisions that have been approved by PPD or CVD

Primary Roles and Responsibilities of the Development Manager:

The Development Manager generally coordinates and monitors all planning, design, demolition, renovation, and construction activities on the Project Company's behalf. This includes ensuring performance of services and administration of any Design Contract, Construction Contract, and Renovation Contract and activities determined by the Lessor and required under the lease.

Role: Serves as the Project Company's advocate in all planning, design, and construction activity.

Responsibilities:

- Comply with the Development Management Agreement
- Provide general development management services, subject to the Project Company's desire to construct, renovate, short-term renovate or demolish the premises
- Establish reporting requirements and coordinate the reporting process among Owner, Architect, Construction Contractor, and other contractors, consultants, and technical team members
- Manage the Construction Manager (or Design-Builder) to ensure timely delivery of new and renovated hotels as described in the Guaranteed Scope of Work (GSOW) for each construction segment

- Coordinate with Hotel Operator to gain its design review board approval for both the new and renovated hotels
- Revise the development plan(s) to reflect known conditions and sources
- Update the out-year plan no less than every three years for the term of the Development Management Agreement

Primary Roles and Responsibilities of the Design-Builder:

The Design-Build Contractor coordinates and oversees all design/build construction activities for the project. This includes furnishing all design consultants, materials, supervision, labor, tools, equipment, construction facilities, which may be required to complete the GSOW as set-forth in the Design-Build Agreement.

Role: Coordinates all matters pertaining to construction

Responsibilities:

- Comply with the Design-Build Agreement
- Ensure timely and efficient delivery of new and renovated hotel rooms in accordance with the delivery schedule negotiated at financial closing
- Minimize and mitigate delays, major changes and disputes
- Monitors compliance with pertinent legal requirements including the Davis Bacon Act
- Provides oversight of safety plan

Primary Roles and Responsibilities of the Asset Manager:

Role: Serves as the Asset Manager of the PAL portfolio under the Lease. Ensures most effective and efficient use of assets to execute/support lodging mission. Provides oversight for the sustainment and protection of lodging assets.

Responsibilities:

- Coordinate with hotelier to ensure efficient operation of PAL. Ensure accurate books and records are kept in accordance with generally accepted accounting principles.
- Ensure accuracy and timeliness in submitting all reports (Section 32 of the Lease)
- Manage Project accounts in accordance with the approved budget
- Coordinate recommendations regarding capital repairs and improvements to support decision making
- Submit request for the funding of incentive management fees. Incentive management fees are detailed in Exhibit K of the Lease
- Function as liaison with each of the Installations comprising all PAL locations and the PAL Office

- Commence or defend litigation related to the project
- Monitor potential and existing risks to the project and recommend solutions
- Prepare, provide, clarify and explain Lessee asset management reports
- Prepare budget, adherence and provide recommendations for adjustments and/or explain variances
- Administer lender compliance and reporting requirements
- Provide project development and operational guidance recommendations for the required three-year business plan [update] meetings

Primary Roles and Responsibilities of the Hotel Operator:

Role: The Hotel Operator ensures that both corporate and local hotel operations provide the Lease specified hotel services and Hotel Branding, including performing QA inspections, training, financial controls, policies and operations and reporting I.A.W. the Lease requirements and Lodging Management Agreement.

Responsibilities:

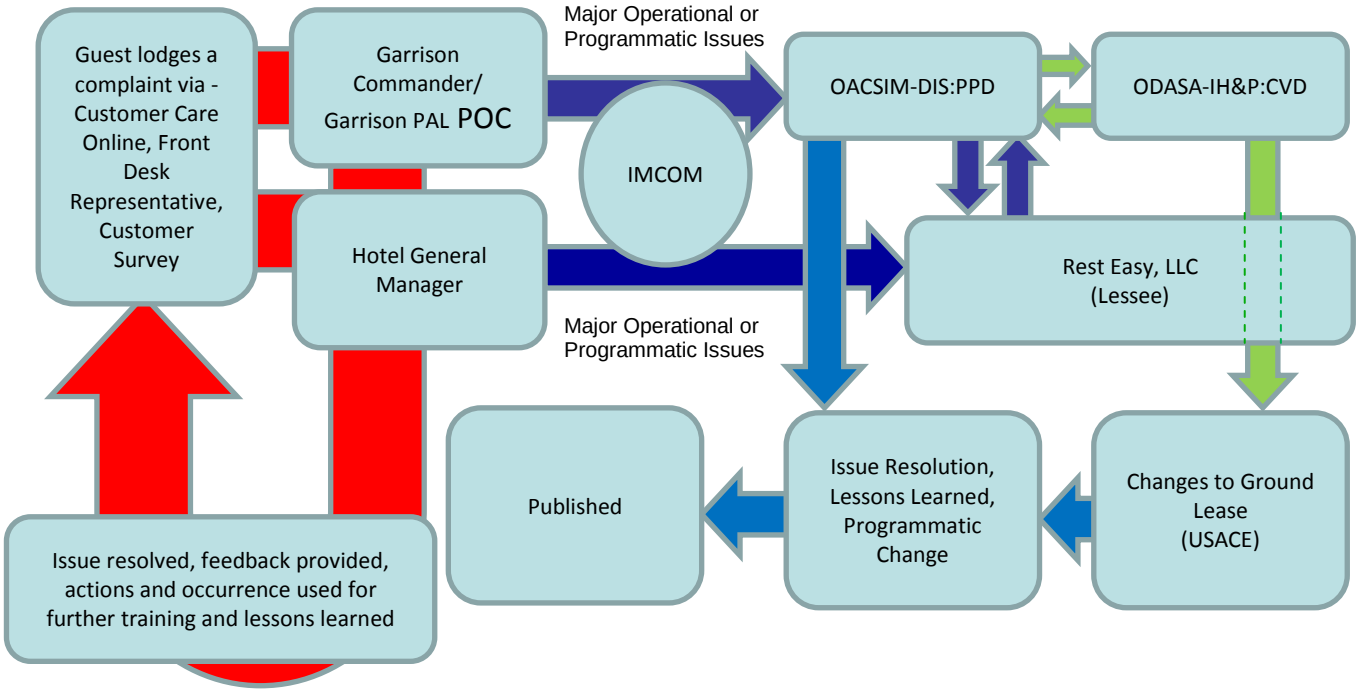
- Use private sector best practices to operate the hotel
- Monitor occupancy on a daily basis and manage the hotel to meet all operational requirements
- Work with Asset Manager to make decisions and recommendations regarding capital repairs and improvements
- Comply with legal requirements and municipal ordinances detailed in the Lodging Management Agreement
- Comply with any applicable Federal or state laws
- Employ, discharge, contract with, or terminate contracts with hotel operator employees and service providers
- Coordinate with Garrison Commander and PAL POC, serving as an “adjunct” member of the Garrison staff, to ensure lodging support for mission requirements

Lodging Guest Satisfaction and Complaint Resolution

The Hotel Operator uses many different tools to gauge customer satisfaction and ensure quality lodging facilities. These tools include customer satisfaction surveys, Garrison Commander evaluations, Brand Standards Assessment programs, and Cleanliness and Preventative Maintenance programs; incentive management fees payable to the Hotel Operator are directly determined by the ratings and performance of these surveys and programs.

The Hotel GM and all Hotel Operator employees have specific Standard Operating Procedures to resolve individual guest complaints. There will be cases where the Garrison Commander or Garrison PAL POC will receive negative feedback on a lodging issue from a guest. The Figure II (b) - 1 below details the lodging issue resolution process. In all cases the complaint or issue should be resolved at the lowest possible level, normally the Hotel GM.

Figure II (b) - 1 – PAL Communication Process



Lender Controls

The Lender has been given specific rights under the PAL Lease in order for the Lessee to secure financing. These rights include the right to cure a Lessee default under certain circumstances. The PAL Project is subject to a Mortgage and other Lender Agreements granted in favor of the Lender by the Lessee (with the Lessor's written consent). This means that the Lender has been granted approval rights over almost every change to Lease language, including the footprint of the leased land. Therefore, any Army or Lessee requested changes are not guaranteed or automatic unless the change has previously been negotiated into the Lease. The Project Company, the Lender, and the Army jointly employ an Independent Construction Consultant (ICC) to review the Progress Certificate and Disbursement Requests, in addition to other responsibilities detailed below. In addition, the Lender will hire a Lockbox Agent to ensure Lessee's funding of required financial accounts.

Primary Roles and Responsibilities Independent Construction Consultant:

Role: Represent lessor, lessee and lender's interest, providing frequent reports on Progress Certificates and site observations.

Responsibilities:

- Ensure development complies with installation design guide requirements, applicable building codes, ATFP requirements, and provides both off and on-site design, development and construction oversight on behalf of the Lessee, Army, Lenders and other stakeholders.
- Inspect completed work and work in progress and review periodic construction draws
- Provide an on-the-ground perspective, on project development progress through reports and follow-on discussions
- Prepare feedback comments to send to the Lender regarding the quality of construction for the PAL Project

Primary Roles and Responsibilities of the Lockbox Agent:

Role: Serves in a capacity to ensure compliance with the Lockbox Agreement.

Responsibilities:

- Ensure funds are being deposited to and withdrawn from the proper accounts
- Disburse only a budgeted amount to fund operating expenses into accounts controlled by the Project on a monthly basis
- Assemble monthly cash waterfall statements for review
- Notify the Project Owner, Lessor, and lender in the event critical accounts experience shortfalls

RCI Major Decisions

Overview

The nature of RCI Partnerships provides a dynamic flexibility to better enable the projects to sustain short- and long-term changes in market demand and installation and Army requirements for housing. Flexibility involves decision making on behalf of the Partnership and the Project in most all development, construction, operations, and financial aspects of the Project. All RCI Partnerships provide a framework for these decisions that establishes the roles of the Managing Member and the Army. The Project's Operating Agreement typically clearly identifies those types of decisions which can be made solely by the Managing Member without review and approval of the Army and those decisions which require the review and approval of the Army (Major Decisions).

The Secretary of the Army, through the Assistant Secretary of the Army for Installations, Energy and Environment ASA (IE&E), has authorized the installation Garrison Commander to serve as the senior military representative supporting the RCI Project on the ground.

For the Army's purposes, Major Decisions are categorized into two types: **Local Authority Major Decisions** and **Higher Authority Major Decisions**. A Local Authority Major Decision may be agreed to by the Garrison Commander on behalf of the Army without review and approval of DASA (IH&P) or ACSIM (DIS). Higher Authority Major Decisions require DASA (IH&P) or ACSIM (DIS) approval as currently delegated by the ASA (IE&E). A Higher Authority Major Decision is initiated with the submittal of a Concept Paper by the Garrison Commander/Managing Member at the Project Level to the PPD PM for review and coordination.

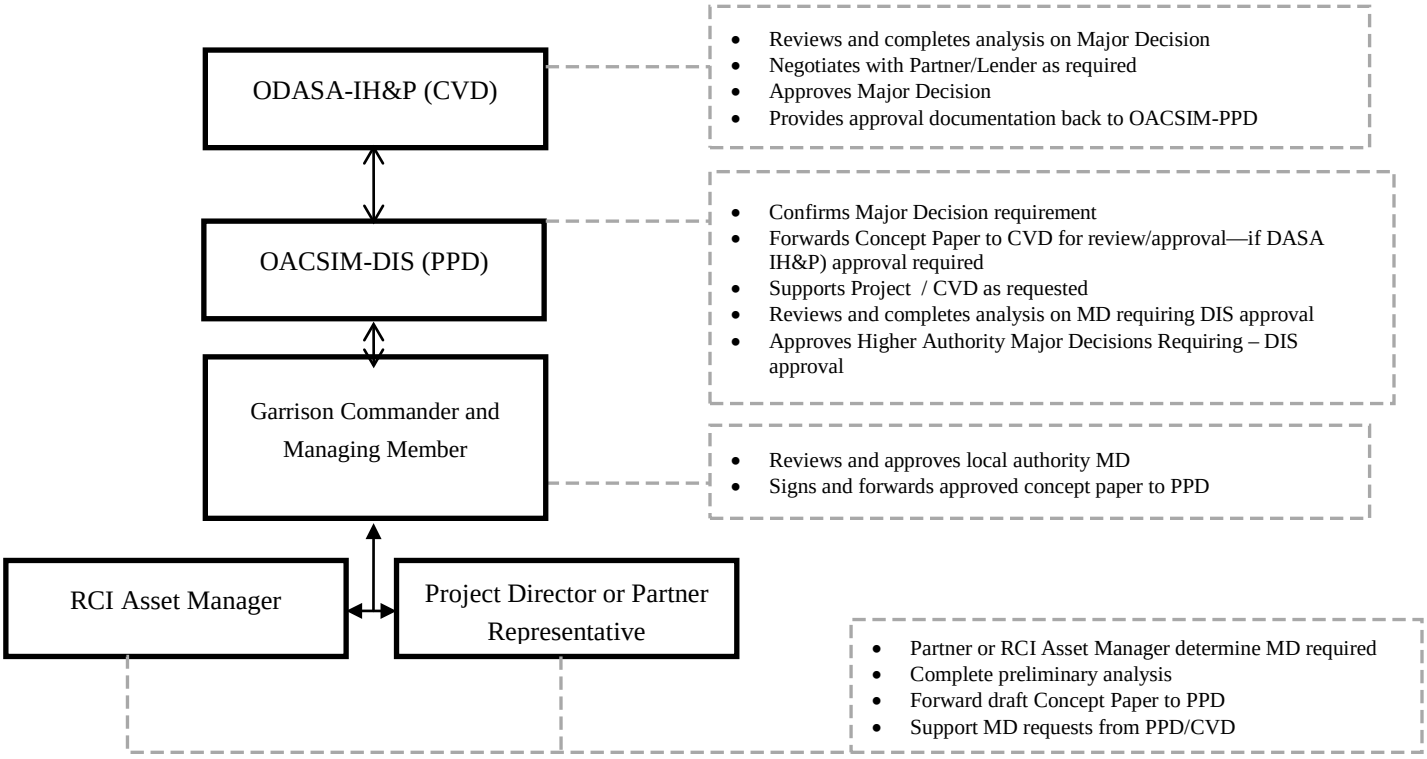
Any Major Decision must be evidenced by written signature of the approving authority prior to implementation by the Project. Although the number of Partnership decisions that are Major Decisions is limited, the potential impact of those decisions on the success of the Partnership and Project can be significant. The guidelines below and the accompanying major decisions process diagram and Major Decision Policy, are provided as tools to clarify the interaction and approval levels between the Army Asset and Portfolio Program levels in making major decisions that best achieve program goals and take into account lessons learned across the portfolio. Decisions covered by these guidelines include financial decisions, development decisions, legal or organizational structure decisions and other special decisions (e.g., use of Project funds for improvements or activities not approved in the CDMP).

Participants and Levels of Involvement

The participants in the process are the installation Garrison Commander, Managing Member, RCI Asset Manager, Project Director, the PPD and CVD PM (supported by USACE / OGC as required). The decision-making chain involves a direct link between the Partnership and

the ACSIM and/or CVD PM. Coordination for certain real estate and environmental actions will also be required with HQ IMCOM.

Figure III-1: RCI Higher Authority Major Decision Coordination Requirements



While the asset level will be involved in every Major Decision, DASA (IH&P) or ACSIM DIS approval is required for Major Decisions having significant project level or program impact. The appropriate level of involvement is determined by the nature and/or scope of the decision, including financial impact, project impact, or other factors. The Major Decision Matrix determines the applicable level of involvement.

Concept Paper – Initiates Major Decision Process

To initiate the Higher Authority Major Decision process, the RCI Asset Manager, Partner, CVD or PPD PM identifies a Major Decision requirement. The Partner in coordination with the RCI Asset Manager and prepares a Concept Paper with supporting documentation for consideration by the Garrison Commander and Managing Member. The PPD Program Manager will receive a copy of the Concept Paper for comment. A Concept Paper is required to be submitted and approved by higher authority prior to committing Project funds or installation support for the preparation of any Major Decision Approval package.

Note that if the Major Decision Concept Paper involves a significant variance or departure from the approved legal/CDMP documents, and the Concept Paper is approved by the Army, then the Army, through the PPD Program Manager, may require that an associated Modified Scope Plan (MSP) be prepared by the Partner with support from the RCI Asset Manager and submitted as detailed in Section VI of the PAM Handbook. The Army's approval of a

Concept Paper does not constitute approval of an associated MSP, thus actions contemplated by the Partnership pursuant to an MSP must be held in abeyance pending receipt of Army approval of the MSP.

RCI Policy for Major Decisions Authority

The RCI Policy for Major Decisions Authority – Policy Memorandum #1 dated 5 Feb 2013 provides detailed requirements for initiation and approval of Major Decisions. It is important to note that **each Project's Operating Agreement specifically identifies which Partnership decisions are to be considered Major Decisions, while it is Army guidance/policy as to whether a Major Decision required by an Operating Agreement should be handled as a Local Authority vs. Higher Authority Major Decision.** If the RCI Asset Manager is uncertain whether DASA (IH&P) or ACSIM DIS approval of a Major Decision is required, or there are questions related to this process, they should discuss it with the PPD PM. The Army Policy is provided on the following pages.

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ASSISTANT SECRETARY
INSTALLATIONS, ENERGY AND ENVIRONMENT
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SAIE

FEB 05 2013

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Residential Communities Initiatives (RCI) Policy for Major Decisions Authority - Policy Memorandum #1

1. This memorandum identifies the approval authority for RCI Major Decisions and also details the responsibilities of each Garrison Commander as the Secretary of the Army's Garrison representative for each RCI Project's Major Decision. Army representatives must understand and perform their duties within the framework of the RCI Limited Liability Company (LLC) (or Limited Partnerships) structure for each RCI project. This policy supersedes DASA (P&P) memorandum on policy for RCI Major Decisions dated 15 November 2007.

2. The day-to-day asset management oversight for RCI projects is performed by the Office of the Assistant Chief of Staff for Installation Management, Installation Services, Privatization and Partnerships Division (OACSIM - ISP), and RCI portfolio management oversight is performed by the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships, Capital Ventures Directorate (DASA-IH&P (CVD)). The RCI Major Decision approval process is a collaborative effort between the Army (DASA-IHP (CVD), ACSIM-IS (ISP), Garrison Commanders and/or their designated RCI Asset Manager, and the RCI private sector Partners/Managing Members. The procedures shown at Attachment 1 guide the orderly and efficient disposition of Major Decision requests and Attachment 2 provides the list of local Project and higher levels of authority for Major Decisions which require approval. DASA (IH&P) Major Decision authority may be delegated to the ACSIM on a case by case basis.

3. Garrison Commanders are expected to possess sufficient knowledge of an RCI Project's finances, operational goals, and development plans to act as the Secretary of the Army's representative for Project Major Decisions. While many RCI Major Decisions should be addressed at the Garrison level, there are Major Decisions, as outlined in the Project's Operating Agreement and Attachment 2, which have programmatic implications and require HQDA approval.

4. Garrison Commanders retain their inherent authority to regulate Installation activities to the extent necessary to maintain good order and discipline. The private sector Partner/Managing Member of each RCI Project, however, has the responsibility for overall Project management to include housing management functions and maintaining the financial health of the Project. Accordingly, Garrison Commanders shall not:

a. Authorize, direct, or permit Army representatives to initiate Health and Welfare Inspections of privatized housing. This prohibition does not limit a Garrison Commander's authority to authorize searches of privatized housing based upon their determination that there is "probable cause" to believe criminal conduct is occurring in the privatized housing or that evidence of criminal activity is located within the housing.

b. Participate in RCI Project eviction decisions. However, Garrison Commanders retain their authority to bar or otherwise restrict an individual's access to any part of the installation as necessary to maintain good order and discipline.

c. Influence the housing assignment process, including directing the holding of housing for specific personnel. This does not preclude the installation, in conjunction with the RCI private sector partner, from establishing the assignment and/or designation of homes should there be significant changes to the military requirement.

5. Please address any questions concerning this policy to Ms. Rhonda Hayes at Rhonda.q.hayes.civ@mail.mil or (703) 614-4601.

Katherine Hammack

Distribution:
Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army (Manpower and Reserve Affairs)
Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)
Deputy Chief of Staff for Personnel (G-1)
Commander, Installation Management Command (IMCOM)
IMCOM Regional Directors
IMCOM RCI Garrison Commanders
IMCOM G4
Assistant Chief of Staff for Installation Management (ACSIM)
Director of Installation Services, OACSIM
RCI Partners

ATTACHMENT 1 - Major Decision Process

1. General.

The Army's RCI program and Projects may require periodic policy updates, re-structures, re-scopes, additional equity contribution, or other Major Decisions as identified in Attachment 2. This list of Major Decisions is also included in the RCI Portfolio and Asset Management (PAM) Handbook. Major Decisions require approval of the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization Division) (OACSIM - ISP) or Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (DASA (IH&P)), in accordance with the Major Decision Matrix, Attachment 2

2. Procedures.

Step 1. The installation Garrison's RCI Asset Manager and/or RCI Partner identifies the requirement for a Major Decision after discussions with the relevant stakeholders and prepares a RCI Major Decision Request in the form of a Concept Paper as detailed below. The Concept Paper should include signatures from both the Army's and the Partner's authorized representatives, however, should the parties not reach conceptual agreement in a timely manner on an issue, a Concept Paper may still be forwarded by either party with annotation that consensus has not been reached.

Step 2. The Project team forwards the Concept Paper to ACSIM (ISP). The ACSIM (ISP) Program Manager (PM) reviews the Concept Paper, and determines approval level (OACSIM or DASA (IH&P). If the latter, the Program Manager documents the ACSIM position on the RCI Major Decision Concept Paper Request and forwards to the DASA (IH&P) no later than 10 work days from the receipt of the Concept Paper.

Step 3. IAW Attachment 2 the responsible entity will lead the coordination of all actions associated with the Major Decision, including but not limited to preparation of the approval/disapproval Decision Memorandum and coordinating the collection of supporting documentation.

Step 4. Once the Major Decision process is complete, the signed Decision Memorandum will be forwarded to the installation-level Project team with copy furnished to ACSIM and DASA (IH&P).

ATTACHMENT 1 - Major Decision Process

3. Concept Papers.

Concept Papers should include only the minimum supporting documentation necessary to articulate the proposed/requested Major Decision action. The Concept Paper should not exceed 3 pages and will include the following information:

a. Purpose - identify the applicable situation that triggers a Major Decision (see table in Attachment 2 for DASA(IHP), ACSIM (ISP) and Garrison Commander Authority and Approval levels);

b. Background – conditions leading to the proposal;

c. Justification – rationale for proposed action, to include short and long term impacts on the project;

d. Projected sources and uses of funds;

e. Impacts if proposed action is disapproved; and

f. Signatures – Garrison Commander and RCI Partner.

ATTACHMENT 2 – Major Decisions Authority and Approval Levels

The following Major Decisions matrix identifies a list of Local Authority and Higher Authority Major Decisions. This list provides a list of typical triggers which lead to a Major Decision, but it is important to note that each Project's Operating Agreement specifically identifies which Partnership decisions are to be considered Major Decisions, while it is Army guidance/Policy as to whether a Major Decision required by an Operating Agreement should be handled as a Local Authority versus Higher Authority Major Decision. If the RCI Asset Manager is uncertain whether Local or Higher Authority of a Major Decision approval is required, they should consult with the ACSIM Program Manager.

Major Decision Matrix Local Authority and Higher Authority for Approval of Major Decision	
Local Authority Major Decision Requiring IMCOM Garrison Commander Approval	
1	Approval of Annual or Quarterly Performance Incentive Fee Awards within approved budgets.
2	Address and/or resolve day to day property management/operations issues.
Higher Authority Major Decision Requiring HQDA - ACSIM Approval	
1	Decisions where total cumulative financial impact is the lesser of: between 5 - **10%** of annual operating, construction, or development budgeted costs; more than $250,000 from the approved annual operating, construction, or development budgeted costs; or ASA IE&E Major Decision Criteria #17.
2	Use of project funds for installation force protection initiatives.
3	Change in the Property Management Incentive Fee Program Metrics.
4	Army Review and Approval of Project Annual Property Management Budget. OACSIM-ISP coordinates the review of the proposed annual budget with the Army project level team prior to approval of the Project's annual budget. NOTE: Items which meet the criteria for a Major Decision may not be approved in the Annual Property Management Budget and are not to be included in the Annual Property Management Budget without Major Decision approval.
5	Changes to the allocation and distribution of funding to any of the lockbox accounts with respect to waterfall distribution and reserve accounts for any accumulated amount less than $2,499,000.
Higher Authority Major Decision Requiring HQDA – ASA IE&E Approval	
1	Decisions where total cumulative financial impact is greater than **10%** of annual operating, construction or development budgeted costs.
2	Increase or decrease in Project debt/equity, including associated changes to the initial development scope. This includes any increases or decreases in the government contribution to the Project.
3	Movement of funds between Projects using the Integrated LLC.
4	Loans from Project funds.
5	Merger or consolidation of the Partnership.
6	Acquisition or disposal of real property.
7	Removal or change of primary partners.
8	Changes to the initial or out year development scope or annual budget directly affecting end-state housing inventory, renovation versus replacement of housing, grade designation/distribution.
9	Out-Year Development Plans.
10	Removal or change of an affiliated contractor for Property/Asset Management, Construction Management and Development Management.

11	Use of project funds for schools or other ancillary facilities not approved in the CDMP.
12	The use of any reinvestment account funds for un-programmed/unbudgeted project expenses.
13	Deviation from the minimum RCI construction/renovation standards.
14	Permanent changes to the end-state unit designation schedule that changes annual operating revenue by **+/- 5%**.
15	Actions requiring a change in the ground lease.
16	Changes to the allocation and distribution of funding to any of the lockbox accounts with respect to waterfall distribution and reserve accounts for any accumulated amount over $2,500,000.
17	Unbudgeted or unplanned -- one time annual costs greater than $25,000 per home for construction, replacement or renovation and greater than $50,000 for non-housing construction, replacement or renovation projects. Exceptions will be limited to requests for health and safety requirements and to prevent deterioration of homes and/or community facilities and services.
18	Exceptions to the Army policy that set rents for military families equal to the Installation BAH.
19	Use of funds greater than $500,000 from the approved development budget.
20	Annual Review and Approval of Project Annual Development Budget. DASA IH&P CVD coordinates the review of the proposed annual Development Budget with the Army Project level team prior to approval of the Project's annual Development Budget. NOTE: Items which meet the criteria for a Major Decision may not be approved in the Annual Development Budget and are not to be included in the Annual Development Budget without Major Decision approval.
21	Approval of changes to aggregate fee amounts/percentages.

PAL Major Decisions

Overview

The nature of the PAL multi-installation structure provides the Project Company with the flexibility to better enable the project to sustain short and long-term changes in market demand and Army requirements for lodging. Flexibility involves decision making on behalf of the Army and the Project Owner in many development, construction, operational, and financial aspects of the Program. The PAL Program's Ground Lease is the governing legal document that identifies the responsibilities and conditions of the Lessor and Lessee. One of these responsibilities is to comply with the process that documents the submittal, review and approval procedures for certain decisions that require Army approval (Major Decisions).

PAL Major Decision approval authority resides with the Deputy Assistant Secretary of the Army for Installations, Housing, and Partnerships (DASA-IH&P). The following sections provide an overview of the overall Major Decision review and approval process, along with an attached copy of the ASA (IEE) *Policy Memorandum #2, Privatization of Army Lodging (PAL) Major Decisions Authority* (dated 7 May 2012).

All Major Decisions require written signature of the approving authority prior to final approval or implementation. The number of decisions categorized as Major Decisions may be relatively small, but its impact on PAL can be significant. Decisions covered by these guidelines include financial, development, legal or organizational structure decisions and other special decisions.

Participants and Levels of Involvement

The participants in the process are the Partner, the PPD PAL PM, USACE, and CVD.

All Major Decisions require final approval from the DASA (IH&P). No major decisions can be made and approved at a lower level, unless delegated by DASA (IH&P).

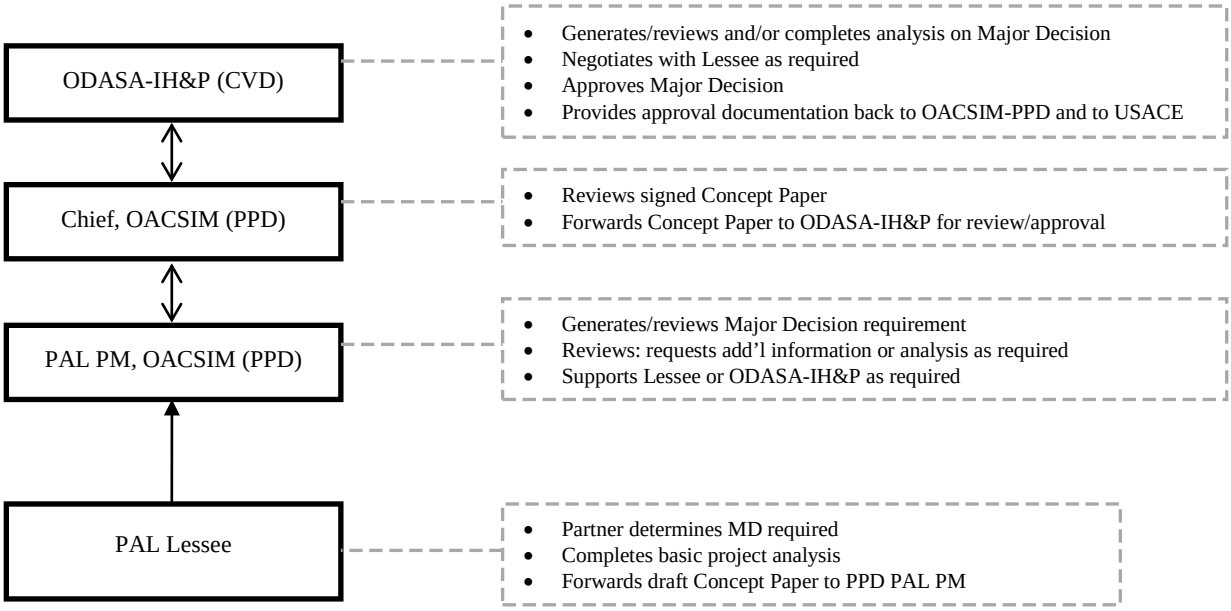
PPD is responsible for asset management oversight of PAL, and as such will receive incoming Concept Papers for Major Decision approval on behalf of the Army. USACE is responsible for PAL Lease compliance, serving as the PAL office of record for all administrative actions under the PAL Lease, and as such will be copied on decisions and correspondence as described below. CVD is responsible to lead the coordination of all actions associated with the Major Decision, and to review and approve/disapprove the Major Decision. Figure III (b).1 provides a graphical illustration of this process.

Major Decision Process

A Major Decision can be generated either by: 1.) CVD, 2.) PPD, 3.) the Lessee, 4.) a Garrison Commander. The Major Decision proponent is responsible to identify the

requirement and prepare a Concept Paper with supporting documentation for consideration. Concept Papers will be sent to PPD, with a copy furnished to USACE and CVD. A Concept Paper should include only the minimum supporting documentation necessary to articulate a proposed Major Decision action. Additionally, a major decision may come forward from the owner with non-concurrence by the Garrison Commander or PPD PAL PM. The following major decision process diagram is provided as a tool to clarify the interaction and approval levels between the various participants involved in PAL oversight. Additional details on the major decision process and necessary supporting documentation can be found in the attached PAL Major Decision policy memorandum.

Figure III (b).1: PAL Major Decision Coordination Requirements



DEPARTMENT OF THE ARMY
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MAY 7 2012

SAIE

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Privatization of Army Lodging (PAL) Major Decisions Authority - Policy Memorandum #2

1. This memorandum identifies the approval authority for PAL Major Decisions. Army representatives must understand and perform their duties within the framework of the legal structure established for the PAL project. Unlike the Residential Communities Initiative (RCI) Program, the PAL structure is not that of a limited liability company or partnership with the Army having a legal role as a member, therefore, the PAL Lease encompasses all the associated business terms. The PAL Lease encompasses under one document all the lodging locations being privatized and stipulates the rights and obligations between the lessee and the Army, including the approval of certain PAL Major Decisions.

2. The day-to-day asset management oversight for the PAL project is performed by the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization) (OACSIM (ISP)). PAL Major Decision approval authority resides with the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (ODASA (IH&P)). The PAL Major Decision review and approval process requires the collaborative effort between ODASA (IH&P), the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization) (OACSIM (ISP)), the United States Army Corps of Engineers, Norfolk District (USACE), the garrison-level PAL points of contact, and the PAL private sector entities. A major decision may be requested by a garrison commander, the OACSIM (ISP), or by the PAL lessee. The procedures shown at attachment (1) guide the orderly and efficient disposition of PAL Major Decision requests. Attachment (2) provides the list of PAL Major Decisions that require the approval of ODASA (IH&P). The ODASA (IH&P) PAL Major Decision authority may be delegated to OACSIM (ISP) or other entities on a case-by-case basis.

3. The OACSIM (ISP) will exercise approval authority for the lessee's annual operating and asset management budgets, and for the oversight of construction and development as delegated by the ODASA (IH&P). The PAL Lease is administered by USACE under the policy and guidance of the ODASA (IH&P), and USACE is the PAL office of record for all administrative actions under the PAL Lease and therefore is the official addressee for all PAL Lease correspondence, excepting that separately delegated.

4. Garrison commanders shall possess sufficient knowledge of the PAL project's operational requirements and scope of development at their garrison to provide PAL Major Decision requests to the OACSIM (ISP) for processing in accordance with this memorandum.

5. This memorandum does not affect the garrison commander's inherent authority to regulate installation activities to the extent necessary to protect life and safety, to maintain good order and discipline, and to sustain anti-terrorism force protection requirements. Garrison commanders retain their authority to bar or otherwise restrict an individual's access to any part of the installation as necessary to maintain good order and discipline. The private sector lessee under the PAL Lease, however, has responsibility for overall project management to include construction and development, lodging and property management functions, and for maintaining the financial health of the project. Accordingly, garrison commanders shall not:

- Permit Army representatives to initiate health and welfare inspections of privatized lodging or related lodging facilities. This prohibition does not limit a garrison commander's authority to authorize searches of privatized lodging facilities based upon their determination that there is "probable cause" to believe that evidence of criminal activity is located within the lodging facilities.

- Direct or interfere with the lodging room reservation process, including directing the holding of specific lodging rooms for specific personnel. This does not preclude the garrison's protocol office from developing specific protocol procedures in conjunction with the OACSIM (ISP) and the PAL lessee.

6. Please address any questions concerning this policy to Ms. Rhonda Hayes at Rhonda.Hayes@us.army.mil or (703) 614-4601.

Encl

Katherine Hammack

Distribution:
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Assistant Secretary of the Army (Manpower and Reserve Affairs)
Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)
Deputy Chief of Staff for Personnel (G-1)
Assistant Chief of Staff for Installation Management (ACSIM)
Director of Installation Services, OACSIM
Commander, Installation Management Command (IMCOM)
IMCOM Regional Directors
IMCOM PAL Garrison Commanders
USACE HQ, Director of Real Estate
USACE, Norfolk District, Real Estate Office
Rest Easy LLC (Lend Lease)

ATTACHMENT 1 – PAL Major Decision Process

1. **General.** The Army's PAL program may require periodic policy updates, revisions to legal documents, scope changes, financial revisions, additional equity contributions, or other PAL Major Decisions as identified in Attachment 2. All PAL Major Decisions require approval of the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (ODASA (IH&P)) unless further delegated.

2. **Procedures.**

Step 1. The Garrison Commander, the Office of the Assistant Chief of Staff for Installation Management, Installation Services-Privatization (OACSIM (ISP)), or PAL lessees identifies a requirement for a Major Decision after discussions with the relevant stakeholders and prepares a PAL Major Decision Request in the form of a Concept Paper as detailed below. The concept paper should include signatures from both the Army's and the Lessee's authorized representatives, however, should the parties not reach conceptual agreement in a timely manner on an issue, a Concept Paper may still be forwarded by either party.

Step 2. The Concept Paper will be sent to the OACSIM (ISP), with a copy furnished to USACE. The OACSIM (ISP) Program Manager (PM) reviews the Concept Paper, and documents the OACSIM (ISP) position on the PAL Major Decision Request, processing of which should be completed and forwarded to the ODASA (IH&P) no later than 10 work days from the receipt of the Concept Paper.

Step 3. The OACSIM (ISP) PM forwards the Concept Paper to the ODASA (IH&P) for appropriate action, with a copy furnished to USACE. The ODASA (IH&P) is responsible to lead the coordination of all actions associated with the MD, to review and approve/disapprove of the Major Decision, including but not limited to preparation of the DASA (IH&P) decision memorandum and coordinating the collection of supporting documentation. The OACSIM (ISP) PM and USACE will assist as necessary.

Step 4. Once the Major Decision review is complete, the ODASA (IH&P) will provide a PAL Major Decision Memorandum to the OACSIM (ISP), with copies to USACE and to the PAL Lessee either approving or disapproving the request. If the request is approved, the PAL Major Decision Memorandum will also identify the Secretariat-level point of contact for the action, any prerequisites or stipulations including requirements for payment of transaction costs, and expected transaction timeline.

3. **Concept Papers.** Concept Papers should include only the minimum supporting documentation necessary to articulate the proposed Major Decision action. The Concept Paper will be no more than 3 pages and will include the following information:

1) Purpose – identify the applicable situation that triggers a Major Decision (see table in Attachment 2);

2) Background – conditions leading to the proposal;

3) Justification – rationale for proposed action, to include short and long term impacts on the project;

4) Projected sources and uses of funds, to include any transaction costs;

5) Impacts if proposed action is disapproved; and

6) Authorized Signature of the requesting entity, e.g. the Garrison Commander, PAL Lessee, or OACSIM (ISP), and space for any required execution signatures (e.g. DASA (IH&P), Lender, Lessee, etc.)

Atch 2

PAL LEASE MAJOR DECISIONS MATRIX

Major Decision Reference Number	Lease Condition Reference	Category/Item Description:
1		Application of Army/Service regulations or policies that may reasonably be expected to impact the project beyond those policies or regulations governed by existing Army-approved agreements.
2		Increase or decrease in the government equity, cash or real property contribution.
3		Approval of the Initial Development Period Close-out
4		Any action/decision/policy change that could reasonably be determined to have associated scoring impacts.
5		GAO/OSD/OMB/Congressional reports/briefings/approvals.
6		Actions that will require a change or amendment to the PAL Lease footprint, terms and conditions, including all exhibits to the PAL Lease.
7	11	Approval of Exceptions or Waivers to the PAL Lease Condition 11. Prohibited Uses and Limitations
8	15	Approval under, Exceptions to, or Waivers to the PAL Lease Condition 15. Transfers, Assignments, Changes of Corporate Structure, Sales of Assets, or Sub-Leases, including, but not limited to: Lessee plans to provide AAFES & MWR-type amenities; Requests for Sub-Leases; Changes in the Lessee structure (incl. merger or consolidation of the project company, and Acquisition or disposal of real property by Lessor/Lessee outside of existing Lease language including any Sale of Assets, including Govt. facilities, land and/or improvements, removal or change of primary partners).
9	17.e	Removal, Replacement, or change of the Development Manager, Hotel Operator, Asset Manager or Construction Contractor
10	17 and Exhibit O	Proposed Revisions to or exceptions to/waivers from the project documents referenced in Condition 17 and Exhibit O of the Lease, to include but not limited to: the Limited Liability Company Operating Agreement of the Lessee; Asset Manager Agreement; Lockbox Agreement (Cash Management and Disbursement Agreement); Lodging Management Agreement; Lodging Management Agreement Guaranty; Design/Build Agreement; Development Management Agreement; Construction Contracts & Independent Construction Consultant; Municipal Services Agreements (Utilities and Fire/Police Services Agreements); Insurance Documents; and the suitable instruments under and pursuant to Condition 23.a.(ii).
11	17 and Exhibit O	Execution of new/succeeding agreements, etc. for the project documents referenced in Condition 17 and Exhibit O of the Lease, to include but not limited to: the Limited Liability Company Operating Agreement of the Lessee; Asset Manager Agreement; Lockbox Agreement (Cash Management and Disbursement Agreement); Lodging Management Agreement; Lodging Management Agreement Guaranty; Design/Build Agreement; Development Management Agreement; Construction Contracts & Independent Construction Consultant; Municipal Services Agreements (Utilities and Fire/Police Services Agreements); Insurance Documents; and the suitable instruments under and pursuant to Condition 23.a.(ii).
12	18 and Exhibit J	Approval of Exceptions or Waivers to the PAL Lease Condition 18. Performance of Lessee's Hotel Operations or under Exhibit J.

13	21 and 31	Approval of Installation Specific Development Plans and Proposed Out-Year Development Period, and related approval of associated documents, project assumptions (including Proformas) and fees, as stipulated or identified under Condition 21. Installation Specific Development Plans and under Condition 31. Outyear Development Period; and any subsequent changes to the then currently approved development scope (Installation Specific Development Plan) directly affecting the delivery schedule or mix of renovation versus new construction, hotel branding strategy or the construction of any additional facilities.
14	22.a	Approval of all Major Work, and changes thereto - excepting the approval of Changes Orders as may be further delegated or identified within a Construction Contract approved under Condition 22.
15	22.b	Approval of all Independent Construction Consultants, and associated roles and scopes of work, and/or changes thereto under Condition 22.
16	22.k	DB Manager Work or Construction related Change Orders - Individual Cost >$500K & All COs when Cumulative Change Orders exceed $15M in aggregate for the IDP
17	22.l.	Changes as may be requested in accordance with Condition 22.l. - including: end-state room count variances; use of project funds and/or resources to improve or to provide services to non-project assets/facilities (to include but not limited to AAFES, MWR Facilities or Services or Installation ATFP requirements); modifying a scope of work; or making changes to the providers of any letters of credit, debt service reserve surety bonds, credit enhancement or guaranteed investment contracts where the Lessee's funds are involved.
18	24	Approval of any exception or waiver to the requirements under Condition 24. Rates and Prices.
19	25	Approval of any exception or waiver to the requirements under Condition 25. Occupancy Requirements and Rights.
20	26.a	Lessee's Operating Budget Review and Comments above the following thresholds for each respective budget: Budgeted Expense >5% Variance; NOI >10% Variance; (Annual Operating Budget, Construction Budget, Development Budget); and for Decisions where total cumulative financial impact is greater than 10% of annual operating, construction or development budgeted costs.
21	26.c	Approval of Lessee's Operating Budget - when accompanied by a Notice By Lessee to Lessor of negative effect on End State, Renovation or Replacement scope or timing, Branding or services in Hotel Mgmt Agreement.
22	28	Approval of Mortgages, Liens and Encumbrances; including any increase or decrease in the terms of the project debt or Lessee equity investment.
23	29	Approval of substantive changes to any Insurance Policy or Amount of Coverage that is required to be maintained IAW Lease Requirements
24	34 and Exhibit G	Approval of any changes, amendments or financial adjustments to the requirements under Condition 34. Accounts; including the processing and use of moneys received, and the Lockbox. This Major Decision includes: loans from project funds; approval of and changes in investment vehicles or investment vehicle providers for project funds held in the project lockbox accounts; approval over any transfer, reallocation, or redistribution of funds between the financial accounts that are established and/or governed by these agreements unless such transfer, reallocation, or redistribution of funds are stipulated as allowed under the terms and conditions of the respective agreement.
25	36 thru 40	Approval over the Process and Decision concerning: Non-Compliance, Default by Lessee/Lessor, Termination Default & Instances of Failure to Insist upon Compliance, Conflicts between Documents; Conveyance by the Lessor upon Installation Closure

RCI Incentive Performance Management Plans

Overview

This section provides guidance on Incentive Performance Management Plan (IPMP) objectives and includes lessons learned in evaluating and determining the amount of the incentive fee award, recommendations for assessing and adjusting metrics, and considerations when setting indicators used to evaluate performance.

During the drafting of the Community Development and Management Plan (CDMP), the parties focused on establishing a performance-based fee system to monitor performance and reward the service providers for exceptional results. The IPMP sets forth the criteria and process used to evaluate and award incentive fees for each functional service area (property, asset, development and construction management), along with procedures to determine the appropriate percentage of available incentive fees to be paid in a specified period for a given level of performance. The plan also establishes the element measurements and weightings to apply. Ideally, the implementation of a balanced, objective, and reasonable IPMP will afford the RCI Asset Management Team an opportunity to influence outcomes of key Army RCI objectives and priorities for the duration of the Project.

Participants in IPMP Process

Each Project is organized under an Operating Agreement as well as service agreements for property management, asset management, construction management and development management. The service providers under these agreements are often entities related to the managing member. However, it is critical to review the distinction between the managing member and the service provider.

The service providers enter into a fee-based relationship with the partnership (LLC or LP). Through the legal agreements, the parties identify the services to be provided and the fees, broken down into base and incentive, paid for providing those services. The incentive component of each fee is based on metrics identified during the CDMP process and adjusted at agreed times throughout the life of the project; in particular all fees/metrics will be reviewed during the IDP Close-out.

The partner entity does not receive fees directly. The partner entity, as defined in the legal documents, is an owner of the Project and may only receive a return on its actual cash equity investment. While the partner and the service provider may be affiliated with the same overarching entity, the relationship between the Army and the two entities is separate and distinct.

Review of Objectives

The first step in developing the IPMP is to ascertain the objectives of both parties and to define the purpose of the IPMP. This step ensures that the parties are not negotiating from set positions, but are instead seeking a program that acknowledges and attempts to achieve the objectives of both parties. In addition, defining the purpose of the IPMP ensures that the parties approach the discussion with the same end-result in mind – to develop a program that targets critical performance metrics and defines success for each metric. The first step in assessing the IPMP during project execution should again be a review of the objectives of each of the parties; as the Project matures, objectives will evolve.

The parties should apply the following principles during both the development and review of the IPMP:

- **Partnering and Relationship Management –** Trust between the parties' forms the foundation of a partnering-oriented program. The IPMP focuses on the relative strengths of both organizations in successful partnering and relationship management. The program facilitates the on-going working relationship of the parties, fosters open and honest communications, encourages creative problem solving, and builds on the teaming approach used in the CDMP collaboration phase.

  The management and evolution of the IPMP should be based on the principles of partnering and relationship management. The RCI Asset Manager and the partner should work together to evaluate the relative successes and challenges of the Project in general and the IPMP specifically. Based on the identified characteristics of project performance, the parties should refine the IPMP to reflect lessons learned and important considerations for the specific Project.

- **Align partner's goals and strategies with Project's goals and strategies –** The IPMP defines success as those key relationship management and performance measures that will, if achieved, clearly demonstrate successful attainment of the overall RCI program goals for the Project. If an objective of one of the partner's is not being met, or if the performance of the Project is not at a level satisfactory to both parties, the metrics and indicators should be reevaluated to better align the goals and strategies.

- **Adjust with evolutionary nature of Project needs and requirements –** RCI is a long-term program that must be able to adjust to changes over time without jeopardizing the partnering relationship. Thus, relative weights of performance goals will change from time to time to keep the service provider's goals and objectives aligned with those of the Army. This is especially true as the Project moves from periods of heavy development and construction to periods of stabilized neighborhood operations where capital repair and replacement will be more critical to ensuring overall project success. Additionally, as the RCI program and specific projects identify lessons learned, the RCI Asset Manager and the partner should work together to incorporate those best practices into the IPMP.

- **Reward the service providers for meeting goals and requirements –** The objective of the Army and the partner is for each service provider to receive 100% of incentive fees, signifying that all of the metrics are met or exceeded. This does not mean the service provider should receive 100% of incentive fees if metrics are not reflecting the success parameters set out in the IPMP. While the relationship is built on trust and partnering

principles, the Project is a legal venture dictated by the rules of business. Maintaining a partnering relationship is not always an easy task and the RCI Asset Management Team must be prepared to balance awarding appropriate incentive fees to service providers with fostering a relationship with the partner. Inherent in this is the mitigation of the comment "it's not our fault" in the event a service provider is unable to meet the identified indicators. Exempting a service provider from the incentive fee benchmarks agreed in the IPMP will merely postpone the inevitable impact of not meeting the standards identified as critical to achieving the partnership objectives.

In addition, the parties should avoid assuming that resounding success in one specific area means the service provider should receive 100% of the total incentive fee. The measured metrics are critical to ensuring that the project achieves its overall operational and financial goals. If performance does not indicate success in a specific metric, the long-term success of the project may be compromised. Short-term successes must be evaluated against long-term implications. The structure of the IPMP should ensure the parties focus on multiple areas; therefore, variation from the agreed approach to awarding incentive fees creates an imbalance in the areas of focus.

One exception to this practice is the accommodation of unforeseen circumstances. The legal and operational structure of the project recognizes that during the development of the CDMP the parties cannot anticipate all possible outcomes for a fifty-year partnership. Situations may arise that are beyond the control of the partner, and those situations may warrant an evaluation of the metrics applied for the most recent period. For example, if a fire destroys several occupied homes, the parties may recognize that addressing the needs of the displaced families will supersede metrics such as timeliness of vacant quarters maintenance.

- **Enable and foster continuous reevaluation of metrics –** A benefit of the performance management approach over traditional contract arrangements is the impetus for the Project, the Partner, the service providers and ultimately the soldiers and families to benefit from improved performance. The Partner is not seeking merely to perpetuate the status quo for its on-post family housing. While building appealing homes is important, continuously improving the on-post quality of life at the project through neighborhood development and provision of additional amenities and services while providing competitive returns to the partner are key elements of the RCI program. Both metrics and indicators will be re-evaluated to identify opportunities to foster improvement in the performance of the service provider and therefore the Project.

  Similarly, not all of the specific conditions affecting the success of the Project can be identified during the CDMP process. As a result, if a metric or indicator is not achievable based on current conditions or is deemed an unreliable indicator of successful performance of the service provider or Project, the parties should reevaluate the use of the metric or the specific indicators. For example, maintenance of a minimum debt coverage ratio may no longer be an indicator of performance following the first years of the Project. The parties may elect to eliminate that metric and reassess the relative weightings of the remaining metrics or to replace the metric with a better indicator of the success of the service provider in meeting the partners' objectives.

In another example, the parties may recognize that occupancy targets are not being met as a result of the condition of existing housing. Adjusting the indicators may be appropriate based on the experience of the parties during the initial years of the Project. However, as stated above, the indicators are intended to provide a tool to evaluate the performance against both short and long-term financial and operational objectives. As a result, if the indicators for occupancy are adjusted in the IPMP, a corresponding adjustment in the pro forma model and potentially the development scope may be necessary. Under the Asset Management umbrella, the parties should work together to balance the identification of appropriate target indicators with the reassessment of Project scope.

- **Monitor metrics and indicators –** During the CDMP, the parties define success for key critical outcomes and establish metrics for the partnership to review, audit and evaluate to ascertain the service provider's performance in specified areas. Examples of metrics are resident satisfaction survey results or on-time delivery of units. For the most part, metrics should be objective rather than subjective. Objective measures are clearly identified and quantifiable, whereas subjective measures are indistinct and not readily discernible. Examples of an objective measure would be resident satisfaction scores. An example of a subjective metric might be "Property Manager was responsive to the Residential Communities Office." In some instances, subjective content can be converted into objective measures if supported by an appropriately rigorous system of data collection. An example of this cross-over is measurement and reporting of resident satisfaction utilizing surveying tools. The individual resident completing a satisfaction survey is certainly issuing subjective opinions; however, the consistent polling, collection of statistically relevant sample sizes, and rigorous analysis of collected data generates a measure of resident satisfaction that is a valid objective performance metric. It is recommended that subjective measures, if any, represent no more than 15% of the potential incentive award for any service provider.

  The processes and practices employed by the service providers generate indicators -- the measurements that quantify the service provider's performance relative to the metrics. For the two metrics above, an indicator of resident satisfaction would be the average score for overall resident surveys over a specified quarter and an indicator of on-time delivery is the acceptance of newly constructed units for occupancy compared to the original schedule. The service provider should be able to use indicators to react to performance shortcomings in time to implement corrective action and to avoid an unfavorable outcome in a metric for the measurement period.

  While metrics are general in nature, indicators are discrete and must be well defined. In the example of resident satisfaction, the parties should define exact types of surveys to use and the corresponding rating that corresponds to incentive fee award percentages. By establishing the measurement criteria in advance, the parties mitigate the risk of misunderstandings that affect the partnering relationship. The indicators must be measurable and the approach to measuring those indicators must be agreed to within the IPMP.

  As stated above, the metrics and indicators should be re-evaluated at regular intervals, end of the IDP, at the end of each five year plan, etc., to ensure the performance measurements distinguish success or challenges in meeting the objectives of the parties. In addition, the administration of the IPMP should be efficient and the outcomes readily

identifiable by the parties in advance of the fee determination. A successful IPMP should not require several months and significant personnel resources to administer and the service provider should be able to monitor their performance against the indicators in the given evaluation period. Timeliness in the consolidation and review of IPMP indicators allows the service provider to identify, recommend and implement solutions in a more proactive manner when the Project is not achieving targeted results.

- **Create balanced goals and focus –** The IPMP must reflect a balanced vision of relationship management versus work performance and the trade-offs between cost and quality and between short and long-term goals. No particular performance incentive, or group of functionally oriented performance measures, should be given such importance that it diverts either party's attention from pursuing desired performance in all other key performance areas. Avoid the inclusion of too many metrics in the evaluation criteria; metrics that comprise a minimal portion of the overall incentive fee may not incite the service provider as intended. The objective of the IPMP is to ensure successful implementation of all aspects of the Project, not to ensure achievement of any one particular indicator. A robust and integrated IPMP will ensure that all areas of the project are operating successfully.

- **Ensure a consistent level of service over time –** The Garrison Commander normally awards incentive fees quarterly and the RCI Asset Management Team should evaluate the level of service provided over that time versus the month or weeks prior to the timing of payment. Performance evaluation should take place at regular intervals throughout the quarter to incite superior service levels at all times. Similarly, payment of incentive fees should not be front-loaded during the IDP as service providers must be incited over the entire IDP.

- **Consistently communicate status and effectiveness of the RCI initiative –** Stakeholders are very interested in the outcomes of the MHPI strategies in general and of the project's successes in particular. The IPMP must clearly communicate relevant data about the results, effectiveness, and achievements of the project to the RCI Asset Management Team. The RCI Asset Management Team must then provide necessary communications to all stakeholders at various levels. In managing these communications, care must be exercised to protect any proprietary information.

- **New paradigm for government and role of the RCI Asset Management Team**

  – The RCI Asset Management Team must shift focus from monitoring ***processes*** that:

  - involve significant government inspection and administration resources,
  - duplicate the service providers' quality inspection programs,
  - are oriented towards compliance with minimum specifications and "committed" processes, and procedures, and
  - often involve adversarial strategies.

  – To focusing on key program ***results*** that:

- share and link goals and success pictures so that one party's success is tied to the other's,
- rely principally on the service provider's approved quality control program and performance measurement reporting system,
- involve relatively minimal government resources quality assuring (auditing via a random sampling process) the service providers' quality control and performance measurement system,
- seek to perform forward-looking strategic planning for housing representing the installation vision, mission, military culture, and challenges, and
- exercise appropriate and efficient levels of control over funds.

Identifying Objectives

Before diving into an evaluation of the IPMP, the parties must assess their objectives for property management, construction and development. What issues or actions are important to the partnership in the RCI Project? By taking an inventory and evaluating against performance to date, the parties can strive to refine the IPMP as necessary to emphasize project objectives. Regardless of the specific objectives, the primary objectives for each project are dictated by the program requirements, which focus on enhancing the quality of life for Service Members and their Families through sustainable housing privatization. Each specific objective should support the primary objectives, defined below:

- *Customer satisfaction* – Each RCI Project includes a number of stakeholders; the most engaged being the residents, the Garrison Command and the RCI Asset Management Team. Customer satisfaction measures the success of the service providers at delivering high quality property management and development while minimizing the impact to the residents and the Project. Additionally, the working relationship between the service providers and the RCI Asset Management Team must be positive to ensure success over the 50-year term of the Project.
- *Sound financial management* – Fiscal responsibility includes prudent and efficient spending of Project funds, accurate and timely reporting of the financial status of operations and development expenditures, and careful planning and annual budgeting. As the backbone of the Project, financial management includes a consistent and regular review of the financial status of the Project and ensures expenditures for property management and construction are in accordance with planned uses of funds.
- *Eliminating inadequate housing* – An original goal of the MHPI legislation, elimination of inadequate housing is one of the most important objectives.
- *Sustainable construction and renovation* – Each RCI Project is structured with a 50-year ground lease. As the Projects are intended to be self-sustaining through the Reinvestment Account, the quality of construction and renovation will impact the future burdens on the reinvestment account. Making decisions with a long-term perspective and ensuring the

use of quality materials and efficient designs supports the management of operating expenses and out year construction and renovation requirements and costs.

- *Sustainable housing and communities* – The management of the capital repair and replacement program to sustain the assets in the out-years is a critical component of the RCI Program. Having a good CR&R plan is important as an operating tool, but must be considered along with the reinvestment account. Underpinning *both* should be a comprehensive capital needs projection (Facility Condition Assessment). Determining which service provider will be responsible for CR&R requirements will allow specific IPMP metrics to be developed to drive performance in this category.

Refinement of Metrics

The IPMP identifies specific methods for measuring performance. The details of the IPMP provide the incentive to the service providers to achieve the goals of the Project and the Partnership. The following discussion provides insight into metrics utilized on past RCI projects, key points when considering incorporating each metric in the IPMP, and recommendations for the use of each metric.

It is critical to understand that the number of metrics utilized does not determine the success of an IPMP. Rather, the IPMP should focus on those metrics that support the overall objectives of the parties. In many situations, the legal documents, business model or other metrics achieve the same or better results. For example, the timeliness of vacant quarter maintenance may be a valid metric, however, the partner has an incentive to encourage efficient turnover of units from the property manager to maximize the occupancy and therefore the income upon which the property management fee is calculated. The partners should evaluate the links between metrics and other factors to develop the appropriate focus.

The RCI projects closed to date have incorporated various metrics to evaluate the performance of the property manager, developer and construction manager. The following chart provides a list of these metrics, recommendations for the inclusion or exclusion of each, and a suggested weighting. Note that the suggested weightings may be customized for each Project.

Reevaluation Process for IPMP

It is very important to review the IPMP periodically to ensure it is driving performance of the service providers to improve the quality of the housing experience for residents. Normally during the annual review and approval of the incentive fees is the time the overall IPMP should be reviewed. This allows the partners to review performance under the current IPMP and decide if there are areas of focus that need to be incorporated into the IPMP. **Any change to the IPMP metrics must be approved by PPD since this is a change to the legal requirements / documents of the Project and defined as a Major Decision in Section III.** The suggested changes to the IPMP will be provided to PPD for approval along with justification for the changes and expected financial impact to the Project.

Post-IDP Reevaluation

Another critical time for reevaluation of metrics is at completion of the IDP. At this time, the Property Manager may already have a smooth system for turning units or responding to maintenance calls in a timely fashion. It may be conducive to shift the Property Manager's

focus to a metric that better serves the Project. Likewise, on the development side, if delivery of new units was more heavily weighted on incentives than the delivery of renovated homes during the IDP, and the Development Manager expects to manage far more renovations than newly constructed homes post-IDP, it is an opportune time to review and update these metrics by renegotiating the metrics that support fee payment to the service providers.

Additionally, at the end of the IDP the overall partnership objectives will normally change from development to the sustainment/maintenance of housing and community assets. The focus for certain service providers will be on ensuring execution of a CR&R plan. In some cases, the property manager and/or asset manager will be fully responsible for meeting the CR&R objectives. In other cases, the scope of CR&R work is beyond the skill set of the Property Manager and more technical or broader scale CR&R work classified as renovation or development scope would be managed by the development manager. As most projects have some degree of vertical integration, flexibility in legal documents allows CR&R work to be passed along to the Developer, incurring additional fees at the expense of the project. It is critical that the Army and the Partner agree which types of CR&R work requires additional expertise and oversight beyond that provided by the Property Manager or Asset Manager and which entity should perform this work. In either case, the applicable IPMP for the service provider responsible for CR&R work should be updated to include new metrics. Given the change in focus following the completion of development, a change to the IPMP is part of the Project Out-Year Plan approval process.

Any change to the IPMP should be a collaborative effort between the Partner and the RCI Asset Management Team and will require review/approval in accordance with the Major Decision process prior to implementation as discussed in Section III.

Table 1: Metrics and Recommendations for Inclusion		
Metric	**Inclusion**	**Suggested Weighting**
Property / Asset Management		
Annual Resident Surveys	Recommended	25%
Move-in, Move-out and Maintenance Surveys	Recommended	10%
Command Satisfaction	Recommended	5%
RCI Office Satisfaction	Recommended	5%
Potential Resident Satisfaction	Recommended	5%
Timeliness of Service Order Response / Resolution	Recommended	10 %
Managing to Plan	Recommended	10%
Timeliness and Quality / Accuracy of Report Preparation	Recommended	10%
Quality of Vacant Quarters Maintenance / Turnover	Potential	5%
Quality of Service Order Resolution	Potential	5%
Timeliness of Vacant Quarters Maintenance / Turnover Completion	Potential	10%
CR&R Planning	Potential	5%
CR&R Execution	Potential	5%
CR&R Costs	Potential	5%
Occupancy	Not Recommended	N/A
Maintaining Required Debt Coverage Ratios	Not Recommended	N/A
Common Area Beautification Standards	Not Recommended	N/A
Availability of Units	Not Recommended	N/A
Frequency of Moves	Not Recommended	N/A
Construction Management		
Timeliness of Delivery of New Homes	Recommended	35%
Timeliness of Delivery of Renovated Homes	Recommended	25%
Performance against Budget	Recommended	15%
Quality of Construction	Recommended	15%
Small Business Subcontracting	Recommended	5%
Safety Records / Davis-Bacon Compliance	Recommended	5%
Development Management		
Timeliness / Accuracy of Reporting	Recommended	10%
Timeliness of Delivery of New Homes	Potential	15%
Timeliness of Delivery of Renovated Homes	Potential	15%
Quality of Development	Potential	10%
Completion of Development Phases to Include Delivery of Amenities	Potential	35%
Safety and Environmental Performance	Potential	5%
CR&R Planning	Potential	5%
CR&R Execution	Potential	5%
CR&R Costs	Potential	5%
Annual Assessment of Out Year Plan	Potential	10%
Construction Consultant Coordination	Not Recommended	N/A
Timeliness of Design and Planning	Not Recommended	N/A
Development Satisfaction	Not Recommended	N/A
Value Engineering	Not Recommended	N/A

The table below discusses each metric and identifies considerations for each.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Property Management/Asset Management		
Annual Resident Surveys *Indicator:* ▪ Average score based on agreed benchmark.	***Recommendation:*** Resident satisfaction is among the most critical identifiers of the success of an RCI Project. ***Considerations:*** ▪ Each quarter, one-fourth of the residents should receive a survey. This allows for continuous feedback while avoiding the need for a family to respond to surveys more than annually. ▪ The parties should agree in advance on the calculation of the average "score". Specifically, the weighting of each question should be determined to allow for an overall score of each survey and the average of all surveys.	A third party firm should prepare the annual survey form, with input from the Army and the Partner, and administer the survey. The third party firm should send the results to the Partner, the RCI Asset Manager and the Property Manager. The average score should be compared to a set of agreed benchmarks with both a floor and a ceiling. In the event the score falls below the floor, the Property Manager will receive 0% of the available fee. In the event the score exceeds the ceiling, the Property Manager will receive 100% of the available fee. All scores between the floor and the ceiling will receive a portion of the available fee based on a sliding scale. For example, if the floor is 70% and the ceiling is 90%, then an 80% might result in an awarded fee of 50% of this component incentive fee. The floor may change during the IDP as service levels improve.
Move-in, Move-out and Maintenance point-of-service Surveys *Indicator:* ▪ Average score based on agreed benchmark.	***Recommendation:*** The results of surveys of residents upon move-in, move-out and service order response completion should be included in the determination of the incentive fee. ***Considerations:*** ▪ The parties should agree in advance on the calculation of the average "score". Specifically, the weighting of each question should be determined to allow for an overall score of each survey and the average of all surveys.	Each resident should receive a postage paid response card upon move-in, move-out or completion of a service order. The Property Manager or third party firm should receive and compile the response cards and should keep copies of the cards on file. Scoring of the variable surveys should be similar to the scoring of the annual surveys. The RCI Asset Manager should validate the data by comparing complaints and discussions with residents to the results of the survey. In addition, the annual survey results should be consistent with the results of the variable surveys.
Command Satisfaction *Indicator:* ▪ Average score based on agreed benchmark.	***Recommendation:*** Command satisfaction is critical and should be included in the IPMP. ***Considerations:*** ▪ Incorporating measurement of satisfaction of the Command, RCI Office and potential residents (i.e., applicants and families on the wait list) ensures that the focus of the property manager is on building relationships with the key stakeholders for the Project. ▪ The parties should agree in advance on the calculation of the average "score". Specifically, the weighting of each question should be determined to allow for an overall score of each survey and the average of all surveys.	The Property Manager and RCI Asset Manager should develop a survey for completion by the Commanding General, Garrison Commander, their deputies and Command Sergeant Majors, as appropriate. The Property Manager should distribute the survey electronically to each of the parties and the respondents should provide their completed surveys to both the Property Manager and the RCI Asset Manager. Scoring of the Command surveys should be similar to the scoring of the annual surveys. In the event of negative or constructive comments, a meeting should be scheduled with all recipients of the survey. The Property Manager should present a plan to address concerns and include the status of performance against that plan in the monthly reporting package.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
RCI Office Satisfaction *Indicator:* ▪ Average score based on agreed benchmark.	***Recommendation:*** RCI Office satisfaction is critical and should be included in the IPMP. ***Considerations:*** ▪ Incorporating measurement of satisfaction of the Command, RCI Office and potential residents (i.e., applicants and families on the wait list) ensures that the focus of the property manager is on building relationships with the key stakeholders for the Project. ▪ The parties should agree in advance on the calculation of the average "score". Specifically, the weighting of each question should be determined to allow for an overall score of each survey and the average of all surveys.	The Property Manager and RCI Asset Manager should develop a survey for completion by the Project Manager and/or the RCI Office staff. The Property Manager should distribute the survey electronically to each of the parties and the respondents should provide their completed surveys to both the Property Manager and the Project Manager. Scoring of the RCI Office surveys should be similar to the scoring of the annual surveys. In the event of negative or constructive comments, a meeting should be scheduled with all of the recipients of the survey. The Property Manager should present a plan to address concerns and should include the status of performance against that plan in the monthly reporting package.
Potential Resident Satisfaction *Indicator:* ▪ Average score based on agreed benchmark.	***Recommendation:*** Evaluating satisfaction of applicants on the wait list and visitors to the leasing office who elect not to be placed on the wait list will allow the parties to assess the marketability of units. ***Considerations:*** ▪ The parties should agree in advance on the calculation of the average "score". Specifically, the weighting of each question should be determined to allow for an overall score of each survey and the average of all surveys.	Periodic surveys of the visitors to the leasing office, regardless of the election to be placed on the waiting list, should be conducted. The Property Manager and RCI Asset Manager should develop a survey, potentially in coordination with a third party survey firm, and administer the survey. Scoring of the RCI Office surveys should be similar to the scoring of the annual surveys. The RCI Asset Manager can conduct a subjective validation of the data by comparing complaints and discussions with visitors to the leasing office to the results of the survey.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Objective		
Timeliness of Service Order Response / Resolution ***Indicators:*** ▪ Response to emergency service orders within specified time periods. ▪ Response to urgent service orders within specified time periods. ▪ Completion of routine service orders within specified time periods.	***Recommendation:*** Performance against agreed response metrics for emergency and urgent service orders and completion metrics for routine service orders should be included in the IPMP. The performance should be evaluated on a scale for completion of routine service orders, meaning that if not every service order is completed within the specified time period, the Property Manager can still receive a portion of the incentive fee component. ***Considerations:*** ▪ While response is critical for emergency and urgent service orders, completion or resolution is the appropriate measure for routine service orders. Urgent or routine service orders may be weighted more heavily as these occur more often than emergency service orders. ▪ Completion of routine service orders should be adjusted for parts not typically held in stock. ▪ Response to emergency service orders is typically within 30 minutes during business hours and one hour outside of business hours. ▪ Response to urgent service orders is typically within four to eight hours. ▪ Completion of routine service orders is typically within two to four days, subject to availability of parts not typically held in stock. ▪ The parties should clearly categorize service orders as emergency, urgent and routine in advance.	The Property Manager should structure Yardi or the other Property Management reporting software to identify the time when the initial service order call was received, the category of the service order (routine, urgent or emergency) and the time the service order was responded to (for urgent or emergency) or completed (routine). The Property Manager should provide a report on the number of service orders of each type, the average time to respond to or complete the service orders of each type, and the number of service orders responded to or completed within agreed times. For each category, the results (measured in terms of percentage of service orders responded to or completed within the stated time periods) should be compared to a set of agreed benchmarks with both a floor and a ceiling. In the event the results fall below the floor, the Property Manager will receive 0% of the available fee. In the event the results exceed the ceiling, the Property Manager will receive 100% of the available fee. All results between the floor and the ceiling will receive a portion of the available fee based on a sliding scale. The RCI Asset Manager should utilize the results of the surveys to validate the Property Manager's data on the responses to and completion of service orders. If resident surveys are indicating problems with completion of or response to service orders, the results should be reflected in this metric.
Managing to Plan ***Indicators:*** ▪ Performance against annual budget (based on percentage over / under budget). ▪ Performance against pro forma agreed at closing.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ The performance against the annual budget is important, but it is recommended that the incentive metric allow for expenditures over the agreed budget without forfeiture of the entire fee. If, for example, the budget is exceeded by 2%, the Property Manager should receive a reduced incentive fee, but should not forfeit the entire fee.	In addition to internal budget performance data generated from Yardi or other property management software, the Property Manager will provide bank statements or lockbox agent reports to confirm the beginning and ending balance of the accounts. The RCI Asset Manager should have the right to review the Project books for both Property Management and Development Management at any time. A periodic review will allow the RCI Asset Manager to confirm the results reported by the Property Manager. Additionally, if the results of the annual audit identify significant insufficiencies in the financial reports, the Property Manager should forfeit the entire portion of the fee related to this metric.
Timeliness and Quality / Accuracy of Report Preparation *Indicator:* ▪ Receipt of quarterly and monthly reports to all identified recipients no later than	***Recommendation:*** Reporting is an important component of the communication process between the Property Manager and the partnership. These metrics should be included in the IPMP. ***Considerations:***	The RCI Asset Manager will determine timeliness of reports based on the receipt of the reports and a review of the reports for completeness. To ensure appropriate documentation, the RCI Asset Manager should provide written correspondence (i.e., email) to the Property Manager that reports have been received. The accuracy of the Property Manager's assessment of their performance related to this metric can be validated by the documentation maintained by the RCI Asset Manager.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
timelines established by the parties.	▪ The metric may be based on the submission of the reports to the partnership, as the legal relationship is between the partnership and the Property Manager. However, receipt of the reports by the Army is the determinant of the fulfillment of this objective. Therefore, the metric should be based on submission of the reports to the partnership and identified stakeholders.	
Quality of Vacant Quarters Maintenance / Turnover *Indicator:* ▪ Results of move-in condition checklist or survey pertaining to condition of unit.	***Recommendation:*** If the parties agree that this is an appropriate metric, it may be worthwhile for inclusion in the IPMP. ***Considerations:*** ▪ The Property Manager will participate in the development and implementation of a checklist related to the condition of the unit. The results of that checklist should be confirmed based on responses from residents following move-in.	The Property Manager should utilize their internal move-in condition checklist to determine the condition of the unit following vacant quarters maintenance / turnover. The results of this review should be filed or input into Yardi or other property management software. If this metric is utilized, the number of identified errors or problems should be reported to the RCI Asset Manager on a monthly or quarterly basis. The results can be validated by review of service orders or complaints within the first few months of occupancy. In the event the service orders or complaints are related to the condition of the unit upon occupancy, the quality assurance process conducted by the Property Manager may be compromised and should be reviewed.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Quality of Service Order Resolution *Indicators:* ▪ Number of follow-up service order calls pertaining to the same issue. ▪ Results of quality control / quality assurance program instituted by Property Manager.	***Recommendation:*** If the parties agree that this is an appropriate metric, it may be worthwhile for inclusion in the IPMP. However, quality of service order resolution may be partially addressed through requirements to manage to budget and resident satisfaction. ***Considerations:*** ▪ This metric requires agreement between the parties on the method for evaluating the Property Manager's performance, as it includes subjective measurements. ▪ If a requirement to perform in accordance with the agreed annual budget is included, the Property Manager has incentive to effectively and efficiently perform service order work to levels that will minimize engagement of maintenance personnel as well as the likelihood of a repeat call from dissatisfied residents.	The Property Manager should track the number of "repeat" calls, namely service order requests for the same issue. The results can be validated by review of service orders or complaints. In the event the service orders or complaints are related to recurring issues, the quality assurance process conducted by the Property Manager may be compromised and should be reviewed.
Timeliness of Vacant Quarters Maintenance / Turnover Completion *Indicator:* ▪ Completion of a specified percentage of vacant quarters maintenance within specified time periods.	***Recommendation:*** Timeliness of vacant quarters maintenance is reflected in the occupancy rate, as a unit cannot be occupied until it is available from the maintenance provider. Therefore, while this is a good metric to consider, the impact of timeliness of VQM will be reflected in the occupancy rate. Performance should be evaluated on a scale, if every vacant quarters maintenance item is not completed within the specified time period, the Property Manager can still receive a portion of the incentive fee component. ***Considerations:*** ▪ The parties should determine whether the metrics will change during times of significant activity, such as the summer PCS period.	The Property Manager should structure Yardi or the other Property Management reporting software to identify both the day of move-out and the data the unit is available for re-occupancy. For each quarter, the Property Manager should provide a report detailing the date of move-out, the date available for re-occupancy, and the number of days in maintenance for each unit that is vacant during the quarter. The RCI Asset Manager can validate the data by reviewing the reports. Additionally, a period review of the status of vacant units should provide anecdotal data on the efficiency of the turn process.
Capital Repair and Replacement: Planning *Indicator:* ▪ CR&R Annual Project Plan ▪ Identification of critical CR&R projects ▪ Identification of elective CR&R projects	***Recommendation:*** Developing a CR&R Annual Project Plan is critical to housing and community sustainment, as it provides a roadmap for the cost and scope of repairs, replacements, and improvements necessary to ensure resident satisfaction while exercising cost control. The CR&R plan is particularly important in the post IDP phase, where new construction and renovations have been completed, and success is measured primarily through restoration and sustainment of housing assets. ***Considerations:*** ▪ The CR&R Project Plan should separate projects into critical (projects vital to the success and operation of the Project that are often more capital intensive) and elective (more routine, on-going, and less capital intensive) projects, which facilitates more effective implementation and oversight. ▪ The CR&R Project Plan should delineate which projects are completed by the development manager, property manager, or asset manager. Each receives a different level of fees, and no one project should be executed by both parties that would result in "double payment" of fees. ▪ CR&R Budget should tie to funding approved in the Out-year Development Plan.	The RCI Asset Manager should ensure that the CR&R Project Plan is prepared annually and includes the granularity necessary to understand at a minimum: work scopes, estimates, and project management strategies. Schedules for completion should also be provided for projects when appropriate. The CR&R Project Plan should be included with the annual budget. The RCI Asset Manager should ensure that the CR&R Plan specifically identifies 1) critical CR&R projects that are vital to the success and operations of the Project (e.g. larger cost replacements such as roofs, HVAC systems, etc.), and 2) elective CR&R projects for more routine, on-going work that does not require specific approval for the project owner to execute. All associated costs with these projects should also be delineated for each project. Furthermore, the RCI Asset Manager should ensure the CR&R Project Plan identifies the responsible party for each project that is proposed, as that determines the level and association of fees. Often times, work on more technical or broader scale may need to be carried out by a development manager, where the development manager receives a certain level of fees. More routine, less complicated projects are generally be overseen by the property or asset manager.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Capital Repair and Replacement: Execution *Indicator:* ▪ On-time and quality completion of critical CR&R projects ▪ On-time and quality completion of elective CR&R projects	***Recommendation:*** Timely and quality completion of proposed CR&R projects is the principal outcome of the CR&R plan and is one of the primary drivers of resident satisfaction. This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Expectations related to delivery schedule need to be communicated with the RCI Asset Manager if they deviate significantly from the budget and will impact operations. ▪ Expectations related to project scope need to be communicated with the RCI Asset Manager if they deviate significantly from the budget and will impact operations. ▪ RCI Asset Manager should regard deviations with respect to how they accommodate the needs of the residents and Command, as well as how they reduce cost without impact to quality, during the incentive fee determination process.	For critical and elective projects, the RCI Asset Manager should evaluate whether projects were completed in accordance with their work scope articulated in the Annual Budget. Full credit should be awarded in cases where the quality and workmanship were consistent with that of the work scope; full credit can also be awarded based on whether the work scope or quality level were changed in order to reduce costs and still met the needs of residents, and whether or not there were extenuating circumstances. Partial credit can be awarded on a sliding scale at the discretion of the Garrison Commander. The RCI Asset Manager can evaluate whether projects were completed in a timely manner and consistent with the schedule outlined in the annual budget. Full credit should be awarded in cases where the duration of the project did not exceed the schedule and it was delivered on time; full credit can also be awarded based on whether the work scope or quality level were changed in order to reduce costs and still met the needs of residents, and whether or not there were extenuating circumstances. Partial credit can be awarded on a sliding scale at the discretion of the GC.
Capital Repair and Replacement: Costs *Indicator:* ▪ Completion of critical CR&R projects within budgeted allowance ▪ Completion of elective CR&R projects within +/- 10% of CR&R budget	***Recommendation:*** Judicious cost management of proposed CR&R projects is critical to maximizing limited resources, managing DM and PM fees, and enabling adequate funding of the CR&R account for future projects to be executed. This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Significant unfavorable deviations in project cost may affect viability and timely deliveries of future projects in the CR&R plan. RCI Asset Managers should ascertain whether critical and elective projects with unfavorable cost variances resulted in higher quality or better tailored to serve the needs of residents, during the incentive fee determination process. ▪ Projects in an intermediate stage (not yet completed) that are over budget should not be counted against the service provider, as they may still be completed within budget.	For critical and elective projects, the RCI Asset Manager should review incurred project costs on a line-item basis each quarter when the incentive fee is determined, and consider the stage of project completion (for projects in progress) to correctly match expected cost and work completion. Full credit should be awarded where project costs match project performance/completion. Partial credit can be awarded based on the discretion of the Garrison Commander in cases where completed project costs were higher than budget (and higher than the threshold in the case of elective projects). In cases of partial credit, the Garrison Commander should consider whether the project resulted in better quality, faster schedule delivery, better accommodations to GC requests, or affected by circumstances outside the property or development managers' control that justified the higher cost.
Occupancy *Indicator:* ▪ Average occupancy over course of review period	***Recommendation:*** The results of this metric will be reflected in effective gross revenue and NOI. This metric should not be included in the IPMP.	Not Recommended

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Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Maintaining Required Debt Coverage Ratios *Indicator:* ▪ Maintenance of required debt coverage ratios during the review period.	***Recommendation:*** This metric is required by the lender and is covered by the legal documents. This metric should not be used in the IPMP.	Not recommended.
Common Area Beautification Standards *Indicator:* ▪ Performance against agreed common area beautification standards.	***Recommendation:*** This metric is difficult to measure and should not be used in the IPMP.	Not recommended.
Availability of Units *Indicator:* ▪ Average percentage of units available during the review period.	***Recommendation:*** This metric is captured in the timeliness of vacant quarters maintenance. This metric should not be included in the IPMP.	Not recommended.
Frequency of Moves *Indicator:* ▪ Number of families required to relocate more than once as a result of development activities.	***Recommendation:*** The results of this metric will be reflected in the resident satisfaction and, more significantly, in the number of families electing to move off the installation, thereby impacting the occupancy rate. This metric should not be included in the IPMP.	Not recommended.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Construction Management		
Timeliness of Delivery of New Homes *Indicator:* ▪ Delivery of agreed number of homes for the review period, based on the delivery schedule in the Construction Contract.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ The Construction Manager and / or Development Manager may be forfeit all or a portion of the fee if the new homes are not delivered within the agreed time period or following an agreed period beyond the original delivery date (this would be due to an issue the developer / construction manager had no control over). For example, if 20 units are delivered three months past schedule a portion of the fee may be forfeited entirely, a specified percentage of the fee may be awarded, or the entire fee may be awarded, to be paid only upon acceptance of the units.	The Development Manager should provide a list of new units delivered to and accepted by the Property Manager for each quarter. For units that have been delivered on time, the entire fee associated with those units should be awarded to the Construction Manager. In the event a unit has been delivered past the scheduled date in the Construction Contract, the fee associated with that unit should be reduced proportionately for every day past schedule, up to an agreed point, at which the Construction Manager will forfeit the entire fee associated with that unit. The RCI Asset Manager can validate the delivery of new units by reviewing the occupancy or turnover certificates. Additionally, by reviewing online/offline reports generated from Yardi or other property management software, the RCI Asset Manager can confirm when a unit was transitioned to the Property Manager. The actual online/offline schedule used to determine the Construction Management incentive fee associated with this metric should be consistent with the most recently approved construction schedule based on the construction agreement or approved change order.
Timeliness of Delivery of Renovated Homes *Indicator:* ▪ Delivery of agreed number of renovated homes for the review period, based on the delivery schedule in the Construction Contract.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ The Construction Manager and / or Development Manager may be forfeit all or a portion of the fee if the renovated homes are not delivered within the agreed time period or following an agreed period beyond the original delivery date.	The Development Manager should provide a list of renovated units that were offline during the quarter, including the dates the Property Manager turned over units and accepted the units for occupancy. For units that have been within the agreed timeframes, the entire fee associated with those units should be awarded to the Construction Manager. In the event a unit has been delivered after the agreed timeframe in the Construction Contract, the fee associated with that unit should be reduced proportionately for every day past schedule, up to an agreed point, at which the Construction Manager will forfeit the entire fee associated with that unit. The RCI Asset Manager can validate the online/offline schedule of renovated units by reviewing the online/offline reports generated from Yardi or other property management software to confirm when a unit was transitioned from and to the Property Manager. The actual online/offline schedule used to determine the Construction Management incentive fee associated with this metric should be consistent with renovation agreement or approved change order.
Performance against Budget *Indicators:* ▪ Performance against annual budget (based on percentage over budget). ▪ Performance against construction agreement or approved change order	***Recommendation:*** The Project may be structured with a Guaranteed Maximum Price (GMP) contract, in which case this metric may be more appropriate for inclusion in the IPMP for the Development Manager. ***Considerations:*** ▪ If the Project is structured with a GMP, the mechanism for evaluating performance against the GMP should be clearly understood by all parties. ▪ The Development Manager should be evaluated for performance against the pro forma agreed at closing or approved MSP. The Construction Manager has a lesser role in the delivery of the scope agreed at closing and should manage to the annual budget or GMP.	In addition to internal budget performance data provided by the Construction Manager or Development Manager, the Construction Manager will provide copies of draws and lockbox agent reports to confirm the outflows as well as the beginning and ending balance of the accounts. The RCI Asset Manager should have the right to review the Project books for Property Management and Development Management at any time. A periodic review allows the RCI Asset Manager to confirm results reported by the Development Manager. Additionally, if the annual audit identifies significant deficiencies in the financial reports, the Development Manager should forfeit the entire fee related to this metric.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Quality of Construction *Indicator:* ▪ Delivery of homes and acceptance by Owner based on third party and Property Management inspection.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Definition of correctable errors is important to ensure agreement between the parties on the results of this metric.	The Property Manager will conduct a walk-through of the units utilizing their internal move-in condition checklist. The results of this review should be filed. The number of identified errors or problems should be reported to the RCI Asset Manager on a monthly or quarterly basis. Additionally, the results of the Construction Consultant should provide insight into the quality of the construction relative to agreed codes, regulations and standards. The results can be validated by review of service orders or complaints within the first few months of occupancy. In the event the service orders or complaints are related to the quality of construction, the quality assurance processes conducted by the Construction Manager, Development Manager and/or Property Manager may be compromised and should be reviewed.
Small Business Subcontracting *Indicators:* ▪ Performance against small and local business objectives agreed in the CDMP or annual plan. ▪ Execution of a specified number of small business workshops during the IDP.	***Recommendation:*** Small and local business subcontracting is an important part of the construction program and this metric should be included in the IPMP. ***Considerations:*** ▪ Defining small and local businesses is critical during the CDMP process.	The Development Manager or Construction Manager should provide a list of subcontracted work and detail on the firms to which the contracts were awarded. The report should state whether the firm is local and what, if any, small business classification the firm has. The Construction Manager should be awarded the fee if the small and local business goal is met or exceed for each defined category within the CDMP. Otherwise, the fee for that quarter should be forfeited. A periodic review of the Project books will allow the RCI Asset Manager to confirm the results reported by the Development Manager.
Achievement of Safety Records *Indicator:* ▪ Achievement of specific safety record standards in accordance with OSHA Residential index	***Recommendation:*** Safety is a critical responsibility of the construction manager and this metric should be included in the IPMP. ***Considerations:*** ▪ The OSHA standard is to evaluate safety based on the Experience Modification Rate (EMR). Performance against the industry standard is an appropriate benchmark.	The General Contractor should calculate the EMR and provide it in the quarterly reports. The EMR is calculated and reported to OSHA on a regular basis.
Compliance with Davis-Bacon *Indicator:* ▪ Maintenance of required payroll and certifications from sub-contractors regarding Davis-Bacon wages.	***Recommendation:*** Davis-Bacon compliance is a critical responsibility of the construction manager and this metric should be included in the IPMP. ***Considerations:*** ▪ Davis-Bacon compliance checklist provides minimum requirements of Construction Manager in regards to meeting reporting requirements.	The RCI Asset Manager should review the Davis-Bacon compliance checklist with Partner to ensure Construction Manager is meeting requirements.

