

# ***Headquarters U.S. Air Force***

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## **Air Force Enhanced Use Lease Program**



**Paul Macpherson, CPM  
Kirtland AFB Industry Day  
17 January 2007**

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# ***Overview***

- **EUL Overview**
- **Air Force EUL Today**
- **AFRPA EUL Goal**
- **EUL Process**
- **Kirtland Phase II & III Milestones**
- **Benefits of EUL to the Private Sector**
- **Benefits of EUL to Kirtland AFB**
- **Kirtland EUL Deal Team**



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# ***EUL Overview***

*A lease of underutilized land, natural infrastructure, equipment and/or buildings for consideration equal to the assets' fair market value*

*Authority: 10 USC 2667, Under PL 106-398, National Defense Authorization Act for FY2001*

## ***Unlocking & Returning the Value***

- **Corporate Program to support the Base and their Mission**
- **Proceeds used to sustain, restore and modernize Air Force (AF) infrastructure**
- **Primary categories of consideration:**
  - **Consideration may be cash or in-kind**
  - **In-kind consideration - may be allocated corporately**
  - **Cash consideration - a minimum of 50% of must be allocated to installation providing the asset**
  - **In-Kind consideration preferred**



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# ***Air Force EUL Today***

## **EUL Myths**

- Severable land
- Consideration can only be used at host base
- EULs are only “land deals”

## **EUL & Asset Management**

- Shrinking bases create EUL opportunities
  - Demolition
- Growing bases create EUL opportunities
  - Construction
- Natural infrastructure and Energy management EULs
- Strategically leverage assets to maximize returns



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# ***AFRPA EUL Goal***

***AFRPA is the center of Real Estate excellence within AF***

- **Lead asset management initiative**
- **EUL critical tool in asset management**
- **Create a corporate program - (Win-Win for all)**
- **Return a significant and predictable source of value to AF**
- **Give Commanders the construction, O&M, & services they need**

***AFRPA EUL Goal:***

***Bring quality & value to AF***

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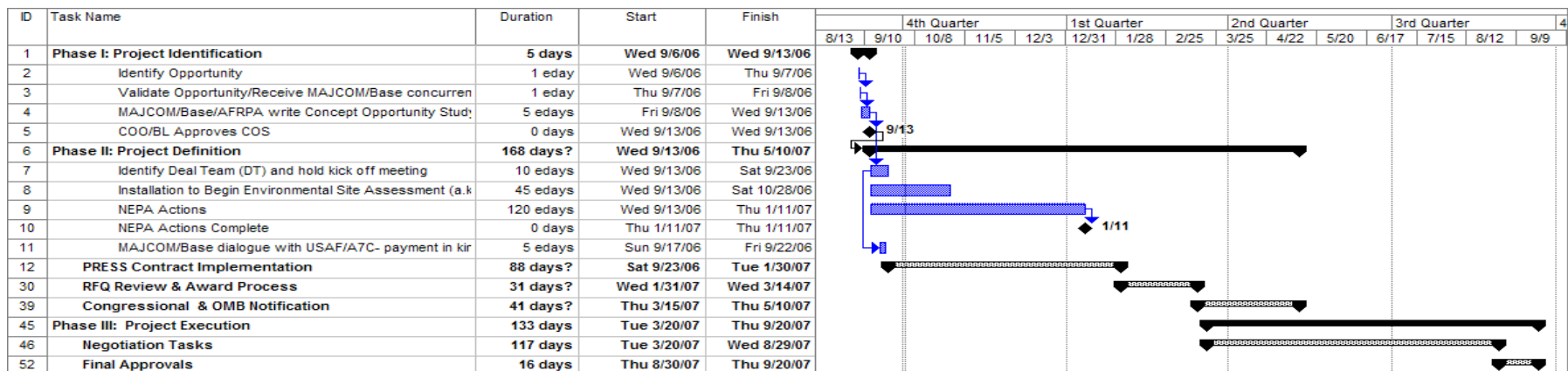
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# EUL Process

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- Opportunity Identification
  - Identify EUL opportunity
- Phase I: Project Identification – 2 Months
  - Concept Opportunity Study
- Phase II: Project Definition – 6 Months
  - Business Case Analysis
- Phase III: Project Execution – 6 Months
  - Lease Negotiation





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# ***Kirtland Phase II & III Milestones***

**The Kirtland EUL has progressed to Phase II, and is scheduled to complete Phase III by end September 2007.**

**Upcoming milestones involve selecting a developer, negotiating a lease, and ending with lease approval.**

**Important tasks for each phase of the EUL process include:**

## **Phase II**

- **Conduct Industry Day**
- **Issue the RFQ**
- **Select Highest Ranked Offeror**

## **Phase III**

- **Enter Lease Negotiations**
- **Finalize Business and Leasing Plan**
- **Obtain Air Force Lease Approval**



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# ***Benefits of the EUL to the Private Sector***

- **Market Rate Returns:** Developer captures market rates of return on design, construction, maintenance, leasing/sales, and property management activities
- **Long-Term Relationship:** Ground lease for assets is up to 50 years.
- **Efficient Developer Selection Process:** Approach is to minimize time and effort of bringing a development entity on board to perform work
- **Growing Program:** Air Force EUL program is in its early development stages, anticipation of many more projects across the country



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# ***Benefits of the EUL to Kirtland AFB***

- **Unleashes captive value from property**
- **Provides for needed development**
- **Attracts synergistic tenants who complement missions at Kirtland AFB**
- **Supplements under-funded O&M**
- **Provides in-kind funding source for needed and non-funded capital improvements**
- **Stimulates local job market**
- **Bolsters community relations**



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# ***Kirtland EUL Deal Team***

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