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Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Development Management		
Timeliness / Accuracy of Reporting *Indicator:* ▪ Receipt of quarterly and monthly reports by all identified recipients no later than timelines established by the parties.	***Recommendation:*** Reporting is an important component of the communication process between the Development Manager and the partnership. These metrics should be included in the IPMP. ***Considerations:*** ▪ The metric may be based on the submission of the reports to the partnership, as the legal relationship is between the partnership and the Development Manager. However, receipt of the reports by the Army is the determinant of the fulfillment of this objective. Therefore, the metric should be based on submission of the reports to the partnership and identified stakeholders.	The RCI Asset Manager will determine timeliness of reports based on the receipt of the reports and a review of the reports for completeness. To ensure appropriate documentation, the RCI Asset Manager should provide written correspondence (i.e., email) to the Development Manager that the reports have been received. The accuracy of the Development Manager's assessment of their performance related to this metric can be validated by the documentation maintained by the RCI Asset Manager.
Timeliness of Delivery of New Homes *Indicator:* ▪ Delivery of agreed number of homes for the review period, based on the delivery schedule in the Construction Contract.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ The Construction Manager and / or Development Manager may be forfeit all or a portion of the fee if the new homes are not delivered within the agreed time period or following an agreed period beyond the original delivery date. For example, if 20 units are delivered three months past schedule a portion of the fee may be forfeited entirely, a specified percentage of the fee may be awarded, or the entire fee may be awarded, to be paid only upon acceptance of the units.	The Development Manager should provide a list of new units delivered to and accepted by the Property Manager for each quarter. For units delivered on time, the entire fee associated with those units should be awarded to the Development Manager. In the event a unit has been delivered past the scheduled date in the Construction Contract, the fee associated with that unit should be reduced proportionately for every day past schedule, up to an agreed point, at which the Development Manager will forfeit the entire fee associated with that unit. The RCI Asset Manager can validate the delivery of new units by reviewing the occupancy or turnover certificates. Additionally, by reviewing online/offline reports generated from Yardi or other property management software, the RCI Asset Manager can confirm when a unit transitioned to the Property Manager. The actual online/offline schedule used to determine the Development Management incentive fee associated with this metric should be consistent with the most recently approved construction schedule based on the closing pro forma or approved MSP.
Timeliness of Delivery of Renovated Homes *Indicator:* ▪ Delivery of agreed number of renovated homes for the review period, based on the delivery schedule in the Construction Contract.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ The Construction Manager and / or Development Manager may be forfeit all or a portion of the fee if the renovated homes are not delivered within the agreed time period or following an agreed period beyond the original delivery date.	The Development Manager should provide a list of renovated units that were offline during the quarter, including the dates the Property Manager turned over units and accepted the units for occupancy. For units within the agreed timeframes, the entire fee associated with those units should be awarded to the Development Manager. In the event a unit was delivered after the agreed timeframe in the Construction Contract, the fee associated with that unit should be reduced proportionately for every day past schedule, up to an agreed point, at which the Development Manager will forfeit the entire fee associated with that unit. The RCI Asset Manager can validate the online/offline schedule of renovated units by reviewing the online/offline reports generated from Yardi or other property management software to confirm when a unit transitioned from and to the Property Manager. The actual online/offline schedule to determine the Development Management incentive fee associated with this metric should be consistent with the most recently approved construction schedule based on closing pro forma or MSP.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Quality of Development *Indicator:* ▪ Delivery of development scope and acceptance by Owner with limited variances from the CDMP.	***Recommendation:*** This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Definition of correctable errors is important to ensure agreement between the parties on the results of this metric.	The results can be validated by review of the Project owners in relation to the original CDMP, including agreed upon Major Decision modifications to the CDMP development scope.
Completion of Development Phases to Include Delivery of Amenities *Indicator:* ▪ Achievement of development milestones, defined as a specific development phases to include one or more neighborhoods and/or amenities.	***Recommendation:*** This metric focuses on the delivery of the scope within the original CDMP. ***Considerations:*** ▪ Completing phases of development requires significant coordination on the part of the developer and incites the developer to use resources efficiently and complete phases on time and within budget. This approach requires that the fee be paid as phases are completed and the scope is achieved. ▪ The RCO Asset Manager should meet with the Development Manager preceding each award period to determine appropriate upcoming milestones and completion dates. ▪ This metric should be awarded evenly over the course of the IDP, so it is important to identify completion dates for each award period. If no neighborhood or amenity is scheduled for completion, the RCO Asset Manager and Development Manager may work together to identify other appropriate milestones.	The metric integrates the on-time delivery requirements with the on-budget requirements. Similar determination and validation processes should be used to evaluate the award of the portion of the fee associated with the achievement of milestones. Ensure that phases are well-defined.
Safety and Environmental Performance *Indicators:* ▪ Achievement of specific safety record standards in accordance with OSHA Residential index. ▪ Performance against agreed environmental standards, to include recycling of materials.	***Recommendation:*** Safety is a critical responsibility of the construction manager and this metric should be included in the IPMP for Construction Management. ***Considerations:*** ▪ The OSHA industry standard is to evaluate safety based on the EMR. Performance against the industry standard is an appropriate benchmark.	The Construction Manager should calculate the EMR and provide it in the quarterly reports. The EMR is calculated and reported to OSHA on a regular basis.
Capital Repair and Replacement: Planning *Indicator:* ▪ CR&R Annual Project Plan ▪ Identification of critical CR&R projects ▪ Identification of elective CR&R projects	***Recommendation:*** Developing a CR&R Annual Project Plan is critical to housing and community sustainment, as it provides a roadmap for the cost and scope of repairs, replacements, and improvements necessary to ensure resident satisfaction while exercising cost control. The CR&R plan is particularly important in the post IDP phase, where new construction and renovations have been completed, and success is measured primarily through restoration and sustainment of housing assets. ***Considerations:***	The RCI Asset Manager should ensure that the CR&R Project Plan is prepared annually and includes the granularity necessary to understand at a minimum: work scopes, estimates, and project management strategies. Schedules for completion should also be provided for projects when appropriate. The CR&R Project Plan should be included with the annual budget. The RCI Asset Manager should ensure that the CR&R Plan specifically identifies 1) critical CR&R projects that are vital to the success and operations of the Project (e.g. larger cost replacements such as roofs, HVAC systems, etc.), and 2) elective CR&R projects for more routine, on-going work that does not require specific

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
	▪ The CR&R Project Plan should separate projects into critical (projects vital to the success and operation of the Project that are often more capital intensive) and elective (more routine, on-going, and less capital intensive) projects, which facilitates more effective implementation and oversight. ▪ The CR&R Project Plan should delineate which projects are completed by the development manager, property manager, or asset manager. Each receives a different level of fees, and no one project should be executed by both parties that would result in "double payment" of fees. ▪ CR&R Budget should tie to funding approved in the Out-year Development Plan.	approval for the project owner to execute. All associated costs with these projects should also be delineated for each project. Furthermore, the RCI Asset Manager should ensure the CR&R Project Plan identifies the responsible party for each project that is proposed, as that determines the level and association of fees. Often times, work on more technical or broader scale may need to be carried out by a development manager, where the development manager receives a certain level of fees. More routine, less complicated projects are generally be overseen by the property or asset manager.
Capital Repair and Replacement: Execution *Indicator:* ▪ On-time and quality completion of critical CR&R projects ▪ On-time and quality completion of elective CR&R projects	***Recommendation:*** Timely and quality completion of proposed CR&R projects is the principal outcome of the CR&R plan and is one of the primary drivers of resident satisfaction. This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Expectations related to delivery schedule need to be communicated with the RCI Asset Manager if they deviate significantly from the budget and will impact operations. ▪ Expectations related to project scope need to be communicated with the RCI Asset Manager if they deviate significantly from the budget and will impact operations. ▪ RCI Asset Manager should regard deviations with respect to how they accommodate the needs of the residents and Command, as well as how they reduce cost without impact to quality, during the incentive fee determination process.	For critical and elective projects, the RCI Asset Manager should evaluate whether projects were completed in accordance with their work scope articulated in the Annual Budget. Full credit should be awarded in cases where the quality and workmanship were consistent with that of the work scope; full credit can also be awarded based on whether the work scope or quality level were changed in order to reduce costs and still met the needs of residents, and whether or not there were extenuating circumstances. Partial credit can be awarded on a sliding scale at the discretion of the Garrison Commander. The RCI Asset Manager can evaluate whether projects were completed in a timely manner and consistent with the schedule outlined in the annual budget. Full credit should be awarded in cases where the duration of the project did not exceed the schedule and it was delivered on time; full credit can also be awarded based on whether the work scope or quality level were changed in order to reduce costs and still met the needs of residents, and whether or not there were extenuating circumstances. Partial credit can be awarded on a sliding scale at the discretion of the GC.
Capital Repair and Replacement: Costs *Indicator:* ▪ Completion of critical CR&R projects within budgeted allowance ▪ Completion of elective CR&R projects within +/- 10% of CR&R budget	***Recommendation:*** Judicious cost management of proposed CR&R projects is critical to maximizing limited resources, managing DM and PM fees, and enabling adequate funding of the CR&R account for future projects to be executed. This is an important metric and should be included in the IPMP. ***Considerations:*** ▪ Significant unfavorable deviations in project cost may affect viability and timely deliveries of future projects in the CR&R plan. RCI Asset Managers should ascertain whether critical and elective projects with unfavorable cost variances resulted in higher quality or better tailored to serve the needs of residents, during the incentive fee determination process. ▪ Projects in an intermediate stage (not yet completed) that are over budget should not be counted against the service provider, as they may still be completed within budget.	For critical and elective projects, the RCI Asset Manager should review incurred project costs on a line-item basis each quarter when the incentive fee is determined, and consider the stage of project completion (for projects in progress) to correctly match expected cost and work completion. Full credit should be awarded where project costs match project performance/completion. Partial credit can be awarded based on the discretion of the Garrison Commander in cases where completed project costs were higher than budget (and higher than the threshold in the case of elective projects). In cases of partial credit, the Garrison Commander should consider whether the project resulted in better quality, faster schedule delivery, better accommodations to GC requests, or affected by circumstances outside the property or development managers' control that justified the higher cost.

Table 2: Review of Potential Metrics and Indicators for Incentive Performance Management Plans		
Metric and Indicator	**Recommendation and Considerations**	**Determination and Validation**
Annual Assessment of Out-Year Plan *Indicators:* ▪ Completion of an updated out-year development plan and corresponding pro forma model. ▪ Completion of long-term capital plans for each housing area.	***Recommendation:*** While this is an important consideration, the delivery of the scope during the IDP should be the focus of the initial IPMP. ***Considerations:*** ▪ Following completion or toward the end of the IDP, this metric should be included in the Development Management fee determination to ensure that a long-term perspective is maintained.	The Development Manager, in coordination with the Property Manager, should assess the then current condition of the houses and amenities and should propose any modifications to the out-year development plan based on that assessment. A modified pro forma model, reflecting the updated out year plan, should be provided to the RCI Asset Manager. Based on the review with the RCI Asset Manager and incorporation of comments from various stakeholders, the updated out year plan should be reviewed and approved by the Major Decisions Committee. This will occur in a similar manner to the annual budgeting process. At that time, the fee will be earned.
Construction Consultant Coordination *Indicator:* ▪ Accuracy of construction consultant's reports and appropriate engagement of construction consultant in development activities.	***Recommendation:*** The contract with the Construction Consultant should ensure timely and efficient implementation of the consultant's duties. This metric is not recommended.	Not recommended.
Timeliness of Design and Planning *Indicator:* ▪ Receipt of A&E drawings within agreed time periods and to agreed standards.	***Recommendation:*** The Development Manager is incited to ensure that the A&E drawings are delivered at appropriate times to facilitate the delivery of new and renovated homes within agreed time periods. This metric is not recommended.	Not recommended.
Development Satisfaction *Indicator:* ▪ Results of resident satisfaction survey issued upon initial occupancy of new or renovated unit.	***Recommendation:*** The quality of construction will be evaluated using other metrics and the Property Manager will evaluate general resident satisfaction. This metric is not recommended.	Not recommended.
Value Engineering *Indicator:* ▪ Implementation of innovative cost saving mechanisms for the project.	***Recommendation:*** This metric is difficult to evaluate and value engineering results will be evaluated in other metrics, including quality of work, management to plan, and timeliness of delivery. This metric is not recommended.	Not recommended.

PAL Incentive Performance Management Plans

Overview

This section discusses the Incentive Performance Management Plan (IPMP) objectives for the PAL program and provides guidance on completing Garrison Commander Evaluations; one of the factors in incentive fee award determination. This section also provides an overview of the annual incentive fee calculation method for the PAL portfolio.

Like the RCI program, PAL employs a performance-based fee system to monitor performance and reward the service providers for exceptional results. The implementation of a balanced, objective, and reasonable IPMP affords the PAL team an opportunity to influence outcomes of the program's objectives and priorities for the duration of the Lease.

The PAL IPMP proponent is PPD. The criteria, measurements, and weightings used to evaluate and award incentive fees for each functional service area (customer satisfaction, operational performance, and building maintenance and cleanliness) are uniform across the PAL Project as written in the Lease. The IPMP requires input from hotel guests as well as evaluations from Garrison Commanders, at each installation, to properly evaluate the level of incentive fee earned.

Participants in IPMP Process

The Lessee is the ownership entity responsible to ensure construction, development and operations for privatized lodging. The Lessee has engaged a hotel operator through a third-party agreement; however, the Lessee is ultimately the responsible party to deliver quality hotel operations and service. The fees, broken down into base and incentive, are paid to third party service providers as detailed in the Lease.

Identifying Objectives

The primary objective of the PAL Program is to enhance the Quality of Life for Service Members and their Families through affordable, sustainable on-post lodging. The IPMP consists of one common set of criteria and associated weights to evaluate all PAL installations; scores are consolidated at the portfolio level.

Primary objectives are defined below:

- *Customer satisfaction* – The primary stakeholders for the lodging facilities within the PAL program are hotel guests, the Garrison Command, and the PPD PAL PM. Customer satisfaction measures the success of the service provider at delivering high quality lodging operations and service to hotel guests. Additionally, the working relationship between the service provider and the Garrison Command, and between the service

provider and PPD program level must be positive to ensure success over the 50-year term of the PAL program.

- *Operational Performance* – The success of the PAL program is based on the ability of the hotelier to provide sufficient transient accommodations to Service Members and their Families. Success in this criterion is measured by whether there is adequate lodging to accommodate travelers on official business to support the Army in accomplishing mission requirements.
- *Building Maintenance and Cleanliness* – Building maintenance and cleanliness is a principal part of the guest experience and plays a large role in customer satisfaction as well as mission readiness. Performing preventative maintenance and ensuring quality construction materials and efficient designs that comport with Brand Standards will help minimize operating expenses and out-year construction and renovation requirements and costs.

Base and Incentive Fees

Within the PAL Program, the service provider earns both base fees and incentive fees (known as the Hotel and Asset Management Base and Incentive Fees). Combined, the base and incentive fees comprise the total annual fee potential.

Base fees are determined on a percentage of total revenue from the PAL Project. Base fees are paid on a monthly basis as an operating expense. Incentive fees are based on a percentage of Adjusted Income before Fixed Charges (as defined in the latest edition of Uniform System of Accounts for the Lodging Industry). The amount of Incentive Fee the service provider can earn, within this percentage of income, is based on how well it scores according to certain performance metrics (described in greater detail below). The Incentive Fee is paid annually.

Garrison Commander Evaluation

The Garrison Commander's Evaluation is the garrison-level input to the incentive fee process. Command satisfaction is an important component of incentive fee determination, and incorporating the measurement of satisfaction from the Command and the PAL POC ensures that the focus of the service provider is on building relationships and responding to the needs of mission requirements.

The Garrison Commander is responsible for completing an annual evaluation of hotel operations on the installation. The evaluation requires assigning a performance rating score (from 1-5) to three questions related to quality of service, maintenance and cleanliness, and support of lodging mission. Garrison Commanders are encouraged to consult their PAL POC and Hotel GM to assign scores that accurately reflect performance. The weightings across all three questions are equal.

Garrison Commanders are required to submit their responses annually, within thirty (30) days immediately following the end of each Fiscal Year. Table IV (b).1 presents the Garrison Commander Evaluation form required for completion.

Table IV(b).1: STAKEHOLDER METRIC
GARRISON COMMANDER'S RATING
Hotel and Asset Management Incentive Fee Evaluation
To be completed by the Garrison Commander
Garrison Commander_____
Installation _____
Fiscal Year Ending ____

PERFORMANCE RATING CRITERIA	
Rating	Rating Points
Very Satisfied	5 Points
Somewhat Satisfied	4 Points
Neither Satisfied nor Dissatisfied	3 Points
Somewhat Dissatisfied	2 Points
Very Dissatisfied	1 Point

Using the 5-point scale above and based on personal experiences, observations, assessments, and installation stakeholder comments and feedback, how satisfied are you with the following:

1. Quality of service provided to guests of the hotel?	
2. Maintenance and cleanliness of the hotel and grounds?	
3. Support of the installation's transient lodging mission?	
Total Points Awarded:	
Average Score:	

THE COMPLETED INSTALLATION COMMANDER HOTEL MANAGEMENT EVALUATION FORM IS TO BE RETURNED TO: OACSIM (DAIM-ISP)
(Name of PAL Program Manager)
600 Army Pentagon, Room 5C117
Washington DC 20310-0600

With CC to :

Lend Lease
Attn: PAL AM
1801 West End Ave, Ste 1700
Nashville, TN 37203

InterContinental Hotels Group
Attn: Vice President of Operations
Three Ravinia Drive, Suite 100
Atlanta, GA 30346

Garrison Commander Evaluation Considerations

The following are examples of areas to consider when assigning a score to each evaluation question. These examples are by no means an exhaustive list of criteria that comprise each category, but rather serve to stimulate thinking of considerations that may fall within the scope of the questions.

1. Quality of Service provided to guests of the hotel?
    a. Responsiveness to guest requests and complaints
    b. Efforts at relationship building with guests and on-post community at large (e.g. guest appreciation day, special events, etc.)
    c. Adequate communication regarding potential or ongoing issues (e.g. renovations, noise, etc.)

2. Maintenance and Cleanliness of the hotel and grounds?
    a. Appearance of hotel lobby, public spaces, grounds
    b. Overall upkeep and property management (e.g. no chronic failures related to air conditioning, lighting, broken equipment)
    c. Track record of repairing, replacing, and/or plans to address deferred maintenance and capital issues

3. Support of the installation's transient lodging mission?
    a. Responsiveness to Army requests such as making accommodations for training, reception for VIP guests, etc.
    b. Regular invitations to meet with Hotel GM or to attend Hotel GM staff meetings to discuss operational issues

Performance Metrics

The Garrison Commander's Evaluation is one of six performance metrics in the IPMP. The IPMP has an additional six criterion for measuring performance and defining success. PPD is responsible for validating the data inputs into the IPMP annually. These methods of evaluation incentivize the service providers to achieve the goals and mission of the PAL program.

Table IV (b).2 provides insight into the metrics scored, evaluated, and weighted in the PAL program. Associated surveys and evaluations used to determine the incentive fee which require stakeholder input are discussed, as well as other relevant information to complete the forms.

Table IV(b).2: Review of Metrics and Indicators for the Incentive Performance Management Plans		
Metric and Indicator	**Considerations**	**Methodology**
Customer Satisfaction		
Garrison Commander Evaluation *Indicator:* ▪ Average score based on agreed benchmark	***Justification:*** Command satisfaction is critical and is included in the IPMP. Incorporating measurement of satisfaction from the Command and PAL POC ensures that the focus of the service provider is on building relationships and responding to the needs of key stakeholders for the Project.	A three-question survey is distributed each year electronically to each of the Garrison Commanders as appropriate at PAL installations.
Guest Satisfaction Survey *Indicator:* ▪ Average score based on agreed benchmark	***Justification:*** Guest satisfaction is the single most critical identifier of the success of PAL.	A third party firm prepares the annual survey form, and administers the survey. The third party firm should send the results to the Partner and the PAL PM.
Lessor Evaluation *Indicator:* ▪ Average score based on agreed benchmark	***Justification:*** Army PAL PM satisfaction with the Partner's ability to meet Army mission and objectives is critical and is included in the IPMP. Incorporating measurement of satisfaction with the PAL PM ensures that the service provider is complying with the terms of the Ground Lease and is responding to the needs and inquiries of Army headquarters.	A survey is answered by the PPD PAL PM.
Operational Performance		
Room Nights Sold Variance *Indicator:* ▪ Actual Room Nights Sold (RNS) against annually budgeted RNS (based on percentage over budget).	***Justification:*** Room Nights Sold is a proxy for the overall occupancy levels at each installation. Monitoring the variance between the actual and budgeted RNS can help track financial performance of the PAL program.	During the course of the year, the PAL PM receives reports on the number of room nights sold. The total annual RNS is determined and compared against the RNS in the annual budget.
Accommodation of Official Travelers *Indicator:* ▪ Unofficial RNS against Total RNS ▪ Official Rooms Nights Denied against Official RNS	***Justification:*** The principal mission of PAL is to provide temporary accommodations for official travelers.	During the course of the year, the PAL PM receives reports on metrics such as total RNS, RNS from official travel, RNS from unofficial travel, and official travelers denied (insufficient rooms to accommodate official travelers on a certain date) at each installation.
Building Maintenance and Cleanliness		
Cleanliness and Preventive Maintenance Program *Indicator:* ▪ Number of Hotel Rooms passing Cleanliness and Preventive Maintenance (CPM) Program, against total hotel rooms evaluated by the CPM Program.	***Justification:*** Ensuring hotel cleanliness and performing routine upkeep is critical to a positive guest experience, and comports with best practices in the hospitality industry. Additionally, performing preventive maintenance extends the life of the asset and helps avoid more expensive repairs and mitigation measures down the line.	A Cleanliness and Preventive Maintenance (CPM) evaluation is conducted annually by a quality control consultant on a sample set of hotel rooms. A certain percentage of rooms need to pass the evaluation in order to achieve 100% of the incentive fee; below a certain percentage, no incentive fees are awarded in this category.
Project Brand Standards Assessment *Indicator:* ▪ Number of Hotel Rooms passing Project Brand Standard Program, against total hotel rooms evaluated by the Brand Standard Program	***Justification:*** Ensuring hotel maintenance and operations are in compliance with Project Brand standards ensures a consistent level of service and quality associated with the Brand, that is one of the hallmarks of lodging privatization.	A Project Brand Standards evaluation is conducted annually on branded hotels by a quality control consultant. A percentage of rooms need to pass the evaluation to achieve 100% of the incentive fee; below a certain percentage, no incentive fees are awarded in this category.

Ethics

Overview

Ethics can be defined as a system of moral values, or the rules governing the conduct of the members of a profession. Business ethics defines how an organization incorporates these moral values into its principles and decision making. Ethics in government reflect a combination of all of these definitions and are considered to be the highest of all ethical standards.

Ethics are especially important when considering its impact on a macro level. Acting unethically can not only destroy one's character and image, but also that of the firm or organization they represent. Due to publicized unethical practices in recent years, corporations and organizations are under much more scrutiny today than ever before. Hence, it is essential that everyone always demonstrates good judgment when such a dilemma may be present; for their actions reflect the whole as much as the individual.

The most relevant situation regarding ethics is the relationship between Army personnel and RCI Partners. Army personnel constantly interact with Partners. Partners' influence on the Army affects business decisions, as does the Army's influence on the Partners. The main goal is to keep this influence legal and as professional, and ethical as possible, so that everyone puts the interests of the project and program as their first and main priority.

In August 1992, the Office of Government Ethics (OGE) issued the Standards of Ethical Conduct for Executive Branch Employees built on 14 Principles of Ethical Conduct. These standards, listed below, set forth rules regarding gifts between employees and the acceptance of gifts from sources outside the executive branch agency, conflicting financial interests, impartiality in performing official duties, seeking other employment, misuse of position, and engaging in outside activities.

The Department of Defense issued the Joint Ethics Regulation (JER), DoD 5500.7-R, applicable throughout DoD including Department of the Army (DA) employees, effective September 30, 1993. The JER supplements the OGE Standards of Ethical Conduct and is applicable to all Army personnel. In addition to these regulatory rules, many of the principles are based on statutes, some of which carry criminal penalties.

14 PRINCIPLES OF ETHICAL CONDUCT

Source: Office of Government Ethics (OGE), Standards of Ethical Conduct for Executive Branch Employees, Aug 1992

The 14 Principles of Ethical Conduct form the foundation for the ethical rules applicable to all Federal employees and officers:

1. Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.

2. Employees should not hold financial interests that conflict with the conscientious performance of duty.

3. Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

4. An employee shall not, except as permitted by law or regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.

5. Employees shall put forth honest effort in the performance of their duties.

6. Employees shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the government.

7. Employees shall not use their public office for private gain.

8. Employees shall act impartially and not give preferential treatment to any private organization or individual.

9. Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.

10. Employees shall not engage in outside employment or activities, including seeking or negotiating for outside employment, that conflict with official Government duties and responsibilities.

11. Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

12. Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those—such as Federal, State, or local taxes—that are imposed by law.

13. Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.

14. Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in 5 C.F.R part 2635 – Standards of Ethical Conduct for Employees of the Executive Branch, of which this list is a brief summary.

Certain principles particularly important to individuals involved in RCI Projects are explained in greater detail below.

GIFTS FROM OUTSIDE SOURCES (Principle 4)

Army personnel are subject to restrictions on the gifts that they may accept from sources outside the Government. Generally, employees are prohibited from accepting gifts that are given because of their official position or that come from certain interested sources referred to as "prohibited sources". A “prohibited source” includes anyone that:

- does business with the Army
- seeks to do business with the Army
- conducts activities that the Army regulates
- may be substantially affected by performance or nonperformance of the Army

Examples of prohibited sources include:

- Public-private venture partners
- professional associations
- non-profit organizations
- educational institutions
- state and local government/agencies
- defense contractors

The most important of this list, with regards to RCI, is the public-private venture partners. Accordingly, all gift rules are applicable with respect to any RCI Partner engaged, or seeking to be engaged in a RCI project because they are prohibited sources. Offers of any gifts and gratuities by Partners, Service Providers, or affiliated employees to government personnel who work on RCI projects are subject to the ethics standards and the Joint Ethics Regulation. Examples of regulated gifts from RCI Partners to government employees may include an invitation to play a round of golf or an invitation to go to lunch/dinner at an upscale restaurant.

Although gifts from prohibited sources are generally prohibited, there are a number of exceptions to the general rule that may permit government personnel to accept a gift. Some of the exceptions include:

- Gifts valued at $20 or less, but not cash or investment interests, and not more than $50 in total from one source in a year;
- Certain discounts and similar benefits offered by professional organizations;
- Awards for meritorious public service or achievement, and honorary degrees;
- Gifts accepted under specific statutory authority, such as certain gifts from a foreign government.

Even if an exception applies, however, government personnel may never solicit or coerce the offering of a gift for themselves or anyone else who is a government employee, nor may government personnel use exceptions to accept gifts on such a frequent basis such that a reasonable person would believe that the person was using public office for private gain.

Certain items are not considered gifts and may be accepted without any limitations. Some examples would include modest refreshments (bagels, donuts, coffee, etc.), greeting cards, and other items of little intrinsic value, rewards and prizes that are open to the general public and pension benefits from a former employer.

If a government employee has received a gift that cannot be accepted, the employee may return the gift to the giver or pay them the gift's fair market value. Any perishable gifts that would be impractical to return can be approved to be given to charity or shared within the office. ***NOTE: Subsequent reciprocity by a government employee does not mitigate the prohibited acceptance of gift under these rules – reciprocity is not a solution!***

Remember: The number one rule to remember about gifts is that nothing requires government personnel to accept a gift – gifts may always be declined.

CONFLICTS OF INTERESTS (Multiple Principles)

Public service is about protecting the common good, and a public employee/servant must always put this common good ahead of any personal, political, or financial gain they might acquire as a result of work-related decisions. When an employee does not do this, a conflict of interest may occur. Additionally, government personnel are subject to criminal statutes that prohibit their representation of private interests before the Government.

A conflict of interest occurs when government personnel put their personal interests before the public's interest. Government employees are prohibited from doing Government work on any matter that will affect the financial interest of:

- You
- Your spouse
- Your minor children
- Your general partner in a private sector enterprise

- Organizations with which you're negotiating or have arrangements for future employment, or
- Any organization for which you serve as an employee, officer, director, trustee, or general partner.

There are numerous ways that Army personnel may resolve conflicts of interest. The simplest way is just to avoid being involved with or participate in anything that would cause the conflict. This is referred to as recusal. To effectively recuse yourself, you should execute a disqualification memorandum so that matters affecting your outside financial interests or other outside interest are not inadvertently submitted to you for action. Also, government personnel may obtain a waiver from the agency, sell off the conflicting interest, or resign from a particular position. The course of action that most effectively resolves the conflict of interest depends upon the circumstances of the situation.

Conflict of interest is an issue that is taken very seriously in Government work. Conflicts of interest undermine the trust of the public and cause the public to lose faith in the decision making process of the Government. On a more personal note, many of these provisions are based on criminal statutes, violations of which may result in imprisonment and/or fines. It is important that all government personnel understand the consequences of conflicts of interest so that they are able to avoid such situations when they become present. Government personnel who have further questions about conflicts of interest are advised to consult their superiors and ethics counselors to acquire the best possible advice.

UNAUTHORIZED ACTIVITIES (Principle 9)

Government employees are required to protect and conserve Federal property and not use it for unauthorized activities. Since RCI Projects are not government activities, it is inappropriate to "assist" Projects with the use of Army resources unless the use of government resources has been properly authorized. Further, government personnel are reminded that they may not use their public office for the endorsement of any product, service or enterprise, or for the private gain of any entity.

Conclusion

As discussed above, there are a variety of issues with regards to government ethics and RCI projects. There may be many times that an employee confronts an ethical dilemma. It is important to remember that by adhering to the Principles of Ethical Conduct, government employees are able to keep their focus on the proper goals and objectives of the organization. It is when an employee strays from these responsibilities and guidelines that problems arise.

Making sure that government employees understand and accept their ethical responsibilities will ensure that the government's vision of providing for the public good stays the course. As was demonstrated throughout this section, it is in the Army's best interest and the RCI Partners' best interest to always comply with these ethical standards and ensure they are fulfilled by all members involved. Acting ethically keeps everyone's focus on the health and future of the program. When in doubt, contact your installation ethics advisor for advice if you are unsure of how to proceed and remain compliant with your ethical responsibilities.

RCI Project Planning

Overview

The Army's housing privatization performance is measured based on: (1) Service Member and Family Member satisfaction with housing, (2) the continuous enhancement/preservation of housing and community facilities over the life of the Project, (3) the ability to limit risk to the project, (4) successful completion of housing development scope of work, and (5) sound financial management.

The terms of the Community Development Management Plan (CDMP) and project closing documents are negotiated to maximize the likelihood of success with respect to these five performance measures. Over the course of the 50-year term of each Project, there will likely be certain environmental, project performance, and market triggers that necessitate adjustments to the original plan terms, assumptions, requirements and future expectations. After the initial CDMP project closing, three major project planning processes allow the Army and Managing Member to make adjustments and modify project plan and performance measures accordingly:

1. IDP Close-out Process: Undertaken as each Project nears the completion of its Initial Development Period (IDP)
2. Out-Year Development Plan (ODP) Process: Undertaken in parallel with, or immediately after, IDP Close-out and every five years afterwards to the end of the 50-year project term
3. Modified Scope Plan (MSP) Process: Undertaken if certain triggers have necessitated out-of-cycle adjustments to the approved CDMP/ODP/MSP currently in force

Major Decision Approval is required for IDP Close-out (in most cases), ODPs and MSPs.

IDP Close-out Process

The close-out of the IDP is an important juncture in the progress of an RCI project. There are three primary concerns that are addressed by the sub-processes outlined below.

First, under the terms of the Project's legal documents, the official end of the IDP triggers certain required actions (**IDP Close-out Legal Requirements)**, not the least of which is the commencement of sharing of excess cash flows between the Partner (comprising its return on equity) and the Reinvestment Account. Typically, requirements of the lender to fully certify acceptable completion of all community elements intended to be funded by the Project's capital must be met to all parties' satisfaction before the IDP can be officially declared complete. Additionally, as required in many of the project operating agreements, close-out of

the IDP Legal Requirements involves a Major Decision requiring approval of the DASA (IH&P) as delegated by the ASA (IE&E) on behalf of the Army.

Secondly, many legal close-out requirements are driven by a full understanding on behalf of the Army of the status and timing of completion of all project elements, their quality, and their associated development and construction costs against agreed schedules, plans and budgets. Thus PPD, working closely with the Partner, will complete a detailed development and construction audit, the **IDP Close-out Development Review,** to ensure the project status is acceptable to the Army and the IDP requirements can be documented as complete.

Finally, the transition from the IDP to the first 5-year ODP is a key point of change in the management and overall strategy for the Project. Typically, the development/ construction team will be leaving the project site and operations and sustainment of the housing becomes the short- and long-term focus of the Partnership. During the IDP, many factors (construction costs, BAH rates, operating expenses, etc.) may have had positive or negative impacts on the original CDMP's planned development scope. Additionally, the rental income from the end-state inventory coming out of the IDP is the only source of funds for project sustainment. At this point, it is important to re-examine all project assumptions, plans, and projection models to ensure the Project and the Partnership move into the out-years with an updated management and operations strategy. Working closely with the installation leadership, the Partner will prepare an **Out-Year Development Plan** (more detail later in this chapter) to include an updated development plan, project pro forma and development phasing ("Christmas Tree") chart focused on the specific actions for the next five years and an overview covering the remaining duration of the project term.

These three sub-processes together comprise the **IDP Close-out Process** and serve as the supporting documentation for a Major Decision requiring approval by the DASA (IH&P).

Initiating the Process: IDP Close-out Notice

To initiate the IDP Close-out Process, the PPD Program Manager will confer with the RCI Asset Manager and Partner to ascertain the anticipated date of final IDP completion. Approximately 180 days prior to that date, a planning meeting will occur between PPD and the RCI Partner to review the Ground Lease and project business agreements to determine the requirements for completion and approval authority for the close-out of the IDP.

Following the planning meeting, the PPD Program Manager will distribute an **IDP Close-out Notice** to the Partner, RCI Asset Manager, CVD, USACE Realty Specialist, and OGC-RCI Legal Advisor. This notice will encompass the following elements:

- Identification of contact information of all close-out participants
- Preliminary close-out milestone schedule
- Site visit(s) requirements and preliminary schedule
- IDP Close-out Legal Requirements Checklist
- IDP Close-out Development Review Information Request
- Acceptance Major Decision Template (if required per legal documents)

- ODP Major Decision Template
- Table of Contents for required ODP

IDP Close-out Legal Requirements

The Operating Agreement, Development Agreement, Construction Agreement and Loan Agreement(s) specify conditions which must be met for the IDP to be considered complete. Below is a partial list of some of the important considerations that arise upon completion of the IDP, but each project's legal documents must be reviewed to determine specific IDP Close-out requirements:

- Evidence of certification of proper completion of planned improvements in accordance with building codes
- Third-party acceptance of utilities systems
- Updated boundary survey(s) and recording of easements
- Updated Title Insurance of Opinion of Title
- Final Lien Releases of all Contractors and Subcontractors

Additionally, close-out of the IDP, in most cases, involves a Major Decision requiring approval by the DASA (IH&P) on behalf of the Army. According to the terms of each project's legal documents, the completion of the IDP may trigger additional requirements to amend and restate the Ground Lease and/or business agreements.

The PPD Program Manager will prepare a draft **IDP Close-out Legal Requirements Checklist** based on the terms and conditions contained in the agreements noted above. This checklist will be included in the IDP Close-out Notice for review and comment by all participating parties. Any revisions suggested by others and agreed to by the PPD Program Manager should be included and a final checklist circulated to all parties as quickly as possible after original distribution.

Following is an example IDP Close-out Legal Requirements Checklist:

IDP CLOSE-OUT LEGAL REQUIREMENTS CHECKLIST *(ILLUSTRATIVE SAMPLE)*			
Para Ref:	**Requirement**	**Deliverables**	**Complete**
3.A(1)	All ongoing conditions satisfied	None, performed with monthly payment process	
3.A(2)	Completion per plans & code	Architect's Certificate of Substantial Completion	
		Construction Consultant's Certification of Completion in of new construction and renovations in accordance with applicable codes and project requirements	
		Formal closeout of construction permits (storm water protection plans, etc.) (Developer provides checklist)	
		Acceptance of Utility Systems by third-party Utility Providers if	

		applicable	
		Certification of systems acceptance as required (fire alarms in community centers, etc.) (Developer provides checklist)	
		Certification from Installation DES that fire connection systems are up to standard.	
		Certification of compliance with Energy Star or other relevant energy, performance, or conservation certifications	
3.A(3)	Building Completion Certificates	Construction Consultant's Certificate of Occupancy for each new or renovated dwelling	
4.B	Survey	ALTA survey of property verifying absence of undesired encroachments	
4.C	Title Insurance	Endorsement to the Title Policy validating the absence of encroachments	
4.D	Impositions Statement	Statement from Partner listing impositions and payments, certifying they are current	
5.A(2)	Final Releases	Recordable final lien releases and waivers from all contractors and subs as per lists provided by Partner and General Contractor:	
		Architect	
		Architect’s Sub-consultants	
		Civil Engineer	
		Construction Consultants	
		General Contractor	
		General Contractor’s Subcontractors	
		Renovation Contractor	
		Renovation Contractor’s Subcontractors	
		Other Contractors or Consultants	
5.A(3)	Final Pay Application	Contractor's Final Application for Payment certified by Architect	
		Architect’s Certificate of Substantial Completion of the entire Project	
		Verification that all punch list items are fully satisfied	
5.A(4)	Approval of Final Disbursement	Audit of costs	
		Construction Consultant's inspection report and written approval of Final Disbursement	
		Installation inspection report and written approval of Final Disbursement	
		Army acceptance of final cost audit	
		Final change order adjusting contract value for final audited costs and shared savings	
		Verification that Final Pay Application reconciles to final accepted values	
		Acceptance of final payments by Architects and Consultants	
6.B	As-Builts	Two sets of as-built drawings & specs for all utilities infrastructure installed	
		Two sets of as-built drawings & specs for all new and renovated units.	
		Architect's approval of submitted as-builts.	
		Construction Consultant's approval of as-builts.	
		Installation approval of as-builts	
		Two sets of Warranties from subcontractor and major materials suppliers	
		Operations and maintenance manuals for typical equipment and systems	
		Lists of contacts for warranty obligations (contractors, subcontractors, etc.)	

		Verification of furnishing of attic stock if applicable (Developer provides checklist)	
		Checklist of training required and provided	
		Verification of archiving of project testing, inspection and warranty records related to each home	
2.A	Project Insurance	Insurance certificates for continuing project insurance coverage	
Other	Ancillary Leases	Installation accepts condition of ancillary spaces/areas used for construction and terminates the associated ancillary leases.	

IDP Close-out Legal Requirements Deliverable

Working closely with the RCI Asset Manager and Project Director, the PPD Program Manager (or representative thereof) will prepare an **IDP Close-out Report** containing the following information:

- Summary of the close-out process and schedule
- Contact information for all participating parties
- Identification of any shortcomings or difficulties in meeting Legal Requirements
- The completed IDP Close-out Legal Requirements Checklist
- Copies of documents set forth in the Legal Requirements Checklist
- CD of all associated documents in PDF electronic format
- PPD Program Manager recommendation for approval of the Concept Paper to begin Major Decision Process for granting Army acceptance of the IDP Close-out (if required by legal documents).

IDP Close-out Development Review

A specialized IDP Close-out Development Review will be conducted during the 180-day period prior to official completion of the IDP. The objectives of this detailed development and construction program audit are to:

- Ensure that the project status is acceptable to the Army and properly documented
- Assess and validate completion of all project scope elements, schedules and budget obligations
- Identify project close-out functions related to the IDP scope
- Analyze costs, schedules, and quality and establish new pro forma assumptions for sustainment planning through the out-years

An IDP Close-out Development Review is initiated upon request from the PPD Program Manager when the IDP scope is substantially completed but before the full development team is disbanded – typically within 180 days of the anticipated IDP completion date. Since the initial review report is due within 45 days after commencement of the audit, there will undoubtedly be follow-up actions required beyond the initial review report/assessment to

capture trailing information and documentation. The audit will compare the actual construction quality, costs and schedules to the original project documents to assess the degree of completion.

IDP Close-out Development Review Tasks

1. SCOPE - Conduct a general comparison of the original Closing Documents and (where applicable) approved Modified Scope Plans and other Major Decisions to the actual delivery of housing, community amenities and infrastructure. Define the variances. Particular attention should be focused on, but not be limited to:

    a. Specifications

    b. As-built plans

    c. Number and type of homes or renovations

    d. Amenities and support structures

    e. Other conditions (such as infrastructure, environmental, site conditions)

    Using the IDP Close-out Legal Requirements Checklist, review and document the collection and distribution of the following documents related to the project close-out:

    a. As-built drawings for site development, utility infrastructure, "home type" construction/renovations, amenities and support structures

    b. Warranty obligations for subcontractors and the general contractor

    c. Operating manuals or material and equipment literature for property management

    d. Certificates of substantial completion and Certificates of Occupancy where applicable

2. SCHEDULE - Compare the final delivery schedule to the Closing Documents and assess the impact of schedule performance on the pro forma. This will include a comparison of the Project's pro forma deliveries and units online assumptions with the original construction schedule, approved changes to the schedule and the actual results. Confirm that liquidated damages and other similar clauses were appropriately administered.

3. BUDGET - Review actual costs per home completed and provide a summary of final development costs at completion of the IDP scope. Analyze costs detailed in the General Contractor and Renovation Contractor agreements (including any distributions of savings) as well as the overall Development Budget. Compare all costs to the original closing documents. Identify causes of deviations and impacts on the overall development plan.

    In addition, review the following:

    a. Actual sources and uses of project funds compared to planned sources and uses established at closing

    b. Change Orders and Major Decisions impacting budget

c. Davis-Bacon Act compliance

d. Validity of incentive fee payments to Developer and Construction Contractor with respect to established performance metrics

e. Income and operating expenses per unit relative to original pro forma assumptions

4. OPERATIONAL IMPACTS OF CONSTRUCTION AND DEVELOPMENT – Assess utilities consumption and costs for new and renovated homes versus the original pro forma assumptions for such homes. Review CRR funding and spending relative to original pro forma assumptions and requirements in legal agreements and outline the major initiatives undertaken using CRR funding. Evaluate the maintenance and repair expenditures relative to pro forma and assess efficiency of various unit types (new, renovated and existing) in support of re-calibrating the project pro forma for out-year sustainment.

5. NEW PLANNING ASSUMPTIONS FOR OUT-YEAR SUSTAINMENT – Work with the Partner and the Army Installation team to create fully supported updated planning assumptions to use in preparing a new ODP.

IDP Close-out Development Review Deliverable

Provide a "Project Close-out Report" of findings and recommendations for resolving risk. The report will include data collected, documentation of methodology and analyses, successes and challenges, action lists for completion of outstanding items, and draft items for a "lessons learned" guide. Update the report as required incorporating trailing information to ensure a single source document of the IDP Close-out Development Review.

This report will include exhibits containing the following documentation of key close-out actions including:

1. SCOPE

a. Lists of IDP Close-out Legal Requirements items collected, identifying those with acceptable documentation and those with unacceptable documentation. Unacceptable items should be accompanied with recommendations to correct deficiencies.

b. Record of Major Decision Memorandums with respect to scope changes

c. Record of Davis-Bacon Act compliance actions by RCI Asset Manager with examples of Davis-Bacon compliance documentation

2. SCHEDULE

a. Copy of original pro forma and contract schedules

b. Detailed comparison between pro forma schedule, original contract schedule, revised contract schedule and actual deliveries

c. Record of Major Decision Memorandums with respect to schedule changes

3. BUDGET

   a. Original development budget (including construction costs)

   b. Detailed analysis of costs under the development budget including final draw

   c. Detailed analysis of costs under the General Contract and Renovation Contract including distribution of shared savings if applicable

   d. Record of Change Orders leading to final contract values

   e. Record of MD Memorandums related to changes in the development cost

   f. Any formal documentation of final completion under the agreements

   g. Summary of Developer's and Construction Contractor's incentive metrics and incentive fees potential and actually earned

4. OPERATIONAL IMPACTS OF CONSTRUCTION AND DEVELOPMENT

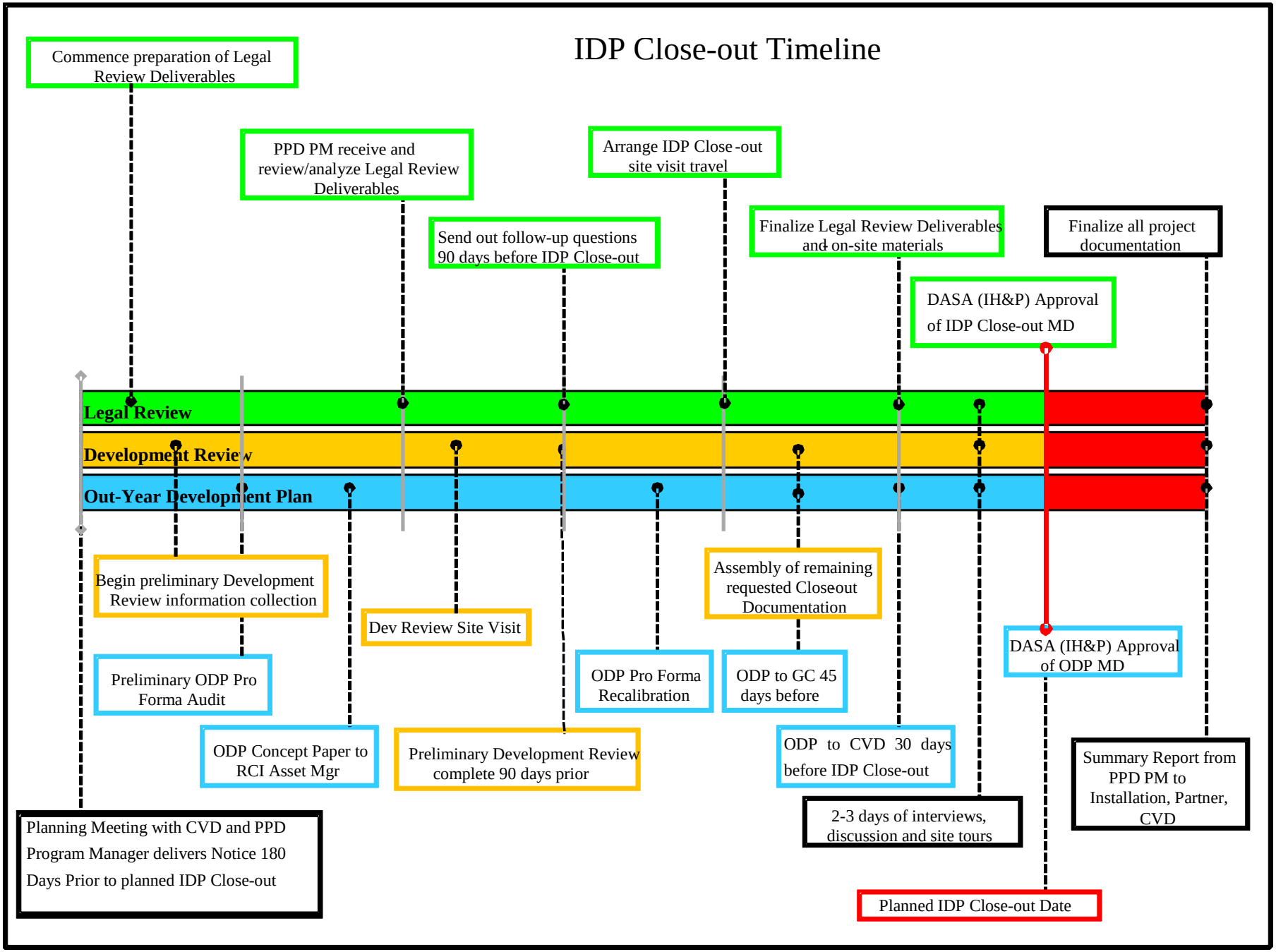
   a. Summary of monthly utilities consumption reports by neighborhood / unit type

   b. Documentation of CRR funding and expenditures by neighborhood / unit type

   c. Summary of maintenance and repair expenditures for previous 12-month period by neighborhood / unit type

IDP Close-Out Template Timeline

Following is a schematic timeline template for conducting an IDP closeout. It illustrates the recommended 180-day schedule showing a separate time track for the Legal Review, Development Review, and ODP.


IDP Close-out Timeline
Commence preparation of Legal Review Deliverables
PPD PM receive and review/analyze Legal Review Deliverables
Arrange IDP Close-out site visit travel
Send out follow-up questions 90 days before IDP Close-out
Finalize Legal Review Deliverables and on-site materials
Finalize all project documentation
DASA (IH&P) Approval of IDP Close-out MD
Legal Review
Development Review
Out-Year Development Plan
Begin preliminary Development Review information collection
Dev Review Site Visit
Assembly of remaining requested Closeout Documentation
DASA (IH&P) Approval of ODP MD
Preliminary ODP Pro Forma Audit
ODP Pro Forma Recalibration
ODP to GC 45 days before
ODP Concept Paper to RCI Asset Mgr
Preliminary Development Review complete 90 days prior
ODP to CVD 30 days before IDP Close-out
Summary Report from PPD PM to Installation, Partner, CVD
2-3 days of interviews, discussion and site tours
Planning Meeting with CVD and PPD Program Manager delivers Notice 180 Days Prior to planned IDP Close-out
Planned IDP Close-out Date

Out-Year Development Plan

The first 5-year ODP will be developed and finalized as part of (or immediately following) the IDP Close-out period. This initial ODP will serve as the road map for transitioning from the initial development and construction phase of the Project to on-going project operations, asset renewal and replacement, and associated financial management. ODPs will be updated and approved through the Major Decision process by the DASA (IH&P) every five years following the close-out of each Project's IDP for the duration of the project term. Major changes required to a Project's ODP prior to the resubmission and approval of the Project's next 5-year ODP will require a MSP.

During the IDP Close-out period and prior to the end of each ODP phase, the Partner will provide a Concept Paper to the PPD Program Manager summarizing a proposed ODP. Upon forwarding the Concept Paper to DASA (IH&P) and receiving approval to fully develop the plan, the Partner will work to finalize the ODP. The objective is to have an approved ODP at time of the IDP Close-out (and every five years following to coincide with completion of the previously-approved ODP). Refer to **Table VI (a) -1 – Modified Scope Plan / Out-Year Development Plan Outline** for guidance on preparing an ODP for Army review.

The ODP and MSP encompass similar elements (discussed in detail in **Table VI (a)-1** below) to whatever degree of detail is necessary to adequately describe proposed project strategies and plans. The key differences between the ODP and MSP requirements are that the ODP will be a comprehensive 5-year development plan while the MSP only provides required changes/updates to a previously approved IDP, ODP, or MSP. In addition, the ODP will have a particular focus on updated CRR Account and Reinvestment Account plans utilizing new assumptions that track with the current inventory and future development plans. These detailed plans should clearly demonstrate linkages to current cost, different unit types/ages of components and lifecycle assumptions that tie to the updated ODP. Additionally, the ODP should discuss the entity which will be responsible for categories of CRR work and fee/expense assumptions. Finally, the ODP will provide sources and uses of the Project for the next 5-year period in addition to the sources and uses for the 50-year project term.

Modified Scope Plan (MSP)

The objective of submitting an MSP is to provide a plan for incrementally increasing, decreasing or otherwise modifying the scope of the original CDMP agreed to at project closing or with respect to a previously approved MSP or ODP currently in force. Accordingly, a significant level of detail is outlined in the following pages. However, the submitted MSP should only include proposed modifications to the approved plan currently in force, whether that plan is the original CDMP or the approved MSP or ODP in force. In the MSP documentation, it is recommended to provide a statement that no change is anticipated for each key plan element that remains unaffected.

Unless otherwise permitted in writing by the PPD Program Manager, it is necessary to obtain Army approval of a Concept Paper that summarizes the proposed action(s) prior to preparing a detailed MSP. Refer to **Table VI (a) -1 – Modified Scope Plan /**

Out-Year Development Plan Outline for guidance on preparing an MSP for Army review.

Table VI (a) -1 – Modified Scope Plan / Out-Year Development Plan Outline

No.	Plan Section	Section Description and Content
Executive Overview: Elements of the Executive Overview shall include, but are not limited to:		
	Executive Overview	The Executive Overview is the primary document utilized with the levels above the Headquarters, Department of the Army, HQDA (e.g., Office of the Secretary of Defense (OSD), Office of Management & Budget (OMB) and Congress) to obtain approval of the MSP/ODP as required. The document should include graphics and project renderings as appendices to facilitate explanation of the changes to land planning and design of neighborhoods and homes if changing from the currently approved CDMP/MSP/ODP. Specific items to be included in this section follow: ▪ Development, Financial, Legal and Governance, and Property Management and Operations Plan Overview. ▪ 50-year development (i.e., "Christmas Tree") charts showing the Development Plan of the current CDMP/MSP/ODP in force and the revised Development Plan as proposed. For clarity, these should be two separate charts with the incremental changes in project scope clearly identified in the second chart. ▪ Proposed major variances/changes to the current CDMP/MSP/ODP in force. ▪ Proposed approach to modifying legal agreements to accommodate the revisions. ▪ A comparison of CDMP, interim MSP (if applicable) and ODP total (50-year) sources and uses as well as a summary of the pro forma results. The updated pro forma should reflect actual results since project closing to date and going-forward projections.
Development Plan: Elements of the Development Plan shall include, but are not limited to:		
1	**Development Overview**	Summary of Development Plan, focusing on incremental changes to the current CDMP/MSP/ODP Development Plan in force. **For any elements below that will not change, an affirmative statement that no changes are proposed will suffice.** The summary of the Development Plan should include the proposed approach to achieving the revised scope, including modifications to existing major terms and conditions, establishment of guaranteed portions of scope associated with the MSP/ODP, and adjustment of the incentive plan to reflect MSP/ODP modifications.
2	**Master Planning**	▪ Describe the site location, master planning challenges, and any land constraints (topography, encumbrances, environmental considerations and/or cultural resources). This section should identify whether the NEPA documentation has been completed for the site (including the dates of the final reports) and whether the site is included in the executed Ground Lease. ▪ Provide a chart showing the original HMA requirements, the original planned end-state by rank designation and bedroom requirements, the revised HMA requirements and the proposed end-state by rank designation and bedroom requirements. Family housing and UPH requirements should be presented separately, in the event that UPH

No.	Plan Section	Section Description and Content
		is proposed or included in the original plan. ▪ Summarize strategies and planned actions to mitigate new challenges, if any, to facilitate issuance of Notice to Proceed to commence proposed development and construction actions.
3	**IDP / ODP Detailed Development Plan (whichever is applicable)**	▪ By neighborhood (or building for UPH), describe and quantify the incremental changes to IDP/ODP scope, set forth adjustments in the number of new and replacement family and UPH (if applicable) housing, renovations and demolitions related to the additional scope, as well as any required infrastructure upgrades and new ancillary facilities. Additionally, detail any revisions and impacts to the current CDMP/MSP/ODP in force (i.e., increased workload on construction team, availability of local subcontractors, timing of delivery of new units, increased costs, overhead or general conditions). Specify which portions of the scope have been completed. ▪ Include 50-year development (i.e., "Christmas Tree") charts showing the Development Plan of the current CDMP/MSP/ODP in force and the revised Development Plan as proposed.
4	**50-Year Reinvestment Plan**	▪ Renovation and Replacement Strategy – Detail by year the planned renovation and replacement for each neighborhood, category of building, and/or individual building, including anticipated costs and summary of scope. This renovation and replacement strategy should be consistent with the financial pro forma Reinvestment tab and also tie to Capital Repair and Replacement (CRR) funding and requirements.
5	**Construction Plan**	▪ Development Budget – Include a detailed breakdown of all hard and soft costs, including but not limited to, new building, renovation, demolition, and amenities hard costs as well as general conditions, fees, soft costs, escalations and contingencies, by unit and total for the Project. Also, include the anticipated timing of payment as well as the detailed breakdown of costs by new unit compared to existing new construction costs (for family housing). By category used in the draw requests, include the original (closing) budget, the amount of any Change Orders at cost, realized or anticipated savings to date, and the proposed incremental cost. Any Development Budget for UPH should be presented separately from the Development Budget for family housing. ▪ Phasing Plan – Include the phasing plan for the incremental adjustments to the delivery of new and renovated housing. For each newly proposed site, include a schedule/timeline of the critical path items related to design, environmental testing, real estate actions and infrastructure installation. ▪ Structure of the Construction Agreement – This section shall include any proposed changes to the major terms and conditions of the Construction Agreement, a summary of the terms, conditions and structure of construction delivery and cost guarantees (including corporate guarantees, guaranteed maximum price contract provisions, payment and performance bonds), a description of penalties and other terms associated with the delivery of units and general performance of the Contractor, as well as the treatment of any savings.

No.	Plan Section	Section Description and Content
		▪ Infrastructure Strategy – For each site, detail the existing infrastructure and the capacity and condition of each utility (at a minimum to include gas, electric, water and waste water and storm water). Details should be provided on previous challenges associated with the installation of infrastructure, the plan for installation of infrastructure, any contingencies in place associated with infrastructure installation, and any risk mitigation measures.
6	**Capital Repair and Replacement Plan**	▪ Updated 50-year notional CRR plan utilizing new assumptions that track with the current inventory, condition assessment and future development plans.
A1	**Project Drawings**	▪ Drawings and renderings shall be included as an Appendix.
A2	**Technical Specifications**	▪ To the extent the specifications associated with new construction differ from the specifications agreed upon at closing, detail shall be provided on incremental differences in design and cost. ▪ For UPH, a separate set of construction specifications shall be prepared, presented and attached. Anti-Terrorism Force Protection (ATFP) requirements must be adhered to for UPH and the specifications should detail ATFP scope.
A3	**Environmental Reports**	▪ Describe the status of NEPA, FOST and FOSL, EBS and Lender-Required Phase I and Phase II reports.
Financial Plan – Elements of the financial plan shall include, but are not limited to:		
1	**Financial Overview**	Summary of Financial Plan for the MSP or ODP, focusing on proposed changes to the financial structure. **For any elements below that will not change, an affirmative statement that no changes are proposed will suffice.** The summary of Financial Plan shall include: ▪ Summary of Significant Financial Principles – Include a summary of fees by service provider, equity returns to the investors, MHPI authorities utilized in the Project, as well as the plan for private-sector financing, focusing on the incremental changes to the current CDMP/MSP/ODP in force. Fees for UPH shall be presented separately from fees for the family housing. ▪ Cash Flow Summary – Provide a cash flow summary for the 50-year project term, presented consistent with the cash flow waterfall outlined in the Lockbox Agreement. ▪ Summary of the Sources and Uses – Provide a summary of the 50-year sources and uses, highlighting the incremental differences between the original (closing) pro forma, any agreed revisions to the pro forma based on actual results/adopted budgets, as well as the incremental increases in sources and uses. ▪ ODP shall additionally include a 5-year forecast of sources and uses to include any planned construction, development, CRR, and estimate of funds for equity returns and the Reinvestment Account.
2	**Project Financial Pro forma**	Throughout the development, review and refinement of the MSP/ODP, the pro forma must be provided to the Army electronically (in a working Microsoft Excel format with

No.	Plan Section	Section Description and Content
		embedded calculation formulas versus hardcoded values). Assumptions and results for UPH shall be presented separately from those for family housing. The pro forma model shall include, at a minimum, the following items: ▪ Detailed Financial Assumptions – Include the debt, equity, units on line, resident demographics before, during and after development, BAH etc. ▪ Sources and Uses – Consistent with the information presented in the Financial Overview, provide the 50-year summary of sources and uses of funds, as well as the 5-year ODP sources and uses (if applicable). ▪ Operating Budget – Consistent with the information presented in the Property Management and Operations Plan, incorporate the 50-year projections for Operating Budget detail. ▪ Development Budget – Consistent with the information presented in the Development Plan, incorporate the Development Budget detail. ▪ Closing and Financing Costs – The pro forma shall specify intended closing and financing costs to be incurred by the Project, including Partner reimbursables, legal fees and underwriter costs. "Not to exceed" amounts shall be specified in the pro forma. ▪ Cash Flow Summary – Provide a cash flow summary for the 50-year project term, presented consistent with the cash flow waterfall outlined in the Lockbox Agreement.
3	**Debt Competition Analysis (if applicable)**	The underwriter for the original project financing may be the preferred underwriter for the MSP or ODP. However, that determination should be reached collectively between the Army and the Partner, and through proper due diligence. The MSP/ODP shall include a summary of relevant terms and conditions in the Loan Agreement, Lockbox Agreement, Investment Agreement and other relevant legal documents related to the underwriting, placement and issuance of additional debt as well as the repayment or prepayment of loan proceeds or invested funds. Early in the MSP/ODP process as applicable, the Partner shall prepare a document including its proposal to pursue the additional debt issuance either through the original underwriter or through a competitive process. Working with CVD, the Partner shall be prepared to pursue issuance of the additional debt through a competitive process, depending on the terms and conditions of the original financing documents, the proposed terms and conditions for the additional debt, and the current position of the capital markets based on the results of recently executed transactions. The MSP/ODP shall include a discussion of the impact of additional debt and the scope on all aspects of project financing, including a proposed approach to expanding or restructuring the Debt Service Reserve Fund, surety policy or liquidity facility, to revisiting the reserve requirements, and to expanding or restructuring any other aspect of the original financing. The MSP/ODP shall detail the impact of additional debt on the Reinvestment Account as compared to the original Project.
4	**Lockbox Accounts**	Describe the challenges experienced to date, corrective action taken to address challenges, and a summary of each account, including planned balance as of the date of

No.	Plan Section	Section Description and Content
		MSP/ODP submission (per the current CDMP/MSP/ODP in force), actual balance as of the date of submission, and the interest rate type and amount earned on funds in each account. The proposed approach to treatment of funds related to the operation and development of UPH units shall be detailed in this section. Funds from UPH and family housing will not be commingled.
5	**Fees and Equity**	The submission shall detail all fees and other forms of profit anticipated by the Partner and the Service Providers. Specifically, the submission shall describe the amount, breakdown, basis and timing of fees for the Construction Contractor, Development Manager, Property Manager and Asset Manager. Any changes from the original (closing) or current agreements shall be detailed. In the event additional private equity is proposed, the MSP/ODP shall detail the proposed terms and conditions of the equity, including amount, timing of insertion into the Project and proposed security, proposed returns and overall results of the additional equity. Any other proposed changes to the terms and conditions of the equity shall be detailed. Fees and equity for UPH shall be discussed separately from family housing.
6	**Government Investment**	In the event the MSP/ODP incorporates the use of additional government equity, the submission shall detail the amount of government investment that will be used as well as the projections for the scope that will be generated as a result of the government investment. In coordination with CVD, a determination shall be made on whether an OSD Scoring Report update will be required. In the event that the Scoring Report will require updating, the Project will coordinate with CVD to determine the data that will need to be included in the MSP/ODP to facilitate the completion of the report.
Legal and Governance Plan: Elements of the Legal Plan shall include, but are not limited to:		
1	**Legal and Governance Overview**	Summary of Legal and Governance Plan for the MSP/ODP, focusing on required adjustments to the legal documents. **For any elements below that will not change, an affirmative statement that no changes are proposed will suffice.**
2	**Legal Structure Overview**	Provide a detailed summary of the legal structure of the Project including the following: ▪ Communicate the planned approach for implementing the MSP/ODP, including any changes required to the legal documents, any Change Orders and any proposed revisions to the legal structure. Summarize the legal documents that will required adjustment and provide a proposed budget for implementing those changes, including all legal expenses that will be incurred by the Project. ▪ Abstract the relevant legal terms and conditions associated with the proposed plan. For example, the MSP/ODP shall detail whether the Municipal Services Agreement (MSA) accommodates application of the same utilities rates to UPH or whether a new agreement or update to the current agreement is required. ▪ Level of government participation in the ownership structure.

No.	Plan Section	Section Description and Content
		▪ A summary of the Major Decisions that have been made to date, including the date agreed, the issue addressed and the results (if any) of the implementation. ▪ Tax implications associated with the MSP/ODP if applicable.
Property Management and Operations Plan - Elements of the Property Management and Operations Plan shall include, but are not limited to:		
1	**Property Management Plan and Operations Overview**	Summary of Property Management and Operations Plan for the MSP, focusing on incremental changes in the current plan. **For any elements below that will not change, an affirmative statement that no changes are proposed will suffice.**
2	**Operations Plan**	▪ Include a detailed budget for operations (Property and Asset Management), including compensation levels for personnel, administrative costs, reimbursable expenses, system charges; etc. For each line item, the budget should be broken down by original (closing) budget for the target year of implementation of the plan, the current agreed budget and the incremental increases in Property and Asset Management budgets. The UPH budget shall be presented separately. ▪ Provide a summary of incremental increases in staffing, showing the staffing levels and salaries at closing, as of the MSP/ODP submission date, and as proposed in the MSP/ODP. The organization chart and staffing plan associated with the UPH project shall be presented separately. ▪ Provide a summary of the implementation of resident responsibility for utilities, results associated with mock billing and actual billing (if applicable) on the original Project, and a plan for transitioning to resident responsibility. Include an approach to mock billing and plan for determining baseline allowance. ▪ Impact of MSP/ODP on local community stakeholders and procedures in place to address these concerns, including issues related to school capacity/Impact Aid as well as local and small business involvement in the Project. ▪ Priorities of assignments and resident "waterfall" for UPH and any other operations deviations from the operations portion of the family housing project.
3	**Maintenance Plan**	▪ Provide a detailed budget for maintenance, including compensation levels for personnel, service order and preventative maintenance costs, system charges; etc. For each line item, the budget should be broken down by original (closing) budget for the target year of implementation of the plan, the current agreed budget and the incremental increases in Property Management budgets associated with the MSP/ODP. The UPH budget shall be presented separately. ▪ Provide a summary of the incremental increases in staffing, showing the staffing levels and salaries at closing, as of the date of the submission, and as proposed under the MSP/ODP. The organization chart and staffing plan associated with the UPH project shall be presented separately. ▪ Capital repair and replacement (CRR) planning should be discussed, including a summary of historic expenditures and account funding as well as a discussion of the

No.	Plan Section	Section Description and Content
		principles associated with the planning for future CRR expenditures.
4	**Resident Services**	▪ In the event the level of service provided to the new units will not be the same as the level of service provided to the existing Project, detail any incremental differences. ▪ The resident services plan for the UPH project shall be detailed.

RCI Program Compliance and Quality Assurance

Overview

Compliance with the regulatory and programmatic requirements and business agreements of the project is a key responsibility of the partner. Oversight of Program Compliance is completed by the Army Housing/RCI Asset Management Team. This Appendix separates Program Compliance into three key areas: Legal Compliance, Davis-Bacon Act Compliance and Congressional Oversight Compliance. The PPD PM assists in this role by providing the procedures and Compliance Checklists for each of these key areas. Legal Compliance involves the Ground Lease Inspection Process and Legal Compliance Checklists for each key business agreement. Davis-Bacon Act Compliance involves the Davis-Bacon Compliance Checklist, and Congressional Oversight Compliance involves actions necessary to comply with Title 10 of the United States Code (10 U.S.C.) Section 2884 / 2885 requirements of the FY2009 and FY2013 National Defense Authorization Acts. This Section also outlines quality assurance frameworks for RCI Asset Management Teams.

The Legal Compliance Checklists and the Davis-Bacon Compliance Checklist are tools the RCI Asset Management team uses to ensure all parties and the project processes and procedures adhere to the project legal requirements.

The Ground Lease Inspection Process is administered by USACE and serves as the vehicle for enforcing the RCI entity's obligations and responsibilities as set out in the Ground Lease. The lease establishes a legal relationship between the Army and the RCI partnership entity. Lease non-compliance issues must be corrected through the remedies and procedures set forth in the Ground Lease. It should be noted that these issues may involve instances where the Army has caused the non-compliant condition, such as encroachment into the RCI footprint.

Legal Compliance Checklists

Legal Compliance is facilitated by use of the Legal Compliance Checklists – tools that help to ensure all parties adhere to the crucial requirements established in the CDMP and in the project legal documents. As such, the checklists summarize the essential clauses in the key legal documents in order to ensure that the detail of legal language does not inhibit understanding of compliance requirements and that all parties execute their responsibilities. Agreements covered by the Legal Compliance Checklists include the Ground Lease, Ancillary/Support Leases, Municipal Services Agreement, Operating Agreement, Lockbox Agreement, Property Management Agreement, Asset Management Agreement (if applicable), Development Agreement, and Construction/Renovation Agreement.

The CDMP and transaction documents outline in great detail the activities that must be carried out to ensure project success. If these activities are neglected or not fully adhered to, the success of the

project and the interests of the Army and its partner may be jeopardized. It is the fiduciary duty of each party to follow the requirements in the legal documents; the Legal Compliance Checklists serve as a means of ensuring these activities take place as prescribed.

To produce customized Legal Compliance Checklists for a specific RCI project, the ACSIM Program Manager reviews all final transaction documents for task or compliance-related action items. These are extracted and placed into the Legal Compliance Checklists. The ACSIM PM then coordinates with the RCI Asset Manager and Managing Member to communicate and finalize the parties' responsibilities for ensuring compliance specific to their project.

The Legal Compliance Checklists are a series of documents that include key legal compliance items from the transaction documents. There is a different checklist document created to summarize each critical legal document – thus there are normally between five and seven component checklists.

The first page of each component checklist is a standardized summary of the agreement's purpose, key topics of focus, and key players. Because of the large number of agreements signed during transition and the breadth of each of these documents, this summary page serves as a reference when looking to identify which agreement would contain clauses for a particular area of interest. In addition, the key roles table on the first page takes the legal term for each member in that document, translates each one into RCI vernacular, and then lists the particular individual(s) that each applies to at the project. At any project, terms like "Owner" or "Member" can mean different people between different documents, so it is a benefit to the project that these terms be clarified with the on-the-ground RCI roles.

The component checklists organize tasks into one of five frequency groups; Annual Tasks, Semi-Annual Tasks, Quarterly Tasks, Monthly Tasks and Standing Tasks. A standing task applies for all areas of management or oversight that either happen every day when needed. The other tasks are expected to occur at a specific time during the month, quarter or year and, as such, the Asset Management Team and the Partner must collaborate how to best implement procedures to ensure compliance.

For each legal requirement listed in a Legal Compliance Checklist there are seven fields of information captured, and thus the checklist has seven columns. The first column is designated as the reference identification code for the specific clause ("REF ID"). This is used to streamline discussions of particular line items between all key players. The reference ID is always a letter followed by a number; the possible letters are A, SA, Q, M and S – which represent Annual, Semi-Annual, Quarterly, Monthly and Standing – and describe the clause's frequency. The number has no significance other than to differentiate the line items in each frequency category.

The second column, "Page #", shows the location of the description of the requirement/task in the actual legal document; this is helpful in the event a clause is challenged as being non-compliant. Under such circumstances, it is important for all key players to review the actual legal document and ensure that all aspects of the legal language are understood. The Legal Compliance Checklist is a tool to ease the oversight of legal compliance at each project, but should never be viewed as a substitute for the actual legal documents.

The third and fourth columns ("From" and "To") show the responsible parties for each specific task – who is responsible for creating and delivering the task, and who is supposed to receive it. The terms used in each of these columns are the actual titles for the responsible parties in RCI language, not the

legal document's phrasing. When implementing the checklist, the RCI Asset Management Team and partner should verify these expectations, and can utilize the first summary page to ensure that they mutually understand what person should be supplying the information and what person should be receiving the information.

The fifth column ("Specific Receivable/Deliverable") summarizes the specific receivable/deliverable that is associated with each line item. This column does not simply repeat the specific legal language with all aspects of management and oversight, but rather summarizes the specific physical deliverables that need to be provided to ensure compliance with the legal documents. These types of deliverables are often reports, certificates, plans, budgets, and calculation summaries.

The sixth column ("Receiving Parties Associated Tasks") provides a space to describe what the Receiving Party is then supposed to do with the deliverable – how to best review the document, who else should receive the document, when a response to the document is due back to the deliverer, etc. This space should also be used to stipulate due dates for certain, non-"regular" tasks that have expected suspense dates (like budgets, data for monthly dashboards, and quarterly reports).

The seventh column is just a space to use to check off whether or not the project is in compliance with the specific line item. It is advised that the project team take time every so often (weekly, monthly, quarterly, etc.) to review the checklist and ensure that all deliverables are created and delivered as agreed to in the legal documents and there are no areas of non-compliance. In the event that a specific clause in a legal document is not being adhered to, the sooner it is identified and addressed, the smaller the risk to the project. Potential compliance items which may impact the project's NOI are of particular concern as a large share of the development budget for many projects is funded by project cash flows. Additional implications include potential environmental liabilities as a result of noncompliance with ground lease environmental provisions.

Key points of Legal Compliance Checklist Process:

- The Legal Compliance Checklist process ensures that adherence to requirements set forth in transaction documents and the CDMP is incorporated into the day-to-day business practices at the project, assesses the health of the Project, and protects the rights of the Army and its partners.
- Separation of the Legal Compliance into component checklists covering each transaction document helps explain each document's purpose, key topics, and relevant parties.
- Involvement of multiple parties is required so that each party is responsible for compliance in its area of expertise.
- Conscientious use of the Legal Compliance Checklists reduces financial risks to the project.

Legal Compliance Deliverables

The following deliverables are part of the Legal Compliance process. Each is described in greater detail in the sections that follow:

- Project Compliance Reporting (Part of Quarterly Project Report submission)
- Portfolio Compliance Report
- Ground Lease Inspection Report (Includes review of Municipal Services Agreement and Ancillary/Support Leases)
- Lockbox Agreement Compliance Checklist

- Development Agreement Compliance Checklist
- Construction Agreement Compliance Checklist
- Property Management Agreement Compliance Checklist
- Asset Management Agreement Compliance Checklist
- Operating Agreement Compliance Checklist

The Compliance Checklist process is meant to be as efficient as possible. To this end, the process is designed to ensure compliance through processes that currently exist at each project. While there are areas of responsibility at the PPD and CVD level, the majority of the responsibility occurs at the project level with shared duties between the Project Director and RCI Asset Manager. An overview of the Legal Compliance Checklist process follows.

- On an ongoing basis, parties execute their required activities as outlined in the legal documents and administer supporting documentation.
- Approximately two weeks before the close of each quarter, parties review their areas of responsibility in the perspective compliance checklists and identify / prepare supporting documentation confirming their compliance. This can be in the form of documentation that is produced by the Partner, Service Providers or the RCI Asset Management Team as part of ongoing operational policies and processes, for example it may include weekly or monthly cash management reports, and weekly or monthly reports outlining the partner's performance.
- On a quarterly basis (minimum), the responsible parties for tasks meet to review compliance, following these general steps:
  - Review the business policy or process which ensures each task is achieved.
  - Supply supporting documentation or indicate the file location of documentation that confirms compliance.
  - Indicate receiving party's assessment of whether the specific item and policy/process is in compliance.
  - Non-compliant items are forwarded to ACSIM Program Manager.
- Any items of non-compliance are flagged for follow-up and identified as part of the Quarterly Project Report. A case may arise in which an item is partially non-compliant. For example, if the Project has chosen not to pay certain bills due to a dispute with a service provider, then the item relating to timely bill payment would be non-compliant, although with justifiable reason. In such cases, supporting explanation should be given, and the item should be flagged for follow up during the next reporting period.
- RCI Asset Manager forwards the Quarterly Project Report to the ACSIM Program Manager providing non-compliant items including any necessary explanation for these items.
- The ACSIM Program Manager consolidates reports from all projects into the Portfolio Compliance Report with an analysis of non-compliance trends, risks, and issues occurring across the portfolio. This information may be used to provide the project teams with feedback on process/procedure enhancements to improve project compliance.
- On an ongoing basis the RCI Asset Manager follows up on non-compliant items and spot checks supporting documentation in files. Verification of documentation may occur at the Project Compliance and Partnering Visit.

ACSIM Program Manager Role

The role of the ACSIM Program Manager in the legal compliance process occurs in two phases. Following the transition of each project, the ACSIM Program Manager analyzes each key transaction document to create the Legal Compliance Checklist and then encourages dialogue between the Partner and RCI Asset Management teams on how to incorporate the requirements and tasks outlined into their business practices. The on-going responsibility of the ACSIM Program Manager is to analyze the results of the legal compliance process at each project, monitor compliance trends, and support the project teams in resolving issues of non-compliance.

Portfolio Compliance Report

Based on the ACSIM Program Manager's Portfolio Compliance Report, PPD will incorporate project level non-compliant items into the Quarterly Portfolio Report and provide a discussion of any non-compliance trends occurring across the portfolio. The report is not meant to be a report card, but rather a way to address issues and improve future compliance. This information report will also serve as a resource for teams negotiating (or re-negotiating) deal structures in the future. In producing the report, PPD should carry out the following steps:

- Identify and comment on any major non-compliant items
- Identify and seek to resolve any non-compliance trends or issues across multiple projects in the portfolio

The Quarterly Portfolio Report includes the following sections:

- Executive Summary - Describes the legal compliance process and suggestions for improvement
- Trends - Addresses trends of non-compliance across the portfolio and recommendations on how the trends may be reversed
- Risks - Identifies implications of non-compliance
- Recommendations - Describes how projects should assess a non-compliant item
- Lessons Learned - Includes ideas for changes to future deal structures based on current compliance issues

Project Level Legal Compliance Roles

The majority of legal compliance occurs at the project level given the need for day-to-day interaction and oversight of the activities of the project team. A significant benefit of the Legal Compliance Checklists is defining roles and responsibilities for compliance items to the parties with the most expertise for efficiently monitoring compliance, addressing non-compliance, and reducing monitoring redundancy. At least two parties are involved in executing or verifying each compliance item. One party is identified to perform the actual legal requirement, and another party verifies that the compliance item has been carried out. Each responsible party will monitor their compliance items, indicate the status and document relevant explanations for non-compliant items as required.

As part of ensuring compliance with the legal requirements, the receiving party must review the management policy/process that details how the task is achieved. Detailing the policy/process allows the RCI Asset Manager to better understand the management controls in place to measure, track, and ensure project compliance. This approach serves to institutionalize the legal requirements into the day-to-day business practices of the project team. Effective controls require measurement of

performance on task items, evaluation of that performance, analysis of deviation between planned and actual performance, and communication of that performance to the required parties. As an example: a legal requirement is that the Property Manager keeps the Owner informed of any anticipated deviations from receipts or disbursements from the approved budget. The policy/process is a monthly statement from the project manager comparing actual to budget as well as a variance report explaining such deviations from budget. The follow-up task is to review financial statements to see if there are any variations from the approved budget and to ensure this information is provided to the Owner.

Project Level Legal Compliance Reporting

On a quarterly basis, the RCI Asset Manager is responsible for identifying non-compliant items in the Quarterly Project Report. To ensure a thorough review of compliance items, the RCI Asset Manager should carry out the following steps:

- Review the Legal Compliance Checklists to ensure compliance requirements are being carried out
- Work with the partner's project staff and RCI Asset Management Team to ensure compliance with each requirement
- Describe significant non-compliance items where indicated on the Project Overview worksheet of the quarterly report. This narrative should provide clarification of non-compliant items as well as any action being taken by the responsible party to address the non-compliance. Additionally, the narrative should include a discussion of the risks and project implications of any such items.

Annual Ground Lease Inspection Process

USACE will be responsible for conducting the annual Ground Lease inspection process in consultation with the ACSIM Program Manager. Detailed information about this process can be found in the RCI Real Estate Handbook, Chapter 6. The Operating Procedures for conducting the annual ground lease inspection follow:

- Where possible, the Ground Lease compliance inspection will occur with the Project Compliance and Partnering Visit
- The USACE Realty Specialist will coordinate with the RCI Asset Manager and ACSIM Program Manager if a separate inspection date must occur
- The USACE Realty Specialist will coordinate with the ACSIM Program Manager on how the overlapping areas will be covered
- The Realty Specialist will propose any additional members to the Ground Lease team based upon:
  - Past findings
  - ACSIM-PPD and DASA (IH&P) guidance
- The USACE Realty Specialist will use the procedures and format found in the RCI Real Estate Handbook. The USACE Realty Specialists will notify the ACSIM Program Manager of any modifications from the RCI Real Estate Handbook procedures or past inspections.
- The USACE Real Estate team will keep the RCI Real Estate Handbook current with all USACE, ACSIM-PPD, ASA (IE&E), and DASA (IH&P) guidance

- The USACE Realty Specialist will notify both USACE HQ Real Estate and Office of General Counsel if there is a potential for litigation. If such a potential exists both Real Estate and General Counsel should be part of the compliance inspection.
- Whenever the Ground Lease inspection takes place concurrently with the Project Compliance and partnering Visit, the ACSIM Program Manager shall serve as Team Leader for purposes of briefing local installation officials, partner representatives, and the RCI chain of command.
- The USACE Realty Specialist will send out a request for information and questions one month before the scheduled inspection.
- Installations shall notify both the ACSIM Program Manager and the USACE Realty Specialist, immediately upon discovery, of any potential ground lease compliance issues.
- The DASA (IH&P) has responsibility for real estate, site disposal programs, and management and will be notified if a serious ground lease compliance issue has been discovered.
- The on-site phase of the annual inspection process shall be a cooperative effort of the Partner, the ACSIM Program Manager, the RCI Asset Manager, and the Ground Lease Inspection Visit Team. Additionally, if the pre-visit checklist response indicates a need for advice and assistance related to environmental issues, utilities, or financial analysis, the Visit Team may - at the discretion of the ACSIM Program Manager - be augmented by Government and/or Contractor personnel having the skills and experience that appear pertinent to the need.
- The ACSIM Program Manager conducts an in-brief and out-brief of installation officials with respect to Ground Lease Review and, if conducted simultaneously, the Project Compliance and Partnering Visit. Installation officials typically in attendance are (but not limited to) RCI Asset Manager, Business Manager, Director/Deputy Director of Public Works, Garrison Commander and/or Deputy, and Staff Judge Advocate General representative. The Ground Lease Inspection Visit Team shall be invited to attend and support the ACSIM Program Manager in these briefings. To streamline the process, such briefs shall be conducted in an informal manner and shall generally not require more than 20% of the Visit Team's on-site time schedule.
- When possible, the Ground Lease Inspection Visit Team will draft the Ground Lease Inspection Report within 30 days following completion of the site visit. A draft copy shall be provided to the RCI Asset Manager, all Visit Team members, and to the ACSIM Program Manager. All concerns and conclusions presented in the out-brief shall be covered in the draft report; those issues that are not related to the Ground Lease or Real Estate Documents shall be outlined briefly as an attachment or appendix to the report. If the Visit Team includes a Program/Budget/Financial Analyst, Environmental Protection Specialist, or other expert or specialist, then the report attachment or appendix shall be drafted by that expert or specialist and provided to the Realty Specialist for incorporation into a single draft that can be efficiently coordinated.
- The USACE Real Estate Project Delivery Team shall be available to assist the ACSIM Program Managers in summarizing the results of inspections on an annual basis. A synthesis of the findings and results at all locations shall provide conclusions concerning the utility of the Annual Inspection Visit process from the perspectives of the RCI Asset Manager, ACSIM Program Manager, and Visit Team members. The summary is also intended to provide objective, factual material that leadership and upper management can use to assure that successful strategies are diffused nationwide, and to address any emergent nationwide trends that could become problems in a timely manner.

- If a ground lease compliance issue has been discovered, procedures in the USACE Real Estate Handbook, Chapter 6 shall be followed.

Template Ground Lease Compliance Checklist

While a template Ground Lease Compliance Checklist is included in this Handbook at the end of this Section, it is important to always obtain the most recent official version of the Ground Lease Compliance Checklist from the USACE Real Estate Handbook.

Sample Legal Compliance Checklists

The ACSIM Program Manager, working in concert with the USACE Realty Specialist, is responsible for preparing and distributing Compliance Checklists specific to an installation and its legal agreements. These checklists will be provided within 60 days after ACSIM's receipt of copies of all transaction documents generated at Closing for the Project. Sample Legal Compliance Checklists for the following legal agreements are provided below for familiarization—each project will have different legal / business agreements and thereby different language in their specific compliance checklists.

- Operating Agreement
- Development Agreement
- Construction Agreement
- Property Management Agreement
- Asset Management Agreement
- Lockbox Agreement
- Ground Lease Compliance Checklist

Operating Agreement
Legal Compliance Checklist
Project: Fort XYZ

OPERATING AGREEMENT
DATED:
AMENDED:

WHAT IS THE OPERATING AGREEMENT?

The Operating Agreement is a detailed agreement between the Partner, ZZZZ Development, Inc., and the Secretary of the Army that forms XYZ Communities, LLC, the Project partnership (a.k.a "Company"). It outlines the purposes and functions of the Partnership and effectuates the RCI housing privatization and the Managing Member's authority to transact and manage Partnership and Project affairs. Additionally it limits the Managing Member's actions in certain respects that require prior approval of the Army. The Operating Agreement will clearly identify the respective roles and responsibilities of each Partner and methods to resolve disputes that may arise between them. In order to ensure that the Project is in compliance with all provisions of the Operating Agreement, the Project Director must keep track of a series of annual, quarterly, monthly, and regular reports and deliverables, as outlined below. Additional legal accounting expectations of the Partnership may be outlined in a separate document, the Lockbox Agreement.

TOPICS COVERED IN THE OPERATING AGREEMENT

- Organization of the Company
- Purposes of the Company
- Initial Capital Contributions
- Cash Flow Distributions
- Project Director Duties
- Removal of Property Manager
- Indemnification of Agents
- Accounting and Reporting
- Dissolution / Termination
- Financing Provisions

OPERATING AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Company, Managing Member	Project Director	Name of POC
Government Limited Partner	Member	Garrison Commander

Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A1		Project Director	Member	**Annual Project Plan and Budget**	Ensure that Project Director prepares and submits to the Members, within 90 days prior to the end of the current fiscal year, a proposed development, construction and operating budget for the Project for the following fiscal year in form satisfactory to the Members.	☐
A2		Project Director	Member	**Annual Cash Distribution**	Ensure that the annual cash distribution follows the outline stated in Section BBBB.	☐
A3		Project Director	Member	**Adjustment of Capital Accounts and Profits and Loses**	Ensure that Profits and Loses for each fiscal year be allocated to the Members in the orders and priorities stated in Section NNNN.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Semi-Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
SA1		Project Director	Member	**Semi-annual PEP Report**	Prepare a semi-annual report to be submitted to OSD highlighting project progress and status during the period.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Quarterly Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q1		Project Director	Member	**Key Data Sheet**	Ensure that it Provides an overview of key aspects of the Project, such as milestones, capital sources and scoring.	
Q2		Project Director	Member	**Executive Summary**	Ensure that it presents Accomplishments, Challenges, Lessons Learned, Compliance Testing, and Major Decisions.	

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q3		Project Director	Member	**Property Operations and Maintenance Review**	Ensure that it presents units online, occupancy rate, rank distribution, waiting list distribution, and bedroom mix, revenues and expenses, and management and incentive fees.	
Q4		Project Director	Member	**Development Summary**	Ensure that it presents to date and total forecasted hard and soft costs, current and planned units, and construction progress as compared to pro forma.	
Q5		Project Director	Member	**Financial Review**	Ensure that it presents Government contributions, private debt and equity, scoring, debt coverage ratios, loan interest rate, and return on investment.	
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Monthly Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M1		Project Director	Member	**Monthly Cash Distributions**	Ensure that monthly cash distribution is followed as outlined	☐
M2		Project Director	Member	**Monthly Project Status Reporting**	Ensure that all monthly project status reports specified by Project agreements and required under Army policy or law are provided to the RCI Asset Manager in a timely manner.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Standing Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S1		Member	Project Director	**Incentive Fees Awards**	Ensure that Member's responsibilities relating to incentive fees set forth in the Major Service Provider Agreements are timely executed.	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S2		Project Director	Member	**Records, Accounts and Books**	Ensure that required reports, statements, and analyses are delivered on time and appear complete and reasonable.	☐
S3		Project Director	Member	**Taxes and Financials**	Ensure that Project Director prepare and maintain separate, full, and complete tax returns and financial statements, complying with Generally Accepted Accounting Principles.	☐
S4		Member	Project Director	**Account Set-up**	Ensure that the Member establishes and maintains separate, interest-bearing accounts as set forth in the Operating Agreement and Lockbox Agreement.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Development Agreement
Legal Compliance Checklist
Project: Fort XYZ

DEVELOPMENT AGREEMENT
DATED:
AMENDED:

WHAT IS THE DEVELOPMENT AGREEMENT?

The Development Agreement is a detailed agreement between the "Owner," XYZ Family Housing, and the "Developer," XYZ Development, LLC. It outlines the specific roles and expectations of the Developer to plan, design, finance, and construct the privatized housing assets throughout the duration of the fifty year contract. It typically describes development management responsibilities, requirements, standards, schedules and performance metrics for the incentive fee plan. In order to ensure that the Project is in compliance with all provisions of the Development Agreement, the Project Director must keep track of a series of annual, quarterly, monthly, and regular reports and deliverables, as outlined below. Additional legal accounting expectations of the Developer may be outlined in a separate document, the Lockbox Agreement.

TOPICS COVERED IN THE DEVELOPMENT AGREEMENT

Developer Services
Document Management Requirements
Fees and Compensation
Records and Reporting
Insurance Coverages
Indemnification
Defaults and Remedies
Termination Situations
Lender Protection Provisions

DEVELOPMENT AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Owner	Project Director	Name of POC
Developer	Developer	Name of POC
Architect	Architect	Name of POC
Consultant	Consultant	Name of POC
	RCO	YYYYYYY (RCI Asset Mgr)
	ACSIM	XXXXXXX (ACSIM Program Mgr)

Annual Tasks

REF ID	Page #	Responsible Party		Specific Receivable / Deliverable	Associated Tasks	☑
		From	To			
A1		Developer	Project Director	**Annual Project Plan And Budget**	Ensure submittal of the required Project Plan and Budget for the upcoming Project fiscal year is submitted to the Project Director on time.	☐
A2		Developer	Project Director	**Certificate of Insurance**	Ensure Developer provides properly executed, current certificates of insurance evidencing that required insurance coverages by acceptable insurers are in effect.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Semi-Annual Tasks

REF ID	Page #	Responsible Party		Specific Receivable / Deliverable	Associated Tasks	☑
		From	To			
SA1		Developer	Project Director	Placeholder for potential semi-annual requirements		☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

QUARTERLY TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q1		Developer	Project Director	**Developer Incentive Fee Compensation Quarterly Report Q1** **Developer Incentive Fee Compensation Quarterly Report Q2** **Developer Incentive Fee Compensation Quarterly Report Q3** **Developer Incentive Fee Compensation Quarterly Report Q4**	Ensure accurate documentation of supporting incentive fee achieved on time for each quarter. Ensure Incentive Fee awarded complies with the Incentive Fee Plan guidelines. Ensure Army review/approval within required timeframe.	☐
Q2		Developer	Project Director	**Quarterly Critical Path Schedule**	Verify status of the Critical Path Schedule and applicability to current Project conditions.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

MONTHLY TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M1		Developer	Project Director	**Monthly Status Reports**	Ensure Developer provides the Project Director with updates of any known material deviations from Construction Contract, Project Schedule, or Project Budget.	☐
M2		Developer	Project Director	**Construction progress reports required by the Army PAM Program**	Ensure that the Developer submits to the Project Director any reports or statements needed to fulfill Army PAM reporting requirements.	☐
M3		Developer	Project Director	**Renovation progress reports required by the Army PAM Program**	Ensure that the Developer submits to the Project Director any reports or statements needed to fulfill Army PAM reporting requirements.	☐
M4		Project Director	Developer	**Developer Base Fee Compensation Report**	Ensure Developer receives base fee calculated in accordance with the Agreement. Ensure Project pays on a timely basis.	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M5		Developer	Project Director	**Developer inspections of work, verification of materials/labor furnished, and verification that work is carried out in accordance with approved plans, specifications, and Construction Action Plans.**	Accompany Developer on at least two work inspections per month. Screen Developer's records of materials and labor furnished. Screen Developer's record of work inspections.	☐
M6		Developer	Project Director, RCO	**Change Orders**	Review and approval all proposed change orders to the designs, specifications, costs, and schedules of construction. Log and retain in the RCO copies of all change orders.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

STANDING TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S1		Project Director	Developer	**Construction Notice to Proceed**	Ensure that the Project Director provides written Notice to Proceed to Developer for each phase once: – *Architect and Construction Contractor have obtained all required permits & licenses* – *Architect's drawings & specifications have been approved by the Project Director* – *Construction Contractor has delivered payment and performance bonds* – *Construction Contractor has submitted certificates of insurance*	☐

REF ID	Page #	Responsible Party		Specific Receivable/Deliverable	Associated Tasks	☑
		From	To			
S2		Developer	Project Director	**Status Reports**	Ensure the Developer will report to the Project Director any known material deviations from the Renovation Contract, Project Schedule, or Project Budget and will make recommendations to Project Director for corrective action.	☐
S3		Developer	Project Director	**Architect's Certificate of Payment**	Ensure that within 3 business days of receipt of an Architect's invoice, the Developer submits to the Project Director a Certificate of Payment for the Architect.	☐
S4		Developer, Architect & Consultant	Project Director	**Construction Contractor's Certificate of Payment**	Ensure that within 3 business days of receipt of each Construction Application for Payment, the Developer, with the Architect and Consultant, submits to the Project Director a Certificate of Payment for the Construction Contractor.	☐
S5		Developer, Architect & Consultant	Project Director	**Renovation Contractor's Certificate of Payment**	Ensure that within 3 business days of receipt of each Renovation Application for Payment, the Developer, with the Consultant, submits to the Project Director a Certificate of Payment for the Renovation Contractor.	☐
S6		Developer & Architect	Project Director & Consultant	**Certificate of Substantial Completion**	Ensure that the Developer and Architect submit a Certificate of Substantial Completion to the Project Director and the Consultant.	☐
S7		Project Director / Developer	Project Director / Developer	**Documentation of Dispute Resolution**	Ensure that if a dispute arises between the Developer and the Project Director, it is resolved in the following order: – *Initial Meetings* – *Mediation* – *Arbitration*	☐
S8		Developer	Project Director / Property Manager	**Construction Action Plans**	Ensure that acceptable written Construction Action Plans are prepared and submitted in a timely fashion to control construction and/or renovation activities in occupied neighborhoods.	☐

REF ID	Page #	Responsible Party		Specific Receivable/Deliverable	Associated Tasks	☑
		From	To			
S9		Developer	Project Director	**Affiliated Contracts**	Developer provided required notice and received Owner approval of a proposed new contract with an affiliate of the Developer.	☐
S10		Developer	Project Director	**Calculations of Approved Total Development Costs**	Verify that periodic calculations of Total Development Costs have been documented and approved by Army.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Construction Agreement
Legal Compliance Checklist
Project: Fort XYZ

CONSTRUCTION AGREEMENT
DATED:
AMENDED:

WHAT IS THE CONSTRUCTION AGREEMENT?

The Construction Agreement is a detailed agreement between the "Owner," XYZ Family Housing, and the "Contractor" ABC General Contracting, Inc. It outlines the specific roles and expectations of the General Contractor to construct the privatized housing assets in accordance with project specifications, plans, agreed schedules and agreed costs throughout the duration of the IDP (sometimes for the entire project duration). It typically provides for a guaranteed scope and price with liquidated damages for failure to deliver units on time and incentives for the General Contractor to save money from the approved construction budget. In order to ensure that the Project is in compliance with all provisions of the Construction Agreement, the Project Director must keep track of a series of annual, quarterly, monthly, and regular reports and deliverables, as outlined below. Additional legal accounting expectations of the General Contractor may be outlined in a separate document, the Lockbox Agreement.

TOPICS COVERED IN THE CONSTRUCTION AGREEMENT

Scope of Work
Owner's Duties and Responsibilities
Delivery Schedule and Liquidated Damages
Payment and Completion
Change Orders and Corrections
Safety and Security
Dispute Resolution
Insurance and Bond Coverages
Indemnification
Defaults, Remedies and Termination
Accounting and Audits

CONSTRUCTION AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Owner	Project Director	Name of POC
Contractor	Construction Manager	Name of POC
Architect	Architect	Name of POC
Code Compliance Officer	Code Compliance Officer	Name of POC
Construction Consultant	Construction Consultant	Name of POC
	RCO	YYYYYYY (RCI Asset Mgt)
	ACSIM	XXXXXXX (ACSIM Program Mgr)

Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A1		Contractor	Project Director	**Annual Project Plan And Budget**	Ensure submittal of the required construction and renovation plan and associated draw schedule for the upcoming Project fiscal year is submitted to the Project Director on time.	☐
A2		Contractor	Project Director	**Certificates of Insurance and Payment and Performance Bond**	Ensure Contractor provides properly executed, current certificates of insurance and Bonding evidencing that required insurance coverages and payment and performance bonds by acceptable insurers are in effect.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Semi-Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S1		Contractor	Project Director	Placeholder for potential semi-annual requirements		☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Quarterly Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q1		Contractor	Project Director, Developer	**Contractor Incentive Fee Compensation Quarterly Report Q1**	Ensure accurate documentation of supporting incentive fee achieved on time for each quarter. Ensure Incentive Fee awarded complies with the Incentive Fee Plan guidelines. Ensure Army review/approval within required time frame.	☐
				Contractor Incentive Fee Compensation Quarterly Report Q2		☐
				Contractor Incentive Fee Compensation Quarterly Report Q3		☐
				Contractor Incentive Fee Compensation Quarterly Report Q4		☐
Q2		Contractor	Project Director	**Davis-Bacon Act Compliance Review**	Ensure Contractor enforces and monitors implementation of Davis-Bacon Act wage requirements for all workers engaged in construction and renovation of the Project.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Monthly Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M1		Contractor	Project Director; Developer, Constr. Consultant	**Monthly Status Reports**	Ensure Contractor provides monthly reports of construction progress with updated CPM schedule. Verify that delivery of units is in keeping with minimum units-on-line commitments.	☐
M2		Contractor	Project Director, Developer, Constr. Consultant	**Construction progress reports required by the Army PAM Program**	Ensure that the Developer submits to the Project Director any reports or statements needed to fulfill Army PAM reporting requirements.	☐
M4		Contractor	Project Director, Developer, Constr. Consultant	**Renovation progress reports required by the Army PAM Program**	Ensure that the Developer submits to the Project Director any reports or statements needed to fulfill Army PAM reporting requirements.	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M5		Contractor	Developer, Project Director, RCO	**Quality Assurance Reviews**	RCO should conduct periodic (no less than monthly) quality assurance walk-throughs of construction areas, preferably accompanied by the Construction Manager. Log the inspections and results. Screen Contractor's record of quality control and code compliance inspections.	☐
M6		Contractor	Developer, Project Director, RCO	**Change Orders**	Review and approval all proposed change orders to the designs, specifications, costs, and schedules of construction. Log and retain in the RCO copies of all change orders.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

STANDING TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S1		Project Director	Contractor	**Construction Notice to Proceed**	Ensure that the Project Director provides written Notice to Proceed to Contractor in accordance with the Construction Contract and Army approvals of design, specifications, schedule, GMP, and insurance and bonding certificates.	☐
S2		Contractor	Project Director, Developer, Constr. Consultant	**Status Reports**	Ensure the Contractor regularly reports to the Project Director any known material deviations from the Contract, Project Schedule, or Project Budget and will make recommendations to Project Director for corrective action.	☐
S3		Contractor	Project Director, Developer, Constr. Consultant	**Construction Contractor's Certificate of Payment**	Ensure that within 3 business days of receipt of each Construction Application for Payment, the Developer, with the Architect and Consultant, submits to the Project Director a Certificate of Payment for the Construction Contractor.	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S4		Contractor	Project Director, Developer, Constr. Consultant	**Renovation Contractor's Certificate of Payment**	Ensure that within 3 business days of receipt of each Renovation Application for Payment, the Developer, with the Consultant, submits to the Project Director a Certificate of Payment for the Renovation Contractor.	☐
S5		Contractor	Project Director, Developer, Constr. Consultant	**Certificate of Substantial Completion**	Ensure that the Developer and Architect submit a Certificate of Substantial Completion to the Project Director and the Consultant.	☐
S6		Project Director	RCO	**Documentation of Dispute Resolution**	Ensure that if a dispute arises between the Contractor and Owner, it is resolved in writing in accordance with the Construction Contract and any necessary Army approvals.	☐
S7		Contractor	Project Director, Developer, Property Manager	**Construction Action Plans**	Ensure that acceptable written Construction Action Plans are prepared and submitted in a timely fashion to control construction and/or renovation activities in occupied neighborhoods.	☐
S8		Contractor	Project Director	**Sub-contracts**	Ensure Contractor uses commercially acceptable methods of obtaining competitive subcontractors under arms-length contracts.	☐
S9		Contractor	Project Director, Developer, Constr. Consultant, RCO	**Change Orders**	Review and approve all Change Orders proposed by any party. Log all Change Orders and retain copies in RCO files. Forward copies to the ACSIM Program Manager.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Property Management
Legal Compliance Checklist
Project: Fort XYZ

PROPERTY MANAGEMENT AGREEMENT
DATED:
AMENDED:

WHAT IS THE PROPERTY MANAGEMENT AGREEMENT?

The Property Management Agreement is a detailed agreement between the "Owner," XYZ Family Housing, and the "Manager," XYZ Management. It outlines the specific roles and expectations of the Property Manager throughout the duration of the fifty year contract. It describes property/maintenance management responsibilities, requirements, and standards. In order to ensure that the Project is in compliance with all articles in the Property Management Agreement, the Project Director must keep track of a series of annual, quarterly, monthly, and regular reports and deliverables, as outlined below. Additional legal accounting expectations of the Property Manager are outlined in a separate document, the Lockbox Agreement.

TOPICS COVERED IN THE PROPERTY MANAGEMENT AGREEMENT

- Property Management Business Plan
- Disbursements from Operating Account
- Rent Collection
- Maintenance and Repairs
- Records and Reporting
- Insurance Coverages
- Indemnification
- Termination Situations
- Base Fee and Incentive Fee Structure

PROPERTY MANAGEMENT AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Owner	Project Director	Name of POC
Manager	Property Manager	Name of POC
-	ACSIM PM	XXXXXXXX (ACSIM Program Manager)

Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A1		Property Manager	Project Director	**Proposed Business Plan, including:** • Marketing Plan • Leasing Guidelines to include copy of lease docs / lease package with Owner's housing policies • Operating Budget • Capital Budget • Material Operating Policies	Ensure annual Proposed Business Plan is submitted by required deadline.	☐
A2		Property Manager	Project Director	**Standard Tenant Lease Agreement Form**	Ensure it is being used for all tenants.	☐
A3		Property Manager	Project Director	**All Subcontracts, including:** • Maintenance and Repair • Services and Goods • Utilities (non-basic)	Ensure they are no longer than 1-year contracts and that Owner has right to terminate without penalty upon proper notice. Ensure they are competitively bid. Review source selection criteria to include verification that background checks are being completed as required. Ensure subs have the adequate / minimum requirements of insurance and those certificates are being provided.	☐
A4		Property Manager	Project Director	**Insurance Certificates**	Ensure the following minimums met: • $2M Commercial General Liability • $1M Automobile Liability • Statutory amount of Worker Comp. • $500K Employer Liability. • $1M Crime or Emp. Dishonesty • $25K Theft of Money and Security Coverage • $5M Umbrella/Excess	☐
A5		Property Manager	Project Director	**Documentation of Manager Incentive Fee Metrics/Weightings Structure Review**	Ensure the metrics and weightings used to gauge the incentive fee maintain relevancy to Project's goals.	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A6		Project Director	Property Manager & ACSIM PM	**Manager Incentive Fee Compensation Annual Report**	This document should serve as a summary of all quarterly incentive fee reports and provide a reconciliation recommendation.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

Quarterly Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q1		Property Manager	Owner	**Documentation of Manager Incentive Fee Compensation Due Process**	Ensure the GC serves as the Incentive Fee Determining Official, the Incentive Review Board is unbiased, and that all unearned fees are re-deposited in the Operating Reserve Fund for one quarter, before going to the Revenue Subaccount.	☐
Q2		Project Director	Property Manager & ACSIM PM	**Manager Incentive Fee Compensation Quarterly Report**	Demonstrate the potential earnings and recommended earnings including quantitative metrics, detailed narrative, and all supporting documents.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

MONTHLY TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M1		Property Manager	Project Director	**Waitlist Report**	Ensure that there is a legitimate and fair screening process in place, as well as proper procedures for scrubbing the list.	☐
M2		Property Manager	Project Director	**Statement of Receipts and Disbursements**	Ensure it is received by the 20th of each month. Ensure expense reports match the budget and that any budget variance greater than 5% is explained and documented. Ensure there is a provision for reconciling the balance in the Operating Account on at least an annual basis.	☐
M3		Property Manager	Project Director	**List of Delinquent Accounts**	Ensure it is received by the 20th of each month. Ensure there is a process in place for collecting on the delinquent accounts understanding level of success with such efforts.	☐
M4		Property Manager	Project Director	**Schedule of Accounts Receivable and Payable**	Ensure it is received by the 10th of each month. Ensure all operating expenses are paid on time without penalties or loss of early payment discounts	☐
M5		Property Manager	Project Director	**Work Order Report**	Ensure that all work order requests, completions, and backlog are maintained. Ensure items are not having to be repeatedly fixed – issues are being sufficiently resolved with one work order, few instances where multiple work orders are submitted for the same issue, etc.	☐
M6		Property Manager	Project Director	**Reconciliation of Operating Budget and Business Plan**	Ensure that report shows both the monthly and year-to-date analyses as well as the year in forecast.	☐
		Property Manager	Project Director	**Manager Base Fee Compensation Report**	Ensure manager receives base fee.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

STANDING TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
S1		Property Manager	Project Director	**Documentation of Project Director Large Expenditure Approvals**	Ensure that all expenditures greater than $25,000 and capital expenditures are approved in accordance with the Major Decision Authority and Approval levels and appropriately documented.	☐
S2		Property Manager	Project Director	**Financial Audit Reports**	Ensure financial audit completed as required.	☐
S3		Property Manager	Project Director	**Documentation of Compliance with Local, State and Federal Laws**	Ensure Project team can produce copies of applicable laws for inspection, if requested. Ensure all concerns and suits are documented. Ensure that procedures for reporting / whistle-blowing have been established and distributed to employees.	☐
S4		Property Manager	Project Director	**Documentation of Compliance with Nondiscrimination Laws and Policies**	Ensure Project team can produce copies of applicable laws and policies for inspection, if requested. Ensure all concerns and suits are documented. Ensure that procedures for reporting / whistle-blowing have been established and distributed to employees.	☐
Prepared by RCI Asset Manager Signature: _____					**Date:** _____	
Validated by PPD Project Manager Signature: _____					**Date:** _____	

Asset Management Agreement
Legal Compliance Checklist
Project: Fort XYZ

ASSET MANAGEMENT AGREEMENT
DATED:
AMENDED:

WHAT IS THE ASSET MANAGEMENT AGREEMENT?

The Asset Management Agreement is a detailed agreement between the "Owner," XYZ Family Housing, LLC, and the "Asset Manager," XYZ Management, Inc. It outlines the specific roles and expectations of the asset management firm throughout the duration of the fifty year contract. Many Projects do not engage an Asset Manager. Typically, when an asset management relationship is engaged on a Project the focus is to provide financial planning and fiscal oversight of development, construction and property operations. The Asset Manager may serve as the Managing Member's Representative. The Asset Management agreement describes asset management responsibilities, requirements, and standards. In order to ensure that the Project is in compliance with all articles in the Asset Management Agreement, the Project Director must keep track of a series of annual, quarterly, monthly, and regular reports and deliverables, as outlined below. Additional legal accounting expectations of the Asset Manager are outlined in a separate document, the Lockbox Agreement.

TOPICS COVERED IN THE ASSET MANAGEMENT AGREEMENT

- Role an limitations of authority of AM
- Market Assessment Report
- Performance monitoring and other services
- Annual Business Plan
- Records and Reporting
- Insurance Coverages
- Indemnification
- Termination Situations
- Base Fee and Incentive Fee Structure

ASSET MANAGEMENT AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Owner	Project Director	Name of POC
Asset Manager	Project AM	Name of POC
Army	RCI Asset Manager	YYYYYYYY (RCI Asset Manager)

Annual Tasks

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A1		Project AM	Project Director, RCI Asset Manager	**Proposed Business Plan, including:** • Marketing Plan • Leasing Guidelines to include copy of lease docs / lease package with Owner's housing policies • Operating Budget • Capital Budget • Material Operating Policies	Ensure annual Proposed Business Plan is submitted by required deadline and contains all necessary elements in sufficient detail to enable Army review, analysis, and approval.	☐
A2		Project AM	Project Director, RCI Asset Manager	**Annual Market Assessment Report**	Ensure annual market assessment report has been delivered and appears to be an acceptable assessment and that assessment results are appropriately incorporated into the Annual Project Business Plan.	☐
A3		Project AM	Project Director	**All Subcontracts, including:** • Maintenance and Repair • Services and Goods • Utilities (non-basic)	Ensure they are no longer than 1-year contracts and that Owner has right to terminate without penalty upon proper notice. Ensure they are competitively bid. Review source selection criteria to include verification that background checks are being completed as required. Ensure subs have the adequate / minimum requirements of insurance and those certificates are being provided.	☐
A4		Project AM	Project Director, RCI Asset Manager	**Insurance Review and Assessment**	Ensure an annual review of project insurance and recommendation report is received and establishes the following minimum coverages: • $2M Commercial General Liability • $1M Automobile Liability • Statutory amount of Worker Comp. • $500K Employer Liability • $1M Crime or Emp. Dishonesty • $25K Theft of Money and Security Coverage • $5M Umbrella/Excess	☐

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
A5		Project AM	Project Director, RCI Asset Manager & ACSIM PM	**Manager Incentive Fee Compensation Annual Report**	This document should serve as a summary of all quarterly incentive fee reports and provide a reconciliation recommendation.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

QUARTERLY TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
Q1	13	Project AM	Project Director, RCI Asset Manager, ACSIM PM	**Documentation of Manager Incentive Fee Compensation Due Process**	Ensure the GC serves as the Incentive Fee Determining Official, the Incentive Review Board is unbiased, and that all unearned fees are re-deposited in the Operating Reserve Fund for one quarter, before going to the Revenue Subaccount.	☐
Q2	25	Project AM	Project Director, RCI Asset Manager, ACSIM PM	**Manager Incentive Fee Compensation Quarterly Report**	Demonstrate the potential earnings and recommended earnings including quantitative metrics, detailed narrative, and all supporting documents. Ensure all calculations are performed in accordance with applicable governing legal documents.	☐
Prepared by RCI Asset Manager Signature: _____					Date: _____	
Validated by PPD Project Manager Signature: _____					Date: _____	

MONTHLY TASKS

REF ID	Page #	Responsible Party From	Responsible Party To	Specific Receivable/Deliverable	Associated Tasks	☑
M1		Project AM	Project Director, RCI Asset Manager	**Monthly QA/QC Processes**	Ensure that Project AM conducts and records project QA/QC inspections of development, construction, and property management and maintenance and reviews on a monthly basis. Ensure recorded results appear reasonable and reliable to support the associated incentive fee plans and provide sufficient basis for the RCO to make recommendations to the GC as per the Incentive Fee Plan.	☐
M2		Project AM	Project Director, RCI Asset Manager	**Monthly Reconciliation of Development and Operating Budgets and Business Plan**	Ensure it is received by the 20th of each month and that any budget variance of 5% is explained and documented.	☐
M3		Project AM	Project Director, RCI Asset Manager	**Capital Repairs and Replacements Update**	Ensure it is received by the 20th of each month and GC has information needed to approve release of CRR funds	☐
Prepared by RCI Asset Manager Signature: _____					Date: _____	
Validated by PPD Project Manager Signature: _____					Date: _____	

Lockbox Agreement
Legal Compliance Checklist
Project: Fort XYZ

LOCKBOX AGREEMENT
DATED:
AMENDED:

WHAT IS THE LOCKBOX AGREEMENT?

The Lockbox Agreement is a detailed agreement between the Borrower," XYZ Family Housing LLC, the private sector lender, and the Lockbox Trustee. It outlines the specific roles and expectations of the parties for managing and handling project funds for the duration of the private sector loan. The project director must keep track of all operating and development sources and uses of funds and prepare regular frequent requests for disbursements for consideration and payment by the Lockbox Trustee. The Lockbox Trustee must issue regular statements of disbursements and funds balances under its control. The Lockbox Legal Compliance Checklist is divided into monthly, quarterly, and annual tasks and will help ensure the lockbox funds distribution process is administered as directed by the Lockbox Agreement. Appendix H Other Portfolio Management Tools, details the Lockbox Review process). The RCI Asset Manager, usually through the financial analyst, is responsible for receiving and reviewing the lockbox agent's monthly statement of receipts and disbursements (also called a waterfall statement). As part of this review, the Army must verify all activity within the accounts, monitoring all withdrawals and disbursements. The Army team should also be vigilant of the order of funding into the accounts, using the Lockbox Agreement to ensure that the servicing agent is abiding by the rules outlined in the document.

TOPICS COVERED IN THE LOCKBOX AGREEMENT

- Identification of parties
- Appointment and duties of Lockbox Trustee
- Borrower's duties and obligations
- Monthly reporting by Lockbox Trustee
- Establishment of funds accounts
- Waterfall priority of disbursements
- Interim investment of reserve accounts funds
- Default and remedies

LOCKBOX AGREEMENT KEY ROLES

Title used in Legal Agreement	Title used in Checklist	Titleholder
Borrower	Project Director	Name of POC
Servicer	Servicing Agent	Name of POC
Lender	Lender	Name of POC
	RCI AM	YYYYYYYY (RCI Asset Manager)
	ACSIM PM	XXXXXXXX (ACSIM Program Manager)

Annual Tasks

REF ID	Page #	Responsible Party		Specific Receivable/Deliverable	Associated Tasks	☑
		From	To			
A1		Project Director	RCI AM	**Annual Review of Project Plan and Budget**	Ensure annual business plan with development, construction and operating budgets is submitted to RCI AM on or before required deadline. RCI AM forward copy of Annual Business Plan to ACSIM PM for review/comment/approval. RCI AM review budget to ensure that the budget is in accordance with the previous year's expenditures. RCI AM provides comments to Project Director. RCI AM review Annual Business Plan with Garrison Commander. RCI AM provides consolidated Garrison comments to ACSIM PM. RCI AM record Army Major Decision approval of Annual Review of Project Plan and Budget.	☐
A2		Project Director	Servicing Agent	**Adjustments to Lockbox Flow of Funds**	Propose adjusted funding amounts based upon budget changes.	☐
A3		RCI AM	ACSIM PM	**Special Purpose Reviews**	Aid the ACSIM PM with any special purpose reviews that may be ongoing.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

QUARTERLY TASKS

REF ID	Page #	Responsible Party		Specific Receivable/Deliverable	Associated Tasks	☑
		From	To			
Q1		Project Director	RCI AM	**Quarterly Reporting of Lockbox Balances**	Ensure that the Lockbox tab in the PAM quarterly report template is kept up to date and accurate.	☐
Q2		RCI AM	ACSIM PM	**Lockbox Review**	Review the quarterly lockbox report if required by the ACSIM PM.	☐
Q3		RCI AM	Project Director & Servicing Agent	**Issue Resolution**	Correspond with the Partner and the Servicing Agent to ensure that they are working towards a resolution on any outstanding items.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

MONTHLY TASKS

REF ID	Page #	Responsible Party		Specific Receivable/Deliverable	Receiving Parties Associated Tasks	☑
		From	To			
M1		Servicing Agent	Project Director and RCI AM	**Lockbox Receipt**	Receive Lockbox statement from the Servicing Agent.	☐
M2		Project Director and RCI AM	ACSIM PM	**Lockbox Review**	Review and identify any areas of concern.	☐
M3		RCI AM	Project Director and ACSIM PM	**Issue Resolution – Local Level**	Coordinate with the Project Director and Servicing Agent to resolve any issues.	☐
M4		Project Director and RCI AM	ACSIM PM	**Issue Resolution – HQDA Level**	Engage the ACSIM PM should a resolution not be achieved.	☐
Prepared by RCI Asset Manager Signature: _____					**Date: _____**	
Validated by PPD Project Manager Signature: _____					**Date: _____**	

GROUND LEASE COMPLIANCE CHECKLIST

Overview
Installation
ASV date(s)
Ground Lease No.
GL effective date
Partner (Lessee)
Developer
Project Director (LLC)
OACSIM-(DAIM-ISP) PM
ODASA (I&H) CVD PM
Garrison Commander
Installation Asset Project Manager
USACE Realty Specialist

	Checklist	Primary respondent for checklist answers
I.	Ground Lease Premises	
II.	Support Leases	
III.	Outgrants and Encumbrances	
IV.	Mortgage	
V.	Insurance	
VI.	Protection of the Project	
VII.	Municipal Services/Utilities	
VIII.	Environmental Protection	
IX	Natural Resource Management	
X.	Historic and Archaeological Sites	
XI.	Rental and Occupancy Requirements	
XII.	Rules and Regulations	
XIII.	Official Inquiries	
XIV.	Checklist Results Distribution	

I. Ground Lease Premises

A. Exhibit A Premises Summary

initial			current		
exhibit	parcel name	parcel size (acres)	exhibit	parcel name	parcel size (acres)
A			A		
A			A		
A			A	

C. List all land/improvement transfers required by Ground Lease.

1. N/A
2.
3.
4.
5.

D. Describe all proposed and/or pending change(s) to the Ground Lease that have been initiated.

1.
2.
3.
4.
5.

E. Describe any contemplated future development plans that would require a Ground Lease footprint change in order to implement.

1.
2.
3.
4.
5.

F. With respect to the established RCI parcel boundaries, is there any known encroachment by the Army onto RCI property or by the RCI project onto Army property? If yes, explain each situation and describe how and by whom the issue is to be resolved.

<select>.

G. With respect to the Ground Lease, please list all community centers, recreation buildings, self help facilities, maintenance buildings, warehouse etc.

Ground lease parcel name/no.	Building type/use	Subleased?	brief description
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	
		<select>	

II. Support Lease(s)

A. Support Lease History

Support Lease No.	effective date	expiration date	brief description

B. Is there any identified need for new support lease(s)? Or for renewal(s) of expiring support lease(s)? If yes, please describe the need and/or justification for each.

<select>

C. Have there been any conflicts or complaints regarding use of the space identified in the Support Lease(s)? If yes, please describe the occurrence(s) and resolution path(s) for each lease.

<select>

III. Outgrants and Encumbrances

Exhibit B of the Ground Lease documents Outgrants and Encumbrances including easements and licenses that encumber the Site.

A. Please annotate any additional outgrants and encumbrances granted besides those identified in Exhibit B of the Ground Lease. Norfolk requires a copy of each document.

No.	effective date	expiration date	brief description

B. Are there currently any requests by the LLC/LP for easement(s) that cross the Site? If yes, please describe the need, current status, and point of contact responsible for execution. USACE Norfolk requires a copy of all granted temporary or permanent easements.

<select>

C. Has the Installation (Army) requested easement(s) that cross the Site? If yes, please describe the need, current status, and point of contact responsible for execution. USACE Norfolk requires a copy of all granted temporary or permanent easements.

<select>

IV. Mortgage

Ground Lease Condition 11, Liens and Mortgages, requires the Lessee to not engage in financing or other transactions that would encumber the Project beyond those transactions required in accordance with the condition 11a.

A. Have any notices of Title, Mortgage, or Trustee requirements not being met been received? If yes, document the date of receipt and details of change. Please provide USACE Norfolk a copy of the notice.

<select>

B. Are there any additional mortgages, liens, or encumbrances that have been transacted besides those required in accordance with the Ground Lease? If yes, document the transaction and include the basis for authorization (i.e. Consent of the Secretary).

<select>

V. Insurance

Ground Lease Condition 14 requires the Lessee to maintain or caused to be maintained insurance coverage required by Mortgagee, or if no Mortgagee, then comparable coverage. USACE Norfolk requires a copy of each Certificate of Insurance and Evidence of Property Insurance.

A. Please answer the following:

1.	<select>	Is the USA (Secretary of the Army) named as additional insured on each Evidence of Property Insurance certificate and policy currently in effect?
2.	<select>	Is the USA (Secretary of the Army) named as additional insured on each Certificate of Insurance and policy currently in effect?
3.	<select>	Has Lessee provided renters insurance for the benefit of Military Tenants that is comparable to renters insurance coverage by other similar privatized military residential communities. Such renter insurance needs to cover personal property and liability.
4.	<select>	Is Worker's Compensation insurance required per State law?

B. Has there been any material change (provider, limits, deductibles, etc.) to any of the Insurance policies as initially approved in conjunction with execution of the Ground Lease? Please describe each material change including how approval, by the Secretary, was secured.

<select>

C. Schedule of Insurance. Please complete the following matrix as applicable. USACE Norfolk requires a copy of issued insurance documents. Please add any coverage not already listed.

	coverage	carrier	policy no.	effective date	expiration date
<select>	General Liability				
<select>	Automobile				
<select>	Renters				
<select>	Workman's Comp				
<select>	Primary Umbrella				
<select>	Excess Umbrella				
<select>	Pollution				
<select>	Subcontractor Default				
<select>	Property				
<select>	Flood				
<select>	Earthquake				
<select>	Terrorism				
<select>	Replacement Cost				
<select>	Wind/hail				
<select>	Tornado				
<select>	Business Equipment				
<select>	Loss of Revenue				
<select>					
<select>					
<select>					
<select>					

D. Have any notices of cancellation, non-renewal, or change of insurance coverage been received? If yes, document the date of receipt and details of change. Please provide a copy of the notice.

<select>

E. Have any Claims or Notices of Intent to file a claim/suit been filed by a third party against the LLC/LP since the last Annual Compliance Review? If yes, please provide detail.

<select>

F. Have any Claims or Notices of Intent to file a claim/suit been filed by the LLC/LP (against an insurance carrier, the government, a third party, etc.) since the last Annual Compliance Review? If yes, please provide detail.

<select>

F. Please identify the LLC/LP point of contact (include name, position, and phone number) responsible for Insurance.

<select>

VI. Protection of the Project

Ground Lease Condition 13 requires the Lessee to keep the Project in good order and in a clean, safe condition by and at the expense of the Lessee in accordance with the Ground Lease and Exhibit E.

A. Who, on behalf of the Installation (Army) inspects the property boundaries, reviews property condition, and observes the Lessee's performance with regards to Ground Lease requirements? Described the assigned responsibilities and frequency of review.

B. The Secretary is required to maintain, repair and replace (or cause to be), ingress and egress to and from the Project and publicly opened roadways as well as between non-contiguous portions of the Project. Are there any areas where this standard is not being met? Please describe.

C. During what hours and on what days is the On-Site Management Office being operated? How many staff are present and what functions do they provide?

D. When the On-Site Management Office is closed, please describe the on-call process in effect and staff provided (including emergency maintenance personnel) provided to meet residents' emergency needs.

E. Describe the applicable standards for and plan to oversee, or cause to be overseen, maintenance of the lawns and landscaping including the maintenance of unimproved areas.

F. Describe the Lessee's quality control program regarding: inspection of vendor work projects, adequacy of service order completion, and tenant satisfaction with property management functions performed (i.e. routine maintenance, pest control, trash removal, key control, unit turnover, etc.).

G. Describe the long-term capital asset plan to maintain housing assets including homes, garages, carports, storage sheds, fencing, roads, concrete surfaces, recreational facilities, grounds and related support facilities (offices, community centers, warehouses etc.).

VII. Municipal Service/Utilities

Ground Lease Condition 11 requires the Lessee to pay for any utilities and other municipal services supplied through government owned facilities or through third party providers in accordance to the terms as furnished to the Project by the Secretary, in accordance with the Ground Lease and the Municipal Services Agreement.

A. The following services, infrastructure, and/or utilities are governed by the MSA. Add those not already listed.

☐	Electric	☐	Street lights	☐	Telephone
☐	Gas	☐	Street cleaning	☐	Traffic control
☐	Water	☐	Snow/ice removal	☐	Signs
☐	Waste water	☐	Trash removal	☐	
☐	Storm water	☐	Recycling	☐	
☐	Roadways	☐	HH haz. waste disposal	☐	
☐	Sidewalks	☐	Cable	☐	

B. Please describe any Installation services which are not in the MSA for which a contract is desired.

<select>

C. With the exception of rate changes, has the original MSA, as executed with the original Ground Lease, been modified? If yes, describe when and why. USACE Norfolk requires copies of renegotiated documents for placement in the RCI archives.

<select>

D. How is the LLC/LP notified of rate changes? Were there any rate changes over the last year?

E. Describe how current the LLC/LP is with respect to payment for services and utilities consumed. Please provide the LLC/LP point of contact information (name, position and contact number).

F. Who, on behalf of the Installation (Army), bills the LLC/LP and verifies proper payment for services and utilities consumed? Please provide the Installation point of contact information (name, position, and contact number).

G. Are there any services, utilizes, or infrastructure provided by the Installation (Army) that has not been billed to the LLC/LP? If yes please describe what's delinquent and how the issue has been escalated.

<select>

H. Have Local Municipalities changed the LLC/LP's taxation status? If yes, please describe.

<select>

I. Please describe the Installation's utility privatization plan. Which utilities have already been privatized?

<select>

J. Are utility system design and testing requirements coordinated between the LLC/LP and the Installation? Identify any issues, concerns, and/or problems with the specifications, construction, and/or operation of the LLC/LP constructed, owned, or operated utility systems. Please explain the adequacy of results.

<select>

K. Has the LLC/LP proved the 'as built' drawings to the DPW for any utility infrastructure that the LLC/LP intends to transfer to the Installation? Describe any systems that are intended to be transferred to he Installation or to third-party owners.

L. What cable/internet providers are used within the RCI footprint (list all)? Are these providers the different than those used by the Installation? Are the cable and/or internet providers used within the RCI footprint governed by a franchise agreement with the Installation? When does the franchise agreement expire?

M. Has the LLC/LP installed any fiber optic cables and/or communication towers? If yes was the Installation DPW notified and formal approval for installation granted? Describe the scope and location of the work.

<select>

VIII. Environmental Protection

Ground Lease Condition 25 requires the Lessee to submit an Environmental Management Plan (EMP) describing use, generation, storage, treatment, and disposal of hazardous waste, materials, substances, and other environmental issues for written approval from the Secretary prior to use of the Premises or any part thereof.

A. Does the LLC/LP have an Environmental Management Plan, or waiver as applicable, for each portion of Project? If yes, is the plan signed by the Garrison Commander?

<select>

B. Has the Environmental Management Plan been amended in the last year? If yes, please describe. Was the plan signed by the Garrison Commander? USACE Norfolk requires a copy of the amendment.

<select>

C. Does the LLC/LLP have an approved Lessee Response Plan on file? When was it approved by the Garrison Commander? Has it been revised since being originally approved by the Garrison Commander?

<select>

D. How is the LLC/LP meeting the Hazardous Waste Management requirements under the Resource Conservation and Recovery Act (RCRA)?

E. Does the LLC/LP have an approved Pesticide Management Plan on file? When was it approved by the Garrison Commander?

<select>

F. Have there been any Environmental Protection Agency inquires with the LLC/LP regarding the Project? If yes, please describe and indicate the current status if unresolved.

<select>

G. Have there been any State Environmental Management Office inquiries with the LLC/LP regarding the Project? If yes, please describe and indicate the current status if unresolved.

<select>

H. Are there fuels, paints, solvents pesticides, or other chemicals routinely used in LLC/LP operations? If yes, please describe how these materials are properly stored, handled, and applied in accordance with all Post, Local, State and Federal regulations.

<select>

I. Are Material Safety Data sheets posted in an appropriate location and kept current for all fuels, paints, solvents pesticides, or other chemicals routinely used in LLC/LP operations? Please describe how the LLC/LP controls and monitors its hazardous materials and ensures proper use. Identify the LLC/LP point of contact (name, position, and contact number) for hazardous material control.

<select>

IX. Natural Resource Management

Ground Lease Condition 22 provides that the Lessee shall cut no timber, conduct no mining operations, remove no sand, gravel, or kindred substances from the ground(other than grading and related work on the Sites in connection with permitted alterations, additions, and Improvements), commit no waste of any kind, nor in any manner substantially change the contour or conditions of the Site, except for (i) purposes of constructing the Project or (ii) as otherwise authorized in writing by the Secretary.

A. Does the LLC/LP have a Natural Resource Management Plan for the Project? If yes, is the plan signed by the Garrison Commander?

<select>

B. Since the last ground lease compliance review, have any trees been removed by the LLC/LP? If yes, how were they disposed of?

<select>

C. Since the last Annual Compliance Review has any soil, sand, gravel, rock, pine straw, seedlings, etc/ been removed by the LLC/LP? If yes, please describe how these 'commercially usable' resources were coordinated with the Installation DPW and properly disposed of?

<select>

D. Are Best Management Practices (silt fences, re-seeding, sediment barriers, mulching, etc.) for soil conservation being used at all RCI Project construction locations? Please describe what's being used.

<select>

E. Is there evidence of soil erosion within the Ground Lease RCI footprint? If yes, please identify the location and indicated what measures are being taken to address the issue.

<select>

X. Historic and Archaeological Sites

Ground Lease Condition 27 documents known Historical and Archaeological sites and governs their maintenance and modification by Programmatic Agreement as applicable and attached per Exhibit G.

A. Does the RCI Project footprint have an Historical District and/or Building(s)? If yes, please identify the qualified professional employed by the LLC/LP who facilitates State Historic Preservation Office review of renovations/modifications of Historic property. Also indicate the DPW point of contact (name, position and phone number) responsible for reviewing and monitoring Lessee's actions.

<select>

B. Does the RCI Project footprint have known Archaeological sites or potential locations of interest? If yes, how are those locations protected and how regularly are they monitored by the Installation?

<select>

C. Are Native American / Tribal interest impacted by the RCI Project footprint? If yes, how are they informed of development by the LLC/LP?

<select>

D. Describe how and when the Installation Cultural Resources Officer is engaged with reviews of RCI Project design and/or construction scope which requires SHPO approval.

<select>

E. Describe, as applicable, how and when the DPW monitors Lessee compliance with the Programmatic Agreement. When was the scope and quality of oversight last reviewed and discussed between the DPW Environmental Office and the RCI Asset Management Office?

<select>

F. Please annotate any DPW Environmental staff concerns that exist regarding current or proposed development.

<select>

XI. Rental and Occupancy Requirements

Ground Lease Condition 14 provides that the Lessee and Permitted Tenants shall enter into a lease in substantially the form approved by the Secretary.

A. Has the Tenant lease been changed since originally approved with execution of the Ground Lease? If yes, have the changes been approved by the Secretary?

<select>

B. Has the Permitted Tenant waterfall been opened up to categories 6-8? If yes, please describe the basis for opening the waterfall and the approval obtained. Also indicate if the waterfall remains open to new tenants in categories 6-8.

<select>

C. Are there any RCI Project Housing Units and/or Facilities being used for support roles including but not limited to: emergency child care services, morale welfare and recreation, administrative offices, first responders, or community policing? If yes, please explain and provide copies of commensurate documentation i.e. Lease, Memorandum of Understanding, License Agreement, etc.

<select>

D. Are there any RCI Project Housing Units and/or Facilities occupied by Users and/or Tenants not associated with the RCI Project? For example, Navy personnel utilizing RCI office space in a building that was renovated using RCI funding.

<select>

E. Are there any sub-leases to third parties (other than to organizations officially/legally affiliated with the Lessee)? If yes, please list and describe.

<select>

XII. Rules and Regulations

Ground Lease Condition 6 requires the Lessee to comply with all Federal, State, County, and Municipal Laws, Ordinances, and Regulations.

A. Please describe how the Project is complying with the Architecture Barriers Act (ABA) (Public Law 90-480) of August 12, 1968 as amended through 1984, 42 U.S.C. Section 4151 et seq. an Act to insure that certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped.

B. Please describe how the Project is complying with the Uniform Federal Accessibility Standards (UFAS). The UFAS was published in the FEDERAL REGISTER on August 7, 1984 (49 FR 31528). DoD adopted the UFAS by revising Chapter 18 of DoD 4270.1-M, "Construction Criteria," by memorandum dated May 8, 1985.

C. Please describe how the Project is complying with the American Disabilities Act (ADA) passed July 26, 1990 as Public Law 101-336 (42 U.S.C. Sec. 12101 et seq) and effective on January 26, 1992.

D. Who at the LLC/LP is responsible for implementing and verifying ongoing compliance with the ABA, ADA, and UFAS?

E. Have any complaints been filed since the last Annual Lease Compliance Review alleging discrimination or non-compliance with ABA, USAF, and/or ADA? If yes, please document each instance and describe how the complaint is being addressed.

<select>

F. Has the Garrison Commander provided Lessee with applicable Installation Rules and Regulations?

<select>

G. Who at the LLC/LP is responsible for implementing and verifying ongoing compliance with the Installation Rules and Regulations?

H. Is the LLC/LP in compliance with all applicable Installation rules and regulations? If not, what actions are being implemented to resolve the non-compliance?

<select>

XIII. Official Inquiries

A. Please describe any congressional inquiries, current status, and path to resolution if still unresolved that have been received by the Project in the last year. Provide dates and identify the persons(s) who handled the inquiry.

1.
2.
3.

B. Please document any Freedom of Information Act inquiries received in the last year which the Installation or Project has received concerning the RCI Program. Provide dates and identify the persons(s) who handled the inquiry.

1.
2.
3.

XIV. Checklist Results Distribution

A. For transparency and project improvement, a Ground Lease Compliance Checklist results write up will be completed within 30 days of the annual review. An electronic copy will be distributed to, at a minimum, the Installation Asset PM, Garrison Commander, the Project partner, the OACSIM

PM and any additional stakeholder as designated below. Please confirm the correct/current contact information for each stakeholder to receive an electronic copy of the checklist results.

Role/Title	Name	e-mail address
OACSIM PM		
Installation Asset PM		
DPW		
Garrison Commander		
LLC/LP Project Director		
LLC/LP Corporate		

END SAMPLE GROUND LEASE COMPLIANCE CHECKLIST

PLEASE REFER TO USACE RCI REAL ESTATE HANDBOOK FOR CURRENT DOWNLOADABLE GL INSPECTION FORM

Davis-Bacon Act Compliance Checklist

The Davis-Bacon Act is federal law requiring public works projects to pay construction workers engaged on the Project by any contracting entity certain minimum wages and benefits in accordance with federal wage determinations for the local area. Overseen and enforced by the U. S. Department of Labor (DOL), there can be significant financial penalties if a project is found to have failed to pay the prescribed wage determinations (at a minimum). The Davis-Bacon compliance checklist assists Project Partners and RCI Asset Managers in complying with the Davis-Bacon Act. The checklist incorporates required action that must be performed continually and on a semi-annual basis regarding:

- Review of the project's contracts to ensure that they include and are in compliance with the Davis-Bacon Act
- Visible and proper placement of information regarding wage determinations and equal opportunity employment
- Collection of documentation of payroll hours worked by laborers
- Interviewing of contractors, subcontractors and their respective employees to determine appropriate classification and rates of pay
- Apprentice and trainee compliance
- Additional Classifications for contractors
- Annual Davis-Bacon compliance report to be submitted annually in accordance with the ASA (I&E) Davis-Bacon Act Policy Memorandum dated 11 July 2008

The RCI Asset Managers are responsible to review the Davis-Bacon compliance checklist on a semi-annual basis -- with one of the reviews typically coinciding with the Project Compliance and Partnering Visit. The checklist is reviewed in a collaborative manner with the Project Director and associated project staff and is provided to the ACSIM Program Manager upon its completion.

The Department of Labor (DOL) has received contact information for each RCI Asset Manager which DOL will use at its discretion to contact the RCI Asset Managers to ensure their RCI projects are adhering to the Davis-Bacon Act. Please reference the Davis-Bacon Compliance Checklist that is included in the ASA (I&E) Davis-Bacon Act Policy Memorandum dated 11 July 2008, a copy of which is provided below.

DAVIS-BACON COMPLIANCE CHECKLIST: CONSTRUCTION AND RENOVATIONS

(from ASA (I&E) Policy Memorandum dated 11 July 2008)

(Completed semi-annually by RCI Asset Management staff)

	Compliance Survey Item	YES	NO	N/A	Issue / Remark # (see page 2)	Date Verified
1	Project legal documents review completed and applicable requirements are documented in an attachment to this checklist.					
2	Managing Member has provided the list of construction contracts valued at more than $2,000 to the RCI team and has provided routine updates (at least semi-annually) to keep the list of contracts current.					
3	Semi-annual compliance survey has been scheduled and/or conducted with Managing Member in agreed written format and copies are maintained in the government's project compliance files.					
4	Semi-annual compliance survey conducted by government Army installation Asset Manager (or designee) and Managing Member (or designee) with results as noted below:					
4.a	Army installation Asset Manager has selected the contracts to include in the semi-annual survey as documented in an attachment to this checklist.					
4.b	Each contract included in this survey has the appropriate Davis-Bacon Act (DBA) clauses.					
4.c	Each contract included in this survey includes the appropriate Department of Labor (DOL) wage determination.					

Compliance Survey Item		YES	NO	N/A	Issue / Remark # (see page 2)	Date Verified
4.d	Managing Member has a verifiable system for identifying all first and lower tier subcontracts/subcontractors for the selected contracts. Also, they are assuring and documenting inclusion of appropriate DBA clauses and DOL wage determinations in each subcontract. (Note: In lieu of copies of subcontracts it is acceptable to have Statement and Acknowledgement by first and lower tier subcontractors documenting inclusion of the DBA clauses and DOL wage determination.)					
4.e	Certified payrolls have been received weekly by Managing Member or designee from contractor and all subcontractors, at each tier, and are appropriately logged, filed and safeguarded. (Note: In lieu of certified payrolls it is acceptable to have Statement and Acknowledgement by contractors and all subcontractors documenting payrolls are certified.)					
4.f	Managing Member has a verifiable system in place for conducting appropriate review of certified payrolls for compliance with DBA requirements and wage determinations included in the contract(s) that is supported by and validated through independent interviews of a representative number of contractor and subcontractor laborers					
4.g	Managing Member has a verifiable system in place for resolving all issues identified in review of certified payrolls and is adequately documenting actions, suspenses, status and final resolution.					
4.h.1	Managing Member has a verifiable system in place for documenting the use of apprentice/trainee wage classifications, and each such classification noted in the survey is supported through file documentation in regard to employee enrollment in a bona fide program.					
4.h.2	Managing Member records reflect the monitoring of ratios of journeymen to apprentices/trainees.					

Compliance Survey Item		YES	NO	N/A	Issue / Remark # (see page 2)	Date Verified
4.i	Managing Member records document the consideration of off-site work included in the contract(s) and determination as to DBA applicability to this work.					
4.j	For each contract included in survey, the required postings were verified at the appropriate location(s) on the site of the work.					
5	Independent government labor interviews were attained before or as part of the semi-annual compliance survey and were cross checked against certified payrolls as part of the survey process.					
5.a	Number of independent government labor interviews					

Survey Participants

Name	**Organization**

Prepared by:

_____ _____ **Date:** _____

Reviewed and Approved by:

_____ _____ **Date:** _____

(Army RCI Asset Manager)

Validated by OACSIM PPD

_____ _____ **Date:** _____

DAVIS-BACON COMPLIANCE CONSTRUCTION AND RENOVATIONS CHECKLIST- REVERSE SIDE (from ASA (I&E) Policy Memorandum dated 11 July 2008)

Remark/ Issue #	Description	Follow-up/Resolution Required	Action Required By	Date Resolved
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				

DAVIS-BACON COMPLIANCE MAINTENANCE AND REPAIR ORDERS CHECKLIST (from ASA (I&E) Policy Memorandum dated 11 July 2008)

(Completed semi-annually by RCI Asset Management staff)

Compliance Survey Item		Yes	No	N/A	Issue / Remark # (see page 2)	Date Verified
1	Project legal documents review completed and applicable requirements are documented in an attachment to this checklist.					
2	Managing Member has provided the list of maintenance and repair contracts to the RCI team for which DBA has determined to be applicable to the government and has provided routine updates to keep the list of active contracts current.					
3	Semi-annual compliance survey has been scheduled and/or conducted with Managing Member in agreed written format and a copy is in the government's project compliance files.					
4	Semi-annual compliance survey conducted by government Army installation Asset Manager (or designee) and Managing Member (or designee) with results as noted below:					
4.a.1	Review of project files for contracts for which DBA has been determined to be not applicable, including documentation supporting this determination of non-DBA applicability.					
4.a.2	Army installation Asset Manager has selected the contracts to include in the semi-annual survey as documented in an attachment to this checklist.					
4.b	Each contract included in this survey has the appropriate DBA clauses.					
4.c	Each contract included in this survey includes the appropriate Department of Labor (DOL) wage determination.					

Compliance Survey Item		Yes	No	N/A	Issue / Remark # (see page 2)	Date Verified
4.d	For each contract included in survey, Managing Member has verifiable system for identifying first and lower-tier subcontracts/subcontractors, and assuring and documenting inclusion of appropriate DBA clauses and DOL wage determinations in any such subcontract.					
4.e	Contractors and all subcontractors at every tier are providing certified payrolls to the Managing Member or designee on a weekly basis and are appropriately logged, filed, and safeguarded.					
4.f	Managing Member has a verifiable system in place for conducting appropriate review of certified payrolls for compliance with DBA requirements and wage determinations included in the contract(s) that is supported by and validated through independent interviews of a representative number of contractor and subcontractor laborers.					
4.g	Managing Member has a verifiable system in place for resolving all issues identified in review of certified payrolls and is adequately documenting actions, suspenses, status and final resolution.					
4.h.1	Managing Member has a verifiable system in place for documenting the use of apprentice/trainee wage classifications, and each such classification noted in the survey is supported through file documentation in regard to employee enrollment in a bona fide program.					
4.h.2	Managing Member records reflect the monitoring of ratios of journeymen to apprentices/trainees.					
4.i	For each contract included in survey, the required postings were verified at the appropriate location(s) on the site of the work.					
5	Independent government labor interviews were attained before or as part of the semi-annual compliance survey and were cross checked against certified payrolls as part of the survey process.					

Compliance Survey Item		Yes	No	N/A	Issue / Remark # (see page 2)	Date Verified
5.a	Number of independent government labor interviews					

Survey Participants

Name	**Organization**

Prepared by:

_____ _____ **Date:** _____

Reviewed and Approved by:

_____ _____ **Date:** _____

(Army RCI Asset Manager)

Validated by OACSIM PPD

_____ _____ **Date:** _____

DAVIS-BACON COMPLIANCE MAINTENANCE AND REPAIR ORDERS CHECKLIST- REVERSE SIDE (from ASA (I&E) Policy Memorandum dated 11 July 2008)

Remark/Issue#	Description	Follow-up/Resolution Required	Action Required By	Date Resolved
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				
Resolution Summary				

Congressional Oversight Compliance

On 1 October 2008 and 28 December 2012, the 2009 and 2013 National Defense Authorization Acts were enacted by Congress and became effective. Both Acts included amendments to 10 U.S.C. Sections 2884 and 2885 that set forth requirements for the Services to perform certain oversight and reporting requirements for privatized military housing projects. Key elements of 10 U.S.C. Sections 2884 and 2885 address the following:

- Construction and Renovation Progress
- Deficiency Notifications
- Qualifications of Partner, Developer, and Construction Contractor
- Payment and Performance Bonds
- Reporting on Replacement of Partner, Developer, or Construction Contractor
- Database of Notices of Deficiencies
- Financial Integrity and Accountability Measures
- Annual Budget Reporting
- Annual Reporting of Backlog Maintenance and Repair, Inadequate Debt Coverage, Low Occupancy Compared to Projections, Significant Variances to Projected Recapitalization Deposits, Significant Recapitalization Withdrawals, and Utility Rate Comparison to Local Utility Rates
- General / Flag Officer Quarters Work

Most requirements dictated by the Legislation were already in place under the PAM process, however, now these requirements are Congressionally-mandated and it is the Army's responsibility to ensure its oversight of the housing privatization projects comply in all respects with the regulations. At the end of this section is a checklist, **RCI Asset Managers Monthly Compliance Report**, to be used by RCI Asset Managers to certify monthly that government oversight actions dictated by 10 U.S.C. Sections 2884 and 2885 legislation have been performed at the installation level.

The following chart presents an overview of each requirement in 10 U.S.C. Section 2884 and 2885, the compliance action required, the tool to be used for compliance and additional guidance.

SUMMARY OF 10 U.S.C. SEC 2884 and 2885, 2009 and 2013 NATIONAL DEFENSE AUTHORIZATION ACTS: OVERSIGHT REQUIREMENTS FOR MHPI PROJECTS				
Section Reference	Requirement	Compliance Action	Tool	Guidance
2885(a) OACSIM	OVERSIGHT AND ACCOUNTABILITY MEASURES – Each Secretary Concerned shall prescribe regulations to effectively oversee and manage military housing privatization projects carried out under this subchapter during the course of the construction or renovation of the housing units. The regulations shall include the following requirements for each privatization project:	The PAM Handbook provides guidance to the installation RCI Asset Manager, the Managing Member and other stakeholders relative to the oversight and monitoring of each project and the portfolio as a whole.	• PAM Handbook	Reporting requirements identified in 2885(a) apply to projects throughout their 50-year life cycle.
2885(a)(1) OACSIM	The installation asset manager shall conduct monthly site visits and provide quarterly reports on the progress of the construction or renovation of the housing units. The reports shall be submitted quarterly to the assistant secretary for installations and environment of the respective military department.	The RCI Asset Manager will meet monthly with the construction team and Managing Member to review the construction and renovation delivery schedule and construction spend. The RCI Asset Manager will collect the construction draws and maintain copies of all reports required under the Development Agreement and Construction Contract.	• Compliance checklist • Monthly asset management meetings • Quarterly asset report • Program evaluation report (PER) • Monthly dashboard • Construction draws • Development and construction reports • Monthly RCI Asset Manager form • Change orders	Each RCI Asset Manager will complete the form attached as *Exhibit A* and will submit to the OACSIM Program Manager no later than the 5th day of the following month. On a monthly basis, this form requires documentation that the RCI Asset Manager has received and reviewed the Construction Draw, proposed change orders and any other reports required by the legal documents, has met with the Construction Manager and Construction Consultant, has utilized the Compliance Checklists to identify any areas of non-compliance with the Operating, Property Management, Development and Construction Agreements and has conducted a drive-through of all neighborhoods to identify any issues with construction activity and progress.
2885(a)(2) OACSIM	The installation asset manager, and, as applicable, the resident construction manager, privatization asset manager, bondholder representative, project owner, developer, general contractor, and construction consultant for the project shall conduct meetings to ensure that the construction or renovation of the units meets performance and schedule requirements and that appropriate operating and ground lease agreements are in place and adhered to.	The RCI Asset Manager will participate in monthly meetings and will review the construction draws. The RCI Asset Manager will review the compliance checklist on a monthly basis and will report areas of non-compliance to the OACSIM Program Manager as identified. USACE will conduct annual Ground Lease site visits and will provide a report to the OACSIM Program Manager identifying any areas of non-compliance.	• PER report • Project annual site visit • Development review • Monthly dashboard • Quarterly portfolio and asset reports • USACE ground lease inspections • Compliance checklist • Monthly asset management meetings • Monthly RCI Asset Manager compliance form	See above. The Managing Member will be required to submit a summary of the restated Sources and Uses for the project with the Quarterly Report. For each project with an active development and construction phase, a summary table of all change orders and the resulting monetary and scope implications will be updated and provided to the OACSIM Program Manager on a monthly basis. The basis for assessing performance will be the Monthly Dashboard as compared to the original or then current pro forma as adjusted and agreed through the Major Decision Process. USACE will conduct annual compliance reviews and will prepare a Ground Lease Compliance Report. The OACSIM Program Manager will maintain copies of the RCI Asset Manager Monthly Compliance Report, the Change Order Tracking Document, Change Orders, Construction Draws, USACE Ground Lease Compliance Reports and other reports.

SUMMARY OF 10 U.S.C. SEC 2884 and 2885, 2009 and 2013 NATIONAL DEFENSE AUTHORIZATION ACTS: OVERSIGHT REQUIREMENTS FOR MHPI PROJECTS				
Section Reference	Requirement	Compliance Action	Tool	Guidance
2885(a)(3) OACSIM and OASA(IE&E)	If a project is 90 days or more behind schedule or otherwise appears to be substantially failing to adhere to the obligations or milestones under the contract, the assistant secretary for installations and environment of the respective military department shall submit a notice of deficiency to the Deputy Under Secretary of Defense (Installations and Environment), the Secretary concerned, the managing member, and the trustee for the project.	Progress will be indicated in the monthly dashboard. The report will include a chart that describes construction and renovation status. For projects triggering this metric, the OACSIM Program Manager will prepare a Concept Paper for processing in accordance with the Major Decision process.	• Monthly dashboard • Development review, if necessary • Concept Paper	The monthly dashboard roll-up includes a metric evaluating performance relative to pro forma, measured in months behind / ahead of schedule. Relative to a project 90 or more days behind schedule, the OACSIM Program Manager will communicate next steps to the RCI Asset Manager and Managing Member and will prepare a concept paper consistent with *Exhibit B* and will submit the Concept Paper draft to the OASA(IE&E) Project Manager. The CVD Project Manager will draft a letter for signature by the ASA(IE&E) outlining the reason for the letter, the applicable section of the Construction or Renovation Contract and the expected approach to remediation. A sample letter is attached as *Exhibit C*. A Development Review may be commissioned to identify the drivers of the delay if necessary. Any areas of non-compliance with the Construction or Renovation Contract will be highlighted in the Development Review. Alternatively, areas of non-compliance with the Construction or Renovation Contract could be identified through daily Asset Management activities, quarterly reports or other communications. In the event of identification of areas of non-compliance, the process above will be followed.
2885(a)(4)(A) OACSIM and OASA(IE&E)	Not later than 15 days after the submittal of a notice of deficiency under paragraph (3), the Secretary concerned or designated representative shall submit to the project owner, developer, or general contractor responsible for the project a summary of deficiencies related to the project.	The OACSIM Program Manager will prepare a Concept Paper for processing in accordance with the Major Decision process. The project owner, developer, or general contractor will provide an explanation and proposed method to bring the project back on schedule within 45 days.	• Monthly dashboard • Development review	The OACSIM Program Manager will prepare a Concept Paper outlining the areas of non-compliance or deficiencies and the requirements for addressing the issues. This Concept Paper will be sent to the Managing Member, Developer and Construction Contractor (as appropriate) with a request to provide a more detailed plan for resolving the issues or otherwise adjusting the plan. A meeting will be held with the OACSIM Program Manager and the appropriate parties from the Managing Member, Developer and Construction Contractor to agree to the Concept Paper. Following agreement on its content, including progress milestones, the Concept Paper will be submitted to the OASA(IE&E) Project Manager and will be maintained in the files of at OACSIM and OASA(IE&E). Additionally, to comply with the following element, the Managing Member, Developer and Construction Contractor will perform against the progress milestones.

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Section Reference	Requirement	Compliance Action	Tool	Guidance
2885(a)(4)(B) OASA(IE&E)	If the project owner, developer, or general contractor responsible for the privatization project is unable, within 60 days after receiving a notice of deficiency under subparagraph (A), to make progress on the issues outlined in such notice, the Secretary concerned shall notify the congressional defense committees of the status of the project, and shall provide a recommended course of action to correct the problems.	The Concept Paper will require a written response within 45 days of issuance of the notice. If no response is received or if the remedy actions do not appear to satisfy the requirements of the clause, the CVD Project Manager will prepare a letter to the Congressional Committees. If a response is received and is deemed to satisfy the provisions of the clause, the OASA(IE&E) Project Manager will prepare a letter citing the conditions under which a letter will be sent to the committees.	• Monthly dashboard • Development review	The Concept Paper and associated Major Decision Memorandum will outline progress milestones. In the event that the Managing Member, Developer or Construction Contractor does not meet the progress milestones, the CVD Project Manager will prepare a letter for signature by the ASA(IE&E) and for submission to the congressional defense committees. A sample of the letter is outlined in ***Exhibit D***.
2885(b) OASA(IE&E)	REQUIRED QUALIFICATIONS.—The Secretary concerned or designated representative shall ensure that the project owner, developer, or general contractor that is selected for each military housing privatization initiative project has construction experience commensurate with that required to complete the project.	The Source Selection Evaluation Board (SSEB) and Source Selection Advisory Committee (SSAC) will evaluate and determine the experience level for each potential project owner, developer or construction contractor.	• Evaluation factors • SSEB reports	For future solicitations and/or awards, minimum qualifications and evaluation criteria will be set and utilized to ensure sufficient development and/or construction experience.
2885(c) OACSIM	BONDING LEVELS.—The Secretary concerned shall ensure that the project owner, developer, or general contractor responsible for a military housing privatization initiative project has sufficient payment and performance bonds or suitable instruments in place for each phase of a construction or renovation portion of the project to ensure successful completion of the work in amounts as agreed to in the project's legal documents, but in no case less than 50 percent of the total value of the active phases of the project, prior to the commencement of work for that phase.	The development review will provide a comprehensive audit of payment and performance bonds matched to construction phasing. This will initially be completed for all projects, with an additional review annually, or as needed based on the completion of each construction phase. OACSIM will request that no progress on new work commence until a copy of bonds has been received by the Managing Member; this should be validated by the RCI Asset Manager with documentation forwarded to OACSIM.	• Development review • Project Closing Documents • Compliance Checklist • Monthly dashboard (to report updates on bonding of future phases) • (Option to do an annual review—similar to the annual insurance review)	To ensure compliance, OACSIM will conduct periodic reviews of copies of all payment and performance bonds for active phases of work as well as for warranty bonds that are currently in effect. This bonding assessment may be deferred for projects with upcoming development reviews during which a comprehensive audit will be conducted (will require support from the various parties involved in the construction process). The OACSIM Program Manager will alert the RCI Asset Manager, Managing Member, Developer, Construction Contractor and Third Party Construction Consultant (or will require similar documentation to be sent by the Managing Member with copies to the above parties) of the requirement for copies of payment and performance bonds in advance of the issuance of a notice to proceed on any work. These copies will be sent to the OACSIM Program Manager and the RCI Asset Manager.

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Section Reference	Requirement	Compliance Action	Tool	Guidance
2885(d) OACSIM and OASA(IE&E)	REPORTING OF EFFORTS TO SELECT SUCCESSOR IN EVENT OF DEFAULT.—In the event a military housing privatization initiative project enters into default, the assistant secretary for installations and environment of the respective military department shall submit a report to the congressional defense committees every 90 days detailing the status of negotiations to award the project to a new project owner, developer, or general contractor.	In the event of a default, the OACSIM Program Manager will prepare a quarterly report on the status of the transfer.	• Monthly dashboard • Quarterly report • Notifications of Default under Legal Documents	The OACSIM Program Manager or OASA(IE&E) Transaction Manager, whichever is the responsible party, will prepare a quarterly status report that outlines the original and adjusted milestones for the transfer of the project or other action, the status of negotiations including issues requiring resolution and a summary of the actions completed during the past 90 days. This status report will be submitted through the ASA(IE&E) to the congressional defense committees.
2885(e)(1) OACSIM and OASA(IE&E)	EFFECT OF NOTICES OF DEFICIENCY ON CONTRACTORS AND AFFILIATED ENTITIES.—(1) The Secretary concerned shall keep a record of all plans of action or notices of deficiency issued to a project owner, developer, or general contractor under subsection (a)(4), including the identity of each parent, subsidiary, affiliate, or other controlling entity of such owner, developer, or contractor.	The Secretary concerned will maintain a record of updates regarding the project owner, developer or general contractor deficiencies.	• Record of Deficiencies • Monthly dashboard (to report updates to legal entities)	Both OACSIM and OASA(IE&E) will maintain records of all documentation related to notices of deficiency. The OASA(IE&E) will maintain an up-to-date database of the identities of legal entities involved in military housing privatization projects, As appropriate, the OASA(IE&E) will review public records to determine any pending or recent bankruptcies, legal actions or financial challenges faced by the parent company and its primary subsidiaries.
2885(e)(2) OASA(IE&E)	Each military department shall consult all records maintained under paragraph (1) when reviewing the past performance of owners, developers, and contractors in the bidding process for a contract or other agreement for a military housing privatization initiative project.	Records of deficiencies will be considered when military departments are evaluating performance records of owners, developers and contractors who are bidding on housing privatization contracts.	• Evaluation criteria	The source selection plan will include a requirement to review such records.
2885(f)(1) OACSIM	FINANCIAL INTEGRITY AND ACCOUNTABILITY MEASURES. – (1) The regulations required by subsection (a) shall address the following requirements for each military housing privatization project upon the completion of the construction or renovation of the housing units:	The PAM handbook and program templates have been amended to reflect the process revisions needed to support the new post-IDP requirements.	• PAM Handbook • Quarterly portfolio and asset reports • Monthly dashboard • PER • Concept paper	Reporting requirements identified in 2885(f) and its subsections apply to all projects after the completion of their IDPs.

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Section Reference	Requirement	Compliance Action	Tool	Guidance
2885(f)(1)(A) OACSIM	The financial health and performance of the privatization project, including the debt-coverage ratio of the project and occupancy rates for the housing units.	The OACSIM Program Manager will review monthly dashboards as well as quarterly reports in review of this requirement.	• Monthly dashboard • Quarterly portfolio and asset reports	The monthly dashboard roll-up includes a metric evaluating performance relative to pro forma, measured as variance to the occupancy rate or the DCR metric.
2885(f)(1)(B) OACSIM	An assessment of the backlog of maintenance and repair of the housing units.	The Property Manager will provide information to the monthly dashboard that states (a) the number of work orders that are in the current maintenance and repair backlog; (b) the cost of eliminating these work orders from the current backlog; and (c) a description of why the work orders are in the current backlog.	• Monthly dashboard (New Fields-Partner)	The monthly dashboard will be amended to capture (a) the number of work orders that are in the current maintenance and repair backlog; (b) the cost of eliminating these work orders from the current backlog; and (c) a description of why the work orders are in the current backlog. Currently, the monthly dashboard tracks work orders received and completed, but not the information in the new requirement.
2885(f)(2) OACSIM	If the debt service coverage for a military housing privatization project falls below 1.0 or the occupancy rates for the housing units of the project are below 75 percent for more than one year, the Secretary concerned shall require the development of a plan to address the financial risk of the project.	The OACSIM Program Manager will review project performance related to occupancy and debt coverage ratio (DCR) over the trailing 12 months as compared to pro forma to determine if a Modified Scope Plan is required. For projects triggering this metric, the OACSIM Program Manager will prepare a Concept Paper for processing in accordance with the Major Decision process.	• Monthly dashboard • Concept paper	The monthly dashboard roll-up includes a metric evaluating performance relative to pro forma, measured as variance to the occupancy rate or the DCR metric. Relative to a project that is either (a) below 1.0 DCR for more than one year, or (b) below 75 percent occupancy for more than one year, the OACSIM Program Manager will communicate next steps to the RCI Asset Manager and Managing Member and will prepare a concept paper consistent with ***Exhibit B*** and will submit the Concept Paper draft to the CVD Project Manager. The OASA(IE&E) Project Manager will draft a letter for signature by the ASA(IE&E) outlining the reason for the letter, the applicable sections of the project legal documents, and the expected approach to remediation. A sample letter is attached as ***Exhibit C***.
2884(b) OACSIM and OASA(IE&E)	ANNUAL REPORTS TO ACCOMPANY BUDGET MATERIALS. – The Secretary of Defense shall include each year in the materials that the Secretary submits to Congress in support of the budget submitted by the President pursuant to section 1105 of title 31 the following:	The additional reporting requirements will be included in the annual budget submission materials. The PAM handbook and program templates will be amended to reflect the process revisions needed to support the new requirements.	• Annual budget submission materials • PAM Handbook • Quarterly report • Monthly dashboard • PER • Out-Year Development Plan (ODP)	The Army provides a budget submission to OSD on an annual basis.

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Section Reference	Requirement	Compliance Action	Tool	Guidance
2884(b)(1) OASA(IE&E)	A separate report on the expenditures and receipt during the preceding fiscal year covering each of the Funds establish under section 2883 of this title, including a description of the specific construction, acquisition, or improvement projects from which funds were transferred and the privatization projects or contracts to which those funds were transferred. Each report shall also include, for each military department or defense agency, a description of all funds to be transferred to such Funds for the current fiscal year and the next fiscal year.	OASA (IE&E) will provide information based on budgeted amounts for the Department of Defense Family Housing Improvement Fund and the Department of Defense Military Unaccompanied Housing Improvement Fund (the Funds) for the current and next fiscal years.	• Tables FH-6 and FH-13 in annual budget submission • FYxx PRES BUD Stats Update (aka "Craigslist") • OSD Report on Anticipated Transfers	OASA (IE&E) provides updated information to tables FH-6 and FH-13 in the annual budget submission to report transfers in the current fiscal year to date. OASA (IE&E) provides updated information to OSD's report on anticipated transfers from the Funds in the fiscal year for budget submission.
2884(b)(2)(A)) OACSIM and OASA(IE&E)	A report setting forth, by armed force, the following: (A) An estimate of the amounts of basic allowance for housing under section 403 of title 37 that will be paid, during the current fiscal year and the fiscal year for which the budget is submitted, to members of the armed forces living in housing provided under the authorities in this subchapter.	OACSIM and OASA(IE&E) will provide information based on current budgeted amounts for current fiscal year and the fiscal year for which the budget is submitted.	• MAC BAH report • PAMP-RCI MDEP with the forecasted BAH for the budget's fiscal year	OASA (IE&E) will continue to provide, as part of the PAM-RCI MDEP process, a budget estimate of the amount of basic allowance for housing for the fiscal year for which the budget is submitted. OASCIM will provide a revised estimate for the current fiscal year by updating the PAM-RCI MDEP forecast previously submitted for the current fiscal year with actual BAH information in the MAC BAH reports. [Need to determine if G1 already handles this requirement and will continue to do so.]
2884(b)(2)(B) OASA(IE&E)	The number of units of military family housing and military unaccompanied housing upon which the estimate under subparagraph (A) for the current fiscal year and the next fiscal year is based.	OACSIM and OASA(IE&E) will provide information based on current budgeted amounts for current fiscal year and the fiscal year for which the budget is submitted.	• MAC BAH report • PAMP-RCI MDEP with the forecasted BAH for the budget's fiscal year	OASA (IE&E) will continue to provide, as part of the PAM-RCI MDEP process, a budget estimate of the number of units of military family housing and military unaccompanied housing that corresponds to the budgeted amount of basic allowance for housing for the fiscal year for which the budget is submitted. OASCIM will provide a revised estimate for the current fiscal year by updating the PAM-RCI MDEP forecast previously submitted for the current fiscal year with actual BAH information in the MAC BAH reports.
2884(b)(3)(A) OASA(IE&E)	A description of the plans for housing privatization activities to be carried out under this subchapter – (A) during the fiscal year for which the budget is submitted; and	The description of proposed housing privatization activities will be included in the budget submission materials submitted by OASA (IE&E).	• Annual budget submission	The annual budget submission includes a description of the request for funding of proposed housing privatization activities for the fiscal year for which the budget is submitted.

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2884(b)(3)(B) OASA(IE&E)	during the period covered by the then-current future-years defense plan under section 221 of this title.	Housing privatization activities to be carried out during this period covering by the then-current future-years defense plan will be addressed in the Army's Program Objective Memorandum (POM) process completed by OASA (IE&E).	• POM submission	The then-current POM will include projected funding requests for proposed housing privatization activities.
2884(b)(4) OACSIM	A report identifying each family housing unit acquired or constructed under this subchapter that is used, or intended to be used, as quarters for a general officer or flag officer and for which the total operation, maintenance, and repair costs for the unit exceeded $50,000. For each housing unit so identified, the report shall also include the total of such operation, maintenance, and repair costs.	The OACSIM Program Manager will request an annual report on GFOQ expenditures exceeding $50,000 in aggregate for any given unit for the reporting year for maintenance and repair spending not including any construction or renovation spending approved by the Army to be funded from either the construction escrow account or reinvestment reserve account.	• Annual GFOQ Report • Quarterly GFOQ Report	Partners currently provide detailed GFOQ spending history to RCI Asset Managers that document the inclusion or exclusion of a GFOQ in the Quarterly or Annual GFOQ report.
2884(c) OACSIM and OASA(IE&E)	Annual Report on Privatization Projects. -- The Secretary of Defense shall submit to the congressional defense committees a semi-annual report containing on (sic) evaluation of the status of oversight and accountability measure under section 2885 of this title for military housing privatization projects. To the extent each Secretary concerned has the right to attain (sic) the information described in this subsection, each report shall include, at a minimum, the following:	The additional reporting requirements will be included in OSD's 2884 (c) semi-annual report to Congress submitted by OASA (IE&E).	• PER • OSD 2884 (c) semi-annual report to Congress	OACSIM collects and compiles installation PER submissions for CVD review and comment. CVD submits 2884 (c) and PER report information to OSD on a semi-annual basis.
2884(c)(1) OACSIM	An assessment of the backlog of maintenance and repair at each military housing privatization project where a significant backlog exists, including an estimation of the cost of eliminating the maintenance and repair backlog.	The OACSIM Program Manager will request an estimate from the Property Manager of (a) the number of work orders that are in the current maintenance and repair backlog; (b) the cost of eliminating these work orders from the current backlog; and (c) a description of why the work orders are in the current backlog. The OACSIM will compile the backlog information from all projects into a report for inclusion into the semi-annual 2884 (c) and annual PER.	• PER Report Appendix -- PEP Maintenance Backlog Report (New–OACSIM) • Monthly dashboard (New Fields-Partner)	The work order backlog information that is collected in the revised project monthly dashboard template will be averaged for the PER period and compiled by OACSIM into the new PER Maintenance Backlog Report. The PER report will include a new appendix that provides the PER Maintenance Backlog Report from the current reporting period.

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Section Reference	Requirement	Compliance Action	Tool	Guidance
2884(c)(2) OACSIM and OASA(IE&E)	If the debt associated with a privatization project exceeds net operating income or the occupancy rates for the housing units are below 75 percent for more than one year, the plan developed to mitigate the financial risk of the project.	The OACSIM Program Manager will review project performance related to occupancy and debt coverage ratio (DCR) over the trailing 12 months as compared to pro forma to determine if a Modified Scope Plan is required. For projects triggering this metric, the OACSIM Program Manager will prepare a Concept Paper for processing in accordance with the Major Decision process. The semi-annual 2884 (c) report will include a summary of Concept Papers developed in response to persistent DCR or occupancy issues, as well as each Concept Paper's current Major Decision approval status.	• PER Report Appendix – Status of Concept Papers Addressing 12-Month DCR or Occupancy Issues (New–OASA(IE&E)) • Monthly dashboard • Concept paper	Upon review of the project monthly dashboard submissions, the OACSIM Program Manager will develop a Concept Paper for OASA (IE&E) Major Decision review and approval whenever a project's DCR falls below 1.0 for more than one year, or the occupancy rates for the project's housing units are below 75 percent for more than one year. OASA (IE&E) will prepare a new PER report appendix that provides a summary of the corresponding Concept Papers and their Major Decision approval status as of the end of the annual PER reporting period.
2884(c)(3) OACSIM and OASA(IE&E)	An assessment of any significant project variances between the actual and pro forma deposits in the recapitalization account.	During the ODP review and approval process, OASA (IE&E) will require that the ODP and its corresponding pro forma include information on the physical inventory such as current condition of the inventory; the estimated remaining economic lives of the inventory's major component systems; detailed cost estimates in current year dollars to repair/replace the inventory and its major component systems; and a recapitalization plan showing projected detailed capital investments through the end of the project term. OASA(IE&E) will analyze this information to ensure that all approved project ODPs include a viable long-term sustainment plan. When a project's PER submission indicates that actual recapitalization deposits are less than [75%] of the pro forma recapitalization deposits, OACSIM will require the project to provide a justification of the negative variance and an estimate of when the negative variance will be eliminated. This justification will be included in the PER.	• ODP and approved pro forma (New ODP Section – Reinvestment Account Analysis) • PER Report (New Section – Justification of [25%+] Negative Variances to Pro Forma Recapitalization Deposits • Lockbox statement for Reinvestment Accounts	Using the detailed physical inventory condition assessments and cost estimates in the proposed ODP, OASA (IE&E) will perform an analysis of the long-term sustainability of the project, including sensitivity analysis on BAH, occupancy and repair/replacement cost fluctuations. OACSIM will review project PER responses. OACSIM will verity balances in the project Reinvestment Accounts using lockbox statements. When a project's actual recapitalization deposits are less than [75%] of the pro forma recapitalization deposits, OACSIM will require the project to include in the PER Report Section Justification of [25%+] Negative Variances to Pro Forma Recapitalization Deposits [OR, PER Project Summary Report Section 1.d.] a written justification of the negative variance and an estimate of when the negative variance will be eliminated.

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2884(c)(4) OACSIM and OASA(IE&E)	The details of any significant withdrawals from a recapitalization account, including the purpose and rationale of the withdrawal and, if the withdrawal occurs before the normal recapitalization period, the impact of the early withdrawal on the financial health of the project.	Projects are required to prepare and submit a Concept Paper for processing in accordance with the Major Decision process whenever the project proposes an unplanned or unbudgeted withdrawal from its recapitalization accounts. The Concept Paper must include the purpose and rationale of the withdrawal and the impact of the early withdrawal on the project's financial health, if applicable. Concept Papers requesting significant or early withdrawals from the recapitalization accounts that are approved by OASA (IE&E) during the current PER reporting period will be included in the PER report. For those projects that made significant withdrawals from a recapitalization account in accordance with approved plans and budgets, OASA(IE&E) will provide a statement in the PER report describing the purpose and rationale of the withdrawal.	• PER Report (New Section – Justification of Significant Withdrawals From Recapitalization Accounts) • Concept paper	Projects will submit a Concept Paper to OACSIM for processing in accordance with the Major Decision process whenever the project proposes an unplanned or unbudgeted withdrawal from the project's Reinvestment Account and include the purpose and rationale of the withdrawal and the impact of the early withdrawal on the project's financial health, if applicable. OASA (IE&E) will prepare a new PER report section that provides a summary description of each project that was scheduled to make significant withdrawals from its Reinvestment Account during the current PER reporting period, whether approved through the ODP or Major Decision approval processes.
2884(c)(5) OACSIM and OASA(IE&E)	An assessment of the extent to which the information required to comply with paragraphs (1) through (4) has been requested by the Secretaries, but has not been made available.	To the greatest extent practicable, OACSIM and OASA(IE&E) will attempt to comply with the additional reporting requirements in 2884(c) paragraphs (1) through (4). The information collected will be included in OSD's annual PER report to Congress submitted by OASA(IE&E). Where OACSIM and OASA(IEE&E) are unable to collect the information from the RCI Partners and other available sources, it will be noted in the corresponding PER sections and appendices.	• PER Report – Assessment of missing information will be noted in applicable sections and appendices	Missing or unavailable information will be noted in the corresponding PER report sections and appendices.
2884(c)(6) OACSIM and OASA(IE&E)	An assessment of cost assessed to members of the armed forces for utilities compared to utility rates in the local area.	Each project's Property Manager will provide information to the quarterly report that details an estimate of the average annual rate per occupied unit for each utility. Each project's RCI Asset Manager will provide information to the quarterly report that details an estimate the corresponding annual utility rates charged for a comparably-sized unit in the local community.	• Quarterly report (New Congressional Reporting Tab-Partner and RCI Asset Manager) • PER Report Appendix -- Quarterly Utility Cost Report (New–OACSIM)	The quarterly report template will be amended to include a new Congressional Reporting tab that shows (a) the average annual rate per occupied unit for each utility (information to be provided by the RCI Partners); and (b) the corresponding annual utility rates charged for a comparably-sized unit in the local community (information to be provided by the RCI Asset Managers). OACSIM will review and validate local/regional utility costs and compile a new Quarterly Utility Cost Report to be provided to OASA (IE&E) as an appendix to the PER.

RCI Asset Manager Monthly Compliance Report

The RCI Asset Manager must complete and sign a monthly compliance checklist pursuant to the 10 U.S.C. Sections 2884 and 2885 oversight compliance requirements. This report is sent to the ACSIM Program Manager with the monthly dashboard submission; normally the 15th of each month.

A template of this report is provided on the following page.

Assistant Chief of Staff for Installation Management
Privatization and Partnerships Division

RCI Asset Manager Monthly Compliance Report

Installation:	**Reporting Month:**
ACSIM Program Manager:	**RCI Asset Manager:**

Action	Date Completed	Result / Documentation
Conduct Drive-by of all Neighborhoods		
Meet with Construction Manager and Third Party Construction Consultant		
Review Construction Draw and Provide Copy to ACSIM		
Review all Proposed Change Orders and Provide Copies to ACSIM		
Review Copies of All Reports Required by Construction Contract and Provide Copies to ACSIM		
Review Copies of All Reports Required by Development Agreement and Provide Copies to ACSIM		
Review Development Agreement Compliance Checklist		
Review Construction/Renovation Agreement Compliance Checklist		
Review Renovation Agreement Compliance Checklist		

Reviews and inspections completed as noted above:

Signature: RCI Asset Manager **Date**

RCI Quality Assurance for RCI Asset Management Teams

While the Program Compliance Process ensures adherence to the legal transaction documents, Davis-Bacon Act, and Congressional requirements, RCI Asset Management Teams must also utilize a system to assure meeting acceptable quality standards and complying with RCI Construction Standards, contract specifications, and applicable State/Local building codes and Installation Design Guides. RCI Quality Assurance is the system by which the Army ensures that the specified end product is realized. Army responsibilities are focused on ensuring that Soldiers and Families are provided high quality family housing facilities as defined in the Community Development and Management Plan (CDMP) and the Guaranteed Scope of Work, and that environmental stewardship and safety is incorporated into each phase of execution. Each project involves several key service providers to perform roles crucial to the development and operations of the project. The RCI Quality Assurance system has the goal of ensuring that each service provider performs their scope of work as contracted and that they maintain a level of quality acceptable to the Army. Work of the service providers may relate to the following areas:

- Design of homes, renovations, amenities and infrastructure
- Pre-construction planning and preparation
- Construction, renovation, and improvement of project assets
- Property management, operations and maintenance services

Design of Homes, Renovations, Amenities and Infrastructure

With respect to design of project elements, it is important for projects to ensure that the final agreed design is that which was conceptually agreed upon in the CDMP. Additionally, it is important to monitor the construction activities, to ensure that the delivered product adheres to contract specifications, and meets acceptable quality standards. With respect to the design program, the RCI Asset management team should perform the following activities:

- Review and sign-off on all design components of the project
- Review and sign-off on all construction specifications
- Review and sign-off on all proposed changes to quality standards, applicable building codes, building code waivers, inspection and acceptance procedures, and design and construction specifications.

Pre-construction Planning

The RCI Asset Management Team should be engaged to the maximum extent possible on the scope development discussions, and attend any pre-construction meetings to ensure quality and installation requirements are built into the scope from the initial planning and development decision process. Several factors must be considered prior to commencing construction that the RCI Asset Management Team may help review and coordinate:

- Construction Traffic
- Location and security of a lay-down yard(s)

- Construction action plans for occupied neighborhoods
- Protection or temporary construction of safe walking paths to nearby schools
- Construction trash control
- Construction site security and safety

Construction Activities

RCI Quality Assurance activities are also critical during the construction phase of the project. The construction contractor should design a quality control plan acceptable to the project team, including Army, which includes focus areas such as protection of materials, testing, and quality and code compliance inspections. Contractor should also ensure construction meets RCI Construction Standards and other CDMP construction requirements. However, the RCI Asset Management Team has certain quality assurance responsibilities during the construction phase:

- Review and sign-off on all as-builts after rehabilitation, revitalization or construction
- Perform monthly reviews of acceptance
- Substantiate the certificates of occupancy for all work performed by the contractor
- Review and sample completed construction to ensure compliance with acceptable finish quality standards, RCI construction standards and CDMP requirements
- Additionally, during the construction phase the installation should monitor environmental compliance. Environmental issues that may warrant attention include:
    - Lead Based Paint Abatement
    - Asbestos Abatement
    - Mold
    - Pesticides in soil or air
    - Lead in soil

Property Management, Operations, and Maintenance Services

High quality property management, operations, and maintenance services are especially important to ensure the long-term success of the project. Resident satisfaction, thus occupancy, is directly influenced by the level of quality service provided to the residents. Additionally, as the housing units age it is important that the Property Manager proactively maintain the housing to ensure a high quality residence and community for the families. Following are areas where the RCI Asset Management Team should periodically assess the performance of the Property Manager with appropriate quality assurance processes:

- Management of assignments, terminations and waiting list
- Preventive maintenance planning and execution
- Vacant Quarters Maintenance Timeliness
- Vacant Quarters Maintenance Quality
- Maintenance and Repair Service Order Timeliness

- Maintenance and Repair Service Order Quality
- Operations and Maintenance Safety
- Customer Satisfaction through Resident Surveys
- Utilities Stewardship
- Environmental Stewardship

PAL Lease Compliance

Overview

The PAL Lessee's legal relationship with the Army is different than the RCI program's "Partnership" structure. The roles and responsibilities of the Army are detailed in the PAL Lease instead of through an Operating Agreement and other Business Agreements. Due to this different legal structure, many of the Army's compliance and oversight functions, e.g. budget approval, development progress, reporting, Major Decisions, etc., are governed by the Lease. For specific questions on Lessee responsibilities the Lease is the authoritative document to be referenced.

The PPD PAL PM is responsible for asset management oversight and coordination of Lease Compliance requirements. CVD and USACE Norfolk will be consulted if a lease non-compliance issue arises in determining the action the Army will take as a result of the non-compliant issue.

USACE Norfolk, Real Estate, provides specific PAL Lease administrative guidance concerning the Lessee and Installation's oversight responsibilities. A separate PAL Lease compliance and inspection process is performed by USACE to ensure that the PAL Lease requirements are satisfied by both the Army and Lessee. This includes a PAL Lease Compliance Inspection and completion of an installation checklist performed separately from the Project Compliance and Partnering Visit. The PAL Compliance Checklist is sent out annually to each Installation's PAL POC for completion by appropriate DPW Staff. USACE Norfolk reports the results from the PAL Lease compliance program to the PAL PM to ensure review/oversight of the required compliance under the Lease.

Compliance Visit Preparation

Due to their duration and nature, USACE Norfolk District's PAL Lease Compliance Inspection visits will generally have shorter advance notice provided to the Lessee, Hotel Operator and PAL POC and will be performed at different times than the PAL Project Partnering Visits. While at the Installation, the USACE Realty Specialist will: inspect the parcels of land, assess the condition of hotel buildings, and will endeavor to meet with the PAL POC and applicable DPW Staff to receive Installation input concerning the condition of hotel facilities and associated land.

Lease Compliance Checklist

The PPD PAL PM is responsible for reviewing the finalized Lease Compliance Checklist provided by USACE.

RCI Accounting and Financial Reporting

Overview

The RCI partners' accounting and financial reporting is an important tool that provides RCI Asset Managers and PPD Program Managers with key project-specific financial information. By reviewing the ongoing financial information provided by the partners, the RCI Asset Manager, PPD PM and other stakeholders can gain a better understanding of the financial health of specific projects and the portfolio as a whole.

Accounting and financial reporting provides the RCI Asset Manager and PPD PM with key indicators of the project's financial health and highlights areas of the project that may need additional attention. For example, significant variances in net operating income from pro forma projections may indicate that the RCI Asset Manager should review project funding to ensure the ability to fund ongoing implementation of project construction as planned. In many cases additional analysis will be necessary to understand and address issues identified through review of the partner's accounting and financial reporting.

Key Points of Accounting and Financial Reporting
▪ The review of accounting and financial reports facilitates the PPD PM's understanding of the financial health of specific projects and the portfolio as a whole. ▪ Through frequent analysis of financial reports, the PPD PM can work with the RCI Asset Manager to proactively identify and address trends which, if not acted upon, may become detrimental to the health of the Project. ▪ Reports provide information to understand how actual results compare with pro forma projections and create an opportunity for performance benchmarking across the portfolio and against industry standards. ▪ Periodic reporting enables the PPD PM to ensure that the interests of all stakeholders remain aligned.

Accounting and Financial Reporting Components

Accounting and Financial Reporting includes the following key components, each of which are described in greater detail in this section:

Annual Budget
- Annual Project Plan and Budget
- Annual Project Plan and Budget – Portfolio Review Report

Annual OSD Program Evaluation Report (PER)

10 U.S.C. 2884(c) Semi-Annual Report on Privatized Housing to Congress

Quarterly Report
- Quarterly Project Report
- Quarterly Portfolio Report

Monthly Project Dashboard

To gain an understanding of project variances, trends, and issues, the reporting process is supported by two activities that take place at the portfolio level:
- Project and Portfolio Analysis
- Project Reviews

Accounting and Financial Reporting Components and Timing*

Annual Project Plan and Budget

Annual Program Evaluation Report (PER): Current and Long-Term Data

10 U.S.C. 2884(c) Semi-Annual Report to Congress

Quarterly Report	Quarterly Report	Quarterly Report	Quarterly Report

Monthly Project Dashboard Reports

JANUARY		**Quarterly Report – 31st**	**Monthly Dashboard – 15th**
FEBRUARY			**Monthly Dashboard – 15th**
MARCH			**Monthly Dashboard – 15th**
APRIL	**2884(c) Report – 15th**	**Quarterly Report – 30th**	**Monthly Dashboard – 15th**
MAY			**Monthly Dashboard – 15th**
JUNE			**Monthly Dashboard – 15th**
JULY		**Quarterly Report – 31st**	**Monthly Dashboard – 15th**
AUGUST			**Monthly Dashboard – 15th**
SEPTEMBER			**Monthly Dashboard – 15th**
OCTOBER	**2884(c) Report – 15th** **PER – 31st**	**Quarterly Report – 31st**	**Monthly Dashboard – 15th**
NOVEMBER			**Monthly Dashboard – 15th**
DECEMBER			**Monthly Dashboard – 15th**
AS REQUIRED	**Annual Project Plan and Budget**		

*For submission dates which fall on a non-business day, reporting requirements are due on the following business day.

Annual Project Plan and Budget

The partner is required to produce an Annual Project Plan and Budget in accordance with the Project's legal documents. The annual budgets are typically provided to RCI Asset Managers within 60 days prior to the start of the project's upcoming fiscal year. This document outlines project performance goals for the budget year and serves as the basis for the Budget Review. As a reminder, changes to pro forma or incentive fees will not be approved through the annual budget process, but require approval through the MD process. The Project Plan and Budget is meant to set the course for the project for the budget year and should include—at a minimum—the following information:

Executive Summary
- Accomplishments
- Challenges
- Objectives
- Lessons Learned

Asset Management Plan
- Plan for convening Major Decisions Committee
- Major decisions or legal document modifications anticipated during budget year
- Market Assessment Report identifying housing and leasing trends in surrounding communities impacting the project
- Significant milestones during the budget year

Development Plan
- Updated delivery schedule versus pro forma
- Reforecast of total development costs (use Construction Cost Worksheet)
- Three-year rolling Capital Repair and Replacement (CRR) Reserve project plan with the first year detailed by proposed project (IDP and ODP)
- Three-year rolling Reinvestment Reserve project plan with the first year detailed by proposed reinvestment project (ODP only)

Property Operations and Maintenance Report
- Staffing Summary for property operations and maintenance
- Plans and milestones for resident surveys
- Community life events and activities

Financial Plan
- Detailed operating and development budget for the coming year
- Comparison of proposed budget versus previous year's budget versus actual annualized spending versus pro forma
- Revised project pro forma to reflect current information

Incentive Performance Management Plan

- Proposed changes to the Incentive Performance Management Plan (IPMP) from previous year (approval of the budget plan does not include approval of changes to IPMP metrics which must be completed through the MD process)

Note that during the IDP Close-out Process, the 6-month period prior to the anticipated end of the IDP, the Partner must submit an Out-Year Development Plan for the approval of the Army through a Higher Authority Major Decision. This is detailed under the IDP Close-out

Process in Section 6 of this handbook. If there is overlap of submittal of the Annual Project Plan and Budget with the 6-month IDP Close-out Period, it is advisable that the RCI Asset Manager coordinate submittal requirements with the partner and the PPD PM in advance.

Annual Project Plan and Budget - Portfolio Review

On an annual basis, the Managing Member will submit a Major Decision Request with the Annual Project Plan and Budget signed by both Garrison Commander and the Managing Member to the PPD PM. PPD will then complete the annual budget review, in coordination with the Army RCI Asset Management team on the ground. The Annual Budget Review Report provides the Army with the opportunity to evaluate each Project's budget and provide objective feedback to the project team. Through an analysis of the project the PPD PM will review the budget with respect to the following metrics as a minimum:

- Comparison of project budget to industry benchmarks/projects in the RCI portfolio
- Comparison of project budget with previous year's annualized operating results
- Comparison of project budget to project pro forma
- Comparison of project budget to previous year's project budget
- Comparison of the project budget with other budgets of the particular partner in the portfolio

The goal of the budget review is to gain a better understanding of the project finances and to resolve any areas of concern. An analysis of the project budget allows the Army to identify the underlying income and expense drivers in great detail. As such, the PPD PM will produce a list of questions and work with the RCI Asset Manager to clarify issues raised in reviewing the annual budget. The PPD PM will produce a corresponding report of issues raised and their resolutions. Additionally, the PPD PM will confer with the partner to understand their corporate review process for internal approval of project budgets. Based on these discussions, the PPD PM will also develop a recommendation of whether to approve the budget. As PAM is meant to be a collaborative process, with the PPD PM acting as a resource to the project, the ultimate goal of the budget review is to facilitate a dialog to resolve all issues in order to approve the budget. To ensure a streamlined process and efficient communication, the PPD PM will coordinate with all parties at the HQDA level that have an interest in reviewing the budget. In order to ensure this budget review does not delay the budget approval process, all comments from the PPD PM will be submitted in a timely manner. The PPD PM will provide comments to the Project Team and RCI Asset Manager for incorporation into the final budget as necessary. For projects using the calendar year for annual budgets, a final annual budget should be provided to the PPD PM with actual BAH rates for the coming year.

Annual OSD Program Evaluation Report

The Program Evaluation Report (PER) is an internal OSD report that enables OSD to monitor the Services' housing privatization programs. PER reporting activities occur on an annual basis, coinciding with the government fiscal year cycle (October 1 to September 30). Production of the PER is a requirement at both the RCI portfolio and project level. Each RCI project's PER submission consists of (a) a PER Current Data Sheet and (b) a PER Long-Term Data Sheet. For each project, the RCI Asset Manager is responsible for updating (a)

the PER Current Data Sheet and (b) the "Performance Outlook and Business Strategy" section of the PER Long-Term Data Sheet before submitting them to the PPD PM. The PPD PM will complete the remaining portions of the PER Long-Term Data Sheet for each project: Capital Sources, Annual Operating Summary, Cumulative Next 5-Year Capital Plan and Cumulative Post-IDP 20-Year Recapitalization Plan.

It is essential that each RCI Asset Manager follow the specific instructions for the OSD PER. OSD intends to publish specific instructions for each component of the PER including detailed line item instructions. When completed, this information will be posted on the OSD MHPI website which can be found here: http://www.acq.osd.mil/housing/evalplan.htm. The OSD website should be consulted when assistance is needed, as it will contain the latest version of PER templates and instructions.

In compiling the annual project PER Reports, RCI Asset Managers should pay particular attention to ensuring that any information being reported is consistent with data reported in other reports such as the Quarterly PAM Report or Monthly Dashboard.

Upon submittal to PPD, the PPD PM will review the project-level Current Data Sheet and Long-Term Data Sheet to verify consistency, and update the remaining portions of the Long-Term Data Sheet. PPD will consolidate PER information for all projects into a comprehensive PER portfolio report for submittal to OSD.

The PER Current Data Sheet has specific instructions for each line item. However, the Performance Outlook and Business Strategy section of the PER Long-Term Data Sheet is less restrictive. In this section, the RCI Asset Manager shall provide concise summaries of Operating Performance, Capital Performance and Other Actions (accomplishments, challenges, or major events). For any particular performance metric in the Performance Outlook and Business Strategy section, there should be a statement of the current period's performance, whether performance has increased/decreased since the previous period, and performance versus budget/pro forma. The summaries should provide what is currently being done to resolve any challenges or concerns and also identify how the project has been able to achieve successes or favorable trends. Examples of such issues that should be included in the summaries are explanations of unfavorable financial and occupancy variances and trends. Also, if the project is behind in the construction and development schedule totals-to-date, the summaries should also indicate the reason(s) why and present their approach to get back on schedule.

A key factor to keep in mind when populating and completing these templates is that this information eventually goes to OSD and potentially to Congress. Therefore, the information provided should be a relevant, concise summary of project performance. Following the PER instructions on the OSD website and additional guidelines noted in the templates at the end of this section will ensure adequate and correct information is sent to OSD.

10 U.S.C. 2884(c) Semi-Annual Report to Congress

The 10 U.S.C. 2884(c) Semi-Annual Report on Privatized Housing is a statutory reporting requirement that is due semi-annually to Congress, enabling them to monitor certain performance metrics in the Services' housing privatization programs. The National Defense Authorization Act of Fiscal Year 2013 requires the Secretary of Defense to submit to the

Congressional Defense Committees a semi-annual report containing an evaluation of the status of oversight and accountability measures for military housing privatization projects.

This semi-annual report will be submitted to Congress as of March 31st and September 30th of each calendar year. To facilitate completing this report, the Services are asked to provide OSD the following information within two weeks after the March and September cut-off dates:

1. For those projects that have a 20 percent or greater backlog of the number of maintenance and repair items as of the end of the reporting period, provide the name of the Project and give an estimate of the cost to eliminate their outstanding maintenance and repair backlog. For the purpose of this report, a backlog of maintenance and repair items is defined as the number of items which have not been responded to or completed within a Project's specific maintenance time standards.
2. For all projects which have completed their initial development periods (IDPs), provide a list of those projects that have an average monthly debt service coverage ratio (DCR), for either the senior loan or the combined first and second mortgages, that has been less than 1.0 for more than one year or has had an average monthly occupancy of below 75 percent for more than one year. For each of those projects listed, provide the relevant DCR and occupancy at the end of the current reporting period and describe the plan developed to mitigate the financial risk of the Project.
3. The amount of anticipated deposits in the recapitalization account is quantified in the Project's latest agreed to pro forma. For those projects that have completed their IDPs, list the projects that have a negative variance in their current reporting period's deposits of greater than 25 percent from its pro forma. For those projects listed, provide the percentage variance from pro forma and a detailed explanation for the cause of the negative variance (to specifically include any unique variances associated with litigation costs).
4. List all projects where a withdrawal of 20 percent or greater of the current recapitalization account balance was made for a single purpose (e.g. whole house renovations, deficit deduction units, etc.) this reporting period. Provide the details of any such withdrawal, including the purpose and rationale of the withdrawal and, if the withdrawal occurs before the planned recapitalization period, the impact of the early withdrawal on the financial health of the Project.
5. If the information requested of the Service Secretaries in items (1) through (4) cannot or will not be provided in the requested timeframe, please explain the reasons why.
6. Describe in one or two paragraphs how tenants, once the privatized units are individually metered, are assessed their individual unit utility usage and cost. Also include how any utility reimbursement or additional costs that accrue to the individual tenant are handled.

To develop the Army's responses to the 2884(c) questions, PPD will compile information from other RCI report documents (Monthly Project Dashboards, PER project submissions,

and Major Decision documentation). No explicit 2884(c) report submission will be required by the RCI Asset Managers at each project.

Monthly Project Dashboard

The Monthly Project Dashboard is a tool designed to collect a limited number of key project metrics on a monthly basis. Given that the program must respond to numerous data inquiries both within and external to the Department of the Army, this information ensures the PPD PM will be able to rapidly respond to the majority of such inquiries. Additionally, the Monthly Project Dashboard provides the RCI Asset Manager a means to update Garrison leadership and the PPD PM on the progress of their project and monitor issues of concern.

The information that is required for the monthly dashboard consists of financial, development, and operations data. The project-level report provides input used in the consolidated dashboard rollup and the portfolio-level report. The following metrics are required from the projects on a monthly basis:

Finance

- Net Rental Income
- Total Income
- Operating Expenses
- Utilities
- Incentive Fees
- Capital Repair and Replacement
- Partner-Specific Additional Expenses
- Debt Service Payment
- Debt Coverage Ratio
- First DCR Trigger Level
- Reinvestment Account Balance

Development / Construction

- New Homes Completed – IDP
- New Homes Completed to Date – IDP
- Minor Renovations Completed – IDP
- Minor Renovations Completed to Date – IDP
- Medium/Major Renovations Completed – IDP
- Medium/Major Renovations Completed to Date – IDP
- Existing Homes Demolished or Lost to Combination – IDP
- Existing Homes Demolished or Lost to Combination to Date – IDP
- New Homes Completed – ODP
- New Homes Completed to Date – ODP
- Minor Renovations Completed – ODP
- Minor Renovations Completed to Date – ODP
- Medium Renovations Completed – ODP
- Medium Renovations Completed to Date – ODP

- Major Renovations Completed – ODP
- Major Renovations Completed to Date – ODP
- Existing Homes Demolished or Lost to Combination – ODP
- Existing Homes Demolished or Lost to Combination to Date – ODP

Operations / Maintenance

- Approved End-State Inventory
- Total Homes
- Homes Off-Line
- Total Homes Available for Occupancy
- Homes Occupied
- Total Number of Homes in Residential Energy Conservation Program – Mock
- Total Number of Homes in Residential Energy Conservation Program – Actual
- Move-Ins
- Move-Outs
- Service/Work Orders Received
- Service/Work Orders Completed
- Home Turnovers Completed
- Waitlist

Milestones / Meetings / Major Decisions

Include any Project milestones, meetings or impending major decisions including dates and descriptions.

General Issues (including any complaints, lawsuits, disputes, major personnel changes, DA assistance needed)

Include descriptions of any general issues that include any complaints, lawsuits, disputes, major personnel changes, DA assistance needed.

10 U.S.C. Section 2885 Requirements (Answer each question)

- Has there been a Contract Adjustment, Operational Impact or construction Change Order which impacted the phasing schedule or has monetary or scope implications?
- Does the Project have construction and renovation phases that will be initiated in the next month, requiring Payment and Performance Bonds or evidence of some suitable instrument?
- Did the Project secure any new Warranty Bonds for completed work?
- Were there any changes to ownership structure of private sector parties?
- How many work orders are in the Project's current maintenance and repair backlog?
- What is the estimated cost to eliminate the work orders in the current backlog?
- Why are these work order backlogged?

Quarterly Project Report

While the Project Plan and Budget Review process establishes a performance baseline on an annual basis, quarterly project reporting provides the means to oversee project performance on a more frequent basis. The project-level report is designed to provide a detailed review and analysis of the performance of a specific project. This process encourages dialog between the partner, Asset Manager, and the PPD PM. Working together, the goal of these parties is to identify and mitigate issues or trends that may impact the project.

From a process standpoint, the RCI partner produces an initial draft of the Project Report on a quarterly basis. This report is provided to the RCI Asset Manager for review/comment and then forwarded to the PPD PM when finalized. The analysis in the report focuses on comparing performance to the following benchmarks: budget and pro forma (variances), previous periods (trends), and, where applicable, portfolio and industry standards. The report details both challenges for the project and solutions to project issues. The project-level report provides input used in the portfolio-level report.

The operations and maintenance section focuses on both financial and non-financial performance of the project and details when units are ready for occupancy. This section will be included in every report once any unit is online, whether newly constructed or conveyed as an existing asset.

Information included in the finance section of the report provides background into the project's financial structure, debt load, and equity commitment from the partner.

The Quarterly Project Report contains the following sections, explained further in the sections that follow:

- Project Information
- Project Overview
- Project Occupancy
- Primary Statement of Operations
- Additional Statement of Operations
- Construction & Renovation Cost Summary – IDP
- Development & Soft Cost Summary – IDP
- Construction & Renovation Cost Summary – ODP
- Development & Soft Cost Summary – ODP
- Lockbox Waterfall
- Lockbox Balances
- Equity Return and Cash Flow Split Calculations
- Small and Local Business
- Other Project Information
- Sources and Uses
- GFOQ Reporting
- Congressional Reporting

- Cumulative CO Log – IDP
- Cumulative CO Log – ODP
- Quarterly Report Glossary

Project Information

The Project Information worksheet collects information about the RCI project in the following categories: General Project, Project Contact, Project Scope, Equity, and Lockbox Account information. While a lot of this information is static and may not change frequently, the project team should review it on a quarterly basis to ensure the data remains accurate (e.g. update the change of a team member, phone number, or E-mail address).

Project Overview

The Project Overview worksheet is intended to provide a summary of the project, including any major events during the quarter. The worksheet should include narrative (bullet points) and summary quantitative information regarding the current operating performance of the project and the progress made to date in achieving Project objectives. The Project Overview presents the project's key accomplishments, challenges, lessons learned and additional discussion across all areas of the project including development/construction, finance/budget, and property management/ operations. The property management/operations section should include discussion regarding resident satisfaction, and the development/construction should include discussion of budget and schedule. Moreover, a summary of any decisions reached by the Major Decisions Committee, any unresolved compliance issues from previous quarters, and any significant changes to the partnership organization, project staffing, or partnership administration should also be included in this section.

The report should also detail any actions taken or to be taken by the Partner, Developer, Property Manager, Asset Manager, D/B Contractor/Construction Manager and/or government to address any particular issue.

Project Occupancy

The Project Occupancy section collects tenant-related information such as occupancy by rank and housing size and also details numbers of other residents living in housing (single military, retirees, DOD/Federal civilians, civilians, and foreign military). This information, in conjunction with the statement of operations, provides significant insight into the demand for housing and the ongoing health of the Project.

Occupancy is reviewed by rank, by unit type, and for the overall Project. Occupancy trends are reviewed over time and against pro forma. The purpose of reviewing occupancy by rank is to understand the type of demand across the installation. If occupancy is below expectations in a particular rank or band of ranks, the PPD PM can begin to question why and ultimately recommend ways to make the Project more desirable to targeted ranks or change of unit designation to other ranks. Either of these approaches is aimed at improving occupancy and thereby the health of the project. Reviewing occupancy by unit type also promotes an understanding of the demand for differing types and styles of homes.

Primary Statement of Operations

The Primary Statement of Operations collects key financial performance information relating to ongoing project operations. This includes revenue and expense data across several major categories and subcategories for the project's actual operating expenses for the quarter. The focus of the statement of operations is to gain an understanding of performance versus budget expectations and to identify variances and trends occurring at the project. This information is analyzed in conjunction with Project Occupancy and Operations data to gain a deeper understanding of cost drivers on the project.

For this section, Partners should insert the statement of operations in Microsoft Excel format provided by the Project's financial reporting software (i.e. Yardi).

Additional Statement of Operations

This worksheet collects the key financial performance information relating to ongoing, partner-specific additional expenses funded by project cash flow that are not captured on the Primary Statement of Operations worksheet. The intention of this section is to provide clarity and detail regarding all partner-specific expenses related to the project.

The partners should insert any additional statement of operations in Microsoft Excel format provided by the project's financial reporting software (i.e. Yardi). There will be additional guidance provided by the PPD PM on a partner-specific basis on what should be reported in this area.

Construction & Renovation Cost Summary - IDP

This worksheet provides a breakdown of new construction and renovation costs for the approved Initial Development Period Scope. The detail in these worksheets allows the Asset Manager to review construction and renovation costs and ensure the project will have the funding to meet IDP scope.

The partner should insert the draw(s) as of the end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, the partner should insert both applicable draws into this section. The information on the draw(s) should be in Microsoft Excel format and include, at a minimum, the draw cover sheet (i.e. AIA G702 cover sheet), the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete.

Development and Soft Cost Summary - IDP

This worksheet provides detailed information on development and soft costs for the approved Initial Development Period scope for work that is not managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a Project. The line items reported should be customized by the project team and organized in line item categorizations that are in line with the latest closing (operational and/or financial) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma. The

reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws.

Construction & Renovation Cost Summary - ODP

This worksheet provides a breakdown of new construction and renovation costs for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period. The detail in these worksheets allows the Asset Manager to review construction and renovation costs and ensure the Project will have the funding to meet ODP scope.

The partner should insert the draw(s) as of the end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, the partner should insert both applicable draws into this section. The information on the draw(s) should be in Microsoft Excel format and include, at a minimum, the draw cover sheet (i.e. AIA G702 cover sheet), the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete.

Please note that the reported values should not cover the full remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple draws to cover each approved 5-year development period within the Out-Year Development Period should be provided.

Development and Soft Cost Summary - ODP

This worksheet provides detailed information on development and soft costs for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period for work that is not managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a project. The line items reported should be customized by the Project team and organized in line item categorizations that are in line with the latest closing (operational and/or financial) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma. The reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple copies of this sheet to cover each approved 5-year development period within the Out-Year Development Period should be provided.

Additionally, this worksheet captures non-development costs that the Army has approved to be financed from the Reinvestment Account for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period. The work captured in this section is managed by the Property Manager and/or Asset Manager but paid for using Reinvestment Account funds. The line items reported should be customized by the project team and, whenever possible, organized in line item categorizations that are in line with the Out-Year Development Plan (ODP) final pro forma or the latest final approved MSP pro forma.

Lockbox Waterfall

The purpose of this worksheet is to outline the monthly flow of project funds through the holistic waterfall that is governed by the Servicing and Lockbox Agreement/Trustee Indenture and Operating/Partnership Agreement and Sublease as applicable. This worksheet also depicts the monthly transaction history of the project's Reinvestment Account during the Out-Year Development Period. This should provide an understanding of the Project's waterfall and any particular issues of note that should be addressed on a quarterly basis. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter.

Superior to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/Lockbox Agent/Trustee. Subordinate to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture, Operating/Partnership Agreement and Sublease, as applicable, that are in effect during the Initial Development Period and then during the Out-Year Development Period. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/ Lockbox Agent/Trustee, as applicable, and tracked by the Project Company entities for those movements and disbursements that are governed by the Operating/Partnership Agreement and Sublease, as be included on waterfall activities for the reported quarter.

Lockbox Balances

The Servicing and Lockbox Agreement or Trust Indenture associated with each project establishes rules for collection and disbursement of Project funds and for maintenance of reserve accounts. This information is reviewed on a quarterly basis to ensure that project lockbox accounts are being funded properly and that minimum balances are being maintained per lender and legal requirements. The accounts reported should be customized by the project team to reflect the specific project accounts, and associated account activity, reported by the Servicer/Lockbox Agent/Trustee. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. (Refer to Appendix H for more information on Lockbox Reviews).

Equity Return and Cash Flow Split Calculations

The purpose of this worksheet is to provide detailed information pertaining to the calculation of equity return payments and cash flow split payments to the partner during the Out-Year Development Period. This worksheet will allow the Asset Manager to identify any variations of the actual calculations from the legal documents.

The Project should insert the running calculation over the project's fiscal year computed in accordance with the project's legal documents for how the cash flow eligible to be used to pay equity returns and cash flow splits is determined and the amounts of equity return payments and cash flow split payments to the partner. The partner should insert in Microsoft Excel format.

Small and Local Business

The Army places great focus on ensuring that small and local businesses are afforded opportunities to participate in RCI projects. This worksheet in the report collects small business participation for the history of the project as well as for the quarter. The Army focuses on the type of small business contracts that each project has hired. The five groups include: veteran-owned (including service disabled), service disabled veteran-owned, HUB zone, disadvantaged business, and women-owned.

Other Project Information

The Other Project Information worksheet collects information relating to the aging of accounts receivable, incentive performance management fees awarded, project staffing, and Army staffing. The goal of this sheet, as it pertains to accounts receivable, is to gain insight regarding the scope of past due funds and the project's success in collections. The incentive fee award information enables the projects and portfolio to ensure insure incentive awards are in alignment with project financial, development, and operations/satisfaction information reported. The Project Staffing and Army Staffing sections provide insight onto the FTE project-level positions that are filled versus vacant positions. Moreover, the Army Staffing position also includes detail regarding the average time spent on RCI versus PAL work.

Sources and Uses

This worksheet provides a periodic measurement of the project's ability to complete the agreed upon scope of work. Additionally, this worksheet summarizes the changes to Project Sources and Uses related to the IDP and ODP. It will allow the Asset Manager to identify funding shortfalls in a timely manner so that corrective action can be taken at the earliest opportunity. This worksheet will also allow the Asset Manager to identify surplus funds that could be utilized to enhance scope and improve quality of life for Soldiers and their Families.

For the ODP, the partner should report the Sources and Uses for the latest approved, currently in-progress 5-year development scope. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the currently approved 5-year period. Additional Sources and Uses tables that cover each approved 5-year period within the Out-Year Development Period should be included on this worksheet. Current projection values should be updated each quarter. The Project may provide this information in another format, such as the original or current pro forma's Sources and Uses worksheet. However, the project should provide such alternative information formats in Microsoft Excel.

GFOQ Reporting

In accordance with 10 U.S.C. Section 2885 legislation reporting requirements, projects must provide a detailed report of the operation, maintenance, and repair costs on a quarterly basis as it relates to Privatized General and Flag Officers' Quarters.

Congressional Reporting

This worksheet includes information required to be periodically collected from the Projects under 10 U.S.C. Sections 2884 and 2885, including quarterly utility cost reporting and an

assessment of cost assessed to members of the armed forces for utilities compared to utility rates in the local area.

Cumulative Change Order Log – IDP

This worksheet summarizes approved Change Orders executed during the Initial Development Period and is intended to catalog all change orders for the Asset Manager's review.

The partner should insert the cumulative log of Change Orders approved in accordance with the project's legal documents since contract inception for work performed during the IDP. If multiple contracts were executed during the IDP (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract.

Cumulative Change Order Log - ODP

This worksheet summarizes approved Change Orders executed during the latest approved, currently in-progress 5-year development period within the Out-Year Development Period and is intended to catalog all change orders for the RCI Asset Manager's review.

The partner should insert the cumulative log of Change Orders approved in accordance with the project's legal documents since contract inception for work performed during the latest approved, currently in-progress 5-year development period. If multiple contracts were executed during the latest approved, currently in-progress 5-year development period (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract.

Quarterly Report Glossary

The final section of the Quarterly Project Report template is a glossary that contains definitions for all terms used in the template. This information is provided to assist projects in interpreting the type of data requested for each data field and to ensure consistency throughout the portfolio.

Quarterly Portfolio Report

PPD will produce a Portfolio Report on a quarterly basis. The portfolio-level report is designed primarily to provide comparative project analysis and aggregate portfolio analysis in certain key areas including development, occupancy, operations, maintenance, and finance.

The portfolio-level report has five parts:

- Executive Summary
- Key Metrics
- Market Environment
- Appendices
- PAL Quarterly Portfolio Report
- RCI Asset Level Summaries

Building upon project-level reporting and analysis, the quarterly portfolio report establishes a means for assessing performance across the entire RCI program. This program level

oversight and analysis allows the PPD PMs to benchmark individual projects against overall portfolio performance and against industry standard performance measures. The information collected in the portfolio report also forms the basis for keeping stakeholders informed about program performance, including IMCOM, HQDA, OSD, Congress, GAO, OMB and others.

Summarized below are the major sections that comprise the Quarterly Portfolio Report:

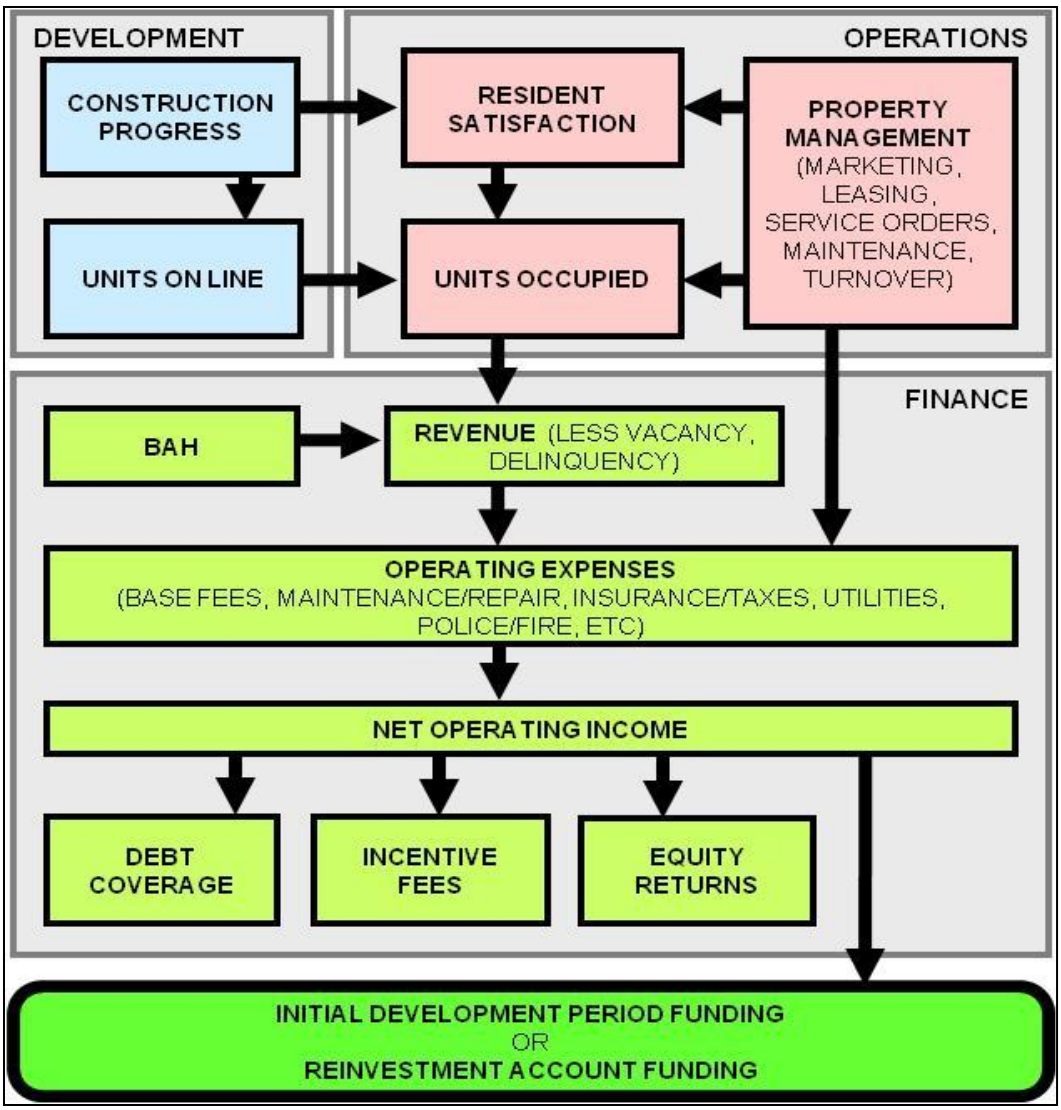
Executive Summary

The Executive Summary provides an overview of aggregate portfolio information including development, operations/property management, and finance metrics. Projects with outstanding issues noted in the key performance metrics analysis are discussed in detail within the Current Project Challenges and Mitigation Strategies section. This section also provides a summary of the major events in the RCI portfolio during the quarter.

Key Metrics Summary (See next page)

The Key Metrics Summary contains the following information across the portfolio as a means of benchmarking or describing project trends. Narrative in this section also discusses the interrelationships among the key metrics and impacts that may occur to multiple aspects of the project due to negative performance in one area.

See the figure below regarding interrelationships of key metrics:



The key metrics section should include the metrics below as needed to describe general program performance or highlight specific trends occurring across the program for both the FH portfolio and the UH portfolio:

<u>Development</u>

- This section provides a portfolio and project-level update on new construction, medium / major renovations, and minor renovations for projects within the IDP as well as the ODP. The graphs in this section detail the productivity across the portfolio in these categories and the portfolio's status compared to pro forma expectations.

Occupancy, Operations and Maintenance

- This section provides a series of graphs and narratives for the RCI portfolio in aggregate within the following categories: occupancy, homes occupied, homes available, total operating expenses, controllable expenses, non-controllable expenses, and utilities.
- The actual portfolio occupancy and homes occupied portfolio values are compared with pro forma and budget expectations. This combination provides the reader with a quick grasp of the portfolio's overall occupancy status for the quarter, and the narrative explains any significant project-level variation within the portfolio.
- In order to derive the NOI across the portfolio, it is first necessary to detail the operating expenses that were present across all of the projects. Total operating expenses are broken down into controllable expenses, non-controllable expenses, and utilities expenses categories and analyzed in this section. Operating expenses consist of two components: controllable expenses and non-controllable expenses. Generally, controllable expenses are costs that will occur at a fixed rate regardless of occupancy or usage. Non-controllable expenses include items that are driven by occupant use. RCI partners' classification of controllable and non-controllable expenses is not uniform across the portfolio. All costs have been normalized across the portfolio for the purpose of comparison. Non-controllable expense includes utilities, taxes, insurance, and fees (base and incentive). All portfolio operating expenses are compared to pro forma and budgeted expectations to provide an accurate representation of how the portfolio is performing in relation to its original expectations.

Finance

- This section analyzes the following categories to provide insight into the overall financial success of the portfolio: effective gross revenue, net operating income (NOI), cumulative net operating income, and debt coverage ratios (DCR). Each of these categories is analyzed in comparison to pro forma and budgeted expectations.
- The effective gross revenue metric is compared to both pro forma and budget numbers to analyze the portfolio's success in relation to its original expectations. The EGR value is dependent upon both occupancy percentages and BAH rates.
- The portfolio quarterly report also provides a snapshot of the net operating income across the portfolio. This is the most important statistic, as it is dependent upon all of the previous data and determines the project's ability to pay debt service. The report details NOI for the quarter compared to pro forma and budget. Furthermore, the cumulative NOI is compared to pro forma expectations for the entire FH RCI portfolio. Any noteworthy project-level variances are noted in the narrative.
- An important indicator of a project's ability to cover their debt service payment with the current NOI is the Debt Coverage Ratio (DCR). In the report, the DCR is displayed by project, comparing their actual DCR level to the project's pro forma level.

Market Environment

- This section provides an overview of the market during the quarter including important quarterly capital markets news and a multi-family housing snapshot.

Appendices to Project Level Analysis

The Appendices provide a quick snapshot regarding many various topics. All of the appendices are depicted in the form of a graph or a chart. The appendices may include the following:

- Total Development Sources
- Private Loan Rates
- Project Contacts
- Third Party Inspection Process

PAL Quarterly Project Report

The PAL Quarterly Report provides a quarterly snapshot of the PAL portfolio including an analysis of development, operations, and finance.

RCI Asset Level Summaries

The Asset Level Summaries provide a one page summary for each of the RCI projects. These summaries act as a supplement to the report and present detailed information for each project in the following categories:

- Development Scope
  - Homes Transferred
  - New Homes (Total Planned, Planned to Date, Actual to Date)
  - Major/Medium Renovations (Total Planned, Planned to Date, Actual to Date)
  - Minor Renovations (Total Planned, Planned to Date, Actual to Date)
  - No Work Homes
  - End-State Homes
- Project Dates
  - Transfer Date
  - Financial Closing Date (IDP and ODP)
  - MSP Dates
  - IDP and ODP End Date
  - ODP End Date
- Development Sources for the IDP and ODP
  - Debt
  - Owner Equity
  - Government Equity
  - Additional Funding
  - Projected Surplus
- Additional Financial Information
  - Quarterly NOI (Actual versus Pro Forma)
  - Total Scoring

Moreover, there are also graphs that present the following information:

- 12-Month Trailing Actual Occupancy versus Pro Forma
- 12-Month Trailing Actual Homes Occupied versus Pro Forma
- 12-Month Trailing Average BAH versus Pro Forma

- 12-Month Trailing Operating Expenses versus Pro Forma
- Quarterly NOI versus Pro Forma

Project and Portfolio Analysis

The Army analyzes trends for the portfolio, performance relative to pro forma, and performance relative to other projects. Trend analysis, as noted earlier, provides an opportunity to identify declining performance and potential issues. One of the most important aspects of per-unit analysis is that it provides standardization of project performance to allow for comparison to other projects and/or other projects the partner owns. While revenues, total expenses, utility costs and NOI will vary from project to project, per-unit comparisons will more clearly demonstrate which projects are trending favorably or unfavorably.

Analysis of Operations and Maintenance performance may include:

- Analysis of occupancy statistics
- Waiting list strength and trends
- Discussion of the number of move-ins and move-outs
- BAH
- Net Rents and Operating Income versus budget
- Operating Expenses versus budget
- NOI versus pro forma
- Comparison of rents, expenses and occupancy to pro forma on a per unit basis
- Average Utilities per Unit versus pro forma
- Operating cost metrics
- Management base and incentive fees summary and calculation
- Capital repairs spending and reinvestment
- Delinquency
- Lockbox Account trends
- List of categories with significant variance compared to budget
- Financial Performance by Unit
- Delinquency and Losses

Analysis of development performance may focus on any or all of the areas below:

- Comparison of project performance against the guaranteed contract, contingency and shared savings
- Discussion of change orders
- Discussion of plans for the coming quarter
- Unit completions versus pro forma
- Summary of before and after construction rank distribution of privatized housing and the BAH per grade
- Assessment of year to date historical and actual soft costs, total costs and amenities costs
- Comparison of actual and planned new and renovated units completed per year
- Table comparing average cost per square foot for new and renovated units to projected cost
- Development costs forecast

- Development costs versus pro forma

Analysis of Financial performance will focus on the following:

- Accomplishments, challenges and lessons learned
- Project performance versus budget and pro forma and discussion of variances
- Discussion of supply and demand dynamics
- Total capital sources
- Debt Summary
- Equity Summary
- Preferred payments
- Cash distributions
- Additional government contributions
- Discussion of available and awarded incentive fees
- Major Service Provider base and available/awarded incentive fees
- Debt Coverage Ratio (DCR). The DCR is a ratio of Net Operating Income (NOI) to debt service obligations and serves as a predictor of project default. Ratios above 1.0 indicate that NOI is sufficient to cover debt service payments, while ratios below 1.0 require the Project Owner to provide additional cash to service debt payments. Thus, higher ratios equate to lower risk of default while lower ratios signify increased default risk. Typically lenders require a DCR of 1.20 for the private loan on MHPI projects and the government requires a 1.05 DCR on any combined private and direct loan project financing.
- Equity Returns. Partner Equity Returns are another means to assess the project's financial performance. Equity returns measure how much, as a percentage, the partner is earning on the equity investment made to the project. The higher this percentage, the greater the returns provided to the partner.

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Project XYZ Monthly Dashboard

Instructions:
The Project dashboard updates selected key performance indicators on a monthly basis.
It serves as a quick reference of Project status that is used for responding to outside information requests in a more efficient manner.
All variances and certain cells are protected purposely on this worksheet. These items are to be calculated utilizing the pre-formatted and approved formulas.

ALL CELLS CALCULATED AUTOMATICALLY (Except Debt Service, DCR and Reinvestment Account Balance) For the month ending: **28 Feb 2013**

PROJECT NAME:

LOCATION: CONSOLIDATED

1	**Monthly Performance**					
2	**Finance**	**Actual**	**Budget**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
3	Net Rental Income	$ -	$ -	$ -	0.0%	
4	Total Income	$ -	$ -	$ -	0.0%	
5	Operating Expenses	$ -	$ -	$ -	0.0%	
6	Utilities	$ -	$ -	$ -	0.0%	
7	NOI	$ -	$ -	$ -	0.0%	
8	Incentive Fees	$ -	$ -	$ -	0.0%	
9	Capital Repair and Replacement	$ -	$ -	$ -	0.0%	
10	Partner-Specific Additional Expenses	$ -	$ -	$ -	0.0%	
11	**Finance**	**Actual**	**Pro Forma**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
12	Debt Service Payment					
13	DCR					
14	First DCR Trigger Level in Effect Encountered					Description of Trigger Provision:
15	Reinvestment Account Balance			$ -	0.0%	
16	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
17	New Homes Completed - IDP	-	-	-	0.0%	
18	New Homes Completed to Date - IDP	-	-	-	0.0%	
19	Minor Renovations Completed - IDP	-	-	-	0.0%	
20	Minor Renovations Completed to Date - IDP	-	-	-	0.0%	
21	Medium/Major Renovations Completed - IDP	-	-	-	0.0%	
22	Medium/Major Renovations Completed to Date - IDP	-	-	-	0.0%	
23	Existing Homes Demolished or Lost to Combination - IDP	-	-	-	0.0%	
24	Existing Homes Demolished or Lost to Combination to Date - IDP	-	-	-	0.0%	
25	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
26	New Homes Completed - ODP	-	-	-	0.0%	
27	New Homes Completed to Date - ODP	-	-	-	0.0%	
28	Minor Renovations Completed - ODP	-	-	-	0.0%	
29	Minor Renovations Completed to Date - ODP	-	-	-	0.0%	
30	Medium Renovations Completed - ODP	-	-	-	0.0%	
31	Medium Renovations Completed to Date - ODP	-	-	-	0.0%	
32	Major Renovations Completed - ODP	-	-	-	0.0%	
33	Major Renovations Completed to Date - ODP	-	-	-	0.0%	
34	Existing Homes Demolished or Lost to Combination - ODP	-	-	-	0.0%	
35	Existing Homes Demolished or Lost to Combination to Date - ODP	-	-	-	0.0%	
36	**Operations / Maintenance**	**Actual**	**Budget**	**Variance (#)**	**Variance (%)**	**Operations Discussion / Issues**
37	Approved End-State Inventory		-			
38	Total Homes	-	-	-	0.0%	
39	Homes Off-Line	-	-	-	0.0%	
40	Total Homes Available for Occupancy	-	-	-	0.0%	
41	Homes Occupied	-	-	-	0.0%	
42	Occupancy (%)	0.0%	0.0%	0.0%	0.0%	
43	Net Rental Income per Occupied Home	$ -	$ -	$ -	0.0%	
44	Operating Expenses per Available Home	$ -	$ -	$ -	0.0%	
45	Utilities Expenses per Occupied Home	$ -	$ -	$ -	0.0%	
46	NOI per Available Home	$ -	$ -	$ -	0.0%	
47	Vacant Homes	-	-	-	0.0%	
48	Total # Homes in Residential Energy Conservation Program - Mock	-				
49	Total # Homes in Residential Energy Conservation Program - Actual	-				
50	Move-Ins	-				
51	Move-Outs	-				
52	Service / Work Orders Received	-				
53	Service / Work Orders Completed	-				
54	Home Turnovers Completed	-				
55	Waitlist	-				

56	**Milestones / Meetings / Major Decisions**
Date	**Description**

57	**General Issues (including any complaints, lawsuits, disputes, major personnel changes, DA assistance needed)**

58	**Additional Questions - Per 2884/2885 Legislation**	
59	**Has there been a Contract Adjustment, Operational Impact or construction Change Order which impacted the phasing schedule or has monetary or scope implications?**	-
60	**Does the Project have construction and renovation phases that will be initiated in the next month, requiring Payment and Performance Bonds or evidence of some suitable instrument?**	-
61	**Did the Project secure any new Warranty Bonds for completed work?**	-
62	**Were there any changes to ownership structure of private sector parties?**	-
63	**How many work orders are in the project's current maintenance and repair backlog?**	
64	**What is the estimated cost to eliminate the work orders in the current backlog?**	
65	**Why are these work orders backlogged?**	
***If the answer is "Yes" to any of Questions #59-62, please refer to the glossary for the appropriate course of action.**		

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Project XYZ Installation X Monthly Dashboard

Instructions:
The Project dashboard updates selected key performance indicators on a monthly basis.
It serves as a quick reference of Project status that is used for responding to outside information requests in a more efficient manner.
All variances and certain cells are protected purposely on this worksheet. These items are to be calculated utilizing the pre-formatted and approved formulas.

ALL SHADED AREAS CALCULATE AUTOMATICALLY For the month ending: **28 Feb 2013**
PROJECT NAME:
LOCATION:

1	**Monthly Performance**					
2	**Finance**	**Actual**	**Budget**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
3	Net Rental Income			$ -	0.0%	
4	Total Income			$ -	0.0%	
5	Operating Expenses			$ -	0.0%	
6	Utilities			$ -	0.0%	
7	NOI	$ -	$ -	$ -	0.0%	
8	Incentive Fees			$ -	0.0%	
9	Capital Repair and Replacement			$ -	0.0%	
10	Partner-Specific Additional Expenses			$ -	0.0%	
11	**Finance**	**Actual**	**Pro Forma**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
12	Debt Service Payment					ENTER TOTAL DEBT SERVICE IN THE CONSOLIDATED WORKSHEET ONLY
13	DCR					PLEASE ENTER DCR IN THE CONSOLIDATED WORKSHEET ONLY
14	First DCR Trigger Level in Effect Encountered					PLEASE ENTER DESCRIPTION OF TRIGGER PROVISIONS IN THE CONSOLIDATED WORKSHEET ONLY
15	Reinvestment Account Balance					PLEASE ENTER REINVESTMENT ACCOUNT BALANCE IN THE CONSOLIDATED WORKSHEET ONLY
16	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
17	New Homes Completed - IDP			-	0.0%	
18	New Homes Completed to Date - IDP			-	0.0%	
19	Minor Renovations Completed - IDP			-	0.0%	
20	Minor Renovations Completed to Date - IDP			-	0.0%	
21	Medium/Major Renovations Completed - IDP			-	0.0%	
22	Medium/Major Renovations Completed to Date - IDP			-	0.0%	
23	Existing Homes Demolished or Lost to Combination - IDP			-	0.0%	
24	Existing Homes Demolished or Lost to Combination to Date - IDP			-	0.0%	
25	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
26	New Homes Completed - ODP			-	0.0%	
27	New Homes Completed to Date - ODP			-	0.0%	
28	Minor Renovations Completed - ODP			-	0.0%	
29	Minor Renovations Completed to Date - ODP			-	0.0%	
30	Medium Renovations Completed - ODP			-	0.0%	
31	Medium Renovations Completed to Date - ODP			-	0.0%	
32	Major Renovations Completed - ODP			-	0.0%	
33	Major Renovations Completed to Date - ODP			-	0.0%	
34	Existing Homes Demolished or Lost to Combination - ODP			-	0.0%	
35	Existing Homes Demolished or Lost to Combination to Date - ODP			-	0.0%	
36	**Operations / Maintenance**	**Actual**	**Budget**	**Variance (#)**	**Variance (%)**	**Operations Discussion / Issues**
37	Approved End-State Inventory					
38	Total Homes	-	-	-	0.0%	
39	Homes Off-Line			-	0.0%	
40	Total Homes Available for Occupancy			-	0.0%	
41	Homes Occupied			-	0.0%	
42	Occupancy (%)	0.0%	0.0%	0.0%	0.0%	
43	Net Rental Income per Occupied Home	$ -	$ -	$ -	0.0%	
44	Operating Expenses per Available Home	$ -	$ -	$ -	0.0%	
45	Utilities Expenses per Occupied Home	$ -	$ -	$ -	0.0%	
46	NOI per Available Home	$ -	$ -	$ -	0.0%	
47	Vacant Homes	-	-	-	0.0%	
48	Total # Homes in Residential Energy Conservation Program - Mock					
49	Total # Homes in Residential Energy Conservation Program - Actual					
50	Move-Ins					
51	Move-Outs					
52	Service / Work Orders Received					
53	Service / Work Orders Completed					
54	Home Turnovers Completed					
55	Waitlist					

56	**Milestones / Meetings / Major Decisions**
Date	**Description**

57	**General Issues (including any complaints, lawsuits, disputes, major personnel changes, DA assistance needed)**

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Project XYZ Installation Y Monthly Dashboard

Instructions:
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ALL SHADED AREAS CALCULATE AUTOMATICALLY For the month ending: **28 Feb 2013**
PROJECT NAME:
LOCATION:

1	**Monthly Performance**					
2	**Finance**	**Actual**	**Budget**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
3	Net Rental Income			$ -	0.0%	
4	Total Income			$ -	0.0%	
5	Operating Expenses			$ -	0.0%	
6	Utilities			$ -	0.0%	
7	NOI	$ -	$ -	$ -	0.0%	
8	Incentive Fees			$ -	0.0%	
9	Capital Repair and Replacement			$ -	0.0%	
10	Partner-Specific Additional Expenses			$ -	0.0%	
11	**Finance**	**Actual**	**Pro Forma**	**Variance ($)**	**Variance (%)**	**Finance Discussion / Issues**
12	Debt Service Payment					ENTER TOTAL DEBT SERVICE IN THE CONSOLIDATED WORKSHEET ONLY
13	DCR					PLEASE ENTER DCR IN THE CONSOLIDATED WORKSHEET ONLY
14	First DCR Trigger Level in Effect Encountered					PLEASE ENTER DESCRIPTION OF TRIGGER PROVISIONS IN THE CONSOLIDATED WORKSHEET ONLY
15	Reinvestment Account Balance					PLEASE ENTER REINVESTMENT ACCOUNT BALANCE IN THE CONSOLIDATED WORKSHEET ONLY
16	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
17	New Homes Completed - IDP			-	0.0%	
18	New Homes Completed to Date - IDP			-	0.0%	
19	Minor Renovations Completed - IDP			-	0.0%	
20	Minor Renovations Completed to Date - IDP			-	0.0%	
21	Medium/Major Renovations Completed - IDP			-	0.0%	
22	Medium/Major Renovations Completed to Date - IDP			-	0.0%	
23	Existing Homes Demolished or Lost to Combination - IDP			-	0.0%	
24	Existing Homes Demolished or Lost to Combination to Date - IDP			-	0.0%	
25	**Development / Construction**	**Actual**	**Pro Forma**	**Variance (#)**	**Variance (%)**	**Development Discussion / Issues**
26	New Homes Completed - ODP			-	0.0%	
27	New Homes Completed to Date - ODP			-	0.0%	
28	Minor Renovations Completed - ODP			-	0.0%	
29	Minor Renovations Completed to Date - ODP			-	0.0%	
30	Medium Renovations Completed - ODP			-	0.0%	
31	Medium Renovations Completed to Date - ODP			-	0.0%	
32	Major Renovations Completed - ODP			-	0.0%	
33	Major Renovations Completed to Date - ODP			-	0.0%	
34	Existing Homes Demolished or Lost to Combination - ODP			-	0.0%	
35	Existing Homes Demolished or Lost to Combination to Date - ODP			-	0.0%	
36	**Operations / Maintenance**	**Actual**	**Budget**	**Variance (#)**	**Variance (%)**	**Operations Discussion / Issues**
37	Approved End-State Inventory					
38	Total Homes	-	-	-	0.0%	
39	Homes Off-Line			-	0.0%	
40	Total Homes Available for Occupancy			-	0.0%	
41	Homes Occupied			-	0.0%	
42	Occupancy (%)	0.0%	0.0%	0.0%	0.0%	
43	Net Rental Income per Occupied Home	$ -	$ -	$ -	0.0%	
44	Operating Expenses per Available Home	$ -	$ -	$ -	0.0%	
45	Utilities Expenses per Occupied Home	$ -	$ -	$ -	0.0%	
46	NOI per Available Home	$ -	$ -	$ -	0.0%	
47	Vacant Homes	-	-	-	0.0%	
48	Total # Homes in Residential Energy Conservation Program - Mock					
49	Total # Homes in Residential Energy Conservation Program - Actual					
50	Move-Ins					
51	Move-Outs					
52	Service / Work Orders Received					
53	Service / Work Orders Completed					
54	Home Turnovers Completed					
55	Waitlist					

56	**Milestones / Meetings / Major Decisions**
Date	**Description**

57	**General Issues (including any complaints, lawsuits, disputes, major personnel changes, DA assistance needed)**

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Monthly Dashboard Glossary

Instructions

The definitions below provide a detailed description of the information being requested in each section of this report. Please use this as a first point of reference for any template questions, but as always, feel free to contact your OACSIM Program Manager if you need any additional clarification. This report is due to OACSIM on the 15th of each month, populated with the prior month's data.

Term	Definition
Monthly Performance Categories	**These categories and their associated definitions are applicable, as identified, to all the respective areas in the Monthly Performance section of the monthly dashboard.**
Please insert the Project Company's name in the header of each worksheet used.	
Budget	In all input boxes within a section underneath the Budget column header, reported values should be taken from the annual budget approved by the Army. If the annual budget applicable to the reporting period has not yet been approved at the time of Monthly Dashboard submission, then reported values should be taken from the annual budget adjusted in accordance with the Project's legal documents and used to fund the cash flow waterfall until the annual budget is approved by the Army. Specific instructions for populating the input boxes underneath the Budget column header are provided in the Highest DCR Trigger Level in Effect item and the Approved End-State Inventory item definitions below.
Pro Forma	In all input boxes within a section underneath the Pro Forma column header, reported values should be taken from later of the final operational, final financial or final combined operational and financial closing pro forma unless the pro forma has changed through the Major Decision process, in which case the latest final pro forma approved by HQDA should be used.
Discussion / Issues	Explanations should be provided on the major drivers of and significant issues impacting actual performance during the month. At a minimum, variance explanations should be provided for actual performance that is equal to or greater than 5% or equal to or less than -5% of the benchmark value, either Budget or Pro Forma. Additional information to be provided maybe be outlined in specific line item definitions below.

	Term	Definition
1	**Monthly Performance**	**This section captures the key performance indicators to be tracked on a monthly basis.**
2	**Finance**	**Finance-related key performance indicators.**
3	**Net Rental Income**	Maximum potential BAH revenue less vacancy loss, bad debt expense and rental concessions and loss/gain to lease.
4	**Total Income**	Net Rental Income plus other income, including, but not limited to, cleaning and damages charges, late charges, NSF fees and resident utilities reimbursements to the Project. Interest income earned on reserve accounts should **not** be included in Total Income.
5	**Operating Expenses**	Total operating-related expenses accrued for the month. This amount should exclude Utilities expenses (as defined in item 6), financing-related expenses such as principal and interest payments on the debt and trustee fees, depreciation, amortization, capital repair and replacement expenditures, replacement reserve deposits and incentive fees awarded or accrued for asset management, property management and/or maintenance management.
6	**Utilities**	Total expenses accrued during the month for **only** electricity, gas, fuel oil, water, sewer, amortized utilities infrastructure payments (if applicable) and metering and billing fees charged to the Project.
7	**NOI**	Automatically calculates by subtracting Operating Expenses (item 5) and Utilities (item 6) from Total Income (item 4). *This may not be the same as the NOI utilized by the Servicer/Lockbox Agent/Trustee to calculate Debt Coverage Ratio (DCR).*
8	**Incentives Fees**	Total incentive fees accrued during the month for asset management, property management, and/or maintenance management.
9	**Capital Repair and Replacement (CRR)**	The total Capital Repair and Replacement (CRR) **accrued expenditures** during the month. This shall **NOT** include deposits that were made to the CRR lockbox account during the month.
10	**Partner-Specific Additional Expenses**	Ongoing, Partner-specific additional accrued expenses funded through Project cash flow that are not captured in Operating Expenses (item 5), Utilities (item 6), Incentives (item 8) and Capital Repair and Replacement (item 9). Additional guidance on the information to report in this line item will be provided by the OACSIM Program Manager on a Partner-specific basis.
11	**Finance**	**Finance-related key performance indicators.**
12	**Debt Service Payment**	The total Debt Service payment made or accrued during the month. Depending on the nature of the loan, this may be a fixed amount from month to month or a variable amount that changes every month.

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13	**DCR**	Debt coverage ratio for the period as calculated in accordance with each respective loan agreement or trustee indenture. Please enter the DCR for the month reported by or to the Servicer/Lockbox Agent/Trustee. *DCR will not necessarily be calculated with the NOI listed on this page as result of the line items that have been excluded from that figure.*
14	**First DCR Trigger Level in Effect Encountered**	First DCR level in effect that would be encountered for evaluation during the month where Project performance below that prescribed DCR level in the Project's loan documents would engage/trigger a restrictive or remedy provision, such as funding a cash trap account or having to gain non-recurring Lender/Trustee approval for development disbursements. Please insert in the Finance Discussion / Issues area a brief description of the loan document provision that would be engaged/triggered by Project performance below the prescribed DCR level. Please also include in the Finance Discussion / Issues area the length of time that the Project would need to be below the prescribed DCR level to engage/trigger the restrictive or remedy provision in the Project's loan documents. Additionally, please include the length of time the Project would need to be above the prescribed DCR level to not have the restrictive or remedy provision in the Project's loan docments be in effect.
15	**Reinvestment Account Balance**	The Reinvestment Account balance at the end of the reported month as shown in the monthly account statement. Reported value should be on a cash basis.
16	**Development / Construction**	**Development / Construction-related key performance indicators.**
17	**New Homes Completed - IDP**	Total number of newly constructed homes that received a Certificate of Occupancy during the month during the Initial Development Period. For unplanned newly constructed homes that were funded with insurance proceeds as a result of damage and then demolition, please report the delivered number of homes in the Actual input box if the original home had not been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished. If the original home had been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished, then report the delivered number of homes in the "Development Discussion / Issues" area.
18	**New Homes Completed to Date - IDP**	Cumulative number of newly constructed homes, as defined in item 17, completed during the Initial Development Period. If the reported value in item 18 for the current month does NOT equal the reported value in item 18 in the prior month plus the value reported in item 17 for the current month, a detailed explanation should be provided to reconcile the reported value in item 18 in the current month with the value calculated using the reported value in item 18 in the prior month plus the value reported in item 17 for the current month. Please report the cumulative number of unplanned newly constructed homes that were funded with insurance proceeds as a result of damage and then demolition for which the original home had been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished in the "Development Discussion / Issues" area.
19	**Minor Renovations Completed - IDP**	Total number of minor renovations completed during the month during the Initial Development Period. Reported minor renovations should be for a scope of work inline with the "minor renovation" classification agreed upon at the latest Project closing, operational and/or financial, or in the latest approved MSP. Please include detail of any retouch renovations on units that first received a minor renovation in the "Development Discussion / Issues" area for this item. A retouch is defined as additional renovation work performed on a home that has already undergone a renovation during the Initial Development Period. The first minor renovation of a home should be reported in the Actual and Pro Forma input boxes, any additional retouch renovation work should not be counted in the Actual and Pro Forma input boxes but should be outlined in the "Development Discussion / Issues" area, depicting both Actual and Pro Forma retouch renovations performed.

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20	**Minor Renovations Completed to Date - IDP**	Cumulative number of minor renovations, as defined in item 19, completed during the Initial Development Period. If the reported value in item 20 for the current month does NOT equal the reported value in item 20 in the prior month plus the value reported in item 19 for the current month, a detailed explanation should be provided to reconcile the reported value in item 20 in the current month with the value calculated using the reported value in item 20 in the prior month plus the value reported in item 19 for the current month. Please include the cumulative number of retouch renovations, as defined in item 19, in the "Development Discussion / Issues" area for this item, depicting both Actual and Pro Forma retouch renovations performed. If the reported values in item 20 "Development Discussion / Issues" area for the current month does NOT equal the reported values in item 20 "Development Discussion / Issues" area in the prior month plus the values reported in item 19 "Development Discussion / Issues" area for the current month, a detailed explanation should be provided to reconcile the reported values in item 20 "Development Discussion / Issues" area in the current month with the value calculated using the reported values in item 20 "Development Discussion / Issues" area in the prior month plus the values reported in item 19 "Development Discussion / Issues" area for the current month.
21	**Medium/Major Renovations Completed - IDP**	Total number of medium and major renovations completed during the month during the Initial Development Period. Reported medium and major renovations should be for a scope of work inline with the "medium renovation" and "major renovations" classifications agreed upon at the latest Project closing, operational and/or financial, or in the latest approved MSP. Please include detail of any retouch renovations on units that first received a medium/major renovation in the "Development Discussion / Issues" area for this item. A retouch is defined as additional renovation work performed on a home that has already undergone a renovation during the Initial Development Period. The first major/medium renovation of a home should be reported in the Actual and Pro Forma input boxes, any additional retouch renovation work should not be counted in the Actual and Pro Forma input boxes but should be outlined in the "Development Discussion / Issues" area, depicting both Actual and Pro Forma retouch renovations performed.
22	**Medium/Major Renovations Completed to Date - IDP**	Cumulative number of medium and major renovations, as defined in item 21, completed during the Initial Development Period. If the reported value in item 22 for the current month does NOT equal the reported value in item 22 in the prior month plus the value reported in item 21 for the current month, a detailed explanation should be provided to reconcile the reported value in item 22 in the current month with the value calculated using the reported value in item 22 in the prior month plus the value reported in item 21 for the current month. Please include the cumulative number of retouch renovations, as defined in item 21, in the "Development Discussion / Issues" area for this item, depicting both Actual and Pro Forma retouch renovations performed. If the reported values in item 22 "Development Discussion / Issues" area for the current month does NOT equal the reported values in item 22 "Development Discussion / Issues" area in the prior month plus the values reported in item 21 "Development Discussion / Issues" area for the current month, a detailed explanation should be provided to reconcile the reported values in item 22 "Development Discussion / Issues" area in the current month with the value calculated using the reported values in item 22 "Development Discussion / Issues" area in the prior month plus the values reported in item 21 "Development Discussion / Issues" area for the current month.
23	**Existing Homes Demolished or Lost to Combination - IDP**	Total number of existing homes at transfer that were demolished or lost to combination during the month during the Initial Development Period. Lost to combination is defined as the transferred home that no longer exists when two existing homes at transfer are reconfigured into one home. For unplanned demolitions that were funded or reimbursed for with insurance proceeds as a result of damage, please report the demolished number of homes in the Actual input box if the original home had not been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished. If the original home had been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished, then report the demolished number of homes in the "Development Discussion / Issues" area.

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24	**Existing Homes Demolished or Lost to Combination to Date - IDP**	Cumulative number of existing homes at transfer that were demolished or lost to combination, as defined in item 23, during the Initial Development Period. If the reported value in item 24 for the current month does NOT equal the reported value in item 24 in the prior month plus the value reported in item 23 for the current month, a detailed explanation should be provided to reconcile the reported value in item 24 in the current month with the value calculated using the reported value in item 24 in the prior month plus the value reported in item 23 for the current month. Please report the cumulative number of unplanned demolitions that were funded or reimbursed for with insurance proceeds as a result of damage for which the original home had been replaced or received a minor, medium, major or combination renovation before it was damaged and then demolished in the "Development Discussion / Issues" area.
25	**Development / Construction**	**Development / Construction-related key performance indicators.**
26	**New Homes Completed - ODP**	Total number of newly constructed homes that received a Certificate of Occupancy during the month during the Out-Year Development Period.
27	**New Homes Completed to Date - ODP**	Cumulative number of newly constructed homes, as defined in item 26, completed during the Out-Year Development Period. If the reported value in item 27 for the current month does NOT equal the reported value in item 27 in the prior month plus the value reported in item 26 for the current month, a detailed explanation should be provided to reconcile the reported value in item 27 in the current month with the value calculated using the reported value in item 27 in the prior month plus the value reported in item 26 for the current month.
28	**Minor Renovations Completed - ODP**	Total number of minor renovations completed during the month during the Out-Year Development Period. Reported minor renovations should be for a scope of work inline with the "minor renovation" classification agreed upon in the Project's POP or in the latest approved MSP.
29	**Minor Renovations Completed to Date - ODP**	Cumulative number of minor renovations, as defined in item 28, completed during the Out-Year Development Period. If the reported value in item 29 for the current month does NOT equal the reported value in item 29 in the prior month plus the value reported in item 28 for the current month, a detailed explanation should be provided to reconcile the reported value in item 29 in the current month with the value calculated using the reported value in item 29 in the prior month plus the value reported in item 28 for the current month.
30	**Medium Renovations Completed - ODP**	Total number of medium renovations completed during the month during the Out-Year Development Period. Reported medium renovations should be for a scope of work inline with the "medium renovation" classification agreed upon in the Project's POP or in the latest approved MSP.
31	**Medium Renovations Completed to Date - ODP**	Cumulative number of medium renovations, as defined in item 30, completed during the Out-Year Development Period. If the reported value in item 31 for the current month does NOT equal the reported value in item 31 in the prior month plus the value reported in item 30 for the current month, a detailed explanation should be provided to reconcile the reported value in item 31 in the current month with the value calculated using the reported value in item 31 in the prior month plus the value reported in item 30 for the current month.
32	**Major Renovations Completed - ODP**	Total number of major renovations completed during the month during the Out-Year Development Period. Reported major renovations should be for a scope of work inline with the "major renovation" classification agreed upon in the Project's POP or in the latest approved MSP.
33	**Major Renovations Completed to Date - ODP**	Cumulative number of major renovations, as defined in item 32, completed during the Out-Year Development Period. If the reported value in item 33 for the current month does NOT equal the reported value in item 33 in the prior month plus the value reported in item 32 for the current month, a detailed explanation should be provided to reconcile the reported value in item 33 in the current month with the value calculated using the reported value in item 33 in the prior month plus the value reported in item 32 for the current month.
34	**Existing Homes Demolished or Lost to Combination - ODP**	Total number of existing homes at the end of the Initial Development Period that were demolished or lost to combination during the month during the Out-Year Development Period. Lost to combination is defined as the home at the end of the Initial Development Period that no longer exists when two existing homes at the end of the Initial Development Period are reconfigured into one home.
35	**Existing Homes Demolished or Lost to Combination to Date - ODP**	Cumulative number of existing homes at the end of the Initial Development Period that were demolished or lost to combination, as defined in item 34, during the Out-Year Development Period. If the reported value in item 35 for the current month does NOT equal the reported value in item 35 in the prior month plus the value reported in item 34 for the current month, a detailed explanation should be provided to reconcile the reported value in item 35 in the current month with the value calculated using the reported value in item 35 in the prior month plus the value reported in item 34 for the current month.
36	**Operations / Maintenance**	**Operations / Maintenance-related key performance indicators.**

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37	**Approved End-State Inventory**	Long-term, end-state inventory unit count in the Out-Year Development Period (ODP) outlined in the later of the final operational, final financial or final combined operational and financial closing pro forma unless the pro forma has changed through the Major Decision process, in which case the latest pro forma approved by HQDA should be used. The long-term, end-state inventory unit count should not include units that have been approved by HQDA to stay online for a temporary period in the ODP.
38	**Total Homes**	Automatically calculates the sum of the Total Homes Available for Occupancy (item 40) and the Homes Off-Line (item 39).
39	**Homes Off-Line**	The average number of homes during the month that have been taken off-line for demolition, major, medium, or minor renovation or other reasons established by the Property Manager. Homes that are used for model homes, property management offices, maintenance offices, Project management offices, construction and/or renovation management offices, development management offices, hospitality or corporate suites, community services offices and homes occupied by Project employees, unless said employees are paying rent, are to be reported as off-line. The monthly average should be calculated as an average of weekly units off-line.
40	**Total Homes Available for Occupancy**	The average number of homes in the inventory during the month that were available for the Property Manager to assign and for residents to move into immediately. Homes that are under construction/renovation and have not yet been turned over to the Property Manager as of the end of the reported month but have been assigned or leased should not be included in this line item. The monthly average should be calculated as an average of weekly units available.
41	**Homes Occupied**	Average number of homes occupied during the month. The monthly average should be calculated as an average of weekly homes occupied. Any homes that should be reported as Homes Off-Line in accordance with the definition for item 39 should not be reported as occupied homes. Occupied homes should be revenue producing on an ongoing, not temporary, basis
42	**Occupancy**	Automatically calculates by dividing Homes Occupied (item 41) by Total Homes Available For Occupancy (item 40).
43	**Net Rental Income per Occupied Home**	Automatically calculates by dividing Net Rental Income (item 4) by Homes Occupied (item 41).
44	**Operating Expenses per Available Home**	Automatically calculates by dividing Operating Expenses (item 5) by Total Homes Available for Occupancy (item 40).
45	**Utilities Expense per Occupied Home**	Automatically calculates by dividing Utilities Expense (item 6) by Homes Occupied (item 41).
46	**NOI per Available Home**	Automatically calculates by dividing Net Operating Income (item 7) by Total Homes Available for Occupancy (item 40).
47	**Vacant Homes**	Average number of vacant homes that were not off line during the month. Automatically calculates by subtracting Homes Occupied (item 41) from Total Homes Available for Occupancy (item 40).
48	**Total # Homes in Residential Energy Conservation Program - Mock**	The total number of homes which are metered and are in the mock billing phase (both occupied and unoccupied homes) and are receiving consumption statements.
49	**Total # Homes in Residential Energy Conservation Program - Actual**	The total number of homes which are metered and are in the actual billing phase (both occupied and unoccupied homes) and are receiving consumption statements.
50	**Move-Ins**	Total number of move-ins during the month, net of intra-post moves.
51	**Move-Outs**	Total number of move-outs during the month, net of intra-post moves.
52	**Service / Work Orders Received**	Total number of service / work orders called in during the month, net of any service / work orders cancelled.
53	**Service / Work Orders Completed**	Number of service / work orders completed during the month.
54	**Home Turnovers Completed**	Total number of home turnovers completed during the month.
55	**Waitlist**	Total number of applicants on the waiting list at the end of the month, excluding applicants for intra-post moves.
56	**Milestones / Meetings / Major Decisions**	**Dates and description of key milestones, meetings or Major Decisions during the month.**
57	**General Issues**	**Complaints, lawsuits, disputes, major personnel changes, DA assistance needed.**
58	**Additional Questions - Per 2884/2885 Legislation**	**Section 2884/2885 outlines additional oversight and accountability measures related to privatized housing projects. The questions and requested information below align with a portion of the requirements in the legislation. Additional guidance can be found in the PAM Handbook.**

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59	**Change Orders, Contract Adjustments & Operational Impacts**	Use the drop down menu to indicate if there were any Contract Adjustments, Operational Impacts or Change Orders to the Construction and Renovation Contracts during the month that impacted phasing schedule or has monetary or scope implications. If yes, please provide copies of each Change Order as well as any documentation for Contract Adjustments and Operational Impacts to the OACSIM Program Manager. If an Operational Impact, Contract Adjustment and/or Change Order requires HQDA Major Decision approval per the latest RCI Major Decisions Policy in effect and a Concept Paper has not yet been submitted, please submit a Concept Paper and corresponding pro forma to the OACSIM Program Manager in accordance with the Major Decision process.
60	**Payment / Performance Bonds**	Use the drop down menu to indicate if the Project has construction and renovation phases to be initiated in the next month which will require new payment and performance bonds. If yes, please provide copies of the Payment and Performance Bonds or evidence of some suitable instrument to the OACSIM Program Manager in advance of issuance of notice to proceed.
61	**Warranty Bonds**	Use the drop down menu to indicate if the Project secured any new Warranty Bonds for completed work during the month. If yes, please provide copies of the Warranty Bonds to the OACSIM Program Manager.
62	**Ownership Structure**	Use the drop down menu to indicate if there were any changes to ownership structure/subsidiaries/affiliates/other controlling entities for all private entities that are party to the Operating, Development, Construction, Renovation and Property Management Agreements during the month. If yes, please provide the detailed Ownership Structure changes to the OACSIM Program Manager. An electronic template is available if requested, but a standard format is not required.
63	**Number of Work Orders In Backlog**	Number of work orders that have been outstanding for more than 30 calendar days from the date received as of the last day of the reporting month.
64	**Cost to Eliminate Backlogged Work Orders**	Estimated cost to eliminate the backlog of work orders as defined in item 63 as of the last day of the reporting month.
65	**Drivers of Work Order Backlog**	Description of why the work orders are in the current backlog of maintenance and repair.

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Project XYZ - Project Information

Instructions:
This worksheet is used for summarizing Project facts including points of contact, financing and Project scope.
The information collected below is static information and will only require updating if there is a change to the Project team, scope or financing structure.

1	General Information	
2	Installation(s)	
3	Location(s) (City, State)	
4	Project Company (LLC / LP)	
5	Managing Member / Partner	
6	Asset Manager	
7	Developer	
8	Property Manager	
9	Construction Manager / Design/Builder	
10	Renovation Manager	

11	Project Contacts		
12	Garrison Commander(s)		Phone E-Mail
13	Army RCI Asset Manager(s)		Phone E-Mail
14	Project Director		Phone E-Mail
15	Project Property Manager(s)		Phone E-Mail
16	OACSIM Program Manager		Phone E-Mail
17	ODASA(IH&P) Program Manager		Phone E-Mail
18	USACE PDT POC		Phone E-Mail

19	Project Scope - Square Ft. (Initial Development)	Total Sq Ft	Avg Per Home
20	Existing Homes Transferred		
21	New Construction		
22	Renovated Homes		
23	Minor Renovations		
24	Medium Renovations		
25	Major Renovations		
26	Combination Renovations		

32	Equity Information	Amount	Comments
33	Equity Amount		
34	Date(s) of Contribution		
35	Preferred Return		
36	Cash Flow Distribution Split		
37	Cap on Equity (R.O.E.)		
38	IRR		
39	Other terms		

27	Project Scope - Accessible Homes	Amount
28	Existing accessible homes	
29	Homes to be renovated to accessibility stds.	
30	New accessible homes to be constructed	
31	Additional details on accessible homes scope	

40	Lockbox Account Information	Rate	Comments
41	Capitalized Interest Account		
42	Loan Proceeds Account		
43	Contingency Account		
44	Environmental Contingency Account		
45	Debt Service Reserve Account		
46	Float		
47	Replacement Reserves		
48	Operating Reserves		

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Project XYZ - Project Overview

Instructions:
This worksheet is designed to collect narrative discussion of Project performance in the areas of finance, property management / operations, development / construction, resident satisfaction and other Project highlights.

The Project Overview should include narrative (bullet points) and summary quantitative information regarding the current operating performance of the Project and the progress made to date in achieving Project objectives. The report should also detail any actions taken or to be taken by the Partner, Developer, Property Manager, Asset Manager, Design/Builder / Construction Manager, Renovation Manager and/or government to address any particular issue.

0	Date of quarter's end	Mar-13
1	**Executive Overview**	
2	Discussion:	
3	Major Decisions:	
4	Compliance:	
5	Additional discussion:	
6	**Finance / Budget**	
7	Accomplishments:	
8	Challenges:	
9	Lessons Learned:	
10	Additional discussion:	
11	**Property Management / Operations**	
12	Accomplishments:	
13	Challenges:	
14	Lessons Learned:	
15	Occupancy:	
16	Additional Discussion:	
17	Resident Satisfaction Assessment:	
18	Resident Satisfaction Discussion:	
19	**Development / Construction**	
20	Accomplishments:	
21	Challenges:	
22	Lessons Learned:	
23	Schedule Discussion:	
24	Budget Discussion:	
25	Additional discussion:	

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Project XYZ - Project Occupancy

Instructions:
This worksheet is used to collect occupancy information on a quarterly basis.
Homes occupied / online during the current quarter is calculated by taking an average of the end-of-month homes occupied / online for each month in the quarter. The same methodology applies to the waiting list.

Entire Project

1	Occupants By Rank								
			[2] Total Homes			Mar-13			
	Rank		[3] Begin State	[4] End State	[5] Current Quarter	[6] Homes Off-Line	[7] Homes Available	[8] Homes Occupied	[9] Waiting List
10	GFOQ		0	0	0	0	0	0	0
11	SGO		0	0	0	0	0	0	0
12	FGO		0	0	0	0	0	0	0
13	CGO		0	0	0	0	0	0	0
14	SNCO		0	0	0	0	0	0	0
15	JNCO / JENL		0	0	0	0	0	0	0
16	Other *		0	0	0	0	0	0	0
17	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				[18] Pro forma	0	0	0	0	
				Occupancy %	**0.0%**				
	* See below for details of "Other" Breakdown		**[19] Explanation of Variances**						

20	Homes Occupied by Housing Size								
			Total Homes			Mar-13			
	Bedroom		Begin State	End State	Current Quarter	Homes Off-Line	Homes Available	Homes Occupied	Waiting List
21	2 BR		0	0	0	0	0	0	0
22	3 BR		0	0	0	0	0	0	0
23	4 BR		0	0	0	0	0	0	0
24	5 BR+		0	0	0	0	0	0	0
25	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				Variance	**0.0%**	**0.0%**	**0.0%**	**0.0%**	

26	Other Residents Breakdown	
	Rank	Homes Occupied
27	Single Military	0
28	Retirees	0
29	DoD / Federal Civilians	0
30	Civilians	0
31	Foreign Military	0

[32] Explanation of Occupancy Distribution

33 Additional Notes (Occupancy, Waiting List, Move-Ins/Move-Outs)

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Project XYZ - Project Occupancy

Installation #1

1	Occupants By Rank								
			[2] Total Homes			Mar-13			
	Rank		[3] Begin State	[4] End State	[5] Current Quarter	[6] Homes Off-Line	[7] Homes Available	[8] Homes Occupied	[9] Waiting List
10	GFOQ		0	0	0	0	0	0	0
11	SGO		0	0	0	0	0	0	0
12	FGO		0	0	0	0	0	0	0
13	CGO		0	0	0	0	0	0	0
14	SNCO		0	0	0	0	0	0	0
15	JNCO / JENL		0	0	0	0	0	0	0
16	Other *		0	0	0	0	0	0	0
17	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				[18] Pro forma	0	0	0	0	
				Occupancy %	**0.0%**				
	* See below for details of "Other" Breakdown		**[19] Explanation of Variances**						

20	Homes Occupied by Housing Size								
			Total Homes			Mar-13			
	Bedroom		Begin State	End State	Current Quarter	Homes Off-Line	Homes Available	Homes Occupied	Waiting List
21	2 BR		0	0	0	0	0	0	0
22	3 BR		0	0	0	0	0	0	0
23	4 BR		0	0	0	0	0	0	0
24	5 BR+		0	0	0	0	0	0	0
25	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				Variance	**0.0%**	**0.0%**	**0.0%**	**0.0%**	

26	Other Residents Breakdown	
	Rank	Homes Occupied
27	Single Military	0
28	Retirees	0
29	DoD / Federal Civilians	0
30	Civilians	0
31	Foreign Military	0

[32] Explanation of Occupancy Distribution

33	Additional Notes (Occupancy, Waiting List, Move-Ins/Move-Outs)

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Project XYZ - Project Occupancy

Installation #2

1	Occupants By Rank								
			[2] Total Homes			Mar-13			
	Rank		[3] Begin State	[4] End State	[5] Current Quarter	[6] Homes Off-Line	[7] Homes Available	[8] Homes Occupied	[9] Waiting List
10	GFOQ		0	0	0	0	0	0	0
11	SGO		0	0	0	0	0	0	0
12	FGO		0	0	0	0	0	0	0
13	CGO		0	0	0	0	0	0	0
14	SNCO		0	0	0	0	0	0	0
15	JNCO / JENL		0	0	0	0	0	0	0
16	Other *		0	0	0	0	0	0	0
17	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				[18] Pro forma	0	0	0	0	
				Occupancy %	**0.0%**				
	* See below for details of "Other" Breakdown		**[19] Explanation of Variances**						

20	Homes Occupied by Housing Size								
			Total Homes			Mar-13			
	Bedroom		Begin State	End State	Current Quarter	Homes Off-Line	Homes Available	Homes Occupied	Waiting List
21	2 BR		0	0	0	0	0	0	0
22	3 BR		0	0	0	0	0	0	0
23	4 BR		0	0	0	0	0	0	0
24	5 BR+		0	0	0	0	0	0	0
25	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				Variance	**0.0%**	**0.0%**	**0.0%**	**0.0%**	

26	Other Residents Breakdown	
	Rank	Homes Occupied
27	Single Military	0
28	Retirees	0
29	DoD / Federal Civilians	0
30	Civilians	0
31	Foreign Military	0

[32] Explanation of Occupancy Distribution

33	Additional Notes (Occupancy, Waiting List, Move-Ins/Move-Outs)

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Project XYZ - Project Occupancy

Installation #3

1	Occupants By Rank								
			[2] Total Homes			Mar-13			
	Rank		[3] Begin State	[4] End State	[5] Current Quarter	[6] Homes Off-Line	[7] Homes Available	[8] Homes Occupied	[9] Waiting List
10	GFOQ		0	0	0	0	0	0	0
11	SGO		0	0	0	0	0	0	0
12	FGO		0	0	0	0	0	0	0
13	CGO		0	0	0	0	0	0	0
14	SNCO		0	0	0	0	0	0	0
15	JNCO / JENL		0	0	0	0	0	0	0
16	Other *		0	0	0	0	0	0	0
17	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				[18] Pro forma	0	0	0	0	
				Occupancy %	**0.0%**				
	* See below for details of "Other" Breakdown		**[19] Explanation of Variances**						

20	Homes Occupied by Housing Size								
			Total Homes			Mar-13			
	Bedroom		Begin State	End State	Current Quarter	Homes Off-Line	Homes Available	Homes Occupied	Waiting List
21	2 BR		0	0	0	0	0	0	0
22	3 BR		0	0	0	0	0	0	0
23	4 BR		0	0	0	0	0	0	0
24	5 BR+		0	0	0	0	0	0	0
25	**Total**		**0**	**0**	**0**	**0**	**0**	**0**	**0**
				Variance	**0.0%**	**0.0%**	**0.0%**	**0.0%**	

26	Other Residents Breakdown	
	Rank	Homes Occupied
27	Single Military	0
28	Retirees	0
29	DoD / Federal Civilians	0
30	Civilians	0
31	Foreign Military	0

[32] Explanation of Occupancy Distribution

33	Additional Notes (Occupancy, Waiting List, Move-Ins/Move-Outs)

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Project XYZ - Primary Statement of Operations

Instructions:
This worksheet collects the key financial performance information relating to ongoing Project operations. Please insert the statement of operations in Microsoft Excel format provided by the Project's financial reporting software (i.e. Yardi). Do not insert a screenshot or pdf of the Statement of Operations.

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Project XYZ - Add. Statement of Operations

Instructions:
This worksheet collects the key financial performance information relating to ongoing, Partner-specific additional expenses funded by Project cash flow that are not captured on the Primary Statement of Operations worksheet. Please insert any additional statement of operations in Microsoft Excel format provided by the Project's financial reporting software. Additional guidance will be provided by the OACSIM Program Manager on a Partner-specific basis on what should be reported in this area.

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Project XYZ - Construction and Renovation Cost Summary - IDP

Instructions:
The purpose of this worksheet is to provide detailed information pertaining to the construction and renovation costs for the approved **Initial Development Period** scope. Please insert the draw(s) as of the end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, please insert both applicable draws into this section. Please insert the draw(s) in Microsoft Excel format. Do not insert just the draw cover sheet (i.e. AIA G702 cover sheet). The submitted draw(s) should include, at a minimum, the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete.

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Project XYZ - Development Soft Cost Summary - IDP

Instructions:
The purpose of this worksheet is to provide detailed information on development and soft costs for the approved **Initial Development Period** scope that are not for work managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a Project. **The line items reported should be customized by the Project team and organized in line item categorizations that are in line with the latest closing (operational and/or financial) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma.** The reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws provided with this Quarterly Report.

DEVELOPMENT AND SOFT COST SUMMARY

	[1] Latest Closing or Latest Approved MSP Budget	[2] Financial Closing Budget	Variance [3] $	Variance [4] %	[5] Actual Costs to Date	[6] Latest Closing or Latest Approved MSP Costs to Date	Variance [7] $	Variance [8] %	[9] Comments and Variance Discussion
Architectural & Engineering			$ -	0.0%			$ -	0.0%	
Code Verification, Lender Insp Fees			$ -	0.0%			$ -	0.0%	
Environmental Insurance Premium			$ -	0.0%			$ -	0.0%	
Builders Risk Insurance			$ -	0.0%			$ -	0.0%	
OCIP Insurance Premiums (If Required)			$ -	0.0%			$ -	0.0%	
Legal & Accounting			$ -	0.0%			$ -	0.0%	
Paymt and Perf. Bond Premiums (If Required)			$ -	0.0%			$ -	0.0%	
Contingency for Soft Costs			$ -	0.0%			$ -	0.0%	
Developer Overhead, Personnel and Other Costs			$ -	0.0%			$ -	0.0%	
Developer Base Fee			$ -	0.0%			$ -	0.0%	
Developer Incentive Fee			$ -	0.0%			$ -	0.0%	
Reserve Accounts			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Total Development and Other Soft Costs	**$ -**	**$ -**	**$ -**	**0.0%**	**$ -**	**$ -**	**$ -**	**0.0%**	

Comments:

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Project XYZ - Construction and Renovation Cost Summary - ODP

Instructions:
The purpose of this worksheet is to provide detailed information pertaining to the construction and renovation costs for the latest approved, currently in-progress 5-year development period within the **Out-Year Development Period**. Please insert the draw(s) as of end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, please insert both applicable draws into this section. Please insert the draw(s) in Microsoft Excel format. Do not insert just the draw cover sheet (i.e. AIA G702 cover sheet). The submitted draw(s) should include, at a minimum, the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete. Reported values should not cover the full remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple draws to cover each approved 5-year development period within the Out-Year Development Period should be provided.

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Project XYZ - Development Soft Cost Summary - ODP

Instructions:
The purpose of this worksheet is to provide detailed information on development and soft costs for the latest approved, currently in-progress 5-year development period within the **Out-Year Development Period** for work that is not managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a Project. **The line items reported should be customized by the Project team and organized in line item categorizations that are in line with the Project Out-Year Plan (POP) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma.** The reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws provided with this Quarterly Report for the same 5-year development period. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple copies of this sheet to cover each approved 5-year development period within the Out-Year Development Period should be provided.

Additionally, this worksheet captures non-development costs that the Army has approved to be financed from the Reinvestment Account for the latest approved, currently in-progress 5-year development period within the **Out-Year Development Period**. The work captured in this section is managed by the Property Manager and/or Asset Manager but paid for using Reinvestment Account funds. **The line items reported should be customized by the Project team and, whenever possible, organized in line item categorizations that are in line with the Project Out-Year Plan (POP) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma.**

DEVELOPMENT AND SOFT COST SUMMARY

	[1] POP or Latest Approved MSP Budget	[2] POP Budget	Variance [3] $	Variance [4] %	[5] Actual Costs to Date	[6] POP or Latest Approved MSP Costs to Date	Variance [7] $	Variance [8] %	[9] Comments and Variance Discussion
Architectural & Engineering			$ -	0.0%			$ -	0.0%	
Code Verification, Lender Insp Fees			$ -	0.0%			$ -	0.0%	
Environmental Insurance Premium			$ -	0.0%			$ -	0.0%	
Builders Risk Insurance			$ -	0.0%			$ -	0.0%	
OCIP Insurance Premiums (If Required)			$ -	0.0%			$ -	0.0%	
Legal & Accounting			$ -	0.0%			$ -	0.0%	
Paymt and Perf. Bond Premiums (If Required)			$ -	0.0%			$ -	0.0%	
Contingency for Soft Costs			$ -	0.0%			$ -	0.0%	
Developer Overhead, Personnel and Other Costs			$ -	0.0%			$ -	0.0%	
Developer Base Fee			$ -	0.0%			$ -	0.0%	
Developer Incentive Fee			$ -	0.0%			$ -	0.0%	
Reserve Accounts			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Total Development and Other Soft Costs	**$ -**	**$ -**	**$ -**	**0.0%**	**$ -**	**$ -**	**$ -**	**0.0%**	

Comments:

SUMMARY OF NON-DEVELOPMENT COSTS FUNDED BY THE REINVESTMENT ACCOUNT

	[1] POP or Latest Approved MSP Budget	[2] POP Budget	Variance [3] $	Variance [4] %	[5] Actual Costs to Date	[6] POP or Latest Approved MSP Costs to Date	Variance [7] $	Variance [8] %	[9] Comments and Variance Discussion
Capital Repair and Replacement Expense			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Other (provide descrip. in comments)			$ -	0.0%			$ -	0.0%	
Total Non-Development Costs Funded by the Reinvestment Account	**$ -**	**$ -**	**$ -**	**0.0%**	**$ -**	**$ -**	**$ -**	**0.0%**	

Comments:

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Project XYZ - Lockbox Waterfall

Instructions:
The purpose of this worksheet is to outline the monthly flow of Project funds through the holistic waterfall that is governed by the Servicing and Lockbox Agreement/Trustee Indenture and Operating/Partnership Agreement and Sublease as applicable. Superior to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/Lockbox Agent/Trustee. Subordinate to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture, Operating/Partnership Agreement and Sublease, as applicable, that are in effect during the Initial Development Period and then during the Out-Year Development Period. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/ Lockbox Agent/Trustee, as applicable, and tracked by the Project Company entities for those movements and disbursements that are governed by the Operating/Partnership Agreement and Sublease, as applicable. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on waterfall activities during the reported quarter.

This worksheet also depicts the monthly transaction history of the Project's Reinvestment Account during the Out-Year Development Period. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on Reinvestment Account activities during the reported quarter.

Reinvestment Account	Quarter Ended Jun-12			Quarter Ended Sep-12			Quarter Ended Dec-12			Quarter Ended Mar-13			Quarter Ended Mar-13
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Comments
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													

Waterfall	Quarter Ended Jun-12			Quarter Ended Sep-12			Quarter Ended Dec-12			Quarter Ended Mar-13			Quarter Ended Mar-13
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Comments
Lockbox Agreement/Trust Indenture Provisions													
Revenue Account													
Operating Expense Disbursements													
Taxes & Insurance Account													
Capital Repair & Replacement Account													
Lender Account													
Casualty/Condemnation Disbursements													
Incentive Management Account													
Operating Reserve Account													
Operating Reserve Account													
Loan Cash Trap Account													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
Cash Flow Available for Distribution													
Lockbox Agreement/Trust Indenture Provisions													
Construction Account Deposits													
Debt Service Reserve Account Deposits													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
Operating Agreement & Sublease Provisions													
Preferred Equity Returns													
Partner Cash Flow Split Payments													
Reinvestment Account Deposits													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													
[Insert Necessary Account or Disbursement Detail]													

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Project XYZ - Lockbox Balances

Instructions:
This worksheet compiles a summary of balances for financial accounts outlined in and governed by the Project's Servicing and Lockbox Agreement or Trust Indenture. The accounts reported should be customized by the Project team to reflect the specific Project accounts, and associated account activity, reported by the Servicer/Lockbox Agent/Trustee. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on accounts activities during the reported quarter.

Account	Quarter Ended Jun-12			Quarter Ended Sep-12			Quarter Ended Dec-12			Quarter Ended Mar-13			Quarter Ended Mar-13
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Comments
Account 1													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 2													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 3													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 4													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 5													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 6													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 7													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													

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Project XYZ - Lockbox Balances

Account	Quarter Ended Jun-12			Quarter Ended Sep-12			Quarter Ended Dec-12			Quarter Ended Mar-13			Quarter Ended Mar-13
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Comments
Account 8													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 9													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 10													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 11													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 12													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 13													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													
Account 14													
Beginning Balance													
Deposits													
Interest Earned													
Withdrawals													
Ending Balance													

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Project XYZ - Equity Return and Cash Flow Split Calculations

Instructions:
The purpose of this worksheet is to provide detailed information pertaining to the calculation of equity return payments and cash flow split payments to the Partner during the **Out-Year Development Period**. Please insert the running calculation over the Project's Fiscal Year computed in accordance with the Project's legal documents for how the cash flow eligible to be used to pay equity returns and cash flow splits is determined and the amounts of equity return payments and cash flow split payments to the Partner. Please insert the calculations in Microsoft Excel format.

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Project XYZ - Small and Local Business

Instructions:
This worksheet documents the Project's performance subcontracting to small and local businesses.

1	Small Business						
		[2] Current Quarter		[3] To Date		[4] Army	[5] Comments
	Description	Amount	%	Amount	%	Targets (%)	
	Total Project Results						
6	Executed Contracts	$ -	0.0%	$ -	0.0%		
7	Large Business	$ -	0.0%	$ -	0.0%		
8	Small Business	$ -	0.0%	$ -	0.0%	45.0%	
9	Veteran-Owned (Include Service Disabled)	$ -	0.0%	$ -	0.0%	3.0%	
10	Service Disabled Veteran-Owned	$ -	0.0%	$ -	0.0%	1.0%	
11	HUB Zone	$ -	0.0%	$ -	0.0%	3.0%	
12	Disadvantaged Business	$ -	0.0%	$ -	0.0%	7.0%	
13	Women-Owned	$ -	0.0%	$ -	0.0%	7.0%	
14	Local Business *						
		Current Quarter		To Date			
	Description	Amount	%	Amount	%		Comments
	Total Project Results						
15	Executed Contracts	$ -	0.0%	$ -	0.0%		
16	Local Business	$ -	0.0%	$ -	0.0%		
17	Non-Local Business	$ -	0.0%	$ -	0.0%		

*** Project-specific definition of Local Business**

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Project XYZ - Other Project Information

Instructions:
This worksheet compiles unique key Project information not collected elsewhere in the report.

1	Accounts Receivable										
		31 - 60 Days	%	61 - 90 Days	%	91 - 120 Days	%	120 < x Days	%	Total	Comments
	Category										
2	Rent	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	
3	Utilities Overage Charges to Residents	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	
4	Other	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	
5	**Total**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	
		31 - 60 Days	%	61 - 90 Days	%	91 - 120 Days	%	120 < x Days	%	Total	Comments
	Tenant Status										
6	Current Project Resident	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	
7	Past Project Resident	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	
8	**Total**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ -**	

9	Incentive Fees Awarded				
		Mar-13			
		$ Awarded	% of Max. Potential	Period Awarded For	Comments
10	**Asset Management**	$ -	0.0%		
11	**Property Management**	$ -	0.0%		
12	**Maintenance Management**	$ -	0.0%		
13	**Construction Management**	$ -	0.0%		
14	**Renovation Management**	$ -	0.0%		
15	**Development Management**	$ -	0.0%		

16	Project Staffing				
		[17] Currently Filled FTE Positions	[18] Vacant FTE Positions	[19] Total FTE Positions	Comments
20	Project Management	-	-	-	
21	Property Management / Leasing	-	-	-	
22	Maintenance	-	-	-	
23	Development Management	-	-	-	
24	Construction / Renovation Management	-	-	-	
25	Temporary Personnel				
26	Project Management	-	-	-	
27	Property Management / Maintenance / Leasing	-	-	-	
28	Development Management	-	-	-	
29	Construction / Renovation Management	-	-	-	
30	Other	-	-	-	Identification of Other FTE Positions:
31	**Total**	**-**	**-**	**-**	

32	Army Staffing						
		[33] Currently Filled FTE Positions	[34] Vacant FTE Positions	[35] Total FTE Positions	[36] Avg % of Time Spent on RCI	[37] Avg % of Time Spent on PAL	Comments
38	RCI Asset Management Staff	-	-	-	0.0%	0.0%	
39	Housing Services Office Staff	-	-	-	0.0%	0.0%	
40	Unaccompanied Housing Staff	-	-	-	0.0%	0.0%	
41	Other Installation AFH Staff	-	-	-	0.0%	0.0%	Identification of Other Installation AFH Office FTE Positions:
42	Non-Housing Staff Privatization of Army Lodging Point of Contact				0.0%	0.0%	
43	**Total**	**-**	**-**	**-**			

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Project XYZ - Sources and Uses

Instructions:
This worksheet summarizes the changes to Project Sources and Uses related to the IDP and ODP. For the ODP, please report just the Sources and Uses for the latest approved, currently in-progress 5-year development scope. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the currently approved 5-year period. Additional Sources and Uses tables that cover each approved 5-year period within the Out-Year Development Period should be included on this worksheet. Current Projection values should be updated each quarter. The Project may provide this information in another format, such as the original or current pro forma's Sources and Uses worksheet. However, please provide such alternative information formats in Microsoft Excel.

1	Sources - IDP						
	Category	Current Projection	Latest Closing or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	% of Total Variance	Comments
2	Partner Equity			$ -	0.0%	0.0%	
3	Army Equity			$ -	0.0%	0.0%	
4	Loan Proceeds			$ -	0.0%	0.0%	
5	Excess Cash Flow			$ -	0.0%	0.0%	
6	Interest Income			$ -	0.0%	0.0%	
7	Other			$ -	0.0%	0.0%	
8	**Total**	**$ -**	**$ -**	**$ -**	**0.0%**	**0.0%**	
9	**Uses - IDP**						
	Category	Current Projection	Latest Closing or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	% of Total Variance	Comments
10	Hard Costs			$ -	0.0%	0.0%	
11	Soft Costs			$ -	0.0%	0.0%	
12	Finance Costs			$ -	0.0%	0.0%	
13	Other			$ -	0.0%	0.0%	
14	**Total**	**$ -**	**$ -**	**$ -**	**0.0%**	**0.0%**	
15	**Sources & Uses Surplus / Deficit - IDP**						
		Current Projection	Latest Closing or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	Comments	
16	**Surplus / Deficit**	**$ -**	**$ -**	**$ -**	**0.0%**		

17	Sources - ODP						
	Category	Current Projection	POP or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	% of Total Variance	Comments
18	Partner Equity			$ -	0.0%	0.0%	
19	Army Equity			$ -	0.0%	0.0%	
20	Loan Proceeds			$ -	0.0%	0.0%	
21	Excess Cash Flow			$ -	0.0%	0.0%	
22	Interest Income			$ -	0.0%	0.0%	
23	Other			$ -	0.0%	0.0%	
24	**Total**	**$ -**	**$ -**	**$ -**	**0.0%**	**0.0%**	
25	**Uses - ODP**						
	Category	Current Projection	POP or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	% of Total Variance	Comments
26	Hard Costs			$ -	0.0%	0.0%	
27	Soft Costs			$ -	0.0%	0.0%	
28	Finance Costs			$ -	0.0%	0.0%	
29	Other			$ -	0.0%	0.0%	
30	**Total**	**$ -**	**$ -**	**$ -**	**0.0%**	**0.0%**	
31	**Sources & Uses Surplus / Deficit - ODP**						
		Current Projection	POP or Latest Approved MSP Pro Forma Values	Variance	% Increase / Decrease	Comments	
32	**Surplus / Deficit**	**$ -**	**$ -**	**$ -**	**0.0%**		

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Project XYZ - GFOQ Reporting

Instructions:
This worksheet summarizes Project costs related to Privatized General and Flag Officers' Quarters.
Please list all costs incurred during the current fiscal year for each home if the total as of the current quarter for the home will exceed $50K.

1	GFOQ Reporting									
	PLEASE INSERT INSTALLATION NAME Privatized General and Flag Officers' Quarters Operation, Maintenance and Repair Costs Incurred by Private Sector Developer/Partner/Owner Fiscal Year 2013 (Dollars in Thousands)									
2	State / Country	Installation	Quarters ID	Year Built	Size NSF	Operation Cost	Maintenance Cost	Repair Cost	Total OMR Cost	Comments
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	
									$ -	

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Project XYZ - Congressional Reporting - USC 10, Sections 2884 and 2885

Instructions:
This worksheet includes information required to be periodically collected from the Projects under United States Code title 10 Sections 2884 and 2885.

1	Quarterly Utility Cost Reporting								
	PLEASE INSERT INSTALLATION NAME Assessment of cost assessed to members of the armed forces for utilities compared to utility rates in the local area Fiscal Year 2013 (Dollars in Thousands)								
		TO BE COMPLETED BY RCI PARTNER			TO BE COMPLETED BY ARMY ASSET MANAGER				
	Utility	[2] Installation	[3] Utility Rate Charged to Project (per applicable unit of measurement)	[4] Average Quarterly Cost Charged to Project Per Occupied Unit	[5] City and State of Local Municipality	[6] Comparable Utility Rate in Local Municipality (per applicable unit of measurement)	[7] Average Quarterly Cost Per Occupied Unit Using Comparable Local Rates	Variance - Average Annual Unit Cost Compared to Off-Post Average	Comments
8	Water							$ -	
9	Electric							$ -	
10	Natural Gas							$ -	
11	Others (specify below)								
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	
								$ -	

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Project XYZ - Cumulative CO Log - IDP

Instructions:
This worksheet summarizes approved Change Orders executed during the **Initial Development Period**.
Please insert the cumulative log of Change Orders approved in accordance with the Project's legal documents since contract inception for work performed during the IDP. If multiple contracts where executed during the IDP (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract. Cumulative Change Order logs should be provided in Microsoft Excel format, if available.

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Project XYZ - Cumulative CO Log - ODP

Instructions:
This worksheet summarizes approved Change Orders executed in association with the latest approved, currently in-progress 5-year development period within the **Out-Year Development Period**. Please insert the cumulative log of Change Orders approved in accordance with the Project's legal documents since contract inception for work performed during the latest approved, currently in-progress 5-year development period. If multiple contracts were executed during the latest approved, currently in-progress 5-year development period (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract. Cumulative Change Order logs should be provided in Microsoft Excel format, if available. Cumulative Change Order logs that cover each approved 5-year development period within the Out-Year Development Period should be provided.

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Quarterly Report Glossary

Instructions
The definitions below provide a greater description of the information being requested in each section of this report. Please use this as the first point of reference for any template questions. If you need additional clarification, feel free to contact your OACSIM Program Manager.

	Term	Definition
Project Information		
Please insert the Project Company's name in the worksheet header.		
1	**General Information**	This section collections information about the entities involved with the Project
2	**Installation(s)**	All Installations associated with the privatization Project
3	**Location(s) (City, State)**	For multi-Installation Projects, this line should include all locations
4	**Project Company (LLC / LP)**	The limited liability corporation (LLC) or partnership (LP) that has been set up as the primary legal entity for the Project (e.g. "Fort XYZ Family Housing, LLC"). Please provide the names of both legal entities if a dual-LLC/LP legal structure is in place for the Project.
5	**Managing Member / Partner**	The legal entity that is identified as the Managing Member or Managing Partner of the Project Company
6	**Asset Manager**	The legal entity contracted by the Project Company to perform asset management services
7	**Developer**	The legal entity contracted by the Project Company to perform development management services
8	**Property Manager**	The legal entity contracted by the Project Company to perform property management services
9	**Construction Manager / Design/Builder**	The legal entity contracted by the Project Company that has been contracted to construct new homes, demolish homes and perform site work and infrastructure installation as well as potentially renovating homes and providing design services
10	**Renovation Manager**	The legal entity contracted by the Project Company to renovate homes if it is a separate legal entity from that listed under Construction Manager / Design/Builder
11	**Project Contacts**	This section collection information on the stakeholders (people, not corporate entities) involved with the Project.
12	**Garrison Commander(s)**	Self explanatory, include rank, name, phone number and e-mail address. For multi-Installation Projects, provide the Garrison Commander information for each Installation.
13	**Army RCI Asset Manager(s)**	Self explanatory, include name, phone number and e-mail address. For multi-Installation Projects, provide the RCI Asset Manager information for each Installation.
14	**Project Director**	Self explanatory, include name, phone number and e-mail address.
15	**Project Property Manager(s)**	Self explanatory, include name, phone number and e-mail address. For multi-Installation Projects, provide the Property Manager information for each Installation.
16	**OACSIM Program Manager**	Self explanatory, include name, phone number and e-mail address.
17	**ODASA(IH&P) Program Manager**	Self explanatory, include name, phone number and e-mail address.
18	**USACE PDT POC**	Self explanatory, include name, phone number and e-mail address.
19	**Project Scope - Square Ft. (Initial Development)**	This section of line items is provided for collection of Project scope information on a square footage basis.
20	**Existing Homes Transferred**	Enter the total square footage of existing homes transferred and the average per home square footage
21	**New Construction**	Enter the total square footage of all new homes planned for construction and the average per home square footage
22	**Renovated Homes**	Enter the total square footage of homes all homes to be renovated and the average per home square footage
23	**Minor Renovations**	Enter the total square footage of homes receiving minor renovations and the average per home square footage
24	**Medium Renovations**	Enter the total square footage of homes receiving medium renovations and the average per home square footage
25	**Major Renovations**	Enter the total square footage of homes receiving major renovations and the average per home square footage
26	**Combination Renovations**	Enter the total square footage of homes receiving combination renovations and the average per home square footage
27	**Project Scope - Accessible Homes (UFAS)**	This section records information on the Project's plans relating to developing accessible homes.
28	**Existing accessible Homes**	Of the homes transferred at closing, indicate the number of homes that met current accessibility standards
29	**Homes to be renovated to meet accessibility stds**	Number of homes that will received renovations or upgrades to meet accessibility standards
30	**New accessible Homes to be constructed**	Number of new homes that will be constructed during the IDP to meet accessibility standards
31	**Additional details on scope of accessible Homes**	Use this space to provide any additional details regarding accessible homes, e.g. homes being constructed to be "upgradeable" to meet accessibility standards.
32	**Equity Information**	This section of items describes the terms of the Managing Member/Partner's equity contribution to the Project
33	**Equity Amount**	Total equity contributed into the Project by the Managing Member/Partner
34	**Date(s) of Contribution**	Date(s) of initial equity contribution. Use comments area to record the dates of out-year contributions
35	**Preferred Return**	Preferred return on equity contribution
36	**Cash Flow Distribution Split**	Cash distribution split to partner. Use comments area to record any change in the cash distribution split that occurs in the out years.
37	**Cap on Equity**	Limit on return on equity to partner
38	**IRR**	Internal rate of return (expressed as a percentage)
39	**Other terms**	Other terms associated with the Project equity contribution
40-48	**Lockbox Account Information**	This section collects information on the interest rates earned by the major lockbox reserve accounts as of the end of the reporting period. These listed accounts should be customized for each Project's specific set of lockbox accounts.

Project Overview

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Quarterly Report Glossary

Please insert the Project Company's name in the worksheet header.		
1	**Executive Overview**	This section covers overall Project highlights
2	**Discussion:**	Discuss overall Project progress and highlights occurring during the quarter.
3	**Major Decisions:**	Highlight the results of any Major Decisions made during the quarter or upcoming Major Decisions Committee meetings
4	**Compliance:**	Identify any significant issues of non-compliance identified during the quarter
5	**Additional discussion:**	Please use this section to explain any changes in expectations or observations regarding the performance and/or progress of the Project. Some examples may include contract terms being revised, changes in the scope of the Project or use of an additional authority being contemplated.
6	**Finance / Budget**	This sections focuses on finance / budget related performance
7	**Accomplishments:**	Indicate any significant accomplishing occurring during the quarter relating to finance or budget performance. Examples could be BAH increases, reduction in bad debt costs, favorable DCR levels, etc.
8	**Challenges:**	Discuss challenges related to finance and budget in this section.
9	**Lessons Learned:**	Use this section to capture any lessons learned arising out of Project challenges and/or accomplishments related to finance and budget. Examples include innovative approaches toward minimizing delinquency costs, successes in influencing a favorable BAH increase, etc.
10	**Additional discussion:**	Provide discussion on debt coverage ratio (DCR), comparison of budgeted to actual financial performance, payment performance to creditors and / or vendors, status of Reinvestment Account (i.e. amount of available cash in account compared to budgeted) and status of other lockbox accounts
11	**Property Management / Operations**	This section focuses on property management and operations performance
12	**Accomplishments:**	Indicate any significant accomplishing occurring during the quarter relating to property management or operations performance. Examples could relate to achieving occupancy levels in excess of Projections, reduction in average turnaround for work orders, achieving favorable resident satisfaction results, etc.
13	**Challenges:**	Discuss challenges relating to property management and operations in this section.
14	**Lessons Learned:**	Use this section to capture any lessons learned arising out of Project challenges and/or accomplishments related to property management and operations. Examples include improvements to resident relations and communication, marketing approaches to fill vacant homes, etc.
15	**Occupancy:**	Discuss occupancy rate vs. Projections including a breakdown of tenant population such as number of military families and number of other tenants by type (if the tenant waterfall has been utilized)
16	**Additional discussion:**	Other topics may include general assessment of condition of property, changes in key personnel or management company, frequency and nature of repair calls and any reported litigation
17	**Resident Satisfaction Assessment:**	Based on the results reported in the Project Monitoring Matrix regarding the response to the tenant survey question – "Would you recommend privatized housing", please provide detail to explain the meaning of the numbers, for example any change in the results from one period to another and what is being done to improve results.
18	**Resident Satisfaction Discussion:**	Comment on other information from the results of tenant surveys that address Quality of Life issues for service members and their families.
19	**Development / Construction**	This section focuses on development and construction progress and performance.
20	**Accomplishments:**	Indicate any significant accomplishments occurring during the quarter relating to development and construction. Examples could relate to progress being ahead of schedule, opening of new neighborhoods or community amenities, resident feedback on model Homes for new homes or renovated homes, etc.
21	**Challenges:**	Discuss challenges relating to development and construction in this section.
22	**Lessons Learned:**	Use this section to capture any lessons learned arising out of Project challenges and/or accomplishments related to development and construction. Examples include approaches for minimizing impact of construction to adjacent residents/facilities; innovative construction materials or methods; approaches to overcome permitting delays; dealing with labor-related issues; etc.
23	**Schedule Discussion:**	Discuss any relevant information relating to the development schedule at the Project. Please advise of any changes, delays, potential challenges and future prognosis.
24	**Budget Discussion:**	Discuss any relevant budgetary issues that have occurred at the Project. These issues could include any item that is has been under or over budgeted, how the Project is meeting budgeted expectations and future budgetary issues that may be preventable.
25	**Additional discussion:**	Other topics may include schedule and milestones, approved design guidelines, other performance issues and warranty and / or post construction issues

Project Occupancy		
Please insert the Project Company's name in the worksheet header.		
1	**Occupants by Rank**	This section compiles information on occupancy by rank across the Project. For multi-Installation Projects, this data represents the values for each individual Installation, as reported in the Installation # sections, and a total of all the individual Installation.
2	**Total Homes**	Data in this group summarizes total homes data for the Project.
3	**Begin State**	Total homes as of the date of Project transfer.
4	**End State**	Planned total homes at the end of the Initial Development Period, including any formally approved Major Decision adjustments thereafter due to re-scoping, additional debt, additional scoring, etc.
5	**Current Quarter**	Total homes during the current quarter. This is calculated by taking an average of the end-of-month total homes for each month in the quarter.

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6	**Homes Off-Line**	Homes off-line during the current quarter. This calculated by taking an average of the end-of-month homes off-line for each month in the quarter. Homes to be reported as off-line include the homes taken off-line for demolition, major, medium or minor renovation or other reasons established by the Property Manager as well as homes that are used for model homes, property management offices, maintenance offices, Project management offices, construction and/or renovation management offices, development management offices, hospitality or corporate suites, community services offices and homes occupied by Project employees, unless said employees are paying rent.
7	**Homes Available**	Automatically calculates the difference of the Current Quarter (item 5) and the Homes Off-Line (item 6).
8	**Homes Occupied**	Homes occupied during the current quarter. This calculated by taking an average of the end-of-month homes occupied for each month in the quarter.
9	**Waiting List**	Waiting list for the current quarter. This is calculated by taking an average of the end-of-month waiting list, excluding applicants for intra-post moves, for each month in the quarter.
10	**GFOQ**	Total homes, homes off-line, homes occupied and waiting list information for General and Flag Officer quarters (O7 and above). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
11	**SGO**	Total homes, homes off-line, homes occupied and waiting list information for senior grade officer quarters (O6). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
12	**FGO**	Total homes, homes off-line, homes occupied and waiting list information for field grade officer quarters (W4-W5, O4-O5). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
13	**CGO**	Total homes, homes off-line, homes occupied and waiting list information for company grade officer quarters (W1-W3, O1-O3). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
14	**SNCO**	Total homes, homes off-line, homes occupied and waiting list information for senior NCO quarters (E7-E9). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
15	**JNCO / JENL**	Total homes, homes off-line, homes occupied and waiting list information for enlisted and junior NCO quarters (E1-E6). Homes occupied by unaccompanied military personnel should not be reported in this item, but rather, should be reported in Other (item 16).
16	**Other ***	Total homes, homes off-line, homes occupied and waiting list information for all other tenants not in the groups above. The reported value of Homes Occupied should equal the total Homes Occupied reported in the Other Residents Breakdown (item 26).
17	**Total**	Totals for total homes, homes off-line, homes occupied and waiting list information. This line is automatically calculated.
18	**Pro forma**	Projections from the later of the final operational, final financial or final combined operational and financial closing pro forma or the latest final pro forma approved by HQDA through the Major Decision process for the current quarter for total homes, homes off-line and homes occupied generated as the average of the monthly projections for the quarter, when possible.
19	**Explanation of Variances**	Use this area to explain variances between actual results and pro forma expectations
20	**Homes Occupied by Housing Size**	This section compiles information on occupancy by homes size across the Project. For multi-Installation Projects, this data represents the values for each individual Installation, as reported in the Installation # sections, and a total of all the individual Installation.
21-24	**2BR, 3BR, 4BR & 5BR+**	Total homes, homes off-line, homes occupied and waiting list information by home size.
25	**Total**	Totals for total homes, homes off-line, homes occupied and waiting list information. This line is automatically calculated.
26	**Other Residents Breakdown**	This section captures how the occupancy waterfall is being utilized by the Project and who comprises the tenants.
27-31	**Single Military, Retirees, DoD/Federal Civilians, Civilians & Foreign Military**	Homes occupied during the current quarter. This calculated by taking an average of the end-of-month homes occupied for each month in the quarter.
32	**Explanation of Occupancy Distribution**	Information regarding use of tenant waterfall, etc.
33	**Additional Notes (Occupancy, Waiting List, Move-Ins/Move-Outs)**	Comments on any issues regarding Project occupancy, including providing specific waiting list information for ranks with large backlogs.

Primary Statement of Operations

This worksheet collects the key financial performance information relating to ongoing Project operations. Please insert the statement of operations in Microsoft Excel format provided by the Project's financial reporting software (i.e. Yardi). Do not insert a screenshot or pdf of the Statement of Operations.

Additional Statement of Operations

This worksheet collects the key financial performance information relating to ongoing, Partner-specific additional expenses funded by Project cash flow that are not captured on the Primary Statement of Operations worksheet. Please insert any additional statement of operations in Microsoft Excel format provided by the Project's financial reporting software. Additional guidance will be provided by the OACSIM Program Manager on a Partner-specific basis on what should be reported in this area.

Construction & Renovation Cost Summary - IDP

The purpose of this worksheet is to provide detailed information pertaining to the construction and renovation costs for the approved Initial Development Period scope. Please insert the draw(s) as of the end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, please insert both applicable draws into this section. Please insert the draw(s) in Microsoft Excel format. Do not insert just the draw cover sheet (i.e. AIA G702 cover sheet). The submitted draw(s) should include, at a minimum, the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete.

Development & Soft Cost Summary - IDP

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Please insert the Project Company's name in the worksheet header.

The purpose of this worksheet is to provide detailed information on development and soft costs for the approved Initial Development Period scope for work that is not managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a Project. The line items reported should be customized by the Project team and organized in line item categorizations that are in line with the latest closing (operational and/or financial) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma. The reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws provided with this Quarterly Report.

1	**Latest Closing or Latest Approved MSP Budget**	Include the total budgeted amount for the IDP scope of work as outlined in the latest closing (operational and/or financial) final pro forma or the latest final MSP pro forma approved by HQDA through the Major Decision process.
2	**Financial Closing Budget**	Include the total budgeted amount for the IDP scope of work as outlined in the final financial closing pro forma.
3	**Variance $**	Subtract the Latest Closing or Latest Approved MSP Budget number from the Financial Closing Budget number.
4	**Variance %**	Divide the variance in dollars by the Financial Closing Budget number.
5	**Actual Costs to Date**	Include the cumulative development and soft costs during the IDP to be actually incurred as of the end of reporting period.
6	**Latest Closing or Latest Approved MSP Costs to Date**	Include the cumulative development and soft costs during the IDP as of the end of the reporting period as outlined in the latest closing (operational and/or financial) final pro forma or the latest final MSP pro forma approved by HQDA through the Major Decision process.
7	**Variance $**	Subtract the Actual Costs to Date from the Latest Closing or Latest Approved MSP Costs to date
8	**Variance %**	Divide the variance in dollars by the Latest Closing or Latest Approved MSP Costs to Date
9	**Comments and Variance Discussion**	Use this area to explain variances between actual results to date and pro forma expectations.

Construction & Renovation Cost Summary - ODP

The purpose of this worksheet is to provide detailed information pertaining to the construction and renovation costs for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period. Please insert the draw(s) as of the end of the reporting period that outlines the costs for the new construction, renovations, site work, amenities, general conditions, overhead, contingency, fees and other construction and renovation soft costs. If there are separate contracts in place for new construction and renovations, please insert both applicable draws into this section. Please insert the draw(s) in Microsoft Excel format. Do not insert just the draw cover sheet (i.e. AIA G702 cover sheet). The submitted draw(s) should include, at a minimum, the original budget, budget changes, the revised budget, total completed, previous draws, current draw, retainage and balance to complete. Reported values should not cover the full remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple draws to cover each approved 5-year development period within the Out-Year Development Period should be provided.

Development & Soft Cost Summary - ODP

Please insert the Project Company's name in the worksheet header.

The purpose of this worksheet is to provide detailed information on development and soft costs for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period for work that is not managed by the Design/Builder or Construction Manager. These costs include soft costs and financing costs specific to a Project. The line items reported should be customized by the Project team and organized in line item categorizations that are in line with the Project Out-Year Plan (POP) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma. The reported line items should cover all costs that make-up the total development cost budget that are not included in the construction and/or renovation draws provided with this Quarterly Report for the same 5-year development period. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the latest approved, currently in-progress 5-year development period. Multiple copies of this sheet to cover each approved 5-year development period within the Out-Year Development Period should be provided.

Additionally, this worksheet captures non-development costs that the Army has approved to be financed from the Reinvestment Account for the latest approved, currently in-progress 5-year development period within the Out-Year Development Period. The work captured in this section is managed by the Property Manager and/or Asset Manager but paid for using Reinvestment Account funds. The line items reported should be customized by the Project team and, whenever possible, organized in line item categorizations that are in line with the Project Out-Year Plan (POP) final pro forma or the latest final approved Modified Scope Plan (MSP) pro forma.

1	**POP or Latest Approved MSP Budget**	Include the total budgeted amount for the scope of work for the latest approved, currently in-progress 5-year development period as outlined in the POP final pro forma or the latest final MSP pro forma approved by HQDA through the Major Decision process.
2	**POP Budget**	Include the total budgeted amount for the scope of work for the latest approved, currently in-progress 5-year development period as outlined in the POP final pro forma.
3	**Variance $**	Subtract the POP or Latest Approved MSP Budget number from the POP Budget number.
4	**Variance %**	Divide the variance in dollars by the POP Budget number.
5	**Actual Costs to Date**	Include the cumulative development and soft costs during the latest approved, currently in-progress 5-year development period within the ODP to be actually incurred as of the end of reporting period.
6	**POP or Latest Approved MSP Costs to Date**	Include the cumulative development and soft costs during the latest approved, currently in-progress 5-year development period within the ODP as of the end of the reporting period as outlined in the POP final pro forma or the latest final MSP pro forma approved by HQDA through the Major Decision process.
7	**Variance $**	Subtract the Actual Costs to Date from the POP or Latest Approved MSP Budgeted Costs to date.
8	**Variance %**	Divide the variance in dollars by the POP Budgeted Costs to Date.
9	**Comments and Variance Discussion**	Use this area to explain variances between actual results to date and pro forma expectations.

Lockbox Waterfall

Please insert the Project Company's name in the worksheet header.

The purpose of this worksheet is to outline the monthly flow of Project funds through the holistic waterfall that is governed by the Servicing and Lockbox Agreement/Trustee Indenture and Operating/Partnership Agreement and Sublease as applicable. Superior to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/Lockbox Agent/Trustee. Subordinate to "Cash Flow Available for Distribution", the Project team should customize the tiers of the waterfall to match the specific accounts and disbursements outlined in the Project's Servicing and Lockbox Agreement/Trust Indenture, Operating/Partnership Agreement and Sublease, as applicable, that are in effect during the Initial Development Period and then during the Out-Year Development Period. Reported values in these waterfall tiers should reflect the monthly cash flow waterfall executed by the Servicer/Lockbox

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Agent/Trustee, as applicable, and tracked by the Project Company entities for those movements and disbursements that are governed by the Operating/Partnership Agreement and Sublease, as applicable. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on waterfall activities during the reported quarter. Comments are to be included on waterfall activities during the reported quarter.

This worksheet also depicts the monthly transaction history of the Project's Reinvestment Account during the Out-Year Development Period. Entries are to be done on a monthly basis and include: 1.) the beginning balance of the account, 2.) interest earned on the account, 3.) deposits made into the account, 4.) withdrawals from the account and 5.) the ending balance of the account. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on Reinvestment Account activities during the reported quarter.

Lockbox Balances

Please insert the Project Company's name in the worksheet header.

This worksheet compiles a summary of balances for financial accounts outlined in and governed by the Project's Servicing and Lockbox Agreement or Trust Indenture. The accounts reported should be customized by the Project team to reflect the specific Project accounts, and associated account activity, reported by the Servicer/Lockbox Agent/Trustee. Entries are to be done on a monthly basis and include: 1.) the beginning balance of the account, 2.) interest earned on the account, 3.) deposits made into the account, 4.) withdrawals from the account and 5.) the ending balance of the account. The reported values should include the three months of the reported quarter plus the nine months preceding the reported quarter. Comments are to be included on accounts activities during the reported quarter.

Equity Return and Cash Flow Split Calculations

Please insert the Project Company's name in the worksheet header.

The purpose of this worksheet is to provide detailed information pertaining to the calculation of equity return payments and cash flow split payments to the Partner during the Out-Year Development Period. Please insert the running calculation over the Project's Fiscal Year computed in accordance with the Project's legal documents for how the cash flow eligible to be used to pay equity returns and cash flow splits is determined and the amounts of equity return payments and cash flow split payments to the Partner. Please insert the calculations in Microsoft Excel format.

Small and Local Business

Please insert the Project Company's name in the worksheet header.

1	**Small Business**	SBA has established a size standard for most industries in the economy. The most common size standards are as follow: - 500 employees for most manufacturing and mining industries - 100 employees for all wholesale trade industries - $6 million for most retail and service industries - $28.5 million for most general & heavy construction industries - $12 million for all special trade contractors - $0.75 million for most agricultural industries SBA has posted the Table of Small Business Size Standards matched to North American Industry Classification System (NAICS) on its Website.
2	**Current Quarter**	Contracts awarded during the most recently ended quarter.
3	**To-Date**	Contracts awarded since the closing date of the Project.
4	**Army Goal**	Federal targets for small business participation.
5	**Comments**	This column provides space to provide any comments relating to small business participation.
6	**Executed Contracts**	The total value of contracts that have been awarded. For purposes of RCI reporting, this refers to contracts below the Project-entity level (or it's affiliates and major contractors). As an example, the General Contractor or Construction Manager on the Project would not be included as part of "Executed Contracts", however, all subcontracts of the General Contractor or Construction Manager are counted.
7	**Large Business**	Amount of contracts that have been awarded to large businesses
8	**Small Business**	Amount of contracts that have been awarded to small businesses (all types)
9	**Veteran-Owned**	A small business concern (A) not less than 51 percent of which is owned by one or more veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and (B) the management and daily business operations of which are controlled by one or more veterans.
10	**Service Disabled Veteran-Owned**	A small business concern (A) not less than 51 percent of which is owned by one or more service disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service disabled veterans; and (B) the management and daily business operations of which are controlled by one or more service disabled veterans. A service disabled veteran is one who has a "permanent and severe disability" that was incurred or aggravated in line of duty in the active military, naval, or air service. For the term `"permanent and severe disability," SBA referred to the regulations promulgated by the U.S. Department of Veteran's Affairs (VA) guidance of permanent and severe disability."
11	**HUB Zone**	The HUB Zone Empowerment Contracting Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUB Zone (Historically Underutilized Business Zone) certification in part by employing staff who live in a HUB Zone. The company must also maintain a "principal office" in one of these specially designated areas. A principal office is the location where the greatest number of employees at any one location actually perform their work, except for construction and service industries, which have exemptions based on their occasional need to assign employees at the contract location. Notice that the 'principal office' definition can mean something very different from a company's headquarters. It could happen that a small business might have a headquarters in a non-HUB Zone location and establish a principal office within a HUB Zone locality and still qualify legitimately for program participation.

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12	**Disadvantaged Business**	A small business concern that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged. This can include a publicly owned business that has at least 51 percent of its stock unconditionally owned by one or more socially and economically disadvantaged individuals and whose management and daily business is controlled by one or more such individuals.
13	**Women-Owned C128**	Women-owned small business concern means a small business concern (a) which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (b) Whose management and daily business operations are controlled by one or more women."
14	**Local Business**	Contracts awarded to all business falling within the project-defined local area. Depending on the specific project, the local business area may be designated by a radius, municipality, congressional district, or other means.
15	**Executed Contracts**	Total contracts awarded. This line is equivalent to line 7 above, and is automatically filled in.
16	**Local Business**	Amount of contracts awarded to local business
17	**Non-Local Business**	Refers to contracts awarded to all other businesses not meeting the project's definition of "local business" (this field is calculated automatically)

Other Project Information		
Please insert the Project Company's name in the worksheet header.		
1	**Accounts Receivable**	This section captures payment balances owed to the Project that are outstanding for more than 30 days.
2	**Rent**	Rental payments due that were not received through the allotment process or during move-in / move-out procedures
3	**Utilities Overage Charges to Residents**	Utility overage charges to residents that have not been received.
4	**Other**	Total outstanding balance of payments due for all other revenue-producing Project activities not related to BAH collection.
5	**Total**	The total balance of payments outstanding. This is the sum of item 2 through item 4.
6	**Current Project Resident**	Total payments owed to the Project by residents currently living in the Project's housing
7	**Past Project Resident**	Total payments owed to the Project by residents who have vacated the Project's housing
8	**Total**	The total balance of payments outstanding. This is the sum of item 6 and item 7.
9	**Incentive Fees Awarded**	This section captures information on incentive fees awarded to the Project's prime contractors during the quarter.
10	**Asset Management**	Total incentive fee associated with Asset Management. If not applicable, insert "N/A".
11	**Property Management**	Total incentive fee associated with Property Management. If not applicable, insert "N/A".
12	**Maintenance Management**	Total incentive fee associated with Maintenance Management. If not applicable, insert "N/A".
13	**Construction Management**	Total incentive fee associated with Construction Management. If not applicable, insert "N/A".
14	**Renovation Management**	Total incentive fee associated with Renovation Management. If not applicable, insert "N/A".
15	**Development Management**	Total incentive fee associated with Development Management. If not applicable, insert "N/A".
16	**Project Staffing**	This section collects information on the staffing levels involved in management and oversight of the RCI Project by prime private sector entities and their affiliates. Corporate allocations should not be included in the line items below.
17	**Currently Filled FTE Positions**	The total number of full-time equivalent positions associated with the Project as of the end of the reporting period that are filled/occupied by private sector personnel. A full-time equivalent position is one in which an individual works for 40 hours per week. Please include all partial full-time equivalent positions in the reported value.
18	**Vacant FTE Positions**	The total number of full-time equivalent positions associated with the Project as of the end of the reporting period that are vacant and are planned to be filled/occupied by private sector personnel. A full-time equivalent position is one in which an individual works for 40 hours per week. Please include all partial full-time equivalent positions in the reported value.
19	**Total FTE Positions**	The total number of full-time equivalent positions associated with the Project as of the end of the reporting period. This is the sum of item 17 and item 18.
20	**Project Management**	Number of full-time equivalent positions associated with the Project of the prime entity and any of its affiliates engaged in overall Project and/or asset management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Subcontractors should not be included in the reported values. Please do not include corporate allocations.
21	**Property Management / Leasing**	Number of full-time equivalent positions associated with the Project of the prime entity and any of its affiliates engaged in property management and leasing. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Subcontractors should not be included in the reported values. Please do not include corporate allocations.
22	**Maintenance**	Number of full-time equivalent positions associated with the Project of the prime entity and any of its affiliates engaged in maintenance. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Subcontractors should not be included in the reported values. Please do not include corporate allocations.
23	**Development Management**	Number of full-time equivalent positions associated with the Project of the prime entity and any of its affiliates engaged in development management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Subcontractors should not be included in the reported values. Please do not include corporate allocations.

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24	**Construction / Renovation Management**	Number of full-time equivalent positions associated with the Project of the prime entity and any of its affiliates engaged in construction and/or renovation management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Subcontractors should not be included in the reported values. Please do not include corporate allocations.
25	**Temporary Personnel**	Any full-time equivalent positions associated with the Project of a prime entity and/or any of its affiliates that are put in place for a finite amount of time to support operations. Development, construction and/or renovation management positions that are planned to be in place for nearly the full length of a planned scope of work should not be reported in item 28 and item 29. Those positions should be reported in item 23 and item 24.
26	**Project Management**	Number of full-time equivalent temporary positions associated with the Project of the prime entity and any of its affiliates engaged in overall Project and/or asset management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Please do not include corporate allocations.
27	**Property Management / Maintenance / Leasing**	Number of full-time equivalent temporary positions associated with the Project of the prime entity and any of its affiliates engaged in property management, maintenance management and leasing. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Please do not include corporate allocations.
28	**Development Management**	Number of full-time equivalent temporary positions associated with the Project of the prime entity and any of its affiliates engaged in development management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Please do not include corporate allocations.
29	**Construction / Renovation Management**	Number of full-time equivalent temporary positions associated with the Project of the prime entity and any of its affiliates engaged in construction and/or renovation management. Reported personnel should include all personnel located on-site at the Project and off-site personnel providing direct functional support, such as accounting, finance and legal support. Reported values should not include management personnel above the regional management level. Please do not include corporate allocations.
30	**Other**	Number of full-time equivalent positions associated with the Project of a prime entity and/or any of its affiliates that are not reported in item 20 through item 29. A explanation of the position should be provided in the Comments section.
31	**Total**	The total number of full-time equivalent Project personnel. This is the sum of item 20 through item 30.
32	**Army Staffing**	This section provides staffing information on Army Housing office and RCI Staff and the PAL Point of Contact.
33	**Currently Filled FTE Positions**	The total number of full-time equivalent positions associated as of the end of the reporting period that are filled/occupied by government personnel. A full-time equivalent position is one in which an individual works for 40 hours per week. Please include all partial full-time equivalent positions in the reported value.
34	**Vacant FTE Positions**	The total number of full-time equivalent positions as of the end of the reporting period that are vacant and are authorized to be filled/occupied by government personnel. A full-time equivalent position is one in which an individual works for 40 hours per week. Please include all partial full-time equivalent positions in the reported value.
35	**Total FTE Positions**	The total number of full-time equivalent Army positions as of the end of the reporting period. This is the sum of item 33 and item 34.
36	**Average % of Time Spent on RCI**	Estimated amount of time, as a percentage of total time worked during the quarter net of all leave time, that Army employees spend on RCI oversight, actions and issues. The value reported in item 38 through item 42 should be an average for the personnel reported during the quarter in the Currently Filled FTE Positions category.
37	**Average % of Time Spent on PAL**	Estimated amount of time, as a percentage of total time worked during the quarter net of all leave time, that Army employees spend on Privatization of Army Lodging (PAL) oversight, actions and issues. The value reported in item 38 through item 42 should be an average for the personnel reported during the quarter in the Currently Filled FTE Positions category.
38	**RCI Asset Management Staff**	Number of full-time equivalent Army positions engaged in RCI asset management and oversight functions.
39	**Housing Services Office Staff**	Number of full-time equivalent Army positions engaged in Housing Services Office functions.
40	**Unaccompanied Housing Staff**	Number of full-time equivalent Army positions engaged in barracks support.
41	**Other Installation AFH Staff**	Number of full-time equivalent Army positions that are not reported in item 37 through 39 and item 41 that are part of the Installation housing office. A explanation of the position should be provided in the Comments section.
42	**Non-Housing Staff Privatization of Army Lodging Point of Contact**	Army position that is not assigned to the Installation Housing Office that has been identified as the Privatization of Army Lodging (PAL) Point of Contact (POC). If the identified PAL POC is an Army position within the Installation Housing Office, then no value should be reported in this line item. Only the Average % of Time Spent on PAL should be reported in this line item.
43	**Total**	The total number of full-time equivalent Army personnel. This is the sum of item 37 through item 41.

Sources and Uses
Please insert the Project Company's name in the worksheet header.
This worksheet summarizes the changes to Project Sources and Uses related to the IDP and ODP. For the ODP, please report just the Sources and Uses for the latest

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approved, currently in-progress 5-year development scope. Reported values should not cover the full, remaining term from the end of the Initial Development Period to the expiration of the Ground Lease, just the currently approved 5-year period. Additional Sources and Uses tables that cover each approved 5-year period within the Out-Year Development Period should be included on this worksheet. Current Projection values should be updated each quarter. The Project may provide this information in another format, such as the original or current pro forma's Sources and Uses worksheet. However, please provide such alternative information formats in Microsoft Excel.

1	**Sources - IDP**	Summation of all funds used to finance the Project's IDP development scope.
2	**Partner Equity**	Equity investment the Partner puts into the Project.
3	**Army Equity**	Equity investment the Army puts into the Project.
4	**Loan Proceeds**	Par amount for Project loan.
5	**Excess Cash Flow**	Additional funds that remain after debt service, incentive fees, capital repair and replacement reserve deposits, all other reserves deposits and any other subordinated expenses that will be deposited into the Construction Account.
6	**Interest Income**	Income received from interest earned on cash temporarily held in certificates of deposit, savings accounts and other investments.
7	**Other**	Any other source of funds for the Project, including sale proceeds from land dispositions. Please provide details for each additional source of funds.
8	**Total**	Sums the total for all sources.
9	**Uses - IDP**	Summation of all funds spent to deliver the Project's IDP development scope.
10	**Hard Costs**	Costs associated with construction (i.e. concrete, plumbing, etc.)
11	**Soft Costs**	Costs not considered direct construction costs (i.e. architecture, engineering, overhead, etc.)
12	**Finance Costs**	All costs associated with Financing, including financial closing and original issue discount costs.
13	**Other**	All other costs not captured in line items 10-12. Please provide details of each additional cost.
14	**Total**	Sums the total for all uses.
15	**Sources & Uses Surplus / Deficit - IDP**	This section calculates the variance between the sources and uses summations.
16	**Surplus / Deficit**	The difference, if any, between the sources and uses summations.
17	**Sources - ODP**	Summation of all funds used to finance the Project's ODP development scope.
18	**Partner Equity**	Equity investment the Partner puts into the Project.
19	**Army Equity**	Equity investment the Army puts into the Project.
20	**Loan Proceeds**	Par amount for Project loan.
21	**Excess Cash Flow**	Additional funds that remain after debt service, incentive fees, capital repair and replacement reserve deposits, all other reserves deposits, any other subordinated expenses and equity returns that will be deposited into the Construction Account or Reinvestment Account
22	**Interest Income**	Income received from interest earned on cash temporarily held in certificates of deposit, savings accounts and other investments.
23	**Other**	Any other source of funds for the Project, including sale proceeds from land dispositions. Please provide details for each additional source of funds.
24	**Total**	Sums the total for all sources.
25	**Uses - ODP**	Summation of all funds spent to deliver the Project's ODP development scope.
26	**Hard Costs**	Costs associated with construction (i.e. concrete, plumbing, etc.)
27	**Soft Costs**	Costs not considered direct construction costs (i.e. architecture, engineering, overhead, etc.)
28	**Finance Costs**	All costs associated with Financing, including financial closing and original issue discount costs.
29	**Other**	All other costs not captured in line items 26-28. Please provide details of each additional cost.
30	**Total**	Sums the total for all uses.
31	**Sources & Uses Surplus / Deficit - ODP**	This section calculates the variance between the sources and uses summations.
32	**Surplus / Deficit**	The difference, if any, between the sources and uses summations.

GFOQ		
Please insert the Project Company's name in the worksheet header.		
1	**GFOQ Reporting**	Privatized General and Flag Officer Quarters reporting tab.
2	**State / Country**	State / Country where the GFOQ units are located.
	Installation	Name of the installation where the GFOQ units are located.
	Quarters ID	Unit identification number for the GFOQ units.
	Year Built	Year the GFOQ units were completed.
	Size NSF	Net square footage of the GFOQ units.
	Operation Cost	Operation cost for each GFOQ unit. Please exclude utility costs from the calculation. If that is not possible, place an (*) by the Quarters ID number, where utility costs are included as part of the operations cost.
	Maintenance Cost	Maintenance cost for each GFOQ unit, including any minor or unscheduled maintenance cost.
	Repair Cost	Capital repair and recovery cost for each GFOQ unit.
	Total OMR Cost	Total Operations, Maintenance and Repair costs.

Congressional Reporting		
Please insert the Project Company's name in the worksheet header.		
1	**Utility Cost Reporting**	An assessment of cost assessed to members of the armed forces for utilities compared to utility rates in the local area.
2	**Installation**	TO BE COMPLETED BY RCI PARTNER: Specify installation. For Projects with more than one installation, put additional installation utility information in extra lines provided in [11] Other.
3	**Utility Rate Charged to Project (per applicable unit of measurement)**	TO BE COMPLETED BY RCI PARTNER: Utility rate charged to Project per applicable unit of measurement.
4	**Average Quarterly Utility Cost Per Project Occupied Unit**	TO BE COMPLETED BY RCI PARTNER: Average cost for utility that is charged to Project per occupied unit for the quarter.
5	**City and State of Local Municipality**	TO BE COMPLETED BY ARMY ASSET MANAGER: Local municipality to be used for off-post utility comparison.
6	**Comparable Utility Rate in Local Municipality (per applicable unit of measurement)**	TO BE COMPLETED BY ARMY ASSET MANAGER: Utility rate charged in the comparable off-post local municipality per applicable unit of measurement.

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7	**Average Quarterly Utility Cost Per Project Occupied Unit Using Comparable Local Rates**	TO BE COMPLETED BY ARMY ASSET MANAGER: Average cost for utility that would be charged to Project per occupied unit for the quarter using comparable off-post utility rate.
8	**Water**	Assessment of water utility cost charged to Project versus comparable off-post water utility cost.
9	**Electric**	Assessment of electric utility cost charged to Project versus comparable off-post electric utility cost.
10	**Natural Gas**	Assessment of natural gas utility cost charged to Project versus comparable off-post natural gas utility cost.
11	**Others**	If other utilities or additional installations apply, put this information in the additional lines provided.

Cumulative Change Order Log - IDP
This worksheet summarizes approved Change Orders executed during the Initial Development Period. Please insert the cumulative log of Change Orders approved in accordance with the Project's legal documents since contract inception for work performed during the IDP. If multiple contracts where executed during the IDP (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract. Cumulative Change Order logs should be provided in Microsoft Excel format, if available.

Cumulative Change Order Log - ODP
This worksheet summarizes approved Change Orders executed in association with the latest approved, currently in-progress 5-year development period within the Out-Year Development Period. Please insert the cumulative log of Change Orders approved in accordance with the Project's legal documents since contract inception for work performed during the latest approved, currently in-progress 5-year development period. If multiple contracts were executed during the latest approved, currently in-progress 5-year development period (ex. separate contracts for two phases of work or separate contracts for new construction and renovations), insert a cumulative Change Order log for each contract. Cumulative Change Order logs should be provided in Microsoft Excel format, if available. Cumulative Change Order logs that cover each approved 5-year development period within the Out-Year Development Period should be provided.

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Annual OSD Program Evaluation Report Templates

As discussed in detail earlier in this section, the following PER Current Data Sheet and PER Long-Term Data Sheet templates comprise the required annual PER submission for each RCI project. These templates are subject to change. The current version of the PER templates and instructions (once published) will be posted on the OSD MHPI website which can be found here: http://www.acq.osd.mil/housing/evalplan.htm. The OSD website should be consulted when assistance is needed, as it will contain the latest version of PER templates and instructions.

PER Current Data Sheet *(OSD version dated May 2014)*

Line	Element	PROJECT RESPONSE
1	**LOCATION (CITY AND STATE)**	
2	**PROJECT OVERVIEW**	
2a	Total # of Base Housing Units Before Privatization	
2b	Total # of Units Transferred	
2c	Total # of Units Replaced	
2d	Total # of Units Renovated	
2e	Total # Transferred Units with No Initial Work Required	
2f	Deficit Reduction #	
2g	Total # of Units Demolished or Sold Without Replacement	
3	Total # of Units Privatized	
3a	Total # of Inadequate Units Eliminated	
4	Total # of Base Housing Units	
5	Project Term (Yrs./Mos.)	
6	Closing Date	
7	IDP Completion Date	
8	**CONSTRUCTION**	
9	New construction completed (#)	
10	New construction scheduled for completion (#)	
11	Renovation completed (#)	
12	Renovation scheduled for completion (#)	
13	**GOVERNMENT SERVICES**	
14	Fire (Yes/No)	
15	Police (Yes/No)	
16	Miscellaneous (Name Any)	
17	**Occupied Units**	
18	Military Families (#)	
19	Military Unaccompanied (#)	
20	Retirees (#)	

21	Civil Service (#)	
22	Civilians (#)	
23	**Military Housing Demographics**	
24	Enlisted Families (E1-E6)	
25	Enlisted Families (E7-E9)	
26	Officer Families (O1-O10)/(W1-W4)	
27	Total	
28	**OCCUPANCY AND DCR**	
29	Units available for occupancy (#)	
30	Occupied units (#)	
31	Current Occupancy Rate (%)	
32	DCR on 1st mortgage	
33	DCR on 1st mortgage plus 2nd mortgage	
34	**DEAL STRUCTURE**	
35	Developer/General Partner (Name)	
36	Government Cash Equity ($)	
37	Private Equity ($)	
38	2875 Test Percentage (%) - **CASH**	
39	2875 Test Percentage (%) - **TOTAL**	
40	**FINANCIAL PROFILE**	
40a	Budget Score ($) (Total)	
40b	Direct Loan Score ($)	
40c	Limited Guarantee Score ($)	
40d	Investment Score ($)	
40e	Differential Lease Payment ($)	
41	Private Sector Senior Debt	
42	Lender Name	
43	Loan amount ($)	
44	Term (Yrs.)	
45	Interest rate (%)	
46	Special provisions	
47	Guaranteed by Government (Y/N)	
48	Guaranteed Threshold Event Ratio	
49	Eligible Military Families - Base (#)	
50	Eligible Military Families - Current (#)	
51	Private Sector Junior Debt	
52	Lender Name	
53	Loan Amount ($)	
54	Term (Yrs.)	
55	Interest Rate (%)	
56	Special Provisions	
57	Government Debt	

58	Direct loan amount ($)	
59	Direct loan term (Yrs.)	
60	Direct loan interest rate (%)	
61	Special Provisions	
62	**DATE OF LOAN EXECUTION**	
63	First (Permanent) Mortgage (Mo./Yr.)	
64	Second Mortgage (Mo./Yr.)	
65	**REMAINING PRINCIPAL BALANCE**	
66	First (Permanent) Mortgage ($)	
67	Second Mortgage ($)	
68	Reinvestment Account	
69	Outstanding Litigation (Y/N)	
70	Short Term Outlook (5 Years)	
71	Long Term Outlook (6-20 Years)	
72	**PROJECT NOTIFICATION/INCIDENCE REPORTS**	
73	Date of default notice	
74	Date of change in project ownership	
75	Date of loan modification (guaranteed or direct)	

PER Long-Term Data Sheet *(OSD version dated May 2014)*

Capital Sources ($ millions)				
		IDP		Current/Approved
(75) Private Debt	$	50.0	$	50.0
(76) Government Direct Loan (GDL)	$	12.0	$	12.0
(77) Total Debt (Lines 75+76)	**$**	**62.0**	**$**	**62.0**
(78) Private Equity	$	10.0	$	10.0
(79) Government Equity	$	80.0	$	80.0
(80) Total Equity (Lines 78+79)	**$**	**90.0**	**$**	**90.0**
(81) Other Development Funds	**$**	**100.0**	**$**	**101.0**
(82) Total Sources (Lines 77+80+81)	**$**	**252.0**	**$**	**253.0**

Annual Operating Summary ($ millions)				
(83) Date of Financial Statement (Type Month/Day/Year)				09/2012
		From Budget		From Fin Stmt
(84) Effective Gross Income	$	50.0	$	52.0
(85) Operating Expenses	$	45.0	$	46.0
(86) Net Operating Income (Line 84 Minus Line 85)	**$**	**5.0**	**$**	**6.0**
(87) Cumulative Reinvestment Acct Balance	$	5.0	$	5.0

Cumulative Next 5-Year Capital Plan (Post IDP)			
Reporting Period From (Type Month/Day/Year)	**10/2012**	**to**	**09/2017**
Capital Requirements:	**# of Units**	**$ / Unit**	**Total ($ millions)**
(88) Demolition	50	$ 15,000	$ 0.8
(89) New Construction	30	$ 80,000	$ 2.4
(90) Renovation	15	$ 30,000	$ 0.5
(91) Capital Repair & Replacement		$ 1,999,999	$ 2.0
(92) Ancillary Facilities		$ 2,000,000	$ 2.0
(93) Total Capital Requirement (Sum Lines 88:92)			**$ 7.6**
Sources ($ millions):	**Starting Balance**	**Deposits and Interest**	**5-yr Cumulative**
(94) Capital Repair & Replacement	$ 2.0	$ 0.1	$ 2.1
(95) Reinvestment Account	$ 1.0	$ 0.2	$ 1.2
(96) Additional Private Debt	$ 3.0	$ 0.3	$ 3.3
(97) Other	$ 2.0	$ 0.2	$ 2.2
(98) Total Sources (Sum Lines 94:97)			**$ 8.8**
(99) Surplus / (Deficit) (Line 98 Minus Line 93)			**$ 1.2**

Cumulative Post-IDP 20-Year Recapitalization Plan ($ millions)		
	20 Years	50 Years
(100) Capital Requirements:	$ 50.0	$ 75.0
Sources:		
(101) Capital Repair & Replacement Acct	$ 10.0	$ 15.0
(102) Reinvestment Account	$ 12.0	$ 18.0
(103) Planned Debt / Equity	$ 13.0	$ 19.0
(104) Other	$ 5.0	$ 10.0
(105) Total Sources (Sum Lines 101:104)	**$ 40.0**	**$ 62.0**
(106) Surplus / (Deficit) (Line 105 Minus Line 100)	**$ (10.0)**	**$ (13.0)**

PERFORMANCE OUTLOOK AND BUSINESS STRATEGY

(107) Operating Performance:

(108) Capital Performance:

(109) Other Actions:

PAL Accounting and Financial Reporting

Overview

Accounting and financial reporting is an important tool that provides PPD and CVD with key project financial information. By reviewing the ongoing financial information provided by the Project Owner, Army stakeholders can gain a better understanding of the financial health of the PAL portfolio.

Accounting and financial reporting provides the Army with key indicators of the overall portfolio's financial health and highlights installations or specific program areas that may need additional attention. For example, decreases in room nights sold, resulting in reduced net income, may require that PPD review project cash flow to ensure available funds for construction.

Key Points of Accounting and Financial Reporting
▪ Assists the PAL PM to gain a better understanding of the financial health of specific installations and the portfolio as a whole ▪ Through analysis of financial reports the PAL PM can work with the Project Owner to proactively identify and address trends detrimental to the health of PAL ▪ Enables the PAL PM to ensure that the interests of all stakeholders remain aligned ▪ Analysis of the accounting and financial reporting takes place at the Army HQ level

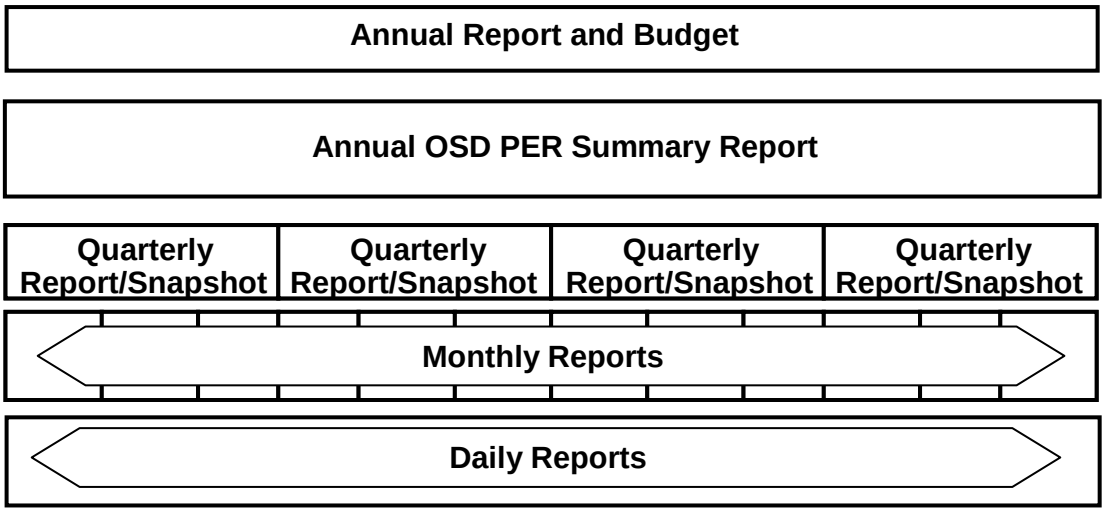
Accounting and Financial Reporting Components

The accounting and financial reports are delivered by the Project Owner to PPD in accordance with the Lease. In addition, per the Lease, the Lessee is responsible to provide data as may be reasonably requested by the Lessor in order to meet the Lessor's obligations under 10 U.S.C. 2884, as may be amended, for governmental programmatic reporting purposes. These reports include the following, each of which are briefly described in this section:

- Quarterly "Snapshot"
- Annual Report and Budget
- Monthly Reports
- Daily Reports
- Quarterly Report

Aside from the Quarterly Snapshot (which is distributed directly to each installation), the accounting and financial reports provide information on the Hotel Operator's financial operations and performance, and as such are proprietary, confidential, and sensitive. Per the Lease, this information cannot be compromised or transmitted to third parties; in order to manage information flow, PPD will share information from these reports when necessary.

Figure B.2.1 – PAL Accounting and Financial Reporting Periods



Quarterly Snapshot

The Quarterly "Snapshot" provides a high level overview of key financial, operational, and development lodging performance indicators for each installation. This is the principal PAL report reviewed by PAL POCs and Garrison Commanders, and serves as their primary source of PAL-related information. The Quarterly Snapshot is developed by the Project Owner, and is sent directly to the PAL PM, Garrison Commanders and the Hotel GM at each installation.

Garrison Commanders, PAL POCs, Hotel GMs, and Development Managers for each installation are encouraged to meet with each other to discuss any questions or issues raised by the Quarterly Snapshot. The discussion will support understanding and insight into the installation's lodging performance, challenges, and issues. In particular, the Development Manager should be consulted regarding Construction and Development Progress Updates. This discussion ensures regular coordination between the key stakeholders at the installation level. The Regional Director of Hotel Operations is encouraged to attend these meetings if available. Additional questions generated from the meeting outside the scope of the Quarterly Snapshot should be forwarded to the PAL PM.

The Quarterly Snapshot includes the following data, explained further in the sections that follow. Attached at the end of Appendix B.2 is a sample of a Quarterly Snapshot report.

- Contact Information
- End-State Development Scope
- Year-to-Date Occupancy

- Overall (Customer) Satisfaction Scores
- Construction Progress Update
- Development Progress Update
- PAL Portfolio Quick Stats

Contact Information

The Lessee's principal points of contact involved with the hotel are listed. This includes the Hotel General Manager, the Construction/Development Manager, and the Regional Director of Hotel Operations.

End-State Development Scope

Lists the total number of end-state hotel rooms at the installation and detailed by lodging facility on the installation.

Year-to-Date (YTD) Occupancy

Year-to-date occupancy figures are provided for lodging facilities on the installation and are segregated by official and unofficial travel. The actual occupancy rate of hotels at the installation is compared to the budget as well as the portfolio at large. The section includes a brief explanation of the results and trends.

Overall (Customer) Satisfaction Scores

Overall customer satisfaction scores (from a scale of 1-5) are provided for the current month, a 3-month rolling average, and a 12-month rolling average. The installation specific lodging satisfaction scores are compared against the portfolio. The section includes a brief explanation of the results and trends.

Construction Progress Update

A brief update on progress related to new construction is provided – including an explanation of any issues – as well as a schedule for building completion and units coming on-line.

Development Progress Update

A brief update on progress related to development and renovations is provided, and may discuss scope of work, delivery schedule, and issues as appropriate.

PAL Portfolio Quick Stats

PAL Portfolio Quick Stats provides statistics of the PAL Program as a whole. This data is common across all Quarterly Snapshots.

Annual Report and Budget

The Project Owner is required to produce an Annual Report in accordance with the Lease. The annual reports are typically provided to PAL PM within 60 days following the end of the fiscal year. The Annual Report includes, on an installation by installation basis, reports on any modification of policies and procedures, a balance sheet, funding of the Lock Box Accounts and expenditures in the replacement reserve subaccount.

The Project Owner also submits both an annual hotel operations and asset management budget for approval from OACSIM-PPD, per the Lease and PAL Major Decisions Authority Policy. OACSIM-PPD will coordinate directly with the Owner during the review.

Monthly Report

The Project Owner is required to produce a Monthly Report in accordance with the Lease. The monthly reports are to be provided to the PPD PAL PM within 30 days following the end of the month. Key project metrics are provided on a monthly basis; this enables the PAL PM to monitor issues of concern and respond to the majority of data inquiries both within and external to the Department of the Army. The Lessee also provides a summary of change orders to-date, a summary of the Lock Box Accounts, and a general overview. PPD is responsible for reviewing and tracking the information in the Monthly Reports.

Daily Report

The Project Owner is required to produce a Daily Report to the PAL PM in accordance with the Lease, which includes the following (reporting period is the preceding day):

- Room Nights Sold
- Rooms Out of Order
- Average Daily Rate
- Occupancy (official and unofficial travel)

This information is managed and tracked at the OACSIM-PPD program level.

Quarterly Report

The Lessee is required to produce a Quarterly Report in accordance with the Lease. The monthly reports are to be provided to the PPD PAL PM within 40 days following the end of each fiscal quarter (except the Profit and Loss Statement, which is provided within 60 days following the end of each fiscal quarter). The Quarterly Report includes profit and loss statements for each installation, development progress reports, by installation and portfolio wide, and an executive summary.

Quarterly project reporting provides the means for PPD to oversee project performance through a more detailed analysis. PPD is responsible for reviewing the Profit & Loss Statements to ensure financial health of the individual projects and the portfolio. Additionally, all data needed to produce the annual OSD PER report is incorporated from the quarterly reports.

OSD Program Evaluation Report (PER)

The Lessee provides data which is used to support the creating of the PER. PER reporting activities occur on an annual basis. Production of the PER report is based on information provided by the Lessee and completed by the PPD PM for incorporation into the final PER.

Figure B.2.2 PAL Accounting and Financial Reporting Schedule

Report	Due Date (Within)	Description
Daily		
Pulse	Next Day	Unaudited hotel revenue reports. Revenue, Occupancy, RNS, ADR, RevPAR, etc.
Monthly		
Dashboards	30 days from Month-End	Operation Report containing monthly and year-to-date Revenue, Occupancy, RNS, ADR, RevPAR, etc.
Lock Box	30 days from Month-End	Lock Box Account summary (monthly and fiscal year-to-date)
Change Order	30 days from Month-End	Change Order summary (proposed, pending, and executed)
Quarterly		
Quarterly Report	40 days from Quarter-End	Operation Report containing quarterly and year-to-date Revenue, Occupancy, RNS, ADR, RevPAR, etc.
Executive Summary	40 days from Quarter-End	Summary of issues in management, maintenance and development
Design/Build	40 days from Quarter-End	Summary of development and construction to include, but not limited to, work progress, critical issues, potential challenges, completions, costs, UOL schedule, and photos
P&L	60 days from Quarter-End	Unaudited (Rest Easy certified) Profit and Loss statement by installation and entire portfolio
Annually		
Operating and Asset Management Budget	45 days prior to Fiscal Year	Annual operating budget and annual asset management budget
Incentive Performance	After completion of Fiscal Year and Reviewed by PPD within 14 days of submission	Asset Manager and Hotel Operator incentive performance report. [Appendix K of Lease]
Policies & Procedures	60 days from Year-End	Report detailing, on a by-installation basis, any significant modifications to policies or procedures (proposed, pending, and executed)
Balance Sheet	60 days from Year-End	Unaudited (Rest Easy certified) Balance Sheet
Lock Box	60 days from Year-End	Planned funding of the Lock Box Accounts
Replacement Reserve	60 days from Year-End	Report presenting expenditures from the Replacement Reserve

Fort Bliss, Texas

QUARTERLY

SNAPSHOT

For 3rd Quarter, FY2014 (ended June 30, 2014)

Privatization of Army Lodging (PAL)

General Manager
Recruiting

Regional Director of Operations
Teresa Colatarci

Development Manager
Mark McCommon

392 Rooms

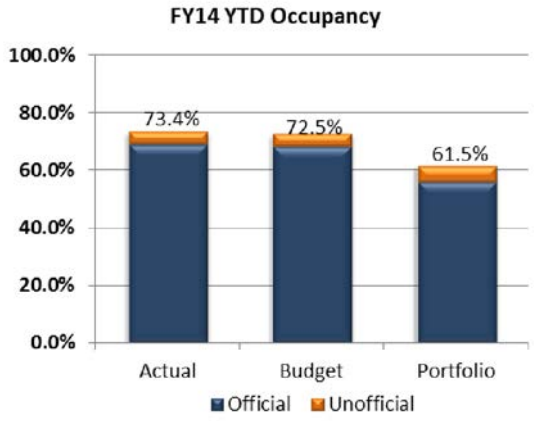
Building 1744
149 Rooms

Bldgs 11340, 11345
129 Rooms

Bldgs 11265, 11266, 11332
114 Rooms

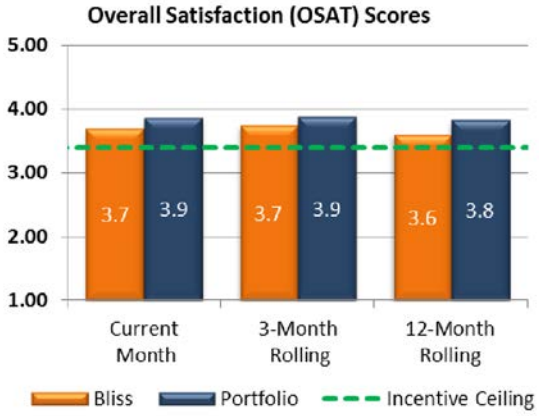
5000 Series
125 Rooms, taken out of service in February 2014

IHG Army Hotels Guesthouse 1744



While YTD occupancy at Fort Bliss exceeds both budget and the portfolio average, demand was negatively impacted by the relocation of the 402nd mid-year. We continue to market our hotels to attract new demand to offset the loss.

Overall guest satisfaction is slightly below the portfolio average for the past 12 months. However, we expect those scores to increase after Building 1744 is finished with renovations to brand it a Holiday Inn Express.



For PAL Program Questions, please contact:

VJ Abdoo

ACSIM, PAL Program Manager

(703) 545-2522

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RestEASY LLC

Construction Progress

Building	Start Date	End Date	Status	Units on Line (as of Jun 30)
Guesthouse 1744	Jan 2013	Oct 2014	Renovation	148
Bldgs 11340, 11345	Aug 2012	Nov 2012	Complete	125
Bldgs 11265, 11266, 11332	Oct 2012	Dec 2012	Complete	129
5000 Series	--	--	--	--
New Candlewood Suites	Nov 2017	Mar 2019	--	--

Development Update

Holiday Inn Express renovations for Fort Bliss Guesthouse, Building 1744 are almost complete. The interior renovations are being finalized. The new roof was installed in June and the remaining new bedroom furniture is being delivered and installed through August.

- More than **11,600 hotel rooms across 39 military installations** nationwide
- **$346 million** spent on hotel renovations, **$39M** spent over the last quarter
- **More than 764 million IHG® Rewards Points** awarded

Joint Base San Antonio, Texas

QUARTERLY

SNAPSHOT

For 3rd Quarter, FY2014 (ended June 30, 2014)

Privatization of Army Lodging (PAL)

General Manager/ Regional Director of Operations
Teresa Colatarci

Asset Manager
Gretchen Griffin

Development Manager
Kate Alger

673 Rooms

Powless Guest House
150 Rooms

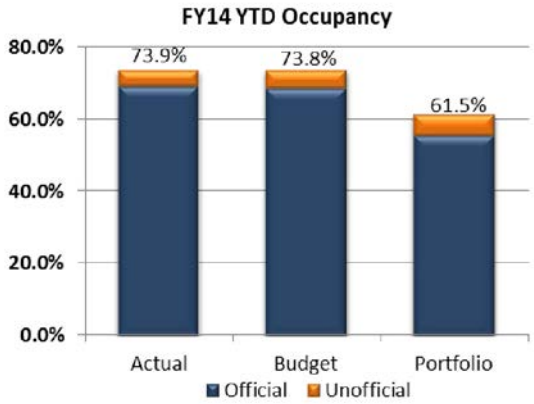
Bldg 592
200 Rooms

Bldg 1384
299 Rooms

Foulois House
11 Rooms

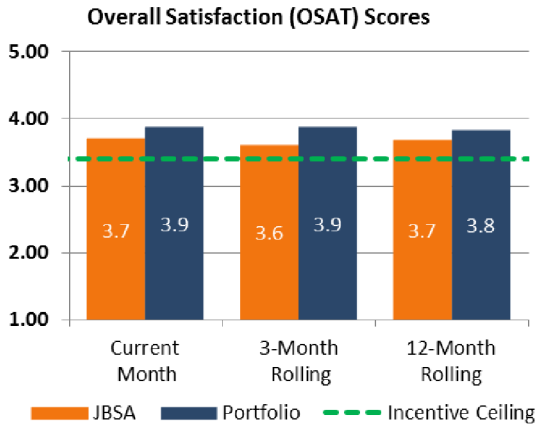
Sam Houston House
13 Rooms

Candlewood Suites
Rendering of the Future Fort Sam Houston Candlewood Suites



YTD occupancy at JBSA remains strong and continues to trend above budget, with increasing occupancy performance during the busy summer months. We anticipate occupancy continuing to increase as rooms are completed and back online at 592 and Powless following the renovations.

Overall guest satisfaction scores are trending slightly below the portfolio average for the past twelve months, with a slight increase in scores this recent month. We expect to see scores improve throughout the year due to the completion of the Holiday Inn Express renovations at Powless and 592. Our efforts remain focused on improving the existing facilities along with continued emphasis on guest services, housekeeping and maintenance.



For PAL Program Questions, please contact:

VJ Abdoo

ACSIM, PAL Program Manager

(703) 545-2522

vern.j.abdoo.civ@mail.mil

RestEASY LLC

South Wing Fifth Floor Wall Panels

Construction Progress

All work is currently progressing based on the schedule below:

Building	Start Date	End Date	Status	Units on Line (as of Jun 30)
Candlewood Suites	Oct 2012	Oct 2014	In Progress	--
Bldg 592	Feb 2013	Oct 2014	In Progress	158
Bldg 1384	TBD	TBD	Planned as HIE	299
Sam Houston House	TBD	TBD	Historic Collection	13
Foulois House	TBD	TBD	Historic Collection	11
Powless Guest House	Aug 2012	Jul 2014	In Progress	120

Development Update

The Candlewood Suites is moving along according to schedule. Construction continues to progress ahead of schedule for an October completion. As interior work is nearing completion, the exterior/landscaping is progressing. The Grand Opening is scheduled for October 23.

The Holiday Inn Express renovation at Powless is finishing up on the first floor and landscaping work is progressing.

The Holiday Inn Express renovations continue at Building 592. The second floor was complete and construction is progressing to the first floor.

The upgrade work (not the HIE renovation scheduled for later in the IDP) at Building 1384 is nearing completion and punch list items will be complete by the end of FY14.

RCI Transition Planning

Overview

Transition Planning is a vital component of PAM, as the activities serve as the link between closing of the Project transaction and Project implementation. Transition Planning includes a series of transaction management activities and deliverables that commence during a project CDMP and conclude shortly following project closing. These activities are designed to ensure that all parties are aware of their PAM responsibilities and can fulfill them as the project moves forward.

Successful completion of the Transition Planning phase requires close coordination between CVD and PPD in order to facilitate a smooth and efficient transfer to partner operations once a project has closed.

Transition Planning Requirements

Transition Planning is divided into three phases: CDMP Development Activities, Pre-closing Activities, and Post-Closing Activities. CDMP Development Activities are activities that happen at the installation while the CDMP process is occurring. Pre-Closing and Post-Closing Activities are performed by the assigned CVD PM and the PPD PM, in coordination with the RCI Asset Manager, to ensure the garrison has the tools necessary to begin the PAM process. The requirements associated with these phases are listed below and explained in greater detail in this section.

- Phase I - CDMP Development Activities
  - Standard PAM Language
- Phase II - Pre-Closing Activities
  - PAM Training (PPD PM)
  - Legal Document Review (CVD)
- Phase III - Post-Closing Activities (PPD PM)
  - Produce Compliance Checklist
  - Installation Update
  - PAM Review Course

CDMP Development Activities

During the CDMP development, the PAM team will provide support to the CDMP team by sharing lessons learned on portfolio trends, key areas of consideration, and operating and development results across the portfolio. In addition, the CDMP team will provide standard PAM language for inclusion in the CDMP and the legal documents to ensure a consistent

understanding of the reporting and coordination requirements prior to closing. Additional language to include in the CDMP should specify the roles and responsibilities of the members of the asset and project management teams and the process by which decisions shall be made at the partnership level.

Pre-closing Activities

Pre-closing activities will occur during the Transition Period, typically specified as the approximately 90-days prior to the closing of the Project. The primary activity during this period is the negotiation and preparation of the real estate and business agreements required to complete the transfer of ownership and operation. The RCI Asset Managers will assist the CVD PM responsible for the transaction in the review of all documents required for the real estate and operational closing. The PAM team will also participate in activities that facilitate closing and ensure a smooth transition to project implementation. Examples of such activities include reviewing the transition budget, the closing pro forma, and supporting documentation for requested reimbursements, discussing interfaces between the property management technology and the reporting templates, and assisting the RCI Asset Manager in the drafting of job descriptions.

PAM Training

PAM Training is designed to be the garrison's initial introduction to PAM. It is a valuable component of Transition Services, as it will familiarize the RCI Asset Management Team with the PAM process and enable the garrison to complete many of the other transition deliverables early in the process. The training will occur during the Transition Period, and is designed as a two-day meeting between the PPD PM, the RCI Asset Management Team and the Partner. The PPD PM is responsible for facilitating and conducting the PAM Training. The sessions are designed to ensure dialogue between all parties, to encourage input and address potential concerns. One critical aspect of PAM training is a review of final decision-making authority with the garrison leadership. This will establish clear guidelines for the Asset Manager and the Garrison Commander, or his or her designee as the Army representative on the ground, with respect to their level of authority to approve spending and decisions that deviate from the CDMP before it is necessary to consult the ACSIM PM. (See Section III: Major Decisions)

Upon completion the participants should have an understanding of the following:

- PAM Goals
- PAM Concepts and Process
- Corporate Governance
- Roles and Responsibilities, including a formal review of the level of authority the RCI Asset Manager, the Garrison Commander (as the Army representative), and the PPD PM have with respect to major financial decisions, and decisions that deviate from the CDMP
- Resources available to assist with PAM activities
- The working relationship among the parties
- Keys for sustaining the partnership

- Next steps in PAM implementation

PAM Training will contain several sessions, each addressing a different topic as follows:

- Overview of Asset Management Concepts
- Overview of Real Estate and Financial Concepts including Corporate Governance
- Discussion of "keys for sustaining the partnership"
- Discussion and presentation of Key PAM Deliverables

An important component of the meeting will be an Overview of Asset Management Concepts. The following concepts will be covered:

- Discussion of Basic Allowance for Housing (BAH) Survey and Housing Market Analysis Processes and RCI Asset Manager's Roles
- Discussion of the Asset Management team roles and responsibilities
- Discussion of Compliance Checklist Facilitation and Process Improvement
- Presentation of Asset Level Insurance Oversight and ongoing Risk Management
- Discussion of Document Management Requirements
- Review of property management policies with respect to the Service Member

In order to successfully lead the implementation of PAM at the Project, the Asset Manager will need to have a thorough understanding of real estate and financial concepts, especially as they relate to reporting requirements. The following topics will be covered in the Overview of Real Estate and Financial Concepts session.

- Real Estate Review
- Portfolio Concepts and Analysis
- Presentation of Key Asset Level Financial Metrics

To facilitate cooperation between all parties, and to ensure interests remain aligned throughout the life of the Project, it is important that all parties establish a strong working relationship. In order to facilitate this, a crucial part of the PAM training is a discussion between the RCI Asset manager and his/her staff, senior installation leadership, Partner representatives and the PPD PM to address "keys for sustaining the partnership." The following topics will be covered:

- Role of the RCI Asset Manager in the PAM Process
- Difference between the roles of the RCI Asset Manager and the partner's senior representative
- Overview of decision making authority (specifically what authority the partner has with respect to spending decisions, before it is necessary to consult the Garrison Commander, PPD PM, or CVD)
- Discuss RCI Asset Management staffing as it relates to PAM
- Define roles and responsibilities of asset-level staff post-closing

- Roles and responsibilities of Major Decisions Committee
- Frequency of meeting and scope of work
- Dispute resolution provisions
- Role of the PPD PM as a resource to the RCI Asset Manager and team

Another important goal of PAM training is to set the stage for production and implementation of other PAM deliverables. With the goal of eliminating costs and reducing redundancy, many of the transition deliverables such as the Executive Summary and the analysis of legal language will be included as CDMP requirements and produced during the CDMP. A session will be conducted to discuss key PAM deliverables, provide templates for deliverables, and verify completion of relevant deliverables during CDMP development. The following templates will be discussed with the relevant parties:

- Draft executive summary
- Quarterly and monthly financial reporting templates (including OSD PER)
- Chart of Operating Accounts Review

Legal Document Review

The final stage prior to the privatization of the family housing is during the two weeks prior to the transfer of ownership and operations. This complex procedure occurs when the parties submit the final real estate and business agreements required to complete the transfer of the property and acquire financing according to terms of the Loan Agreement. The pre-closing document review session is attended by the partner representatives, CVD PM and RCI Financial Advisor, Lender, and their respective lawyers, and often the RCI Asset Manager. CVD is responsible to ensure that all required documents are prepared for signature and ensures that all business terms agreed to in the CDMP have been transferred into the appropriate legal documents.

Post-closing Activities

The PPD PM will coordinate with the RCI Asset Manager to complete post-closing activities within three to six months after closing. These activities include a project visit that normally requires one and a half days at the installation, to be determined by the PPD PM in coordination with the RCI Asset Manager.

Produce Compliance Checklist

The PPD PM will produce the draft Compliance Checklists as soon as transaction-closing documents are received.

Project Update

The Project update will allow the PPD PM the opportunity to review Development, Operations, and Finance areas of the Project. Using the quarterly reporting template, the partner will brief the PPD PM in conjunction with any additional information that may be requested.

PAM Review Course

This segment will focus on a review of the working relationship among the Project owners including the roles and responsibilities of the RCI Asset Management Team. The PPD PM will also provide and review the Compliance checklists (See Appendix A).

Project Compliance and Partnering Visit

Overview

The Project Compliance and Partnering Visit provides an opportunity to collect information, evaluate performance, ensure compliance, reinforce the partnership and emphasize the importance of communication between the PPD PM, the RCI Asset Manager, and PAL POC as applicable. The Project Visit is designed as a two-day visit; however, in order to more accurately meet the needs at the project, the time frame is flexible and may be adjusted as agreed upon by the PPD PM and RCI Asset Manager. A project visit supplements the more quantitative PAM tools and reports and adds a qualitative dimension to assessing project success as outlined in the Community Development and Management Plan (CDMP).

The project visit is conducted by the PPD PM and/or PPD PAL PM and Financial Advisor(s); normally with the USACE Ground Lease Inspection completed concurrently. Project Reviews, to include Special Purpose Reviews or Development/ Operations Reviews may also be necessary, either in conjunction with a project visit or separately, to address critical issues requiring further investigation. An example of a Project Review may include a visit to conduct a review of the Project's Capital Repair and Replacement plan. Such reviews will be coordinated by the PPD PM and the RCI Asset Manager.

The PAL portion of the visit by the PPD PM is intended to allow for Installation and GM feedback concerning any hotel operational issues, gather general project information including guest and Command satisfaction, and to reinforce partnering processes and communications. Issues and concerns are brought back to the Army to address with the Lessee and/or hotel operator on a corporate level by PPD, CVD or USACE as appropriate. The PAL installation visit is designed as a half day-long visit and is generally scheduled in conjunction with the RCI Compliance and Partnering Visit. However, to accurately meet the needs of OACSIM-PPD and the installation, the time frame is flexible and may be adjusted as agreed upon by the PAL PM, PAL POC and Hotel GM.

To allow attendees ample preparation time, a Project visit should be scheduled at least **90 days** in advance. At that time, the PPD PM needs to initiate contact with the Project Director, RCI Asset Manager and the USACE Realty Specialist in order to determine the site visit dates. At this time, the out-brief date and time should also be confirmed with the Garrison Commander, Deputy Garrison Commander and the Garrison Command Sergeant Major.

Additionally, if PAL is included in the project visit, the PPD PAL PM or PPD PM should initiate contact with the PAL POC, PAL Regional VP of Operations, and the Development Manager in order to lock-in the visit dates.

In order to realize the maximum benefit from a Project visit, it is the responsibility of the PPD PM or PPD PAL PM as applicable to send out an introductory email with objectives and directions for deliverables (templates) as well as an initial draft of the agenda to the RCI Asset Manager at least **60 days** in advance of the actual site visit. The PPD PM will also coordinate with all other headquarters attendees of the site visit, which, when appropriate, may include team members from HQDA OGC, USACE, ACSIM and IMCOM. The RCI Asset Manager is responsible for reviewing the agenda and coordinating with the parties at the installation who will attend the site visit. Purpose letters announcing the visit should also be prepared and given to the PPD Chief for signature.

With **30 days** remaining, the PPD PM sets up a conference call with the installation team to discuss the deliverables, expectations and firm suspense dates for their delivery. In addition, the deliverables should be reviewed and additional analysis should be completed. If any additional questions remain, they should be sent to the Project Director and RCI Asset Manager for follow-up. Travel arrangements should also be finalized at this time.

No later than **15 days** before the site visit, all deliverables and on-site materials such as presentations, analysis tools, agenda, etc., should be completed. With **7 days** remaining, the materials should be reviewed and the PPD PM should circulate an electronic reminder to all participants.

Key Points of the Project Compliance and Partnering Visit
▪ Review and assess the status of fundamental Project requirements and activities that are more appropriately assessed by direct observation ▪ Review programmatic status and issues with representatives of the RCI Asset Management team and the Partner. Ensure that a quality product and a high level of service are being provided to Service Members and their Families who are living in privatized housing ▪ Conduct discussions in a collaborative manner with a focus on ***joint problem solving, process improvement*** and ***goal alignment*** for all parties ▪ Be mindful that the Project visit is an interactive dialog as opposed to a one-way presentation of information ▪ Conduct compliance checklist to track the Community, Housing, Property Management, Maintenance, Administrative, and QA-QC performance of the project to ensure that every element is meeting or exceeding expectations ▪ Provide RCI Portfolio Update and compare Quarterly Project Report metrics to portfolio, pro forma and annual budget metrics

Project Visit Discussions

The PPD PM and Financial Advisor(s) will conduct a series of discussions with program participants to focus on key program success factors and challenges. The specific topic of

each discussion will include varying areas of focus depending upon the discussion participants' areas of responsibility. The Discussion Menu is a tool that the PPD PM should use when determining topic area discussion and duration. Each discussion is designed to gain greater insight into the Project and to foster the goal of PAM as a collaborative process. Thirteen key areas of focus and accompanying facilitation questions form the basis of the Site Visit discussion. Descriptions of the thirteen focus areas are presented below.

Project Visit Focus Areas	
1. Legal Compliance 2. RCI Asset Management 3. PAM Reporting 4. Financial Review 5. Development & Construction 6. Operations & Maintenance 7. Resident Satisfaction 8. Site Tour 9. PAL Site Review & Discussion 10. Internal Controls Checklist 11. Ground Lease Compliance	12. Memorandum of Agreement(s) and Municipal Services Agreement(s) 13. Incentive Fee Evaluation
Project Visit Discussion Participants (Typical / Not all inclusive)	
Army Participants	**Partner Participants**
• PPD PM • DPW • Deputy Garrison Commander • Financial Advisor(s) for Army • Garrison Commander (out-brief with GC; in-brief if requested) • IMCOM • Installation SJA • RCI Asset Management Team • USACE Realty Specialist	• Managing Member Representative / Project Director • Maintenance Director • Property Manager • Renovation Manager (optional) • Construction Manager (optional) • Development Manager (optional)

Legal Compliance – Discussion of the Project's Legal (including Ground Lease), Davis-Bacon, and Congressional compliance processes and any associated non-compliance issues and possible corrective measures. Additionally, ensure compliance with items outlined in Project Compliance and Partnering Visit Checklist

RCI Asset Management– Review asset management roles and responsibilities and coordination between the partners

PAM Reporting – Review of reporting requirements, importance of timely and accurate reporting, highlighting efficiencies throughout the PAM deliverables and discussion surrounding historical reporting errors

Financial Review – Discussion of the Project's financial operations, including lockbox accounts, variances with both the budget and pro forma, impacts on development sources and uses of funds, mitigation strategies, and corrective actions

Development & Construction – Discussion of the Project's development progress with a focus on schedule, budget, scope, and quality and associated development and construction management practices

Operations and Maintenance – Discussion of the Project's operations, including housing supply and demand dynamics, resident relations, operations costs and coordination between the property manager and the RCI Asset Management team

Resident Satisfaction – Review of the Project's performance in the annual RCI Resident Satisfaction Survey compared to both past performance and the portfolio. Discussion should center on the Project's action plan for improving targeted areas of resident satisfaction

Site Tour – A brief visual inspection tour of community elements and a walk-through visual inspection of at least four housing units (two renovated and two recently built, including one UFAS-designated unit)

PAL Site Review & Discussion – See PAL Site Review and Discussion Section below

Internal Controls Checklist – Evaluate internal operation practices and testing of controls to ensure adequate risk mitigation measures. (the full checklist will only be completed as part of an Operations Review)

Ground Lease Compliance - The USACE Realty Specialistwill provide an assessment of the Partner's ground lease compliance management

Memorandum of Agreement(s) and Municipal Services Agreement(s) – Review of partnership agreements between the Army and Partner and discussion of any infrastructure-related topics as it relates to Municipal Services Agreement(s)

Incentive Fee Evaluation – Discussion of the Project's incentive fee evaluation process in order to ensure proper assessment of metric scoring and approval of incentive awards

Project Visit Deliverables

The PPD PM is responsible for compiling deliverables associated with the Project Visit. Typically these include the following:

- Garrison Commander Introduction Letter ("Purpose Letter")
- Project Visit Agenda
- Templates and Preliminary Analysis Materials from the Project

- RCI Portfolio and Partner Presentations
- PPD In-Brief and Garrison Commander Presentations
- Project Compliance and Partnering Visit Checklist
- PAL Lease Compliance Checklist (if applicable)
- Internal Controls Checklist (as applicable)
- After-Actions Compliance Report (AACR – see below).

The After-Actions Compliance Report is intended to document the key results of the site visit. The PPD PM will prepare an AACR within **30 days** of the end of the Project visit. This assessment will be documented and retained by the PPD PM in appropriate project files as part of the Project's permanent record. As part of this documentation process, the PPD PM may identify key best practices or lessons learned as a result of a Project Visit that can be implemented at other projects in the portfolio.

The After-Actions Compliance Report is organized as follows:

- Site Assessment Visit Summary
- Assessment Components
- Appendices

PAL Site Visit Discussions

The PPD PAL PM or PPD PM, Advisor, and USACE Norfolk Realty Specialist will conduct a series of discussions with program participants to focus on key program success factors and challenges. The specific topic of each discussion will include varying areas of focus depending upon the discussion participants' areas of responsibility. Eight key areas of focus and accompanying facilitation questions form the basis of the PAL Project Partnering Visit discussion. Descriptions of the eight focus areas are presented below.

Focus Areas	
• **Roles and Coordination** • **PAL Lease Compliance** • **Incentive Fee Evaluation** • **Development & Construction**	• **Operations & Maintenance** • **Utilities, Billing & Rates** • **Guest Satisfaction** • **Site Tour**
Army / Partner Site Visit Discussion Participants	
Required	**As-Needed**
• **PPD PM** • **Advisor for Army** • **PAL POC** • **Hotel GM**	• **Garrison Commander** • **Development Manager** • **Regional VP of Operations** • **Asset Manager**

Roles and Coordination – Review roles and expectations between key participants such as the PAL POC, Hotel GM, and Development Manager, confirm adequate coordination between all parties, and identify areas for improvement.

PAL Lease Compliance – Discussion of the compliance process with the PAL Lease being conducted by USACE Norfolk District, and any associated non-compliance issues and possible corrective measures identified by USACE. Tasks will generally be coordinated with USACE, as needed.

Incentive Fee Evaluation – Discussion of the annual Garrison Commander survey results and review of survey metrics.

Development & Construction – Review of the project's development progress with a focus on schedule, budget, scope and quality associated with development and construction management practices.

Operations and Maintenance – Discussion of the hotel operations, including customer service procedures, guest relations, operations costs and coordination between the Hotel GM, DPW and PAL POC. Identification and status of any installation maintenance and/or support requirements (including utility infrastructure).

Utilities, Billing and Rates – Discussion on the provision and privatization of utilities, establishment of appropriate utility rates, adequacy of the billing process, and other MSA

related issues. Additional discussion on any other services provided by or through the installation may be included.

Guest Satisfaction – Review of the Project's performance in Guest View surveys compared to both past performance and the overall project. Discussion will center on PAL's action plan for improving targeted areas of guest satisfaction.

Site Tour – A brief visual inspection tour of lodging facilities and a walk-through visual inspection of a representative sample of guest rooms, as appropriate.

The following example documents are provided at the end of this Appendix to facilitate the Project Visit:

- Sample Project Visit Agenda
- Timeline
- Discussion Menu
- Project Compliance and Partnering Visit Checklist
- Internal Controls Checklist
- Project Visit Facilitation Discussion Topics and Questions

PROJECT COMPLIANCE & PARTNERING VISIT
PROJECT: DD-DD MONTH 20XX

Purpose: To provide an opportunity to collect information, evaluate performance, ensure compliance, reinforce the partnership and emphasize the importance of communication between the Project Director, the RCI Asset Manager and the PPD Program Manager.

HQDA: XXXX, PPD Program Manager, OACSIM
XXXX, CVD Program Manager, OASAIEE
XXXX, OGC
XXXX, Advisor - PPD

USACE: XXXX, USACE Realty Specialist

DAY OF THE WEEK, MONTH DATE [DAY 1]

TIME	EVENT	ATTENDEES
0800 1 hour	**Army Only Meeting** An opportunity to discuss any issues or concerns that the RCI team has. Topics can include staffing, resident satisfaction, property management etc.	▪ HQDA ▪ RCI Team ▪ USACE
0900 45 minutes	**Site Visit In-brief by OACSIM PM** A discussion and presentation of the Project and RCI Program's challenges, items of interest, success stories, lessons learned/best practices, and portfolio comparisons	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE
0945 30 minutes	**Project Update In-brief by Partner** A discussion and presentation of the Project to include items of interest, lessons learned/best practices, upcoming MDMs, internal and external challenges, and any other issues / concerns / highlights that the Partner would like to discuss	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE
1015 15 minutes	**Break**	
1030 1.5 hours	**Army RCI Asset Management Review by RCI Team** Discussion and review will include 2885 compliance, financial compliance and legal compliance as performed by the Army RCI team in coordination with the Partner.	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE
1200 1 hour	**Lunch**	
1300 3 hours	**Site Review and Project Compliance Checklist** Site review at Fort XXX to specifically include but not limited to new construction, medium / major renovated legacy neighborhoods, minor renovated legacy neighborhoods, no work legacy neighborhoods, maintenance facility, Project offices, community center(s), and capital repair and replacement projects	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE

1600 30 minutes	**Wrap Up / Discuss After Actions from Day 1**	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE

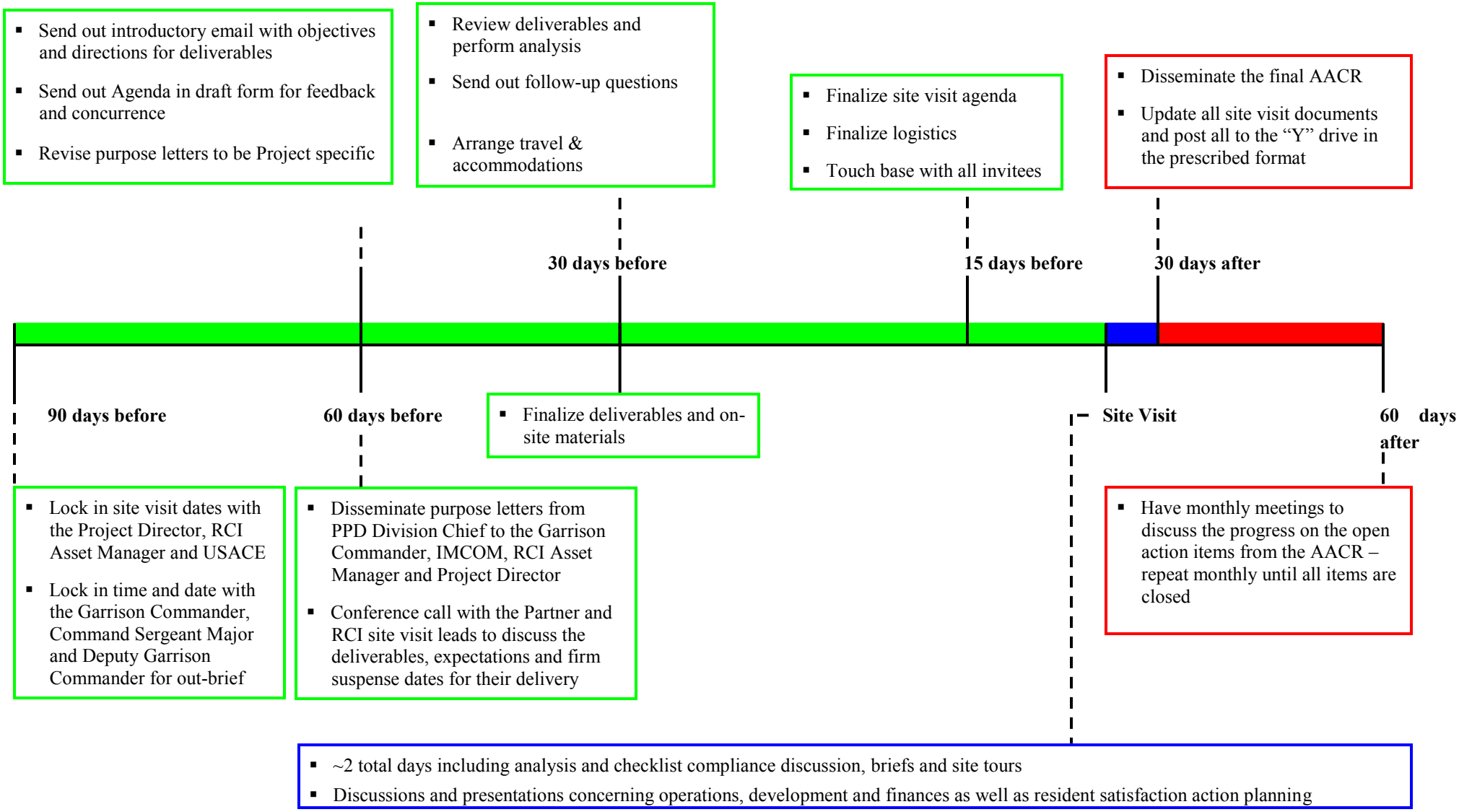
DAY OF THE WEEK, MONTH DATE [DAY 2]		
TIME	**EVENT**	**ATTENDEES**
0800 1 hour	**PAL Site Review** PAL site review to include sampling the warm breakfast, assessing the common areas, reviewing two rooms if vacancy permits, and speaking to hotel general manager	▪ HQDA ▪ Army PAL POC ▪ Hotel GM ▪ USACE
0900 2 hours	**PAL Site Discussion**	▪ HQDA ▪ Army PAL POC ▪ Hotel GM ▪ Development Manager ▪ USACE
1100 15 minutes	**Break**	
1115 4 hours	**Internal Controls Compliance Checklist and Working Lunch (RCI)** This will be used as a spot-check. The entire checklist will only be completed during an Operations Review.	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE
1515 1 hour	**Ground Lease Compliance – USACE Presentation** The USACE Realty Specialist will provide an assessment of the Project's ground lease compliance management. Specific focus should also be spent on the real estate open items and expectations for completion	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager USACE
1615 1 hour	**Briefing to Garrison Commander**	▪ HQDA ▪ RCI Team ▪ Project Director ▪ USACE
1715 30 minutes	**Wrap Up / Discuss After Actions from Day 2**	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager ▪ USACE
1745	**Departure**	

DAY OF THE WEEK, MONTH DATE [DAY 3 – OPTIONAL]		
TIME	**EVENT**	**ATTENDEES**
0800 1 hour	**Davis Bacon Compliance – Discussed by both the Project / Gov't Partner**	▪ HQDA ▪ RCI Team ▪ Project Director ▪ Community/Property Manager
0900 1 hour	**Lockbox Compliance – Financial Review and Discussion** Discussion should include DCR, S&U current forecast to include drivers of any changes, review of the Project's and Partner's lockbox review process, any historic issues, their resolution and impact on the Project. This section should also particularly focus on Project solvency as it relates to the UPH project's sustainability	▪ HQDA ▪ RCI Team ▪ Project Director

LOGISTICS		
Date	**Event**	**Meeting Location**
Day of the Week, Month Date [day 1]	**All Meetings**	Installation and Office
Day of the Week, Month Date [day 2]	**All Meetings**	Installation and Office
Day of the Week, Month Date [day 2]	**GC Brief**	Installation and Office

Contact Information				
Organization	**Attendee**	**Position**	**Number**	**Email**
Partner:				
HQDA:				
USACE:				
RCI Asset Management Team:				
IHG General Manager:				

PROJECT COMPLIANCE AND PARTNERING VISIT TIMELINE TEMPLATE



ADDITIONAL DETAIL	PARTICIPANTS
Army Only Meeting (***Planned***) • This is an opportunity to discuss any issues or concerns that the RCI team has related to topics including, but not limited to, staffing, resident satisfaction, property management, etc.	• HQDA • RCI Team • USACE
Site Visit Opening Remarks by PM (***Planned***) • Each PM is different but this should be kept to a quick introduction, review of the purpose / objective of the visit and appreciation for the Project's assistance in the review process	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE
Site Visit Opening / In-brief by OACSIM PM (***Planned***) • A discussion and presentation of the Project and RCI Program's challenges, items of interest, success stories, lessons learned/best practices, and portfolio comparisons	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE
Project Update In-brief by Partner (***Planned***) • A discussion and presentation of the Project to include items of interest, lessons learned/best practices, upcoming MDMs, internal and external challenges, and any other issues / concerns / highlights that the Partner would like to discuss	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE
Program Compliance -–- Army RCI Asset Management Review (***Planned***): • This discussion should involve discussion and review of interest areas and topics that have previously been a concern for either the Army or the Partner and the Project • The Army should discuss and review 2885 compliance, financial compliance, and legal compliance as performed by Army RCI team in coordination with the Partner • This discussion should coincide with the Army's completion of the Project Compliance and Partnering Visit Checklist which reviews Community, Housing, Property Management, Maintenance, Administrative, and QA / QC compliance • The ACSIM PM should review the Program Compliance topics ahead of time and pinpoint those areas that need discussion and review	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE

ADDITIONAL DETAIL	PARTICIPANTS
Site Tour (***Planned***) • Should include a driving tour of all the neighborhoods and amenities • Inside tour of a Medium / Major renovation, New unit construction, Minor renovation or recently turned home, No-Work Home and other interior tours depending on availability and different housing styles offered • Inside tour of at least one neighborhood center / community center • The tour will include assessment of items within the Project Compliance and Partnering Checklist • If the Project is made up of more than one installation, the tour should include all installations. If the other installations are insignificant in size and development, located far away and have had no significant changes since the last time it was viewed, the PM can use his / her own discretion to determine relevance to this visit. It is strongly encouraged to view **ALL** installations at least once a year to accurately gauge RCI progress and Partner success especially if issues were raised during the Army Annual Resident Survey	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE
PAL Site Review & PAL Compliance Checklist (***Planned***) • PAL site review includes sampling the warm breakfast, assessing the common areas, reviewing two rooms if vacancy permits, and speaking to general manager • Additionally, discussion to ensure the PAL compliance as specified in the PAL Compliance Checklist	• HQDA • Army PAL POC • Hotel GM • Development Manager • USACE
PAL Site Discussion (***Planned***) • PAL site discussion includes roles and coordination, PAL Lease Compliance, Incentive Fee Evaluation, Development and Construction, Operations and Maintenance, Utilities, Billing and Rates, and Guest Satisfaction	• HQDA • Army PAL POC • Hotel GM • Development Manager • USACE
Internal Controls Checklist for Property Management / Operations (***Planned***) • Only 2 or 3 segments of this checklist will be used during a project visit. Full checklist will be completed during an Operations Review. • Checklist and discussion is intended to ensure project compliance in terms of Army legal standards and Corporate policies comprising standard operating procedures • The checklist is detailed by the following categories: Non-BAH Revenue, Resident Leases, Unit Make-Ready, Services Purchasing, Supplies Purchasing, Employees / Payroll, Inventory Control, Recycling Proceeds, and Project Vehicles	• HQDA • RCI Team • Project Director • Community/Property Manager • USACE

ADDITIONAL DETAIL	PARTICIPANTS
USACE Presentation – Ground Lease Compliance (***Planned***) • The USACE RCI Real Estate Specialist will provide a real estate perspective of the RCI process and an assessment of the Project's ground lease compliance management. Specific focus should also be spent on the real estate open items and expectations for completion	• USACE • HQDA • RCI Team • Project Director •
GC / CSM / Deputy GC Out-brief (***Planned***)	• HQDA • RCI Team • Project Director • USACE
Davis Bacon Compliance (***Planned***) • Davis Bacon compliance should be covered here in discussion and by reviewing certified payrolls	• HQDA • RCI Team • Project Director • Community / Property Manager
Program Compliance -- Lockbox Compliance (***Optional***) • This review should have occurred in preparation for the site visit. Any errors that were found or funding / cash flow inaccuracies should have been questions sent to the installation prior to the actual visit. • Discussion should include DCR, S&U current forecast to include drivers of any changes, review of the Project's and Partner's lockbox review process, any historic issues, their resolution and impact on the Project. • This section should also particularly focus on Project solvency as it relates to the UPH project's sustainability	• HQDA • RCI Team • Project Director • Project's Financial Analyst (if applicable) or Controller • Partner Corporate Finance Manager (if answers cannot be addressed locally) • Partner's installation Financial Analyst or equivalent position
Memorandum of Understanding / Agreement (MOU / MOA) & Municipal Services Agreement(s) Discussion (***Optional***) • This is to discuss and review any of those decisions that have occurred at the installation level that have not been sent up as Concept Papers / Major Decision Memorandums for ACSIM / Secretariat approval. Note: Not all projects have these • Additionally, a time to discuss partnership compliance with Municipal Services Agreement including infrastructure changes, line of demarcation understanding, and resident utility billing practices. • This review allows for discussion, lessons learned / best practices and open communication between the installation and DA as well as review of those agreements that are and aren't in compliance with the Partnership's legal documents	• HQDA • RCI Team • Project Director • Community/Property Manager

ADDITIONAL DETAIL	PARTICIPANTS
Development and Construction Discussion (quality management, schedule management, budget management, MDMs, change orders, punch list review, etc.) (***Optional – intended to coincide with Project Compliance and Partnering Visit Checklist discussion***) • This review process differs widely depending on (1) if the installation has had a development review or not, (2) if it has had a development review – how recent it was, (3) how far the Project is in its IDP, (4) how much information is provided ahead for review, and (5) transparency between the Developer and RCI	• HQDA • Development Manager (may be Project Director or the Deputy Project Director) • RCI team
Incentive Fee Review (***Optional – intended to coincide with Project Compliance and Partnering Visit Checklist discussion***) • Review of metrics • Review of installation's process for receiving Partner proposal and determining award % • Review of previous submissions and awards • Compare to legal documents for compliance	• HQDA • Project Director • RCI representative (may be RCO's Deputy Asset Manager)
Resident Survey Discussion and Action Planning (***Optional – intended to coincide with Project Compliance and Partnering Visit Checklist discussion***) • Discuss Project progress over last three years • Highlight top and bottom three factors as well as the Priority matrix for action planning • Discuss how the Project faired against its peers (those that transferred at the same time), all posts and those in RCI • Discuss Action Plan and GC's involvement • Discuss how the action plan was incorporated into the Budget • Discuss lessons learned / best practices from other installations that may help the Project improve	• HQDA • Project Director • RCI Team

ADDITIONAL DETAIL	PARTICIPANTS

PAM Reporting Discussion / Training / Review (***Optional – intended to coincide with Project Compliance and Partnering Visit Checklist discussion***)
• The Monthly Dashboard, Quarterly Asset Report and Semi-annual PEP report should all be discussed, including:
  • Project's historic reporting errors including discrepancies between the reports
  • Highlight efficiencies between the reports (VERY IMPORTANT)
  • Review importance of timely submission and stakeholders
  • Identify Portfolio wide reporting errors to Project
  • Understand who is responsible for what portions of the deliverables (this will determine who should be participating in the review)
  • If it is near reporting time for one or more of the deliverables, review should include walking them through that deliverable to ensure accuracy
  • Highlight areas the RCO should be briefing the GC on each month – areas of high importance and their impact on the Project
• Review /discussion / training time will depend on what issues they have (installations that have consistent issues will need an in-depth review including cheat sheet breakdowns of pro forma delivery schedules and budget financials for comparison – this can be prepared ahead of time)
• Important to HIGHLIGHT that the PEP is the Army's responsibility and Corporate / Partner should not be filling it out
	• Corporate usually is responsible for filling out portions of the deliverables – determine who is (Finance Manager) and make sure they can conference call or video conference in … this may determine what time this discussion occurs (it is not necessary for this Corporate Representative to fly into the installation for the ASV)
	• Each deliverable and each installation is different in determining who is responsible for completing each section – determine this ahead of time and include them in this review and discussion

Budget Management and BOM Expenditure Process (***Optional – intended to coincide with Project Compliance and Partnering Visit Checklist discussion***) • If the ASV Project Visit is right after the Annual Budget was approve – maybe only need to re-highlight the areas that need to be watched • If the ASV Project Visit occurs after the Budget was submitted but before it is approved, review should include discussing the areas of concern and any DA questions • If the ASV Project visit occurs well after the Budget was approved, look at how the actual expenditure is tracking to discuss areas of concern or highlight savings for next year. This can also be an important way to engage the RCI staff in understanding annual issues that the Budget is continually neglecting	• RCI and Partner representatives • HQDA
Concept Paper / MDM / MSP Review (***Optional***) • Review Process and triggers • Status update on current MDMs • Work through Pro Forma and other deliverables if the Project is currently submitting or working a concept	• Corporate (if needed) • Project Director • RCI Asset Manager
Project specific challenges not already discussed (***Optional***)	• TBD

Compliance Checklists and Facilitation Questions

During the site visit, the PPD PM uses the following set of checklists to track the performance of the project. The first checklist detailed below is the Project Compliance and Partnering Visit Checklist. The purpose of this checklist is for the PPD PM to review the Community and Housing quality as well as Property Management, Maintenance, Administrative, and Quality Assurance – Quality Control requirements. This checklist is assessed throughout the duration of the site visit.

Moreover, the Internal Controls Compliance Review for Property Management / Operations Checklist should be used in order to verify compliant internal property management and operations practices with respect to the following: Non-BAH Revenue, Resident Leases, Unit Make-Ready, Services Purchasing, Supplies Purchasing, Employees / Payroll, Inventory Control, Recycling Proceeds, and Project Vehicles.

Project Compliance and Partnering Visit Checklist					
Site Visit Summary:		**Rating**	**Description**		**# of Points**
Installation(s):	**Fort XXXX**	**G / S**	**Good / Satisfactory**		**2.0**
Project:		**N**	**Needs Improvement**		**1.0**
Date:		**U**	**Unsatisfactory**		**0.0**
Function / Activities Scorecard:			**Actual Score**	**Max Score**	**Score %**
Community			***0***	***74***	***0.0%***
Housing			***0***	***100***	***0.0%***
Property Management			***0***	***148***	***0.0%***
Maintenance			***0***	***106***	***0.0%***
Administrative			***0***	***52***	***0.0%***
Quality Assurance / Quality Control			***0***	***60***	***0.0%***
		Totals	***0***	***540***	***0.0%***
Previous Site Visit Results (List oldest last):					
Date:	N/A	**Totals**	N/A	N/A	N/A
Date:	N/A	**Totals**	N/A	N/A	N/A
Date:	N/A	**Totals**	N/A	N/A	N/A
Site Visit Participants:					
OACSIM PM:		**Contact:**			
Project Director:		**Contact:**			
RCI Asset Manager:		**Contact:**			
Asset Manager:		**Contact:**			
USACE PM:		**Contact:**			
Financial Advisor:		**Contact:**			
Contact:		**Contact:**			
Contact:		**Contact:**			
Comments:					

PROJECT COMPLIANCE AND PARTNERING VISIT: COMMUNITY CHECKLIST						
1.	**NEIGHBORHOOD ENTRANCES**		**G / S**	**N**	**U**	**Comments**
	a.	Signage				
	b.	Lighting				
	c.	Landscaping				
	d.	Hardscape				
	e.	Overall Appearance				
2.	**INFRASTRUCTURE**		**G / S**	**N**	**U**	**Comments**
	a.	Streets				
	b.	Curbs				
	c.	Residential Parking				
	d.	Sidewalks				
	e.	Street Lights				
	f.	Signage				
	g.	Street Drains / Drainage				
	h.	Security / Fencing				
	i.	Overall Appearance				
3.	**PLAYGROUNDS / TOT LOTS**		**G / S**	**N**		
	a.	Signage				
	b.	Lighting				
	c.	Equipment				
	d.	Play surfaces				
	e.	Safety				
	e.	Overall Appearance				
4.	**COMMUNITY CENTERS**		**G / S**	**N**	**U**	**Comments**
	a.	Signage				
	b.	Lighting				
	c.	Parking				
	d.	Landscaping				
	e.	Entrance				
	f.	Offices				
	g.	Meeting Room				
	h.	Game Room / Gym				
	i.	Kitchen				
	j.	Furnishings				
	k.	Outdoor Amenities				
	l.	Overall Appearance				
5.	**OTHER AMENITIES**		**G / S**	**N**	**U**	**Comments**
	a.	Bus Stops				
	b.	Security Services				
	c.	Trails				
	d.	Other				
	e.	Overall Appearance				
	TOTAL COMMUNITY		**G / S**	**N**	**U**	**Comments**
		TOTAL	0	0	0	

PROJECT COMPLIANCE AND PARTNERING VISIT: HOUSING CHECKLIST						
1.	FAMILY HOUSING - MINOR RENO.		G / S	N	U	Comments
Address:			Neighborhood & Rank Band:			
EXTERIOR	a.	Site: foundation integrity / drainage / etc.				
	b.	Hardscape: driveway / walkway / fence / patio				
	c.	Landscaping: turf / shrubs / trees / plants / etc.				
	d.	Exterior: roof / siding / windows / lighting				
	e.	Garage / Carport				
INTERIOR	f.	Structure: walls / floors / ceilings / doors / lighting				
	g.	Bathrooms: tubs / showers / vanities / toilets / etc.				
	h.	Kitchen: cabinets / sink / appliances				
	i.	Mechanical: HVAC / plumbing / electrical / fire safety				
	j.	Overall Impression				
2.	FAMILY HOUSING - MED / MAJ RENO.		G / S	N	U	Comments
Address:			Neighborhood & Rank Band:			
EXTERIOR	a.	Site: foundation integrity / drainage / etc.				
	b.	Hardscape: driveway / walkway / fence / patio				
	c.	Landscaping: turf / shrubs / trees / plants / etc.				
	d.	Exterior: roof / siding / windows / lighting				
	e.	Garage / Carport				
INTERIOR	f.	Structure: walls / floors / ceilings / doors / lighting				
	g.	Bathrooms: tubs / showers / vanities / toilets / etc.				
	h.	Kitchen: cabinets / sink / appliances				
	i.	Mechanical: HVAC / plumbing / electrical / fire safety				
	j.	Overall Impression				
3.	FAMILY HOUSING - NO WORK		G / S	N	U	Comments
Address:			Neighborhood & Rank Band:			
EXTERIOR	a.	Site: foundation integrity / drainage / etc.				
	b.	Hardscape: driveway / walkway / fence / patio				
	c.	Landscaping: turf / shrubs / trees / plants / etc.				
	d.	Exterior: roof / siding / windows / lighting				
	e.	Garage / Carport				
INTERIOR	f.	Structure: walls / floors / ceilings / doors / lighting				
	g.	Bathrooms: tubs / showers / vanities / toilets / etc.				
	h.	Kitchen: cabinets / sink / appliances				
	i.	Mechanical: HVAC / plumbing / electrical / fire safety				
	j.	Overall Impression				
4.	FAMILY HOUSING - NEW		G / S	N	U	Comments
Address:			Neighborhood & Rank Band:			
EXTERIOR	a.	Site: foundation integrity / drainage / etc.				
	b.	Hardscape: driveway / walkway / fence / patio				
	c.	Landscaping: turf / shrubs / trees / plants / etc.				
	d.	Exterior: roof / siding / windows / lighting				
	e.	Garage / Carport				
INTERIOR	f.	Structure: walls / floors / ceilings / doors / lighting				
	g.	Bathrooms: tubs / showers / vanities / toilets / etc.				
	h.	Kitchen: cabinets / sink / appliances				
	i.	Mechanical: HVAC / plumbing / electrical / fire safety				
	j.	Overall Impression				
5.	FAMILY HOUSING - NEW		G / S	N	U	Comments
Address:			Neighborhood & Rank Band:			
EXTERIOR	a.	Site: foundation integrity / drainage / etc.				
	b.	Hardscape: driveway / walkway / fence / patio				
	c.	Landscaping: turf / shrubs / trees / plants / etc.				
	d.	Exterior: roof / siding / windows / lighting				
	e.	Garage / Carport				
INTERIOR	f.	Structure: walls / floors / ceilings / doors / lighting				
	g.	Bathrooms: tubs / showers / vanities / toilets / etc.				
	h.	Kitchen: cabinets / sink / appliances				
	i.	Mechanical: HVAC / plumbing / electrical / fire safety				
	j.	Overall Impression				
	TOTAL HOUSING		G / S	N	U	Comments
		TOTAL	0	0	0	

PROJECT COMPLIANCE AND PARTNERING VISIT: PROPERTY MANAGEMENT CHECKLIST						
1.	**REVENUE MANAGEMENT**		**G / S**	**N**	**U**	**Comments**
	a.	Standard Operating Procedures (SOP) and Manual				
	b.	Expense Management to Budget				
	c.	Forecasting				
	d.	Unit Designations and BAH Alignment				
	e.	BAH Rental Changes: promotions / demotions / other				
	f.	BAH Rental Discounts: marketing incentives				
	g.	Utility Calculations: rebates / invoicing				
	h.	Accounts Receivable / Collections / Bad Debt				
	i.	Cash Recording / Depositing				
	j.	Lockbox Account Adjustments / Over Payments				
	k.	Other Project Revenues: vending / cable / furniture				
2.	**OCCUPANCY MANAGEMENT**		**G / S**	**N**	**U**	**Comments**
	a.	Standard Operating Procedures (SOP) and Manual				
	b.	Compliance with Waterfall				
	c.	Waitlist Management				
	d.	Assignments and Referrals				
	e.	Move-in / Move-out Procedures				
	f.	Lease Signing				
	g.	Resident Database				
	h.	Resident Evictions				
	i.	Occupancy / Vacancy Tracking				
	j.	Occupancy / Vacancy Forecasting				
	k.	Marketing: by demographic / by $ / by effectiveness				
	l.	Other Occupancy Management				
3.	**RESIDENT SERVICES AND RELATIONS**		**G / S**	**N**	**U**	**Comments**
	a.	Standard Operating Procedures (SOP) and Manual				
	b.	Services / Work Orders: procedures / systems				
	c.	Services / Work Orders: response times / repeat trips				
	d.	Security Services: patrols / neighborhood watch / etc.				
	e.	Resident Disputes / Grievances Procedures				
	f.	Resident Communications				
	g.	Resident Handbook				
	h.	Community Events and Activities				
	i.	Mayors Program				
	j.	Resident Satisfaction Surveys				
	k.	Town Halls				
	l.	Other Resident Services and Relations				
4.	**RISK MANAGEMENT**		**G / S**	**N**	**U**	**Comments**
	a.	Security Operations Systems and Manual				
	b.	Emergency Procedures and Manual: roles / responsibilities				
	c.	Energy Systems Coordination				
	d.	Disaster Recovery Procedures and Manual				
	e.	Utility Contingency Plans				
	f.	Environmental Management Plan				
	g.	Safety Plan				
	h.	Employee and Subcontractor Safety Training				
	i.	Fire Extinguishers				
	j.	Sprinkler Systems				
	k.	Proper Exit and Evacuation Signage				
	l.	Other Risk Management				

PROJECT COMPLIANCE AND PARTNERING VISIT: PROPERTY MANAGEMENT CHECKLIST						
5.	**QUALITY ASSURANCE / QUALITY CONTROL**		**G / S**	**N**	**U**	**Comments**
PARTNER	a.	Home and Site Inspection Process				
	b.	Service Order Inspection Process				
	c.	Unit Acceptance Process				
	d.	Unit Make-ready Process				
	e.	Employee Performance Monitoring / Process				
	f.	Subcontractor Performance Assurance / Monitoring				
ARMY	g.	Standard Operating Procedures (SOP) and Manual				
	h.	Home and Site Inspection Process				
	i.	Service Order Inspection Process				
	j.	Unit Acceptance Process				
	k.	Unit Make-ready Process				
	l.	Employee Performance Monitoring / Process				
	m	Subcontractor Performance Assurance / Monitoring				
	n.	Other Quality Assurance / Quality Control				
6.	**Other**		**G / S**	**N**	**U**	**Comments**
PARTNER	a.	Project Budget				
	b.	Re-forecasting of Expectations				
	c.	Bidding and Source Selection Process				
	d.	Vacancy Planning				
	e.	Other Project Management				
ARMY	f.	Project Budget				
	g.	Re-forecasting of Expectations				
	h.	Bidding and Source Selection Process				
	i.	Vacancy Planning				
	j.	Other Project Management				
	k.	BAH Rental Determination: process / involvement				
	l.	Garrison Commander Involvement				
	m.	Coordination between Army and Partner (Partnership Environment)				
	TOTAL PROPERTY MANAGEMENT		**G / S**	**N**	**U**	**Comments**
		TOTAL	0	0	0	

PROJECT COMPLIANCE AND PARTNERING VISIT: MAINTENANCE CHECKLIST						
1.	**MAINTENANCE MANAGEMENT**		**G / S**	**N**	**U**	**Comments**
	a.	Standard Operating Procedures (SOP) and Manual				
	b.	Maintenance OEM Manuals				
	c.	Maintenance Training				
	d.	Maintenance Records				
	e.	Maintenance Systems				
	f.	Budgeting				
	g.	Forecasting				
	h.	Bidding and Source Selection				
	i.	Turnovers: processes / procedures / planning / forecasting				
	j.	Response and Resolution Time Analysis				
	k.	Preventive Maintenance				
	l.	Resident Satisfaction with Maintenance				
	m.	Trend Analysis				
	n.	Labor Cost Tracking				
	o.	Dispatching: process / procedures / tracking				
	p.	Other Maintenance Management				
2.	**MAINTENANCE FACILITY**		**G / S**	**N**	**U**	**Comments**
	a.	Exterior Appearance / Condition				
	b.	Interior Appearance / Condition				
	c.	Shop Safety				
	d.	Inventory Stock: warehouse / appliances / parts / etc.				
	e.	Emergency Stock				
	f.	Tools and Equipment				
	g.	Signage				
	h.	Other Maintenance Facility				
3.	**SELF-HELP FACILITY AND PROGRAM**		**G / S**	**N**	**U**	**Comments**
	a.	Signage				
	b.	Lighting				
	c.	Parking				
	d.	Safety				
	e.	Facility				
	f.	Inventory Stock				
	g.	Overall Use				
	h.	Cost / Benefit				
	i.	Other Self-help Facility and Program				
4.	**VEHICLES AND EQUIPMENT**		**G / S**	**N**	**U**	**Comments**
	a.	Standard Operating Procedures (SOP) and Manual				
	b.	Maintenance Plan for Project Vehicles				
	c.	Maintenance Plan for Maintenance Vehicles				
	d.	Heavy Equipment				
	e.	Scaffolding				
	f.	Safety				
	g.	Other Vehicles and Equipment				
5.	**EMPLOYEES AND SUBCONTRACTORS**		**G / S**	**N**	**U**	**Comments**
	a.	Employment Manuals				
	b.	Appearance / Demeanor / Professionalism				
	c.	Background Checks				
	d.	Retention				
	e.	Communication / Coordination				
	f.	Control of Time / Payroll				
	g.	Employment Management				
	h.	Subcontracting v. In-house Team: subcontractor utilization				
	i.	Employee and Subcontractor Safety Training				
	j.	Employee Performance Monitoring / Process				
	k.	Subcontractor Performance Assurance / Monitoring				
	l.	Training and Certification Programs				
	m.	Other Employees and Subcontractors				
	TOTAL MAINTENANCE		**G / S**	**N**	**U**	**Comments**
		TOTAL	0	0	0	

PROJECT COMPLIANCE AND PARTNERING VISIT: ADMINISTRATIVE CHECKLIST						
1.	**PLANNING AND BUDGETING**		**G / S**	**N**	**U**	**Comments**
	a.	Current Year Management Plan				
	b.	Current Year Budget in Place				
	c.	Operations Budget Variance Report				
	d.	Budget Plan to Guide Staff				
	e.	Capital Repair and Replacement Projects				
	f.	Forecasting				
	g.	DASA Approvals as Required				
	h.	Other Planning and Budgeting				
2.	**SUBCONTRACTING**		**G / S**	**N**	**U**	**Comments**
	a.	Competitively Bid				
	b.	Files Complete and Up-to-date				
	c.	Quality Assurance and Performance Management				
	d.	Utilization: local v. national / small business				
	e.	Other Subcontracting				
3.	**PURCHASING**		**G / S**	**N**	**U**	**Comments**
	a.	Competitively Bid				
	b.	Utilization: local v. national / small business				
	c.	Internal Purchasing Procedures and Administration				
	d.	Emergency Purchasing Procedures and Administration				
	e.	Invoice Processing and Controls				
	f.	Other Purchasing				
4.	**EMPLOYEES**		**G / S**	**N**	**U**	**Comments**
	a.	Background Checks				
	b.	Employment History Checks				
	c.	Appearance / Demeanor / Professionalism				
	d.	Project Payroll Processing / Payroll Audits				
	e.	Training and Certification Programs				
	f.	Turnover / Retention: trends / programs				
	g.	Other Employees				
	TOTAL ADMINISTRATIVE		**G / S**	**N**	**U**	**Comments**
		TOTAL	0	0	0	

PROJECT COMPLIANCE AND PARTNERING VISIT: QUALITY ASSURANCE / QUALITY CONTROL CHECKLIST						
1.	**DOCUMENT AND PLAN REVIEW**		**G / S**	**N**	**U**	**Comments**
PARTNER	a.	Review of Plans and Specs.: CDMP / closing / MDM / ODP				
	b.	Review of Plans and Specs.: RCI construction standards				
	c.	Review of Plans and Specs.: UFAS standards				
	d.	Other Document and Plan Review				
ARMY	e.	Review of Plans and Specs.: CDMP / closing / MDM / ODP				
	f.	Review of Plans and Specs.: RCI construction standards				
	g.	Review of Plans and Specs.: UFAS standards				
	h.	Other Document and Plan Review				
2.	**CONSTRUCTION MONITORING AND REVIEW**		**G / S**	**N**	**U**	**Comments**
PARTNER	a.	Review: all processes / procedures / testing / etc.				
	b.	Compare: actual construction and contract documents				
	c.	Review on-going Testing: soils / steel / concrete / etc.				
	d.	Review all COs: Lender's requirements / DASA approvals				
	e.	Other Construction Monitoring and Reviews				
ARMY	f.	Review: all processes / procedures / testing / etc.				
	g.	Compare: actual construction and contract documents				
	h.	Review on-going Testing: soils / steel / concrete / etc.				
	e.	Review all COs: Lender's requirements / DASA approvals				
	h.	Other Construction Monitoring and Reviews				
3.	**SUBCONTRACTING**		**G / S**	**N**	**U**	**Comments**
PARTNER	a.	Conform to Legal Requirements				
	b.	Competitively Bid				
	c.	Utilization: local v. national / small business				
	d.	Files Complete and Up-to-date				
	e.	Quality Assurance and Performance Management				
	f.	Other Subcontracting				
ARMY	g.	Conform to Legal Requirements				
	h.	Competitively Bid				
	i.	Utilization: local v. national / small business				
	j.	Files Complete and Up-to-date				
	k.	Quality Assurance and Performance Management				
	l.	Other Subcontracting				
	TOTAL QUALITY ASSURANCE / QUALITY CONTROL		**G / S**	**N**	**U**	**Comments**
		TOTAL	0	0	0	

Army RCI Project **Internal Controls Compliance Review for Property Management/Operations** *(Not applicable to Development and Construction)*				
Function	**Activity**	**Standards / Guidelines (SOP = Corporate policies comprising standard operating procedures)**	**PAM Non-forensic Internal Controls Review Checklist**	**Comments / Notes**
Non-BAH Revenue	Other Project Revenues	Payments or collections for vending, recycling, cable TV, damages, etc. (whether cash, check, or credit card) are recorded in a receipts journal with proper account entries and codes.	Examine receipts journal(s) for amounts, purpose, receiver signature	
	Cash collecting, recording, and depositing procedures	Cash receipts are evidenced by a written cash receipts book wherein is retained a copy of the customer's written receipt evidencing, the amount, from whom it was received, the date and the nature of the payment. Receiving and recording cash payments are not be done by the same person preparing and making bank deposits.	1. Verify proper use of cash receipts journal and customer's copy of customer's written receipt 2. Verify different persons accept/record payments vs. preparing/making bank deposits	
Resident Leases	Test Resident Lease Files	Lease files are current with all forms and documents properly completed and filed.	Examine 5 randomly selected lease files for currency (lease term) and completeness	
	Test move-in records against unit make-ready work orders	Every change of occupancy entails a make-ready work order, thus there is a one-to-one matchup of tenant move-out records and make-ready work-orders.	Select 5 recent move-out tenant leases and compare against make ready work orders for the same units.	
Unit Make-Ready	Test unit acceptance inspections against make-ready work orders	Every unit make-ready has evidence of a make-ready acceptance inspection against the make-ready work order. This approval should be evidenced on the completed make-ready work order. The acceptance inspector is a different person from the person initiating make-ready work orders or approving payments to make-ready contractors.	1. Check 5 completed make-ready work orders for record of acceptance inspections (Partner acceptance from contractor and/or in-house make ready team) 2. Acceptance inspector is different than the requisitioner or payments approver	
	Test contractor invoices against make-ready work orders	Contractors' invoices for make-ready services are verified against make-ready work orders.	Match 5 contractor make-ready invoices against associated make-ready work-orders and examine for unapproved inconsistencies.	
	Test contractor invoices against contract documents	Contractors' invoices for make-ready services are verified against current contract documents.	Examine 5 contractor make-ready invoices against current contract documents for pricing	
	Test completed units (Inspection) against invoices	Contractors' invoices conform to acceptances (inspections) of completed units.	Compare 5 contractor invoices against inspections acceptances for the subject units	
	Evaluate integrity of source selection process	Conduct of services source selections comply with competitive solicitation practices and corporate SOP. Source selection process efficiently and timely supports acquisition and deployment requirements.	1. Identify Corporate SOP for source selections 2. Examine source selection files for 3 make-ready contractors. 3. Assess compliance with SOP	

Army RCI Project **Internal Controls Compliance Review for Property Management/Operations** *(Not applicable to Development and Construction)*				
Function	**Activity**	**Standards / Guidelines (SOP = Corporate policies comprising standard operating procedures)**	**PAM Non-forensic Internal Controls Review Checklist**	**Comments / Notes**
Services Purchasing	Examine executed contracts and scopes	Contracted services are supported by properly executed contracts containing written scopes of work sufficient to adequately control contract work, quality, costs, and risks.	Contract files appear complete with written adequately described scopes of work and performance requirements	
	Test purchase orders against approval levels	Purchase orders issued for contracted services comply with internal approval levels	Examine 5 purchase orders for contracting of services for proper approvals under SOP	
	Test purchase orders against contract scopes and prices	Purchase orders comply with contract terms and prices.	Examine 5 purchase orders for compliance with contract terms and conditions	
	Test Invoices against purchase orders	Invoices for contracted services conform to purchase orders, contract terms and pricing. Variances are documented and suitably rationalized with appropriate approvals.	Examine 5 invoices from contractors against associated purchase orders for proper approvals, and documentation of changes or non-compliant charges	
	Test inspections and approvals of completed work	Completed work is inspected and accepted by a suitably qualified person and appropriate records are maintained evidencing such.	Examine work inspections and approval records against 5 contractor invoices	
	Test approvals of invoice payments	Invoices are approved for payment in accordance with SOP and not by the requisitioner or receiver.	Examine 5 contractor invoices processed for payment for proper approval procedures	
	Evaluate integrity of source selection process	Conduct of supplies source selections comply with competitive purchasing processes and corporate SOP. Supplies are obtained efficiently and timely to support operational needs.	1. Identify Corporate SOP for source selections 2. Examine source selection files for 3 project service contractors not already examined. 3. Assess compliance with SOP	
Supplies Purchasing	Examine supplier contracts	Supplier contracts or arrangements (whether national or local) for goods purchasing exist to appropriately support routine on-going operations requirements. Purchased goods are supported by properly executed supply contracts containing prices and terms sufficient to adequately control quality, costs, and delivery.	Supplies purchased are done so under national or local purchasing agreements that were competitively sourced and utilized by the site team and are appropriate for the nature of the supplies purchased.	
	Test requisition of supplies against work orders	Requisitions are specific, signed by the requisitioner, and properly approved in accordance with SOP. The requisitioner should not be the approval authority for the purchase order or invoice payment.	Randomly examine 5 requisitions for proper signatures and approvals.	
	Test purchase orders against contracts	Purchase orders issued for supplies comply with supplier contracts. Variances are documented and suitably rationalized with appropriate approvals.	Check five supplies purchase orders against supplier contracts	

Army RCI Project **Internal Controls Compliance Review for Property Management/Operations** *(Not applicable to Development and Construction)*				
Function	**Activity**	**Standards / Guidelines (SOP = Corporate policies comprising standard operating procedures)**	**PAM Non-forensic Internal Controls Review Checklist**	**Comments / Notes**
	Test invoices against purchase orders	Invoices for purchased supplies conform to purchase orders, contract terms and pricing. Variances are documented and suitably rationalized with appropriate approvals.	Check five supplies invoices against purchase orders and contract terms	
	Test receiving documents against invoices and purchase orders	Supplies received are evidenced by receiving documents that are matched and attached with purchase orders and invoices.	Randomly examine paid (or processed) 5 supplies invoices files for associated receiving documents and purchase orders	
	Test receiving approval	Receiving documents are signed by an appropriate receiving individual that is different than the purchase order approver and invoice approver.	Determine whether receiving signatures are different than the purchase order approver and invoice approver	
	Test invoice against purchase order approval	Invoices conform to approved purchase orders. Variances are documented and suitably rationalized with appropriate approvals.	Check 5 supplies invoices for compliance with properly approved purchase orders	
	Test approvals of invoice payments	Invoices are approved for payment in accordance with SOP and not by the requisitioner or receiver.	Examine five supplies invoices for payment approvals in accordance with SOP and not by the requisitioner or receiver	
Employees / Payroll	Test Employee files	Employee on-boarding conforms to SOP with respect to completed background checks, immigration status, etc.	Examine 5 employee files for compliance with SOP, complete files, properly completed forms	
	Test Time Cards for inconsistencies	Evaluate time cards for unauthorized changes, improperly recorded time, etc	Randomly pull five completed time cards and evaluate for improper processing	
	Test time cards against payroll journal (from corporate)	Time cards (or computer labor hours journal) must be properly completed and approved by supervisors prior to entry or uploading into the payroll system. Time balances with payroll journal for distributed payrolls.	Compare a randomly selected pay period of time cards and check against the associated payroll accounting journal for distributed payrolls	
	Test time cards against certified payroll roster	A certified payroll roster is created at least annually wherein each employee must physically show a valid ID and sign an acknowledgement in the presence of a non-site-based auditor.	1. Review the most recent Partner-conducted payroll certification. 2. Assess adequacy of controls and resolution of discrepancies discovered in the Certification	
	Test labor accounting against standard workday	Determine extent to which time worked is accounted for and reported for accounting and maintenance management system purposes. Is significant time "lost" in the reporting system – non-attributable to productive work processes or known lost time factors (meal, breaks, etc.)?	1. Identify method of assigning work to employees and tracking its achievement. 2. Examine 3 hourly maintenance employees' payroll hours and dispatched/closed hours for the same pay period. 3. Identify lost time between payroll hours and tracked production hours.	

Army RCI Project **Internal Controls Compliance Review for Property Management/Operations** *(Not applicable to Development and Construction)*				
Function	**Activity**	**Standards / Guidelines (SOP = Corporate policies comprising standard operating procedures)**	**PAM Non-forensic Internal Controls Review Checklist**	**Comments / Notes**
	Accountability of Labor Hours	Assess efficacy of work management system in deploying, tracking, monitoring, and reporting labor utilization.	1. Is the work management system assigning all work tasks through accountable work tickets – includes preventive maintenance and inspections, make ready maintenance, demand service work, and capital improvements work. 2. Is the work management system routinely recording and reporting labor utilization results.	
	Off-Site Labor Allocations	Allocations of personnel costs from off-site are in compliance with partnership agreement	Identify off-site labor allocations and determine whether the allocations comply with partnership agreement.	
Inventory Control	Security of tools, equipment, and inventory	Inventory of supplies, materials, and equipment is secure. Issuances are controlled by properly approved service order or requisition identifying the intended usage of the desired items.	Inspect methods of securing inventory and equipment and how inventory is released for work requirements. Inventory requisitions are fully descriptive of the desired item and where it will be used including a work order number.	
	Test Re-orders against Purchase Orders	Test pricing of parts reordered against current supplier agreements.	Randomly check recent parts re-orders against supplier price agreements.	
Recycling Proceeds	Test recycling invoices and deposit record	Confirm recycling credits against the recycling supplier agreement. Verify stream of recycling credits against collection schedule.	1. Review recycling contract 2. Review recent recycling invoices 3. Verify recycling credits earned and taken	
Project Vehicles	Test accountability of vehicles utilization	Test vehicle mileage logs against routine daily work schedules and dispatching. Test per-vehicle fuel purchase logs. Check fuel purchases against recorded miles driven.	1. Identify service vehicle mileage logs. 2. Identify service vehicle fuel purchase logs 3. Are controls in place to detect and/or prevent unauthorized fuel purchases?	

FACILITATION QUESTIONS
MONTH DD-DD, 2013

FINANCE DISCUSSION	
Areas of Focus	**Questions: Partner**
Lockbox Review	• Do the Partner and Army collaborate monthly on the review? • Does the Army receive monthly lockbox reports? • What is the Partner's review / monitoring process? • What is the Army's review / monitoring process? • Who is responsible for reviewing the monthly report and ensuring compliance? • What systems are in place to ensure a proper flow of funds from each of the lockbox accounts? • Describe the internal controls process to ensure that project funds are appropriately accounted for. • Does the Project have a direct relationship with the lockbox agent? Who is the contact? • Has the Project ever found discrepancies or had issues with the lockbox? Did these issues have an impact on the Project? • How are discrepancies and issues pertaining to the lockbox resolved?
Incentive Fee Review	• What is the process for reviewing incentive fee submissions? • Is the process the same for all incentive fees (Development / Asset Management / Property Management)? • Who from the Army is responsible for reviewing the submissions and ensuring the metrics is in compliance with closing documents? • Has the Partner received 100% of their incentive fees? If not, why? • What is done to ensure that incentive fees are correlated with outstanding performance? • Is the Army satisfied with the incentive metrics(s)?
Budget Management Review	• What are the key areas of variance with respect to the Project budget? • What are the factors that are behind each of the major variances? • Has the Project identified key areas to watch for the next budget? • How does the Project respond to non-budgeted expenditures? • How have actual expenditures compared to budgeted expenditures? • How often does the Partnership discuss and evaluate the Project's progress against the budget? • Have any expenditures reached or in danger of reaching an MDM Trigger threshold? • What expenditures or line items does the Army need more transparency with?
BAH Review	• What is the Army's annual BAH review and submission process? • What local trends does the Army watch? • Does the Army have relationships with local realtors to help determine an accurate off-post housing supply and BAH level? • Does the Army feel that the WAVG BAH accurately reflects the local market? • Does the BAH make on-post housing more / less desirable then the local renters' / buyers' market? • Have the historic BAH levels been satisfactory to the Partner?
Debt Repayment	• What steps are taken to ensure adequate NOI to meet future loan payments? • What procedures are in place to ensure constant compliance with loan covenants?

Insurance	• What is the current process for reviewing insurance policies for adequacy? • What is the current process to ensure that all required parties are named as additional insureds on policies? • How does the project ensure that all insurance policies are current? • What steps are taken to proactively manage insurance costs? • What process is in place to ensure that insurance industry trends are analyzed and addressed at the project? • Have any claims been submitted?
Miscellaneous	• How often are Sources and Uses re-forecasted? • What lessons learned and best practices have come out of the Project's finance management?

OPERATIONS REVIEW AND DISCUSSION	
Review	**Questions**
Legal Checklist Compliance	• How does the Project ensure Davis Bacon Compliance by sub-contractors? • Who on the Project's staff is responsible for ensuring DB compliance? • What roadblocks have the Project encountered in ensuring DB compliance? • How does the Project manage the required DB documentation? • Does the Army's staff "check / audit" the Partner to ensure DB compliance? • What topics (on the checklist) are a concern or an area of interest for the Partner / Army / Project? • Is there any area / topic that is not in compliance? • Is there an area / topic that needs clarification?
MOU / MOA Review	• What MOU / MOAs exist between the Army and the Partner? • How often are these updated and reviewed? • Have any MOU / MOAs been discontinued? If yes, what were the reasons behind the decision? • Has any proposed MOU / MOA been denied by either the Army or the Partner? If yes, what were the reasons behind the decision? • Are these reviewed with incoming Garrison Commanders for concurrence? • How are these communicated to E&P and PPID? • How are these communicated to residents? • Have any of these been implemented at other Partner installations? • What lessons learned and best practices have come from these MOU / MOAs? • Who ensures MOU / MOAs are in compliance with closing documents and Army policies?
Resident Survey Discussion	• What is the current resident survey process? • How have resident satisfaction levels responded since the project was privatized? • What are some of the major resident concerns regarding the project? • How are resident concerns being addressed? • What is done to ensure that the resident satisfaction surveys portray an accurate picture of resident sentiment? • Explain the Project's action planning process? • How are areas identified for improvement? What is the reasoning behind each selection? • Are residents involved in the actual action planning? • Does the action plan receive Command Support? • How are the survey's results and subsequent action plan communicated to residents? • How often does the Project re-evaluate the action plan? • How is action planning success measured? • How does the Army use the WESS online tool?

PAM Reporting	• How does the Partnership collaborate in preparing each of the reports? • What portions of each of the reports are completed by corporate, the partner's team and the Army's team? • What areas of each report do you have questions on (trouble with)? • What efficiencies have the Project found in preparing the reports? • What is the Partnership's review process?
Maintenance & Work Orders	• What is done to ensure that units are maintained in top condition? • Describe the Vacant Quarters maintenance program? • What is the process for dealing with resident maintenance requests? • What is being done to minimize response time for resident maintenance requests? • What kind of work is performed in-house? By subcontractors? • What is the process for performing work in an occupied home? • How does the Project collect feedback on maintenance staff and the quality of work performed? • What are the top reasons for maintenance calls?
Occupancy & Wait List Management	• Does the Project offer any incentive programs to encourage occupancy? • What kind of programs does the Project offer to maintain current residents? • What are the key factors which influence the decision to live on post versus off-post? • What are the main reasons for residents vacating units? • What is the process for turnover of units, move-ins / move-outs? • What is the process for administering waiting lists? • How accurate has the waiting list been as a predictor of future demand? • What percentage people on the waiting list are still interested in on-post housing? • How often is the waitlist scrubbed? • When are normal PCS seasons? • Which rank bands are oversupplied / undersupplied? How is this being addressed? • Has the Project had to administer eviction notices? • What is the process for determining eviction? • How is Command involved in the eviction process? • Does the project have a public relations strategy?
Miscellaneous	• What lessons learned and best practices have come out of the Project's finance management?

DEVELOPMENT REVIEW AND DISCUSSION	
Review	**Questions**
Quality Management	• Describe the elements of the quality assurance program. • What quality management processes are in place? • Who is responsible for reviewing the quality management? • How often is the quality management / assurance program revised / updated? • Is the Army satisfied with the quality management process and overall quality of the product being delivered? • How is compliance to project drawings and specifications monitored?
Schedule Management	• How is the schedule managed? • Is the Project on schedule? Ahead / behind of schedule, why? • Have any schedule efficiencies been discovered during the course of construction? • How have any scope changes caused impact to project schedule?

Budget Management	• How is the budget managed? • What costs are contributing to budget variances? • What have been the drivers of cost savings / overruns? • Is the Army satisfied with the Development Budget and process? • What is the development / construction budget status? • Have value engineering opportunities or other cost efficiencies been identified / implemented? • How has BAH impacted the Budget? • How have any scope changes caused impact to project Budget?
Subcontractor Management	• What is the process for finding subcontractors? • How is the local supply of subcontractors and skilled labor in certain trades? • Has the Project had any trouble retaining qualified laborers? Has it impacted budget or schedule? • Is the amount of available labor sufficient to support development schedule? • Have major subcontractors implemented their own safety / quality programs? • Are there any incentives to subcontractors based on safety / quality performance? • Have there been any subcontractor liens or other claims been placed on the project? • Are all subcontractors bonded and licensed as required?
Development Plan & Progress	• How often does the Partner collaborate with the Army on development progress / concerns? • Are there any MD Memorandums that have affected development? Are any being contemplated? • What concerns do the Army and Partner have on development? • How has the Project incorporated the last Development Review's recommendations? • How does the Project communicate development plans and progress to the residents? How often? • Has the plan been communicated to the entire development / construction team, including subcontractors? • How does the project maintain clear internal lines-of-communication for project issues? • At this time, are there any concerns related to end-scope fulfillment? • How has the development plan changed since inception? • What activities represent the critical path? (Activities which if delayed, will delay overall project completion) • Has BAH impacted development scope?
Project Safety	• Describe the elements of the project safety program. • Have there been any accidents with employees? Subcontractors? The public? • Has the project been visited by OSHA or other state/local agencies regarding safety incidents?
Product Delivery	• What is the punch list process? • Who is responsible for reviewing? • What is the acceptance process for completed housing units? • How is punch list work tracked? Documented? • To what degree have defects / rework generated additional maintenance calls from residents?
Miscellaneous	• How is the Development Team structured? Are there clear roles and responsibilities? • How is the team mitigating the impact of development in the surrounding communities and neighborhoods? • Describe the environmental program implemented on the project. • What lessons learned and best practices have been uncovered?

MISC. REVIEW AND DISCUSSION	
Review	**Questions**
Concept Paper / MDM / MSP	• Are there any major decisions or modified scope plans the Project is considering proposing? • What is the Partnership's internal process for proposing, reviewing, briefing and submitting Concept Papers / MD Memorandums? • What is the status of any pending proposals?
Garrison Commander Brief	• What questions / issues / concerns do you have about the Project? RCI? Partner? • What can DA do to help?

Project Reviews

Overview

Project Reviews will be conducted when an issue requires resolution or appears as a potential problem or, in the case of Development or Operations Reviews, on a periodic basis during the IDP and/or ODP. The PPD or CVD PM may direct a Project Review to gain greater insight into a particular situation such as with a Development and Construction, Operations, Capital Repair and Replacement, Insurance, or an MSA rate review. As another example, the PPD PM may want to conduct a review of lockbox activity for a particular project and may request a Project Review for this reason. Alternatively, a Project Review may be a response to an RCI Asset Manager's request for assistance regarding a specific issue or problem including: utility cost increases, MSA adjustments, or incentive performance management plan process challenges. The PPD PM shall evaluate the need and establish the scope, process, and schedule of all Project Reviews. The PPD PM will coordinate the review requirements with the RCI Asset Manager or the PAL POC as applicable. Depending on the situation, this coordination could include soliciting participation by CVD, USACE, OGC, or other government entities as required. The RCI Asset Manager will ensure coordination with appropriate Partner and Installation participants.

Key Points of a Project Review
▪ Can be initiated by the ACSIM or CVD PM or RCI Asset Manager ▪ Provides resolution or clarification on issues that may have a significant financial or operational impact on a specific RCI project or the PAL program. ▪ Lessons Learned from the review will be applied to other RCI projects or the PAL program where applicable.

Project Review findings will be documented along with a list of recommendations for action by the Project Partner, PAL Asset Manager, PPD PAL PM, Installation, or Army agencies. Project Reviews could lead to a change in project legal documents, operating procedures, or RCI/PAL Policy.

The specific topic of each Project Review will vary, including different areas of focus depending on the issue at hand. Descriptions of typical reviews are presented below with specific areas of focus.

RCI Development Review

A RCI Development Review is a Project Review that should be conducted at the following points of time during a project's duration:

- Within one (1) year after Closing
- For a project with a 3 to 6 year IDP, at the midpoint of the project (subject to the timing of the initial Develop Review noted above) and at the IDP close-out period.
- For a project with a 6 to 10 year IDP, at the 1/3, 2/3 and IDP close-out points.
- For a project in its ODP, at least once every two years during periods of follow-on development and construction involving disbursement of Development and/or Construction/Renovation Management fees and in the six-months prior to close-out of the each ODP.

The purpose of the Development Review will be to assess the effectiveness of:

- The development program at the installation level
- The development manager in representing the interests of the Army as an owner in the RCI project
- The construction manager in minimizing cost overruns and completion delays while delivering quality construction.

The review will also involve a comparison of the original pro forma with the actual construction and unit on-line schedules.

Development Review Tasks

- Conduct a general comparison of the following from the original Closing Documents to Actual Delivery of housing, identifying where the final product varied to a material degree, the reasons for the variance, and the approval process for the variance:
  - Materials utilized
  - Home design
  - Number and type of homes or renovations planned
  - Amenities provided
- Compare the current delivery schedule to the Closing Documents and assess the effectiveness of the construction manager in managing the schedule and mitigating delays. Identify specific risks and recommend mitigation strategies. This will include a comparison of the project's pro forma with the construction schedule and the actual results to date.
- Review actual costs per home completed and provide a forecast of costs to complete the IDP scope. Those costs and forecasts will be compared to the original closing documents. Identify causes of deviations and strategies to mitigate or accommodate any identified increases.

- Compare of the original sources and uses to the updated sources and uses of the project. Identify whether the partner has the ability to complete the original scope of the project, if not, to provide analysis/options for the partnership.
- Review processes and procedures used by the developer and general contractor in the following areas and identify successful processes to develop a "lessons learned" guide for other installations, including but not limited to:
  - Initial design process for construction
  - Staffing and coordination effort of both the developer and general contractor
  - Subcontracting and procurement processes used by the developer and general contractor
  - Interactions between the developer, contractor and RCI teams
  - Davis Bacon compliance
- Review the performance metrics established in the construction management incentive plan and assess the effectiveness of those performance metrics in driving project success.
- Prepare and deliver a brief written summary of key or exceptional aspects and findings of the Development Review to the ACSIM PM within 5 business days of completing the on-site visit.
- Prepare and deliver a draft final report to the ACSIM PM within 45 days following completion of the site visit. The ACSIM PM will review and approve the report and distribute copies to appropriate parties.

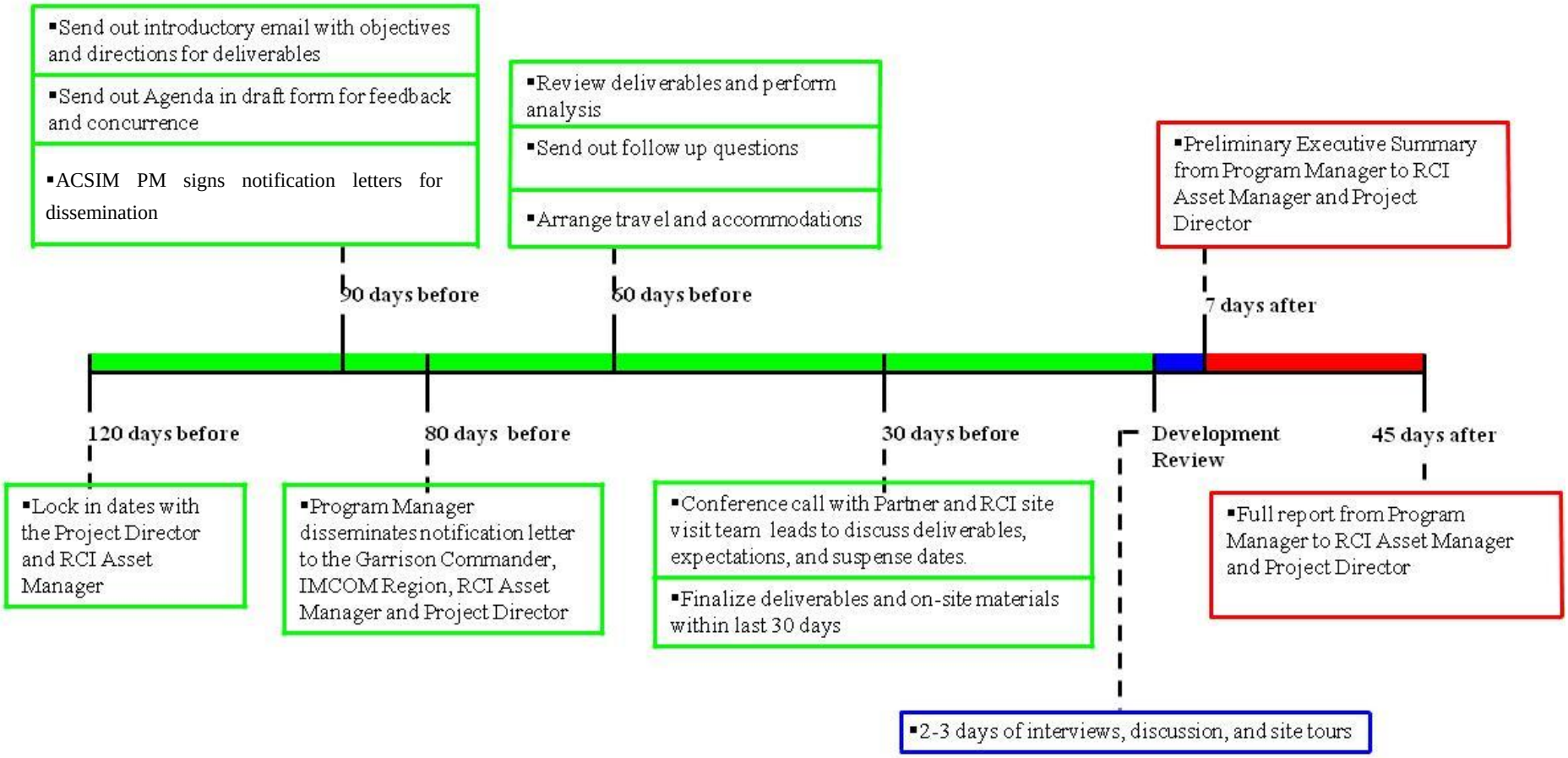
IDP Close-Out Development Review

For projects that are approaching the completion of the IDP, a specialized IDP Close-out Development Review will be conducted during the 180 day period prior to the planned or scheduled official completion of the IDP. For more information on this review see Section VI (a), RCI Project Planning, of this Handbook.

Development Review Timeline Template

The following chart outlines a typical timeline for conducting a Development Review

Development Review Timeline



PAL Construction Review

A PAL Construction Review is a Project Review that can be used to assess:

- Adequacy of the development program and scope, on an installation basis.
- The development manager or Design-Build Contractor in minimizing cost overruns and completion delays while delivering quality construction in comparison to the original pro forma and delivery schedule.

Tasks may include, but not be limited to the following:

- **Variance Analysis:** Conduct a general comparison of the following from the original Closing Documents to Actual Delivery of PAL Lodging, identifying where the final product varied to a material degree and the reasons for the variance:
  - Materials utilized
  - Hotel design (interior and exterior)
  - Planned number of new units or renovations
  - Amenities provided

- **Building Design:** The PAL POC and dedicated Independent Construction Consultant (ICC) should dedicate specific time to observe approved PAL project as-built drawings as compared to the final built product. A site-tour should be conducted to review new construction for ADA, code compliance and life safety regulations.

- **Development Schedule:** Compare the current delivery schedule to the Closing Documents and assess the effectiveness of the Construction/Development Manager in managing the schedule and mitigating delays. Identify specific risks and recommend mitigation strategies. This will include a comparison of the project's pro forma with the construction schedule and the actual results to date.

- **Processes:** Review processes and procedures used by the developer and general contractor in the following areas and identify successful processes to develop a "lessons learned" guide for other PAL installations during their construction, including but not limited to:
  - Initial design process for construction
  - Coordination efforts and interactions between construction manager and other involved parties (Garrison Commander, DPW, etc.)
  - Subcontracting and procurement processes used by the developer and general contractor
  - Davis-Bacon compliance

The PPD PAL PM may prepare and deliver a brief written summary of key or exceptional aspects and findings of the review within 5 business days of completing the on-site visit and distribute copies to appropriate parties.

Capital Repair and Replacement Review

The focus after the close of the IDP for RCI projects is normally on sustainment and maintenance of the homes and the community. In many cases the CR&R reserve accounts are inadequate to fund all required CR&R work. This may be due to the fact CR&R forecast needs at transaction closing were significantly understated, the state of the units at closing were overstated and/or historical estimates of CR&R requirements are incorrect.

Project Owners should have sufficient historical data to more accurately project ongoing capital needs of the project through the out-years. Although unknown variables (i.e., amount of available funds, future BAH growth, new compliance requirements, Base Realignment and Closure impacts, fluctuating cost of materials and labor, etc.) will still exist, development of a comprehensive sustainment plan that identifies all future capital needs of the project to include housing, infrastructure, amenities and ancillary facilities based on reasonable point-in-time assumptions is critical to ensure long-term project viability. In cases where the Army does not agree with partner assumptions on CR&R requirements or estimates that the current CR&R plan is inadequate, a CR&R review may be requested. This review will result in development of a comprehensive sustainment plan, to encompass both out-year development and CR&R planning and the required funding to complete the plan. Projected costs and replacement times based on estimated useful lives will be tied to replacements with the out-year development scope. This review is used as a baseline from which the Army and the partner can make decisions on minimum levels of CR&R funding to meet future project requirements.

Portfolio and Asset Management Training

Training Overview

A well trained RCI Asset Management team is necessary to protect the Army's interests. A lack of Asset Management training can create a strategic risk for the Army's PAM program. Changes in personnel, policies, technology, and services, as well as the quest for continuous improvement in the PAM program impose a need to provide frequent targeted training.

The Army Housing Careerist Training Program is detailed in the Army Civilian Training, Education & Development System Plan (ACTEDS Plan) under Career Program 27 Housing Management. The purpose of the ACTEDS Plan for CP-27 is to ensuring formal training for Army individuals as they progress from the Housing Specialist and Associate level to the Senior Housing Program Manager Level. Additionally, the housing career field includes four main areas to include RCI. Detailed training requirements and knowledge, skills, and abilities for RCI specific requirements are provided in the ACTEDS Plan.

RCI-Provided PAM Training - Overview

Initial PAM training will be conducted at the garrisons during the CDMP development process. This training is designed to introduce the garrisons to the basic PAM concepts and to prepare them to implement PAM over the life of the Project. At Projects where the CDMP has already closed, a PAM review course similar in nature to the initial PAM training will be conducted. PAM training will also be provided during pre/post closing activities as explained in Appendix C: RCI Transition Planning. It is the responsibility of the RCI Asset Manager to coordinate with the PPD PM to discuss topics which need to be addressed during PAM training.

Additionally, an annual training session may be requested by the RCI Asset Manager in coordination with a Project Visit. This training may address issues specific to the project, as well as issues relevant across the portfolio, to include industry best practices or lessons learned. It is the responsibility of the PPD PM to contact the RCI Asset Manager to discuss Project specific initiatives that will be covered in the training and define the final training agenda. Additionally, PAM training will be included as a discussion topic at the following meetings:

- IMCOM Garrison Commander Conference
- Garrison Pre-Command Course
- Commanding General Pre-Command Course
- DPW Conference
- PHMA's Annual Professional Development Seminar

- Annual RCI/PAL Training

A specific set of key skills and core competencies for RCI Asset Managers is required. RCI Asset Managers are strongly encouraged to acquire additional formalized training in order to gain or enhance these required skills. Information on available continuing education/ formalized training is provided at the end of this section and is also detailed in the ACTEDS Plan.

Initial RCI PAM Training

Initial PAM training is a part of transition services, and is designed to be the garrison's initial introduction to PAM. The training will occur during the CDMP process, and is designed as a two-day meeting between the RCI Asset Manager, the ACSIM Program Manager, and the Project Partner. The ACSIM Program Manager is responsible for facilitating and conducting the PAM training. The sessions are presented as an informal dialog between all parties to encourage input and address potential concerns. One critical aspect of PAM training is a review of final decision making authority with the garrison leadership. This training will establish clear guidelines for the RCI Asset Manager and the Garrison Commander or his or her designee as the Army representative on the ground. It will clarify the authority level they have regarding spending and decisions that deviate from the CDMP before it is necessary to consult the PPD PM (See Section III (a) RCI Major Decisions). A second focus area of the training is to detail the roles and responsibilities of the RCI Asset Management team. Understanding and clarifying the interactions between the Managing Member's Representative (normally the Project Director), and Property Manager and the RCI Asset Manager will be reviewed at all PAM training and Project visits.

Upon completion, the participants should have an understanding of the following:

- PAM Goals
- PAM Concepts and Processes
- Corporate Governance
- Roles and Responsibilities
- Resources available to assist with PAM activities
- The working relationship among the parties
- Keys for sustaining the partnership
- Next steps in PAM implementation (2884/5 Compliance, Out-Year Planning, etc.)

PAM Training will contain several sessions, each addressing a different topic as follows:

- Overview of Asset Management Concepts
- Overview of Real Estate and Financial Concepts including Corporate Governance
- Discussion of "keys for sustaining the partnership"
- Discussion and Presentation of Key PAM Deliverables

An important component of the training session will be an Overview of Asset Management Concepts. The following concepts will be covered:

- Discussion of Basic Allowance for Housing (BAH) Survey Process and Asset Manager's Role
- Discussion of the RCI Asset Manager's fiduciary duty to the Project and the Army
- Discussion of Compliance Facilitation and Process Improvement
- Presentation of Asset Level Oversight and ongoing Risk Management
- Discussion of Document Management Requirements

In order to successfully lead the implementation of PAM at the installation, the RCI Asset Manager will need to have a thorough understanding of real estate and financial concepts, especially as they relate to reporting requirements. The following topics will be covered in the Overview of Real Estate and Financial Concepts session.

- Real Estate Review
- Portfolio Concepts and Analysis
- Presentation of Key Asset Level Financial Metrics

In order to facilitate cooperation between all parties and to ensure that interests remain aligned throughout the life of the Project, it is important that all parties establish a strong working relationship. In order to facilitate this, a crucial part of the PAM training is a discussion between the RCI Asset Manager and his/her staff, senior installation leadership, Partner representatives, and ACSIM Program Manager to address "keys for sustaining the partnership." The following topics will be covered:

- Role of the RCI Asset Manager
  - Role of the RCI Asset Manager in the PAM Process
  - Difference between the roles of the RCI Asset Manager and the partner's senior representative (Managing Member's Representative or Project Director)
  - Overview of decision making authority
  - Discuss residual staffing as it relates to PAM
  - Define the post-closing roles and responsibilities of garrison level Asset Management team

Another important goal of PAM training is to set the stage for implementation of other PAM deliverables. A session will be conducted to discuss key PAM deliverables, provide templates for deliverables, and verify completion of relevant deliverables during CDMP development. The following templates will be discussed with the relevant parties:

- Quarterly Project Report template (including OSD PER reporting)
- Monthly Project Dashboard template

Outline for Installation Training

The outline for installation training is presented below:

- Review of Program Objectives
  - Discuss opportunities and challenges to realization of program goal
  - Review of lessons learned
- Asset Management Concepts
  - Overview of OSD PER
  - Review of Basic Allowance for Housing (BAH) Survey Results
  - Review of Project Compliance and Partnering Visits
  - Discussion of Compliance Checklists Facilitation and Process Improvement
  - Presentation of Insurance Review Findings and other Risk Management Issues
  - Review of Incentive Performance Management Plan Status
  - Review of USACE Ground Lease Services
  - Review Document Management functions
- Finance
  - Review of Accounting and Financial Reporting Results
- Development
  - Discussion of Management of Third Party Construction Consultant Contract and Issues Associated with Quality Assurance program
  - Discussion of Participation in Inspection Process
  - Comparison of development metrics with national indices and other Projects
- Property Operations and Maintenance
  - Plan for Annual Program Tenant Satisfaction Surveys
  - Discussion of Asset Level Surveying Techniques
  - Comparison of operations metrics with national indices and other Projects
- Review of "Keys for Sustaining the Partnership"

Initial PAL PAM Training

PAL PAM activities will be primarily conducted by OACSIM-PPD, with the PAL POC and other Garrison personnel expected to assist in day-to-day coordination and minor administrative duties. While the PAL PAM program is centrally managed, providing on-the-ground garrison support is necessary to ensure oversight of the lodging assets.

Initial training will be held at the beginning of each new Garrison Commander's term of service. The meeting should include the PPD PAL PM, the Garrison Commander, and the PAL POC. The meeting may take the form of an in-person meeting or a teleconference. The PAL PM is responsible for facilitating and conducting the training.

One critical aspect of the initial PAM training is to discuss the level of decision making authority with garrison leadership. As PAL is a centrally managed program, Garrison activities will be focused mostly on coordination (with the Hotel GM, Development Manager and with OACSIM-PPD), support, and approval of changes to PAL documents that are specific to the installation (refer to Section II (b) – PAL Asset and Project Management Roles

and Responsibilities: Primary Roles and Responsibilities of the Garrison Commander and Primary Roles and Responsibilities of the Garrison PAL POC). Understanding and clarifying the interactions between the PAL Operations representative on-site (the Hotel GM), the Development Manager, third party contractors, and the PAL POC and other Garrison provided points of contact will be reviewed at all PAL PAM training sessions. Trainings will also establish clear guidelines for issues that need to be brought to OACSIM-PPD's attention as potential Major Decisions.

Upon completion, the participants should have an understanding of the following:

- Purpose and history of PAL
- Roles and Responsibilities
- The working relationship among the involved parties

Other topics unique to PAL will also be discussed, including but not limited to:

- Annual lessee evaluations and Incentive Fee evaluations
- Examples of common issues which require on-the-ground coordination support (e.g. permits, approvals, etc.)
- Key performance metrics at the installation level for PAL
- PAL website as a resource
- Document management requirements and process

Another important goal of PAL PAM training is to discuss PAM reports and deliverables intended for review at the installation level. Per the Ground Lease, the quarterly snapshot is provided to the Garrison Commanders to keep them abreast of their lodging's development and construction progress, financial performance and operations. The Garrison Commander (or Garrison point of contact, such as the PAL POC) is encouraged to meet with the Hotel GM or Development Manager or Asset Manager as necessary to discuss the quarterly snapshot, as well as discuss other areas of coordination that can benefit implementation of PAL objectives. Trainings will provide guidance and lessons learned on developing effective Army/Partner relationships at the installation level, and address any questions or concerns.

Outline for Ongoing PAL Training

After the initial training, future PAL trainings should occur on an as needed basis to reinforce the original procedures and principles, address emerging issues, and gain/provide feedback on lessons learned and best practices from other installations. A general outline for these installation trainings is presented below. Specific agenda items may differ depending on specific issues and requirements that need to be addressed. Trainings are intended to encourage open dialogue between OACSIM-PPD, the PAL POC and Garrison personnel to address open or outstanding issues.

Additional Professional Development

Specialized asset management training will continue to be a focus for the PAM program. However, as reiterated throughout, there is also a requirement for each Asset Management team to supplement the PAM training with additional training opportunities. Again, housing personnel should review the ACTEDS Plan in developing the training and development required for their career. Although not all-inclusive, below is a listing of available development training opportunities.

Military Housing and Lodging Institute

http://www.MHLI.org/

MHLI offers foundation level and advanced courses in all areas of military housing management and privatized housing operations and a series of pre-privatization training sessions targeted to specific military installations. MHLI also provides a certification program, the Certified Defense Privatization Manager, in partnership with the Institute of Real Estate Management (IREM) (www.irem.org) and the National Apartment Association (NAA) www.naahq.org.

National Association of Housing and Redevelopment Officials (NAHRO)

http://www.nahro.org

NAHRO provides seminars, certifications and technical assistance programs which are recognized industry-wide.

National Development Council (NDC)

http://www.nationaldevelopmentcouncil.org

NDC's certification programs "Economic Development Finance Professional" and "Housing Development Finance Professional" have earned the endorsement of the International Economic Development Council as the accepted credentials for development finance professionals.

National Apartment Association Education Institute (NAAEI)

http://www.naahq.org

The National Apartment Association Education Institute (NAAEI) is the education and research arm of the National Apartment Association. NAA's professional designations include the Certified Apartment Manager (CAM), Certified Apartment Maintenance Technician, Certified Apartment Property Supervisor (CAPS) and Certified Apartment Supplier (CAS).

Institute of Real Estate Management (IREM)

http://www.irem.org

Offered in classroom, online and home study formats, IREM's real estate management programs provide accreditation as a Certified Property Manager (CPM) or Accredited Residential Manager (ARM).

Urban Land Institute

http://www.uli.org

ULI provides conferences and workshops for real estate professionals worldwide. Workshops for asset managers include "Basic Real Estate Finance" and "Pro-forma modeling using excel".

Core-Net

http://www2.corenetglobal.org/learning/edp_seminar_series/

Core-Net provides an executive development program that includes a technical series and a Master of Corporate Real Estate (MCR) Professional development series. The technical series has a course titled "Facilities Management" and the MCR series has two relevant courses "Performance Portfolio Management" and "Corporate Real Estate Finance".

Local colleges and universities

Real estate, finance and accounting classes

Document Management

Overview

Document management provides a structured, readily accessible tool to enable the CVD and PPD Program Managers, RCI Asset Managers, Installation agencies, USACE, and other stakeholders to easily store and retrieve Project documents. Document management also enables the Army to meet its regulatory requirements in the areas of maintaining official records and supporting the Freedom of Information Act (FOIA) requirements.

USACE Document Management Process for RCI and PAL Agreements

The United States Army Corps of Engineers administers the entirety of RCI and PAL program documents, setting document retention policy and procedures and maintaining a permanent document repository.

Implementation of RCI and PAL projects on Army installations generates documents in a variety of formats and delivery methods. The PPD PM and RCI Asset Manager assist USACE as needed in completing all document retention requirements. All hard copy "final" documents received by either the PPD PM or RCI Asset Management Team must be scanned and converted immediately to Adobe Portable Document Files (PDFs) for electronic document retention.

Soft copy documents are to be reviewed to verify draft or final status, proper signatures and dates, and that the title accurately reflects contents. Frequently, a single electronic document contains dozens of individual documents that must be extracted and separated. This extraction process requires careful attention to detail and can be quite time consuming. Soft copy file formats include, but are not limited to, Adobe Acrobat (PDF), Microsoft Word (DOC), Microsoft Excel (XLS), and Graphic files (GIF, JPG, TIF and PNG).

Corporate Records Related to RCI

Corporate records for each RCI transaction are generally governed by the provisions of state law and/or income tax codes as they apply to the RCI entity, and are generally the responsibility of the Managing Member/Partner.

Army RCI Records

USACE, as the designated Real Estate advisor to the Secretary of the Army, is required to maintain official records of signed agreements for up to 82 years, and may be required to produce the original signed documents to meet standards of evidence in courts of law.

Key documents that must be retained in original form (including any subsequent amendments in original form) include but are not limited to the following:

- Deed of Conveyance of Housing Units
- Ground Lease
- Ancillary/Support Leases
- Municipal Services Agreement
- Final Surveys
- Contingent Purchase Option Agreement
- Operating Agreement
- Lockbox Agreement
- Development Agreement
- Construction/Renovation Agreement
- Construction Consultant Agreement
- Asset Management Agreement
- Property Management Agreement
- Local Memorandums of Agreement
- Documentation of decisions made by local authorities
- Delegations of Authority
- National Environmental Policy Act (NEPA) documentation
- Environmental Baseline Survey
- Findings of Suitability
- Community Development and Management Plans
- Modified Scope Plans
- Major Decisions
- Official Reports of RCI entities

Garrison RCI personnel have a need to retain RCI documents to enable and facilitate daily administration of the RCI agreements. Specifically, each RCI Asset Manager shall maintain the CDMP, Municipal Services Agreement, final surveys, Ground Lease, partnership formation documents, and such other documents and records as are needed for frequent reference. The RCI office should also maintain, or have access to, records related to utility and services billing from the garrison to the RCI entity. The Army's RCI Asset Manager is not required to obtain or retain any occupant records. Record keeping requirements associated with referral and waiting lists will vary from Project to Project as the respective transactions assign responsibility. Where waitlist and referral functions remain Army responsibilities, RCI imposes no new record keeping requirements; existing Army guidance concerning these matters shall continue to apply.

Army PAL Records

Although USACE administers overall enforcement of the Lease, the PAL POC and DPW should continue to retain all documents to administer and enforce PAL agreements between the Lessee and the installation. Many of these key documents are also specified in Section 20 and 21 of the Ground Lease. These documents include, but are not limited to:

- Response Action Plan
- Crisis Management Plan
- Pesticide Management Plan

- Natural Resource Management Plan
- Exterior Sign Plan
- Environmental Management Plan
- Municipal Services Agreement
- Installation Specific Development Plans
- All approvals, permits, and related studies associated with the aforementioned plans

The Garrison Commander is responsible for Lessee compliance with the aforementioned plans. Document management for agreements related to the PAL Program not installation specific are the responsibility of USACE.

Document Repository

Locating the Army RCI and PAL records at a **central document repository** is the most efficient way to organize records over the long-term. HQ USACE Real Estate Project Delivery Team at Norfolk District provides the document repository (paper and electronic) for CVD and PPD, and is responsible for complying with regulations concerning Project/Partnership formation documents, contract documents, real estate cadastral (survey) records, and retention of official records. USACE, in managing the document repository, ensures that confidential documents and information are appropriately safeguarded.

Many of the agreements executed during the Project Closing will contain notice requirements that pertain to administration of the agreements. The Army's central document repository serves as an efficient central location for those notices to be filed and retained by the Army for reference, processing of FOIAs, and as evidence of observance of the agreements.

USACE shall provide copies of documents in the repository to CVD, PPD, and OGC as needed.

Upon the Closing of an RCI or PAL transaction, one original signed copy of each agreement including attachments and exhibits shall be provided to the document repository at the following address:

US ARMY CORPS OF ENGINEERS
Fort Norfolk, 803 Front Street
Norfolk, VA 23510-1096
Attn: CENAO-RE-R

Upon modification of any of the agreements of an RCI or PAL transaction, one complete original signed copy of each modified agreement shall be provided to the document repository at the above address. It is important that all attachments, enclosures, addendums, maps, sketches and appendices be provided so that the document repository is complete. One signed original copy of each notice required by any of the RCI agreements shall be provided to the above address and retained in accordance with regulations.

Release of records under the Freedom of Information Act (FOIA) is a governmental function that is carried out as articulated by Attachment 1, DASA (E&P) letter of 2 Jul 02. DoD Directive 5400.7-R of 27 Sep 97 and Army Regulation 25-55 of 1 Nov 97 are the implementing regulations. Exemption 4 of FOIA applies to confidential material contained in the Army's document repository. Though responsibility for any decision to keep material confidential for business reasons rests with the Army, the process for making that determination requires specific input from the originator of the material. AR 25-55 contains specific requirements for labeling of records transmittals. The requirement to make redacted versions of some documents available pursuant to the "Electronic Freedom of Information Act Amendment of 1996 (P.L. 104-231) applies to RCI records.

Electronic Document Warehouse

Electronic documents provide a means of assuring quick, reliable access to RCI and PAL documents while preserving the integrity of the original signed papers and the confidentiality of material that is not publicly released. Accordingly, USACE shall collect and make available to appropriate users the electronic version of RCI documents contained in the document repository.

- CVD and PPD personnel shall have full web-based access to all documents.
- RCI Asset Management personnel shall have full web-based access to all policy documents and to the RCI documents associated with their respective Projects. On an as-needed basis, the RCI Asset Manager may require USACE to provide limited access to any specific set of records in the repository for a set period of time to other Army personnel.
- Managing Members/Partner personnel may have access to records of the agreements and notices, and all publicly available documents related to their respective Projects only, by requesting such documents from their RCI Asset Manager or from the Program Support Specialist at Norfolk District at (757) 201-7091.
- Access requests shall be provided electronically by email to Jacqueline.b.wilkinson@usace.army.mil. To facilitate prompt processing, complete the Security Form for access to the RCI portal. If there is any question concerning the merit of the access request, the question should be forwarded to Office of General Counsel and CVD simultaneously and resolved at that level.
- Documents that are redacted for the purpose of release pursuant to FOIA will also be maintained as separate versions in the electronic document warehouse. These redacted versions will not contain information that is confidential under the legal definition.

Security Form is Provided on the Following Page

Security Form for Access to the RCI Portal

In what organization do you work? Check one

____ ASA (I&E)

____ HQ ACSIM

____ Installation

____ USACE Norfolk

____ Other (Name) _____

What IMCOM are you affiliated with?

If with a specific installation what installation?

What is your role within the Privatization Program?

Are you an Asset Manager?

What projects do you need access to?

2. Would you want to contribute documents?

Please provide the following information:

First Name:

Last Name:

Installation/Organization:

Work Phone:

E-mail:

Home Phone:

Supervisors Name:

Office Symbol if applicable:

1. By requesting access, I affirmatively state that the my position does make me responsible for safeguarding confidential information and for safeguarding access to the electronic document system.

2. Notification will be provided in advance of departing my position for any reason.

Below is for official use only

_____ Access Given Date:

_____ Access Denied

Authorized By:

Notes:

Other Portfolio and Asset Management Tools

Overview

There are several additional tools available to the PPD Program Manager and RCI Asset Manager to support administration of the PAM program and ensure the financial and operational progress of the project. These tools may be needed to address issues surfaced by legal compliance review, accounting and financial reports, Project Reviews or Project Visits; or to focus special expertise on critical project issues including the lockbox review, which is discussed below. The Army Annual Resident Survey, another PAM tool, is discussed in detail in the final section of this chapter.

Examples of additional Portfolio and Asset Management support include assessment of environmental issues, sale or assignment of developer interests and administration of incentive award programs. This support will be provided on an as-needed basis and the tools/reports will be tailored to each specific request. It is important for the RCI Asset Manager to recognize particular issues as they arise and request the support of the PPD or CVD PM as required.

Key Points of Other Portfolio Management Tools:
▪ Supports the Program Managers and RCI Asset Manager in their administration of PAM
▪ Provided through worksheets, reports, and analysis tailored to each specific situation
▪ Identifies ways to optimize or enhance project or portfolio performance
▪ Many be incorporated into updates of the PAM Handbook to support continuous improvement of the PAM process

Portfolio, Asset and Project Level Tools

Examples of additional tools available at the portfolio, asset and project levels follow. The lists are not all-inclusive, and additional tools may be implemented, as each situation requires.

Portfolio Level

- Support CVD as requested including but not limited to:
  Transaction / Financial restructuring
  Sale or assignment of developer interest
  Major Decisions under the Operating Agreement
  Modification of the Ground Lease

Asset Level

- Resident related activities:
  Reassess adequacy and relevance of the standard resident survey
  Review periodic utility allowance adjustments
- Support the PPD PM and RCI Asset Manager as requested including but not limited to:
  Environmental issues
  Utilities privatization
  Housing and BAH Market Analysis
  Compliance items (Legal, Davis-Bacon, Congressional)
  Construction Change Order requests
  CDMP execution issues
  Administration of the Ground Lease
  Finance, accounting and reporting procedures

Project / Asset Level

- Daily Operations requirements:
  Occupancy/utilization reports
- Resident related activities:
  Review resident surveys
  Approve periodic utility allowance adjustments
  Review referral and wait lists
  Review maintenance service calls and response and completion time reports
  Review resident complaints
  Provide housing counseling and respond to customer inquiries
  Delinquency report for rent or utilities
- Project and Development Management:
  Overview of current stage of the Project
  Summary of adherence to RCI Construction Standards
  Review and evaluation of third party inspection process
  Review and summary of third party inspection results with respect to codes, specifications and standards of construction
  Summary of designs as compared to approved proposal documents
  Review and recommendation on Change Order requests
  Changes to the renovation and new construction delivery schedule
  Other information as requested by the government
  Recommendations on construction/other issues highlighted during review
- Administer Incentive Award Program for service providers
- Participate in and/or monitor annual Basic Allowance for Housing Surveys
- Initiate/oversee periodic Housing Market Analyses

The tools referenced in the following sections allow for advanced monitoring of cash flow and resident satisfaction and should be used on an ongoing basis. When used regularly, the tools help readily identify correctable items, resulting in improved Project performance.

Lockbox Reviews

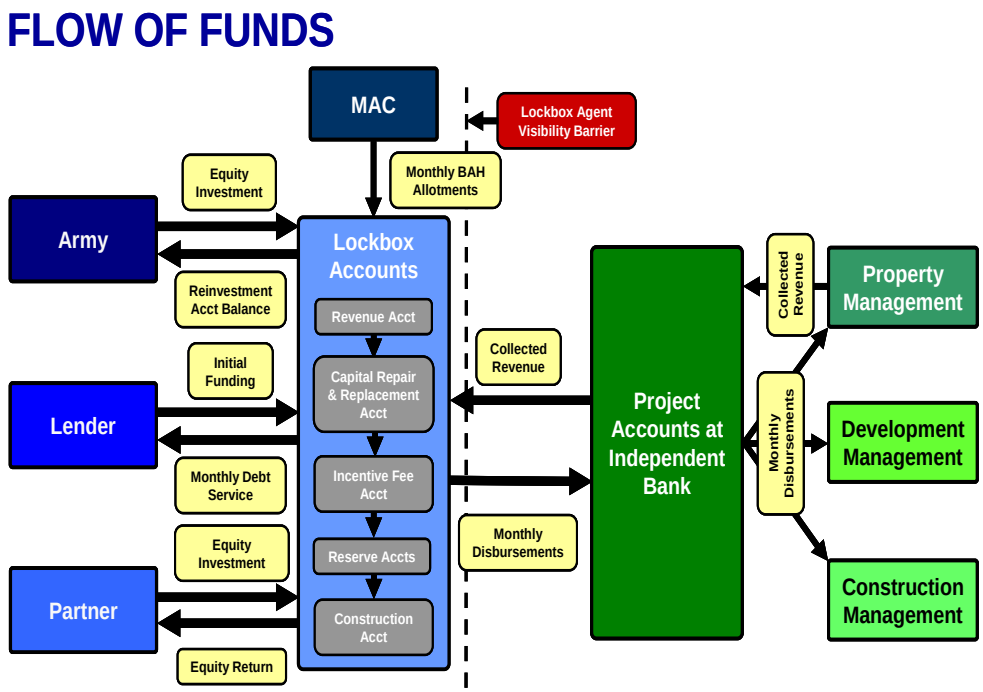
The Lockbox Review is an additional PAM tool which provides the Army the opportunity to monitor all cash flows into and out of the project. Currently, every project has an agent (often called Lockbox Trustee, Lockbox Agent, Servicing Agent, of Servicer) who is engaged by the partnership on behalf of the lender and partnership to service the loan on a monthly basis, monitor all project cash flows and fund the appropriate operating, escrow and reserve accounts. This servicing agent will disburse funds according to the Lockbox Agreement. There have been instances across the portfolio, however, in which the servicing agent diverged from the original intent of the legal documents, affecting the funding of certain accounts in conflict with the agreed specified order of priority of payments (cash flow waterfall). The Lockbox Review ensures the fidelity of all the lockbox accounts and associated cash transactions, providing an important layer of Government oversight to a very complex, yet crucial, aspect of the privatization project.

Overview - Flow of Funds

Each project's lockbox account is held at a financial institution agreed to by the Lender, Partner, and Army and is comprised of a series of sub-accounts from which funds are used for numerous designated purposes. The Lockbox Agreement clearly details the number and purpose of each sub-account, the mechanisms for how funds are deposited into and withdrawn from each, and a sub-account's required or minimum balance, if any. Except for the revenue, capitalized interest, and debt service sub-accounts, all sub-accounts require that a formal Disbursement Request be filed with the Lockbox Agent in order for funds to be disbursed. After the initial wiring of borrowed funds from the lender pursuant to the financial closing, the Lockbox Agent distributes all received funds to the designated sub-accounts. Subsequently, additional funding for each sub-account comes from the cash flow waterfall and/or interest earned on the account's balance.

The following Flow of Funds diagram, **Figure H-1,** outlines the overall funding and disbursement framework of a typical Lockbox Agreement and the relationships of all parties to the Lockbox Agent.

Figure H-1: Flow of Funds

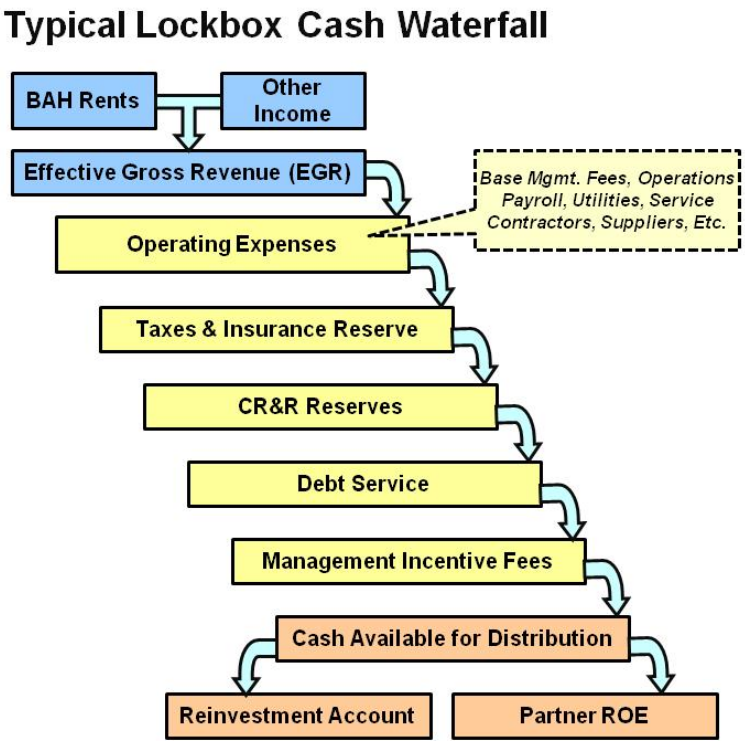


The cash flow waterfall is composed of a prioritized subset of sub-accounts that are eligible for funding on a monthly basis from the revenue generated by project operations and sometimes interest income. Figure H-2 below shows a cash flow waterfall specified in a typical Lockbox Agreement.

The Revenue Sub-account, represented by the blue boxes in the diagram, is the apex of the waterfall. This account is funded by the Basic Allowance for Housing (BAH) disbursements received from DFAS, any other revenue collected by the project during the month, such as for damages the project has temporarily deposited at another "eligible" financial institution, and interest income earned on designated sub-accounts that is swept into the Revenue Account.

The priority order of funding sub-accounts or making expense disbursement from the Revenue Sub-account prior (also called "senior") to the payment of debt service is specified in the Lockbox Agreement. The Lockbox Agreements typically only allow disbursements for operating expenses, taxes, insurance, and a Capital Repair and Replacement Reserve deposit, in that order, to come before the payment of debt service. Funds in these areas are used to operate the project's revenue generating activities and maintain the condition of the real property and improvements, thereby contributing to the project's ability to meet its loan obligations.

Figure H-2: Cash Waterfall



The monthly disbursement for operating expenses varies by project and comes in the form of either the budgeted amount for a specific month or one-twelfth (1/12) of the overall annual budget for operating expenses, excluding taxes and insurance in both cases. The budgetary allotment for operating expense funds are then transferred to project controlled accounts at other financial institutions. The financial institutions selected by the projects to house their separate accounts must meet certain criteria set forth in the servicing and lockbox agreement to be deemed an Eligible Institution. Once funds have been transferred to the Eligible Institution, the Lockbox Agent has no accountability for how funds are spent by the Partnership.

Based on past experiences, the portfolio level has designed the following measures to minimize risk to the Army's interests - interests that are not parallel to the interests of the lender. These are designed to fill any existing oversight gaps of the Army's interests by monitoring Project aspects that are not within the lockbox agent's realm of responsibilities and to establish oversight mechanisms to quickly address and correct any funding not in compliance with the legal agreements.

Annual Budget Reviews

Budget Review

Under a Project's legal documents, the Lockbox Agent is entitled to challenge the annual operating budget submitted by the project. Because the Lockbox Agent does not receive the annual budget until after it has been approved by the Army through the Major Decisions

process, such budgetary challenges do not typically occur -- baring a significant omission or aberration from past operational performance or pro forma. The annual budget is generally viewed by the Lockbox Agent as the partnership's agreed upon intention for how the project will operate and how project funds will be disbursed for the target time period of the budget. This posture places increased importance on the budget reviews conducted at the project and portfolio level by the Army since it is at these stages that the overwhelming majority of budgetary changes will occur. The Lockbox Agent relies on the Army to perform an in-depth review of the budget, challenging and refining it at a granular level to ensure revenue generation estimates are realistic and expenditures are appropriately allocated.

A thorough review by the Army of the operating expenses included in each annual budget is paramount due to their importance in the execution of the cash flow waterfall and the determination of the debt coverage ratio (DCR). In the typical project, each month the Lockbox Agent disburses only a budgeted amount to fund operating expenses into accounts controlled by the project. If the budgeted amount is too low, the project may have to tap into the reserve accounts to fund operations, thereby affecting funds for development, or decrease services, thereby reducing resident satisfaction or failing to adequately sustain the inventory. If budgeted amounts are too great, funds will be disbursed to the project that will go unused and will reside in project-controlled accounts to which the lockbox agent has no accountability for how the funds are used. This will also affect the funds available for development as funds that would have flowed into the Construction Account or Construction Escrow Sub-account instead are disbursed to the project. Additionally, the budgeted amount of operating expenses is used to determine NOI for purposes of calculating the project's monthly DCR. The DCR is the primary barometer used by the lender to determine the project's ability to meet its loan obligations, both during the IDP and ODP.

During this budget oversight process by the Army, it is paramount that the RCI Asset Manager obtain a concurrent review of the proposed budget by the ACSIM Program Manager; closely working together on the budget review ensures comments generated at the portfolio level are reflected in the finalization of the Project budget and expedites the approval process by offering feedback to the partner earlier and addressing issues in a manner less constrained by approval schedules. This Army teaming enables the financial acumen of the portfolio level and the on-the-ground knowledge of the Project teams to combine synergistically to stay on top of the financial actions of the partnership.

As the two teams work together, the portfolio level team will continue to incorporate lessons learned from across the portfolio and raise issues identified as commonalities both across the RCI portfolio and across each partner's respective portfolio.

Quarterly Reviews

Lockbox Administration Tool

Since functioning of the waterfall directly contributes to the amount of funding for development and learning errors do occur during the first few months following project transfer, the RCI asset and portfolio level teams should conduct quarterly reviews of cash flow waterfall administration.

The first component of the review is the construction of a Lockbox Administration Tool (LAT) by the PPD PM that will be used to track all of the account balances throughout the history of the project. The LAT demonstrates how project revenues have flowed throughout

the lock box accounts since its inception. The LAT provides a means for reviewing each account and tracing its balance through its initial funding (if any) at closing to its monthly deposits, fees paid, interest earned, and disbursements. The LAT determines if these accounts have been funded and swept in a manner consistent with the Lock Box Agreement. If a target balance or target disbursement for an account is stipulated in the Lock Box Agreement, then these figures will be benchmarked against the actual deposits/disbursements in order to determine if the account is experiencing an overage or a shortfall. The LAT incorporates information from the servicing agent's lockbox reports, the Lockbox Agreement, the Development Management Agreement, the capitalization interest schedule, and the annual budget.

Based upon the results produced by the LAT, a brief quarterly report (Ref: Lockbox Activities Report below) is compiled by the PPD PM and disseminated to the RCI Asset Management team describing the current conditions of the different accounts within the waterfall. This one to two page document will include a brief table summarizing the account balances, a summary of key issues, current action being taken, and the status of prior actions. This report functions as an analysis of the LAT and a tool to correct any discrepancies in waterfall funding procedures.

In addition to monthly lockbox statements, the project and portfolio level Army teams must receive copies of the account statements for the Project-controlled accounts on a quarterly basis. These statements should then be reconciled by the PPD PM against the lockbox and PAM quarterly reports received. In each PAM Project quarterly report template, there is a lockbox tab that details the current state of the accounts. This tab should be reconciled and kept up to date by the PPD PM by using the aforementioned statements.

Monthly Reviews

RCI Asset Managers, through their financial specialist, are responsible for receiving and reviewing the lockbox agent's monthly cash flow waterfall statement. As part of this review, the Army must verify all activity within the accounts, monitoring all withdrawals and disbursements. The Army team should also be vigilant of the order of funding into the accounts, using the Lockbox Agreement to ensure that the Lockbox Agent is abiding by the rules outlined in the document.

On the following pages is an example of the Lockbox Activities Report (as described above) used to review the lockbox accounts and procedures.

Project #1 LOCKBOX ACTIVITIES REPORT

(April 2014 – June 2014)

Summary

- Operating Disbursement Account over-payment reimbursement to fund $100,000 to Utilities Account shortfall remains outstanding.
- Project cash flow was insufficient to fund management fees, performance incentive account deposits, and the cash flow split.
- The Project Owner is due $150,000 in management and incentive fees

Account Summary Table June 30, 2014

Account Name	Actual Balance	Target Balance	Variance
Account #1	$300,000	$600,000	($300,000)
Account #2	$900,000	$900,000	$0
Account #3	$3,000,000	$3,000,000	$0
Account #4	$400,000	$500,000	($100,000)

Summary of Key Items

1. Summarizes the key items in regards to the administration of the Lockbox.

Status of Prior Outstanding Action Items

OPR	Date Assigned	Required Action	Status
Army	3/31/14	Analyze the impact of over drawing from the Cap I account to fund Debt Service	The Army completed an analysis of the impacts of over drawing from the Cap I account to fund Debt Service and found this course of action to be detrimental to the Project in the long term. Item complete.
Lockbox Agent	3/31/14	Fund the shortfall in the utility reserve account	Awaiting the reimbursement of

		following reimbursement of utilities over-payments to Project	funds by the servicing agent.
Lockbox Agent	3/31/14	Fund the $7,000 shortfall to the Reinvestment Account	Item Complete
Lockbox Agent	3/31/14	Fund the $100,000 shortfall in the Operating Reserve Account	Awaiting sufficient cash flows

New Action Items

OPR	Required Action	Status
N/A	No Required Actions	N/A

Army Annual Resident Survey

Providing adequate housing for Soldiers and their Families is the primary focus of the RCI Initiative. The Annual Resident Survey, conducted by the Army at no cost to the Project, is a key factor in the ability to assess residents' overall satisfaction with their living conditions. The survey is thorough, encompassing the actual perceptions, goals and visions of the residents living at the installations.

Survey questions are focused on variables affecting the decision to live on-post as well as levels of satisfaction with attributes of the housing unit, safety and security, and responsiveness of the property manager and RCI asset management office. Perceptions can vary considerably among posts and among neighborhoods at each post.

Also, the survey results provide metrics for the OSD Program Evaluation Report (PER), for the incentive fee assessment process, and provide property management information to help improve overall resident satisfaction.

Survey Structure

An annual review of the survey is conducted to ensure questions and metrics continue to reflect the needs and perceptions of residents.

The survey contains a mix of categorical questions (demographic / profile questions) and perception questions. The response options for perception questions are keyed to a 5-point scale wherein “1” represents very dissatisfied or no agreement and “5” represents very satisfied or extreme agreement.

The perception questions are grouped into several statistical factors for analysis and reporting purposes. Factors are groupings of several questions that, in concert, capture the notion of “satisfaction” for a particular topic, such as “Move-In.” A more robust measure of the topic can be derived by asking questions that relate to the most significant aspects of experience. In other words, a statistical factor provides a better representation of perceptions of residents for any topic than any single question or group of questions can provide. The factors include: Housing assignment, move-in, policies, housing community, routine service requests, emergency / urgent service requests, staff and office hours, communications, housing services, heating and air, unit attributes, safety and security, military housing privatization, overall satisfaction with services, overall satisfaction with property, overall satisfaction with housing experience.

Administration

Data collection typically begins in the second quarter of each year and runs for about 90 days. Surveys are conducted using either paper forms or an on-line Web-Enabled Survey System.

Paper Survey Forms

Projects submit a list of survey participants and their mailing/email addresses to survey provider. Packets of information are mailed from survey provider via US Mail and or email to each survey participant. These packets include a letter from the Garrison Commander,

survey instructions, the survey form, and a pre-paid return envelope. One follow-up invitation is sent fourteen days after the invitation post-card to encourage participation

Online Survey

The response rate for on-line survey systems is typically higher than that of the paper survey method. Therefore, the on-line system is the preferred approach for surveying Residents. Since it hinges on using locally-provided Resident e-mail addressees to initiate the request for survey completion, additional coordination by the RCI Asset Manager is required to implement this process.

Results Analysis

Individual post analysis including full benchmarked results is available quickly (regardless of survey methodology). The Army conducts an initial Resident satisfaction survey at each post prior to the Project Closing. This sets a "going-in" baseline against which to compare subsequent survey results after privatization. Analysis is available both online and written.

Analysis Highlights

Management Sections – To provide information that will be more useful to managers, results are reported in three major sections: Services, Property and Housing Experience. Services focus on aspects of the residents' experience that is under the control of management; Property focuses on the physical attributes and conditions of the housing unit and community; and Housing Experience is the overall experience which incorporates both Services and Property. This breakdown is reflected throughout the online and written analysis.

Comparisons – Participating installations are provided with comparative analysis to benchmark their results. Those analyses include both internal and external comparisons:

- Communities / Neighborhoods. Each post has communities/neighborhoods for internal comparisons.
- Peer Projects. Each post can choose to compare their results to self-selected projects
- All Projects. A comparison is provided against all posts participating in this study.
- Longitudinal. For posts that participate more than one year, a longitudinal trend is automatically created comparing one year to the previous year.

Analysis Delivery Methods

Online Analysis – The advantages are:

- Quick Access. For posts using online surveying, limited individual online results are available immediately; for posts using paper surveys, limited individual online results are available upon receipt and scanning of survey forms. Full benchmark analysis is available after the full annual survey program has been completed at all participating installations.
- Providing Access to Others. On-line access allows a survey administer to provide full or limited access to the online results to other people like community leaders, upper administration, junior housing management staff, or residents.

- Executive Summary. A visual, high-level, interactive Executive Summary is provided
- In-depth Analysis. For those that are interested in exploring the results further, in-depth analysis like frequency distributions, cross-tabs, and filter is available.
- Supports Executive Summaries. Each of the online reports can be copied into PowerPoint, Word, or can be exported to a PDF format to support the creation of Executive Summaries.

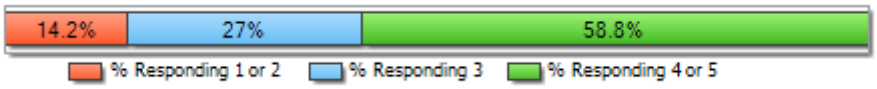
Written Analysis – An Executive Summary (Project and portfolio level) is provided as well as in-depth analysis. All are provided in notebooks and shipped to the RCI Asset Managers.

Types of Analysis Provided

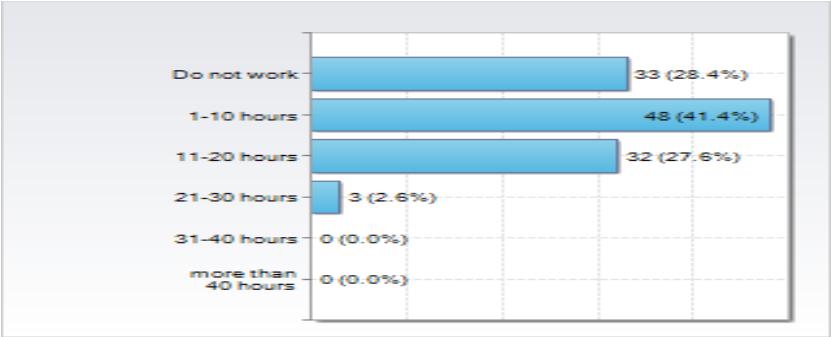
Online analysis charts and tables can be easily copied and pasted into Power Point presentations, Word documents, or other presentation software. The following are the highlights of the types of analysis offered online.

Frequency Distributions – Percentages of residents who are satisfied or dissatisfied:

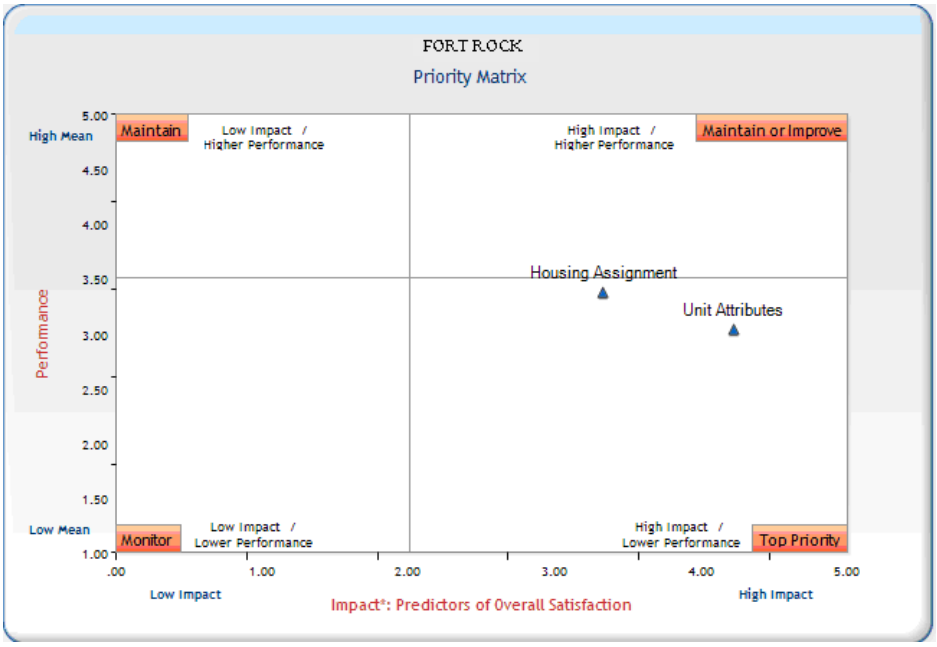
Housing Assignment - To what degree did the property management staff responsible for processing your housing assignment: Show a sincere interest in helping you



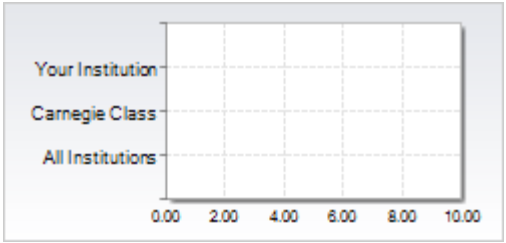
Longitudinal Analysis – A trend, over time, to determine the effectiveness of actions:



Priority Matrix – Each year a statistical test is run on each post's data to determine which factors impact Overall Satisfaction with Services, Overall Satisfaction with Property and Overall Satisfaction with Housing Experience for that post. The factors that have high impact are those areas that, if improved, will likely improve Overall Satisfaction with Services, Overall Satisfaction with Property, or Overall Satisfaction with Housing Experience, respectively. Those results create the Priority Matrix. There are written and charted versions of the Priority Matrix. Below is an example of the Priority Matrix chart:



External Comparisons – Comparisons to peer Projects that transferred the same time other Projects transferred (RCI Status), and all participating Projects:



Community Comparisons – Comparison within the post by community/neighborhood to determine high performing communities and lower performing communities:

Factor 1 . Housing Assignment	Mean	Std Dev	N	% Responding
Population: Fort Drum	3.37	1.04	368	85.6 %

The "Difference" below refers to the difference in means between 'U1. Community/Neighborhood Code' and 'Fort Drum.'

Sort by Difference in desc order

Monument Ridge	N = 105 Std Dev = 1.04	Mean = 3.18	Difference = -0.19
Crescent Woods	N = 43 Std Dev = 1.06	Mean = 3.35	Difference = -0.02
Adirondack Creek	N = 94 Std Dev = 0.97	Mean = 3.48	Difference = 0.11
Rhicard Hills	N = 92 Std Dev = 1.06	Mean = 3.58	Difference = 0.21

Assessment Management Tool

Once a Project understands which areas to work on, a system allows upper management to go in and enter plans associated with specific areas. The survey system will allow an action plan to be formulated from the survey results and then tracked over time to determine if the action taken was effective. New actions can be established based on this evaluation.

Use of the Data

It is essential that the results of the Annual Resident Survey are shared with management personnel on-site as well as the RCI Asset Management team. It is also critical to share some results with residents, so that they understand their responses were reviewed. As a diagnostic tool, the survey allows attention to be allocated to those areas that are in need of improvement as well as serving the following functions:

- Providing in depth analytical capability for local managers to help identify specific resident items needing attention
- Providing accurate, impartial information that can be used in the determination of incentive fees awarded at the Project
- Determining where budget cuts can be made when necessary by evaluating areas that residents see as essential and nonessential to their satisfaction
- Benchmarking satisfaction and improvements from year to year
- Determining where capital improvements should be made when necessary
- Providing metrics for portfolio reporting such as the OSD PER
- Motivating staff by using benchmarking data to demonstrate that improvement is possible

Summary of RCI and PAL Policies

Contact your PPD PM to request a copy of a specific policy.

25 Aug 2014 – Guidance on RCI Privatized Housing Tenant Waterfall and Key and Essential (K&E) Personnel

- Provides background on RCI partner use of the Tenant Waterfall. Includes emphasis on Garrison Commander communication with Senior Commanders on partnership issues and/or requirements. Additionally, this guidance discusses the importance of ensuring the Garrison Commander and RCI partner update K&E lists annually.

3 Jul 2014 – Clarification of Reimbursement Policy for Emergency Services

- This provides clarification for the Emergency Services Reimbursement Policy Memorandum #6, which provides instructions on determining how to calculate the amount owed by a housing privatization project, including a location under PAL, to the Army for firefighting and fire protection services and police protection services. The memorandum clarifies that the use of the Emergency Services Calculation Template is not required if the incremental costs associated with the provision of Emergency Services to the RCI and PAL projects are mutually agreed to by the Installation Garrison Commander and the RCI and/or PAL Partnership located on an Installation.

16 Dec 2013 – Sustainable Design and Development Policy Update

- Provides an update to the planning, design, and construction requirements for all construction activities on Army installations regardless of funding source, with the exception of DoD Medical funding and privatization initiatives. Specifically, the policy includes updated guidance in the following categories: siting & site development, energy performance, water use, metering / monitoring / sub-monitoring, commissioning and plans for operation, construction materials, waste and recyclables management, acoustical control, and new and underutilized technologies.

9 Dec 2013 – Reimbursement Policy for Emergency Services Policy Memorandum #6

- This policy memorandum supplements Reimbursement of Utility and Services, Policy Memorandum #5, by providing instructions on determining how to calculate the amount owed by a housing privatization project, including a location under PAL, to the Army for firefighting and fire protection services and police protection services. The reimbursement will be obtained pursuant to the terms of the Municipal Services Agreement (MSA) that is negotiated between the Project and Garrison Commander.

5 Feb 2013 – RCI Policy for Major Decisions Authority

- Identifies the approval authority for RCI Major Decisions and also details the responsibilities of each Garrison Commander as the Secretary of the Army's Garrison representative for each RCI Project's Major Decision. The day-to-day asset management oversight for RCI projects is performed by the OACSIM-ISP, and RCI portfolio management oversight is performed by the DASA-IHP (CVD). The RCI Major Decision approval process is a collaborative effort between the Army, Garrison Commanders and/or their designated RCI Asset Manager, and the RCI private sector Partners/Managing Members.

28 Jan 2013 – Service Dogs

- Provides guidance for the acquisition and use of service dogs by wounded, ill and injured Soldiers with disabilities for whom a service dog is clinically indicated. Moreover, this directive does not apply to emotional support animals, therapy animals and activity animals nor does it prevent Soldiers from owning pets.

26 Nov 2012 – Utility and Services Reimbursement Policy Memorandum #5

- This policy memorandum replaces the Utility Services Reimbursement Policy for RCI Partnerships, issued on 5 May 2004, and clarifies the process of determining the reimbursement amounts for utilities and services provided to RCI projects, including locations under PAL. Moreover, the reimbursement for utilities and services will be accomplished pursuant to a written Municipal Services Agreement (MSA).

4 Jun 2012 – Crime Scenes

- Provides guidance for the long-term retention of crime scenes, death scenes and recovery scenes by a search and seizure authorization or warrant issued by appropriate legal authority. The control and processing of a scene, and the collection and preservation of the evidence found at the scene, are the exclusive

responsibilities of the CID special agent or supervisor in charge of the scene when the CID has investigative responsibility.

7 May 2012 – PAL Major Decision Authority Policy Memorandum #2

- Identifies the approval authority for PAL Major Decisions. All PAL Major Decisions require approval of the ODASA (IH&P). The OACSIM (ISP) will exercise approval authority for the lessee's annual operating and asset management budgets, as well as oversight of construction and development as delegated by the ODASA (IH&P).

18 July 2011 – RCI Construction, Renovation and Condition Standards Update #4

- Replaces the previous version of the Construction, Renovation and Condition Standards for Residential Communities Initiative (RCI) Family Housing Program – Update #3. Identifies Army standards of construction, renovation, and condition standards. The new construction or major renovations for RCI projects will comply with U.S. Green Building Council LEED Silver requirements and Energy Star Certified (USEPA Energy Star Program) standards for residential appliances.

28 Jun 2011 – Use of Reinvestment Account Funds

- Establishes policy for authorized use of the project reinvestment account for all un-programmed project related expenditures. The intent of the policy is to properly protect the resources of RCI projects while providing quality housing for Solider and Families in the out years. Any use of reinvestment account funds is subject to prior approval from the Army Secretariat through the Major Decision process.

18 May 2011 – Army Housing Market Analysis (HMA) Policy

- Implements updated guidance on the HMA Policy as identified in the DoD Housing Manual. The policy defines the purpose, types, and frequency of housing market analysis reports. Moreover, the policy eliminates more frequent updates and establishes that a priority for Army Family Housing funding of HMAs is based on a four-year interval.

27 Oct 2010 – Policy for Pest Management Activities

- Provides guidance for installation pest management activities on RCI properties at Army Installations. This major decision also clarifies that Garrison Commanders have the responsibility for ensuring RCI partners meet the pest management requirements as detailed in the Project's RCI Ground Lease, Environmental Management Plan, and/or Pest Management Plan. Additionally, the RCI partner

should ensure that vehicles and equipment are clearly identified and used only for pest management activities.

28 Sep 2010 – Reimbursement for Utilities and Services at Joint Bases

- Establishes policy for how reimbursement rates for utilities and services at joint bases are to be calculated after the transfer of installation management. Reimbursement rates shall be based on a project's original legal instruments, accepted pro formas, and historical practice of calculating such costs by the supported Service Component.

23 Jul 2010 – Wait List Procedures

- Provides privatized housing resident waitlist procedures, developed by the Army and RCI Privatization Partners, for all future residents applying for RCI housing developments. The implementation of the procedures allows consistency within the waitlist procedures throughout all of the Army's RCI portfolio.

6 Apr 2010 – Real Estate Business Clearance Process

- Establishes mandatory Business Clearance Process for actions, projects, and initiatives that involve the use, disposal or acquisition of real property in business relationships between the Army and private entities, non-profits or non DoD governmental entities and have an estimated cumulative business value of greater than $750,000. A Realty Governance Board (RGB) is created to administer the Business Clearance Process. The proponent of the action, project or initiative and the delegated real estate officer are responsible for preparing and presenting the proposal to the RGB.

4 Mar 2010 – RCI Construction, Renovation and Condition Standards Update #3

- Replaces the previous version of the Construction, Renovation and Condition Standards for Residential Communities Initiative (RCI) Family Housing Program – Update #2. Identifies Army standards of construction, renovation, and condition standards for all homes on RCI installations. The updated standards apply to all work that may be required to new and existing units that will be retained after the initial development phase of a project.

13 Aug 2009 – Real Estate Transaction Oversight

- Establishes assistance in identifying and distinguishing various functions, tasks, products and services related to the acquisition, management and disposal of real estate and related programs. The policy also establishes inherently governmental

functions versus non-inherently government functions (contractor suitable products & services).

10 Feb 2009 – RCI Standards

- Provides additional implementation guidance regarding three standards/policies across the RCI portfolio: a) chain of command access to Family and Unaccompanied Personnel Housing (UPH) RCI housing, b) partner/employee access to installations, and c) pet policies.

05 Jan 2009 – Pet Policy for Privatized Housing Under the Army's RCI Privatization Program

- Formalizes the Pet Policy for privatized housing, as developed by the Privatization Partners, for tenants in RCI Housing developments.

11 Sep 2008 – OACSIM and ODASA (E&P) Policy Memorandum

- Divides RCI responsibilities between ACSIM-PPID and DASA (E&P).

28 Aug 2008 – RCI Resident Utility Policy Update

- Provides an update to the RCI Utility Policy dated 27 May 2007. Updates the policies and implementing instructions regarding resident responsibility for utilities for residents of privatized housing under the RCI program.

11 Jul 2008 – Army Policy for Davis-Bacon Act Compliance for Privatized Housing

- Provides a new compliance checklist and establishes formal guidance for completing it, including the obligation to complete and submit on an annual basis.

15 Nov 2007 – RCI Policy for Major Decisions

- Updates the Major Decision process to reflect the changes brought about by the transformation of the OASA (I&E).

11 Oct 2007 – Transformation of the OASA (I&E)

- Reorganizes ODASA (P&P) into three divisions along privatization process flow lines, and clarifies delineation of RCI responsibilities between ODASA (P&P) and OACSIM.

29 Jun 2007 – Real Estate Policy Guidance for RCI Projects

- Mandates that staffing for lease approval go through IMCOM.

27 Apr 2007 – Sustainable Design and Development Policy Update – Life Cycle Costs

- Updates the sustainable design and development policy for Army facilities.

27 Mar 2007 – Army RCI Utility Policy

- Provides an update to the RCI Utility Policy dated 5 May 2004. Updates the policies and implementing instructions regarding resident responsibility for utilities for residents of privatized housing under the RCI program.

8 Nov 2006 – Family Housing Waiting List Policy Exception and RCI Waiting List Guidance

- This policy update is in response to the Army's extension of the tour of duty for some units in theater. Garrison Commanders have the authority to approve exceptions to family housing waiting list policies under special circumstances such as extreme hardship, compassionate, or medical reasons for government owned or leased housing.

14 Sep 2006 – Delegation of Approval Authority for Transition Agreements and Budgets

- DASA (P&P) delegates authority to approves transition agreements and budgets to Director or Deputy Director, RCI.

Aug 2006 – Clarification on Payment of Partial Dislocation Allowance

- HQDA OGC clarifies that it is not allowable for soldiers to receive partial dislocation allowance when moving from RCI housing.

03 May 2006 - Unit Moves – Housing Support for Soldiers and Families

- Provides additional guidance for clarification of subject support with regards to Reference AR 210-50.

Real Estate Policy Guidance Letter #23

- Provides guidance for RCI Reports of Availability (ROA).

05 Jan 2006 - Sustainable Design and Development Policy Update – SpiRiT to LEED Transition

- Updates the Army Strategy for integrating the principles and practices of sustainability on the installations while minimizing the impacts and total ownership costs of Army systems, material, facilities, and operations.

04 Nov 2005 - Final Housing Privatization Life Cycle Cost Policy

- Contains the final policy for calculating life cycle costs for housing privatization projects which aims to improve the calculation of operations and maintenance costs for the Milcon alternative while retaining a methodology which is simple, accurate, and consistent across the Services.

17 Jun 2005 - AAFES and RCI Project Coordination

- Purpose to help foster more effective coordination between AAFES and RCI as they work toward the mutual objective of supporting quality communities for military families.

08 Jun 2005 - RCI Policy for Major Decisions Authority

- Identifies the specific actions that must be approved or reviewed by the RCI Program Office, OASA (I&E) regarding RCI Major Decisions, and details the Garrison Commander's RCI responsibilities as the Secretary of the Army's representative to the RCI project's Major Decisions Committee of LLC/LP.

03 Jun 2005 - DASA (I&H) Standard Operating Procedure

- Explains the operating procedures for review, approval, and signature of RCI project documents.

25 May 2005 - I&E Facility Operations BRAC Policy

- Provides the policy that was established for facility operations and construction at installations recommended for closure and realignment in the United States as contained in the DoD Base Closure and Realignment Report, May 13, 2005.

28 Apr 2005 - Policy for Rent at RCI Projects

- Provides guidance on rent collections at RCI locations.

06 Jan 2005 - RCI Construction/Renovation Standards Update #2

- Replaces the referenced construction standards with new standards that apply to all homes on RCI installations instead of just the newly constructed homes which

addresses renovations that may be required to existing units that will be retained after the initial development phase of the project, and also condition standards that will apply to all houses throughout the 50-year life of the projects.

05 May 2004 - I&E RCI Utility Reimbursement to Installation Policy

- States the policy and implementing instructions for the purpose of determining reimbursement for utilities services provided to the RCI projects.

05 May 2004 - I&E RCI Utility Policy Memo

- Provides the policies and implementing instructions regarding utilities for residents of privatized housing under the RCI program.

21 Jan 2004 - Dislocation Allowance Non-Authorization Under RCI

- States that partial Dislocation Allowance in the amount of $500 may be paid to a soldier when ordered to occupy or vacate family housing provided by the United States to permit the privatization or renovation of housing or for any other reason (other than pursuant to a permanent change of station).

09 Jan 2004 - RCI Supplemental Utility Policy

- Supplements the RCI utility policy memorandum dated 25 March 2002 to ensure that RCI project scopes are integrated with utility services and providers.

09 Jan 2004 - RCI Footprint Policies

- Provides guidance and implementing instructions regarding the establishment of the installation RCI development footprint.

09 Jan 2004 - CDMP Policies

- Establishes guidance regarding CDMP policies that include the amount of money to be paid to contractors for preparation of CDMPs, project taxation determinations, developer costs during CDMP development / approval, and costs incurred during transition period.

25 Nov 2003 - RCI Construction Standards Update #1

- Provides the annual update to the December 2, 2002 standards and guidance and instructions for the implementation of these updated standards.

03 Oct 2003 - RCI Pest Management Policies

- States that Garrison Commanders have the responsibility for ensuring RCI partners meet the requirements of the pest management portion of the RCI CDMP and that for those plans currently in place that do not address the minimum requirements, the installation will work cooperatively with RCI partners to ensure compliance.

10 Sep 2003 - ACSIM GFOQ Funding - RCI Policy

- Presents the plans for providing certain services to the General and Flag Officer, Installation Commander, and Special Command Sergeant Major quarters upon privatization under the RCI.

18 Mar 2003 - ASAIE SDD-Spirit Policy

States that the adoption of Sustainable Design and Development and the Sustainable Project Rating Tool (SPiRiT) process will continue to improve the design, construction, and operation / maintenance of Army facilities and that the minimum requirement for Fiscal year 2006 and future-year MILCON projects will be a Gold rating.

17 Mar 2003 - 3 Bedroom Policy IE memo

- States that it is Army policy that a minimum of three bedrooms will be provided in each home constructed under the Army Family Housing New Construction program and that any project programmed or under design that does not meet this criteria is to be modified to conform to this policy.

08 Jan 2003 - OSD Housing Requirements Determination Process Policy

- Discusses the rigorous analytical process and consistent methodology for determining the number of suitable and affordable private sector rental housing units available to our military families in the communities surrounding our military installations.

02 Dec 2002 - RCI Construct Standards

- Provides minimum construction and replacement standards for RCI family housing and guidance and instructions for the implementation of these standards.

25 Mar 2002 - RCI Utility Policy

- States that residents will generally be responsible for their utilities, and they will be rewarded for energy conservation and penalized for energy abuse, and that project / partnership will be responsible for all utilities for designated common areas and vacant houses.

08 Mar 2001 - IPT Dir #14 Standard Resident-Landlord Agreement

- Agreement to establish the policy to have the Army RCI Office, in coordination with the MACOMs / installations, develop a standard lease agreement and allow addenda to be added by the installations.

08 Mar 2001 - IPT Dir #13 School Policies

- Explains the policies regarding additional school requirements.

17 Jan 2001 - IPT Dir #12 Original RCI Standards Policy

- Provides the policy regarding community standards in order to protect soldiers' interests and allow the Army to take advantage of private-sector expertise, reduce costs, and encourage development partner innovation and creativity.

08 Dec 2000 - IPT Dir #11 RCI Related Land Surveys

- Agreement to have the Army continue to conduct / pay for land surveys.

08 Dec 2000 - IPT Dir #10 Resident Security Deposits

- Prohibits security deposits for military residents and allows security deposits for civilian residents in the event that they are offered RCI housing.

08 Dec 2000 - IPT Dir #9 Surviving Spouse Residency-Rent

- Requires the development partner to recognize the right of surviving spouses / families to remain in RCI housing for up to 180 days and cap rents at the BAH level.

17 Nov 2000 - IPT Dir #8 Rental Payments in Arrears

- Allows military residents to pay rents in arrears.

17 Nov 2000 - IPT Dir #7 Resident Satisfaction Surveys

- Provides the policy regarding resident satisfaction surveys which will be used to ensure resident satisfaction, accomplish quality assurance functions, and determine development partner compensation.

17 Nov 2000 - IPT Dir #6 Installation Housing Staffs

- Provides the policy regarding the staffing levels for installation Housing Offices after the transfer of operations to the development partner under the auspices of the RCI.

14 Sep 2000 - IPT Dir #5 RCI Rental Payment Method

- Calls for the use of an RCI-wide, third party vendor to provide the services necessary to process rental payments from residents to the developer.

14 Sep 2000 - IPT Dir #4 RCI Transfer Date Policy

- Requires RCI installations to transfer assets and operations to the developer partner on the first day of the month as determined during the CDMP.

Jul-Aug 2000 - IPT Dir #3 Local Moves and Non-Temporary Storage (NTS)

- Government may continue to pay for local moves of soldiers from adequate off-post housing to privatized on-post housing and for NTS of household goods, when properly authorized.

Jul-Aug 2000 - IPT Dir #2 Civilian Occupancy

- Allows the developer to rent to civilians under specific guidelines outlined during the negotiations of the Community Development and Management Plan (CDMP).

Jul-Aug 2000 - IPT Dir #1 Housing Market Analyses (HMAs)

- MHAs are to be conducted every 3-5 years and when the installation or community experiences significant changes in demographics, supply of housing economics of the region, and/or basic allowance for housing (BAH).

Glossary of Terms

Glossary of Terms	Army Portfolio And Asset Management
TERM	**DEFINITION**
AACR	See: After-Action Compliance Report
ACSIM	Assistant Chief of Staff for Installation Management
PPD Program Manager	Person on Privatization and Partnerships Division staff responsible for programmatic oversight of an RCI Project(s). Guides, advises, and supports RCI Asset Managers and coordinates with CVD and IMCOM as required.
Affiliate	An entity related to another entity by common ownership or control. In RCI Projects, many Service Providers for development management, construction management, and property/asset management are affiliates of the partner entity.
After-Action Compliance Report (AACR)	Report prepared by the ACSIM PM documenting the key results of a Project Compliance and Partnering Visit summarizing follow-up suspense items/dates, lessons learned and best practices, and significant actions which emerge from the visit. Due within 30 days following completion of a site visit.
Annual Business Plan	See: Project Plan and Budget
ASA (IE&E) (Secretariat)	Assistant Secretary of the Army for Installations, Energy and Environment. ASA (IE&E) has responsibility for policy development, program oversight and coordination of a wide variety of Army activities. These include (but are not limited to): design, construction, operations, maintenance and management of Army installations; privatization of Army family housing, energy initiatives, real estate, utilities and other infrastructure programs; environmental compliance, clean-up and site disposal programs; and management of the Army's safety and occupational health programs.
Asset Management Agreement	Contract establishing services of an asset management entity for executing various functions of the Managing Member of the Project partnership. Many RCI Projects do not engage an asset management entity – folding this scope into the Developer and/or Property Manager.
ASV	Annual Site Visit -- See: Project Compliance and Partnering Visit
BAH	See: Basic Allowance For Housing
Basic Allowance For Housing	Government entitlement providing a monthly housing stipend to military families that live off-post or in RCI-privatized on-post housing. Determined at each installation through annual surveys of the broad region encompassing the installation and surrounding areas conducted by the Per Diem, Travel and Transportation Allowance Committee within the Office of the Undersecretary of Defense for Personnel and Readiness. BAH rates are adjusted each year based on costs for rental housing, utilities, and renters insurance.
BOM	Between Occupancy Maintenance. Sometimes called Vacant Quarters

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TERM	**DEFINITION**
	Maintenance (VQM) or Change of Occupancy Maintenance (COM)
BRAC	Base Realignment and Closure
Capital Repair and Replacement	Repair and replacement of long-lived components of homes and community facilities funded by the Capital Repair and Replacement reserve fund. The IRS defines capital expenses as those that materially add to the value or significantly extend the useful life of an asset.
Brand Standards (PAL)	Minimum Hotel Standards based on category of new/renovated hotels as determined by the Hotel Operator and agreed to by the Army/Lessee.
Cash Flow Waterfall	The order of priority of payment of expenses of the partnership from the Lockbox Account. Before any expense of a lower priority can be paid, all expenses of a higher priority must first be paid. Usually established in the Lockbox Agreement with additional guidance in the Operating Agreement and/or loan documents.
Cash Waterfall	See: Cash Flow Waterfall
CDMP	See Community Development and Management Plan
Certificate of Occupancy	In an RCI Project, a certification by a Construction Consultant that a dwelling or facility meets all legal requirements for habitation for its intended purpose.
CG	Commanding General, also frequently referred to as Installation Commander
Change Order	Modification to a construction or renovation contract that changes the agreed scope of work, cost, or schedule of completion of contracted work. Certain change orders above thresholds defined in the Major Decision Policy or Project Documents require Army approval.
Christmas Tree Chart	A graphical illustration of the IDP or IDP and ODP primary development scope for all homes in the Project inventory. Typically organized by neighborhood and major house type (age/style of construction), it shows the planned demolition, replacement, new construction, and ranges of renovations as each house type/neighborhood ages over the duration of the Project.
Closing	The consummation of the RCI transaction, which can encompass an operational closing, financial closing, or combined transaction.
COM	Change of Occupancy Maintenance. Sometimes called Vacant Quarters Maintenance (VQM) or Between Occupancy Maintenance (BOM).
Community Development and Management Plan	Comprehensive concept plan for development, construction, property management and financing of RCI Project. Developed before closing and updated annually after closing through the Annual Business Plan or Modified Scope Plan
Compliance	The processes for ensuring Projects comply with Legal, Davis-Bacon Act, and Congressional requirements. See Appendix A of the PAM Handbook.
Concept Paper	A document from a Garrison Commander to OACSIM- PPD together with supporting information requesting consideration and approval of a Higher Authority Major Decision.
Congressional Oversight Compliance	Section 2885/2884 requirements for Services oversight and management of military housing privatization projects. See Appendix A of the Handbook.
Consolidated Dashboard Report	Summary report of all individual Project Monthly Dashboard Reports provided to HQDA

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TERM	**DEFINITION**
CRR	See: Capital Repair and Replacement
CSM	Command Sergeant Major (in RCI, often refers to the Garrison Command Sergeant Major reporting to the Garrison Commander)
Dashboard Report	Monthly report on Project status due 15 days after the end of each month, prepared by the Partner and RCI Asset Manager and provided to the PPD Program Manager
Davis-Bacon Act	Statutes requiring the payment of minimum federal wages, per wage determinations, for construction-related work on government projects. Applies to RCI Projects for construction, renovation, demolition, and certain maintenance and repair work considered. See Appendix A of the Handbook.
Davis-Bacon Act Compliance	The component of compliance primarily concerned with the Project and Partner's compliance with the Davis-Bacon Act. See Appendix A of the Handbook.
Davis-Bacon Compliance Checklist	A checklist of requirements for standard compliance with the terms of the Davis-Bacon Act. See Appendix A of the PAM Handbook.
DBA	See: Davis-Bacon Act
DCR	Debt Coverage Ratio. See: Debt Service Coverage Ratio
Debt Service Coverage Ratio	Ratio between the amount of money available (or projected to be available) to make debt payments (NOI) during a period and amount of money actually owed as debt payments (debt service) during that period.
Defense Finance and Accounting Service	The federal agency that processes all military payroll accounts. Provides payment of BAH allotments (rent) for Service Members residing in RCI Projects to a third-party contractor, which ultimately forwards aggregated monthly payments to each RCI Project.
Department of Labor	Federal agency responsible for oversight and enforcement of the Davis-Bacon Act. See: Davis Bacon Act
Department of Public Works	Installation based group responsible for the operation, maintenance, renewal, and replacement of post facilities, infrastructure, and utilities and reports to the Garrison Commander through a Director DPW. Includes subgroups concerned with engineering, utilities/energy, environmental, master planning, and project management.
Development Agreement	Contract establishing services of a development management entity to execute the development scope on behalf of the Project partnership. Often, the Managing Member is the Developer entity.
Development Review	A Project Review intended to assess a Project's development and construction program, including costs, schedule, scope, and development and construction managerial effectiveness on behalf of the partnership and Army.
DFAS	See: Defense Finance and Accounting Service
DOL	See: Department of Labor
DPW	Department of Public Works
DSCR	See: Debt Service Coverage Ratio
FM&C	Financial Management and Comptroller: Army agency responsible for, among other duties, formulating, submitting, and defending the Army budget.
GC	Garrison Commander

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Ground Lease (RCI)	The lease agreement between the Army and the Project entity that governs the landlord-lessee relationship under certain terms and conditions specified therein.
Higher Authority Major Decision	A partnership decision that requires Army approval that, under RCI guidelines, must be considered and approved by ACSIM or DASA (IH&P) prior to approval of the Garrison Commander on the Army's behalf.
HMA	See: Housing Market Analysis
HMA Update	See : Housing Market Analysis
Hotel GM	Hotel General Manager responsible for running the day-to-day operations of all PAL facilities at a specific installation.
Housing Market Analysis	A study by the Army completed at an installation detailing current and future military family housing needs including the capacity of the local private sector to satisfy forecasted requirements. Updates to an HMA may be conducted more frequently; however HMA Updates may not repeat all elements of the typical HMA research regimen.
Housing Services Office	An installation-based office that assists Soldiers and military families seeking acceptable housing.
HSO	See: Housing Services Office
IDP	See: Initial Development Period
IDP Close-Out Review	See: IDP Close-Out Process
IDP Close-Out Process	Process of preparing for the completion of the IDP and commencement of the out-years phase of an RCI Project. Section VI discusses this process.
IMCOM	Installation Management Command
Incentive Plan	The overall plan for basing portions of development, construction, and property management fees on the attainment of performance goals and targets by each major service provider to the Project partnership. Typically, incentive fee awards are made quarterly by the Garrison based on a performance reporting system prescribed within the Project legal documents.
Incentive Performance Management Plan (IPMP)	The plan for using performance metrics to measure service provider performance and award incentive fees based on the achievement of performance goals. Performance against the performance goals is typically self-reported by partners. The Asset Management Team quality assures this reporting and provides written award recommendations to the Garrison Commander who makes the final incentive fee award determination.
Initial Development Period (IDP)	The phase of a Project immediately after Closing during which the initial development and construction program is completed utilizing all, or substantially all of the intended financing sources. The IDP must be closed out at its end through the IDP Close-out Process to prepare the Project for on-going operations into the Out-Year Development Period (ODP).
Insurance Certificate	A written notice from an insurance company that the specified insurance coverage(s) on behalf of the specified insureds is in force and effect.
Insurance Review	A Project Review focused on evaluation of an RCI Project's entire insurance program, including coverages, certificates, and coordination of contracts and subcontracts agreements and coverages.
IPMP	See: Incentive Performance Management Plan

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LAT	See: Lockbox Administration Tool
Lease (PAL)	The lease agreement between the Army and the entity (Rest Easy, LLC) that governs the landlord-lessee relationship under certain terms and conditions specified therein.
Legal Compliance	The component of Compliance primarily concerned with Project and partners' (including the Army as partner) compliance with all agreements of the Partnership. See Appendix A of the Handbook.
Legal Compliance Checklist	A checklist of legal requirements of a Project prepared by the PPD PM and monitored by the RCI Asset Manager. See Appendix A of the Handbook.
LLC/LP	RCI Project ownership entity: Limited Liability Corporation / Limited Partnership
Local Authority Major Decision	A partnership decision that requires Army approval that, under RCI guidelines, may be considered and approved solely at the installation level by the Garrison Commander without review or approval of higher authorities.
Lockbox Account	The master account held in a financial institution by the Lockbox Trustee that collects the BAH rental stream and holds all other escrow and reserve accounts specified in the Lockbox Agreement
Lockbox Administration Tool	A spreadsheet tool generated by the PPD PM used to track all Lockbox account balances for the duration of the Project via recording initial funding, and monthly deposits, disbursements, and interest earnings. It models the requirements set forth in an associated Lockbox Agreement, Development Agreement, and annual budget. See Appendix H
Lockbox Agreement	The agreement between the Project partnership and the lender as to how funds of the Project will be managed and protected while the private sector loan is in place. The Lockbox Agreement is subject to Army approval prior to closing.
Lockbox Statements	Financial statements issued by the Lockbox Trustee reporting the cash position of the Lockbox Account and associated sub-accounts and the disposition of deposits and disbursements that transpired during the reporting period.
Lockbox Trustee	A fiduciary entity (typically a national bank) that operates the Lockbox Account on behalf of the Lender and Owner.
MAC	See: Military Assistance Corporation
Major Decision (MD)	A partnership decision which, under the terms of the partnership Operating Agreement, and in conformance with DA guidance, requires consideration and approval of the Army member of the partnership. "Local Authority" Major Decisions can be made on behalf of the Army by the Garrison Commander. "Higher Authority" Major Decisions must be approved by higher authorities prior to the Garrison Commander's partnership vote on behalf of the Army. All MDs must be memorialized in a written Major Decision Approval Memorandum signed by appropriate approval authorities of both parties.
Major Decision Approval Memorandum	Memo crafted by CVD or ACSIM and signed by approval authorities of the partnership documenting the final outcome of a Major Decision. See: Major Decision.
Managing Member (MM)	The entity within a limited liability corporation or limited partnership that

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	has authority and obligations to execute and manage the business of the Project partnership.
MD	See: Major Decision
MDM	Major Decision Memorandum; see Major Decision
Metrics	The specific key performance indicators or measures used within the Incentive Performance Management Plan for monitoring and reporting of service providers achievements against performance goals.
MHLI	Military Housing and Lodging Institute. The educational arm of PHMA.
Military Assistance Corporation	The contractor engaged by the Army to process BAH allotments for military residents of RCI Projects to DFAS, to receive DFAS BAH payments for Soldiers, to make monthly aggregated BAH transfer payments to each RCI Project.
MM	See: Managing Member
Modified Scope Plan	An abbreviated revised CDMP that recalibrates key Project assumptions to reflect significantly changed circumstances. Consists of short- and long-range projections of revised financial projections (new Project pro forma) and revised plan documents supporting development, construction, and property management as necessary.
Monthly IMCOM Update	Monthly conference call with ACSIM and IMCOM to review RCI project issues.
Monthly Project Call	Monthly conference call organized by the PPD PM with a Project Team to discuss the Monthly Dashboard and any other pertinent issues
MSA	See: Municipal Services Agreement
MSA Rate Review	A Special Purpose Review intended to evaluate utility rates and costs charged to the Project by the installation in accordance with the Municipal Services Agreement.
MSP	See Modified Scope Plan
Municipal Services Agreement	Agreement between the installation (DPW) and the Project partnership governing the provision of municipal services to the Project (utilities, fire, police and emergency services, etc.) by the installation.
MWR	Morale, Welfare, and Recreation: Army wide agency with responsibility to sponsor non-military amenities and activities for the convenience and enjoyment of military personnel and dependants at military installations.
Net Operating Income	Operating cash left after all operating expenses are paid from revenue collections, calculated as Net Rental Income Less Operating Expenses
Net Rental Income	Gross Potential Rent Revenue Less Vacancy Allowance and Credit Losses. Should balance with cash collections
NOI	See: Net Operating Income
OACSIM (PPD)	Office of Assistant Chief of Staff for Installation Management – Privatization and Partnerships Division
OACSIM - PM	PPD PM
OASA (IE&E)	Office of Assistant Secretary of the Army (Installations, Energy and Environment)
ODASA (IH&P)	Office of Deputy Assistant Secretary of the Army (Installations, Housing & Partnerships)
ODP	See: Out-Year Development Plan or Out-Year Development Period

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OGC	Office of General Counsel: provides legal advice and support RCI program offices.
Operating Agreement	Contract between the Army and the Partner that defines the terms of forming the Project ownership partnership and constitutes the core partnership document. Executed by all parties at time of Closing.
Operating Expenses	Controllable and non-controllable costs incurred to run day-to-day operations of Project for residents. Does not include any costs with respect to development, construction, or renovation of facilities
OSD	Office of the Secretary of Defense
OSD Program Evaluation Report	Also called PER. Annual report prepared by the RCI Asset Manager, reviewed by the PPD PM, and sent to CVD for consolidation to forward to OSD.
Out-Year Development Period	The phase of a Project following the completion of the initial development period until the end of the Project's duration.
Out-Year Development Plan	Plan prepared by the Partner during the IDP Close-out Period for Project operations following the completion of the IDP closeout. It incorporates a new development plan (Modified Scope Plan) as necessary, a new development phasing (Christmas Tree) chart, and a recalibrated Project pro forma using current Project results and updated assumptions. The ODP for each project will include a detailed 5 year plan approved by CVD in additional to other requirements as detailed in Section VI of the Handbook and will be updated and approved on a 5-year cycle.
PAL	Privatized Army Lodging
PAL POC	Normally designated by and supports the Garrison Commander in coordination with the Hotel GM and PPD PM. Ensures installation-level Lessor responsibilities are met as required by the Lease.
PAL Quarterly Snapshot	Provides a high level overview of key financial, operational, and development lodging performance indicators for each installation. This report is provided to the Garrison Commander and PAL POC.
PAM	Army RCI Portfolio and Asset Management
Partner	Principal entity of the Partnership representing the private sector Project owner.
PCPV	See: Project Compliance and Partnering Visit (PCPV)
PER	See: OSD Program Evaluation Report
PHMA	Professional Housing Management Association: Professional association comprised of persons and organizations engaged in development and management of military housing and lodging.
PPD	Privatization and Partnerships Division under Installation Services Directorate, Office of the Assistant Chief of Staff for Installation Management
Privatized Army Lodging	Army program to privatize lodging functions and improve the quality of transient lodging facilities throughout the continental United States, Alaska, Hawaii and Puerto Rico.
Project Compliance and Partnering Visit Checklist	A structured, on-site physical inspection and review worksheet for use by the PPD PM in conducting a project site visit. See Appendix D.
Portfolio Quarterly Report	Quarterly report due 60 days after a quarter prepared by ACSIM and

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	forwarded to applicable stakeholders.
Project Compliance And Partnering Visit	Yearly (or more frequently if necessary) visit to a Project by the PPD PM and others to provide portfolio and asset management training, gather information, evaluate Project and partner performance, and reinforce partnering processes and communications. The PCPV is conducted generally according to the PAM guidance in Appendix D of the PAM Handbook.
Project Partner	See "Partner"
Project Plan and Budget	Also called Annual Business Plan. Partner must submit an annual business plan no less than 60 days (or per legal requirements) prior to the start of the upcoming fiscal year of the partnership for consideration and approval of the Army. It contains all elements of development, construction and property management along with analysis of financial impacts of implementing the plan. A general description of this submittal may be found in Appendix B; however, the Project's Operating Agreement may specify the nature and contents of this submittal for the specific Project.
Project Reviews	Discussed in Appendix E of the Handbook. A project review can be directed by CVD, PPD or requested by the RCI Asset Manager.
Property Management Agreement	Agreement executed between the Partnership and a property management entity to provide property management and operating services to the privatized housing community and residents. The property management firm may be an affiliate of the Project owner.
RCI	Residential Communities Initiative
RCI Asset Manager	Installation level person principally responsible for Project oversight on behalf of the Army.
RCI Energy Conservation Program (RECP)	The program in which energy consumption baselines are established for privatized residences and the residents pay for consumption over the baseline or receive credits for conserving below the baseline.
RCO	See: Residential Communities Office
Reinvestment Account	Each Project has a reinvestment account reserve fund held by the Lockbox Trustee that collects excess cash flow not required for operating expenses, dept service, other priority payments, or return on equity or cash flow splits with the Partner. This account accumulates funds for future use in renovation and/or replacement of homes after the IDP has ended.
Resident Survey	Army conducts a satisfaction survey for residents of on-post military family and unaccompanied housing. Garrisons have input into survey content (installation specific questions may be included).
Residential Communities Office	Successor to most Garrison's "Housing Office". Typically contains the Installation RCI Staff, HSO, and other associated housing functions that remain with the Army after privatization of the on-post housing.
ROA	Report of Availability: Army document certifying that the land and improvements intended to be conveyed to the Project partnership can be legally conveyed by the Government.
ROA	Resident Occupancy Agreement: the lease between a resident and the Project partnership for a dwelling unit.
Section 2884/2885	Section 2885 of the 2009/2013 Defense Authorization Act which dictates that the Services will conduct certain oversight activities with respect to

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	military housing privatization Projects. Section 2884 details specific reporting requirements which have been incorporated into the monthly and quarterly financial reporting templates. All these requirements are incorporated into Appendix A of the Handbook.
Service Providers	Key contractors to the Partnership to perform development management, construction management, renovation management, and property/asset management services. Typically, this does not refer to other service providers or subcontractors engaged by the Service Providers. Sometimes referred to as Major Service Providers.
SJA	See Staff Judge Advocate
Sources and Uses	Shorthand for Sources of Funds and Uses of Funds of the partnership.
Special Purpose Review	A form of Project Reviews. Special Purpose Reviews may be conducted by the Army when a project issue requires HQ review or assistance. A special review can be directed by CVD, PPD or requested by the RCI Asset Manager. Appendix E of the PAM Handbook describes the Special Purpose Review.
Staff Judge Advocate	Installation lawyer, whether civilian or military, charged with the duty to provide government legal counsel to Garrison leadership with respect to the RCI Project
Transaction Documents	The legal documents and associated attachments and referenced documents (such as the CDMP) that constitute the basis for a privatization Project.
Transfer	The point in time, usually at Closing, when the Ground Lease conveys control of housing land and assets to the Project ownership entity and the partner takes over housing management and operations functions.
Transition	The process of preparing for the commencement of privatized housing services and simultaneous cessation of government provided housing programs. Includes preparation of legal documents, and commencing in a planned and coordinated process orderly process.
Transition Planning	The process of preparing to turn over the government operated housing to the private sector Partner for commencement of operations by the Partnership and its Service Providers. See Appendix C of the PAM Handbook for guidance.
Trustee	Under RCI, this typically refers to the Lockbox Trustee
UFAS	Uniform Facilities Accessibility Standards: Federal guidelines for designing and constructing facilities that are accessible by handicapped persons.
Unaccompanied Housing (UH)	Also called Barracks, UH facilities are government-provided quarters for single Soldiers. Elements of UH have been added to certain existing RCI Projects for development, construction, financing, and operations.
UH	See: Unaccompanied Housing
USACE	United State Army Corps of Engineers
VQM	Vacant Quarters Maintenance. Sometimes called Between Occupancy Maintenance (BOM) or Change of Occupancy Maintenance (COM)