



## Enhanced Use Leasing Overview

### *What is Enhanced Use Leasing (EUL)?*

Enhanced Use Leasing is a relatively new tool in the military's arsenal providing an alternative to traditional approaches of acquiring, constructing or upgrading facilities. It provides a mechanism for DoD to receive rent, in cash or in-kind services, at no less than Fair Market Value (FMV) of the asset(s), by leveraging Military Department assets that are currently available but not excess to the Military's needs.

### **Title 10 USC § 2667 gives Military Departments authority to:**

- ✓ Enter into long-term or short-term leases, providing greater flexibility for facility reuse
- ✓ Lease land and/or buildings
- ✓ Receive income on leased property, which can be used to fund other new construction and does not have to be invested in the leased property

### **Benefits of EUL for 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: DoD EUL program is growing rapidly with multiple projects currently underway with anticipation of many more on the horizon across the country

### **Benefits to the Military Department:**

- ✓ Unleashes captive value from property
- ✓ Provides for needed development
- ✓ Attracts synergistic tenants who complement missions at local installation or project site
- ✓ Supplements under-funded O&M
- ✓ Provides in-kind funding source for needed and un-funded capital improvements
- ✓ Stimulates local job market
- ✓ Improves community relations

### ***What Does A Typical EUL Solicitation Process Look Like? Is It Identical for Federal City?***

When a Military Department conducts an EUL it typically follows the following steps when engaging the Development Community:

1. Prepare draft Notice of Availability to Lease (NOL) and issue pre-solicitation document
2. Solicit industry interest and conduct Industry Forum



3. Finalize Solicitation Document and issue to Offerors
4. Receive and evaluate proposals
5. Determine competitive range/select Successful Offeror
6. Partnering Session with Government and Developer
7. Developer creates an operating and leasing plan for Government review
8. Government reviews and edits operating and leasing plan
9. Developer and Government sign lease

In the case of the Federal City Project, circumstances are slightly different. The 2005 Base Closure and Realignment Commission recommended the realignment of the NSA and the relocation of Marine Corps components from the East Bank and Kansas City, MO to the West Bank provided certain conditions were met. NOFA, after extensive consultation with the DON, currently considers The Enhanced Used Lease (EUL) authority contained in Title 10, United States Code, Section 2667, as amended, to be the most appropriate authority to implement the BRAC Commission recommendation.

NOFA and the Louisiana Department of Economic Development have entered into a Memorandum of Understanding dated 16 Apr 2007, recognizing NOFA as the sole authority for implementation of the Federal City Project including the acquisition of the lease interest at the West Bank, the selection of a Developer, and the redevelopment of the property in conjunction with the Developer.

As such, steps 1 – 7 will be conducted by NOFA (not DON) in order to bring onboard a successful Development Team that will partner with NOFA in the preparation of an EUL Operations & Lease Plan (O&L Plan). This plan will be presented by NOFA to DON. Upon review of the O&L Plan the DON will make the final determination as to whether the proposed EUL is an acceptable alternative to execute the BRAC action (step 8). If deemed an acceptable alternative by DON, they will proceed with execution of the EUL arrangements with NOFA, who will in turn execute the outlined agreements with the Development Team for the planning, financing, construction, development, management, and operation of the Federal City Project.

***How do I find out more about Federal City and the EUL process?***

Site Name	Web Address	Information Provided
Federal City Project	<a href="http://www.nolafederalcity.com">www.nolafederalcity.com</a>	Project Information Register for Industry Forum Register for Project Updates Submit Questions



Site Name	Web Address	Information Provided
U.S. House of Representatives – Office of the Law Revision Counsel	<a href="http://uscode.house.gov/">http://uscode.house.gov/</a>	Read 10 USC 2667
OMB Circular A-11 Appendix B:	<a href="http://www.whitehouse.gov/omb/circulars/a11/current_year/app_b.pdf">http://www.whitehouse.gov/omb/circulars/a11/current_year/app_b.pdf</a>	Federal Government Budgetary Treatment of Leases
U.S. Army EUL Program	<a href="http://eul.army.mil">http://eul.army.mil</a>	Information on Army EUL Program including Guidance & Lessons Learned
U.S. Air Force EUL Program	<a href="http://www.afropa.hq.af.mil/enhanced_use_leasing/eul.shtml">http://www.afropa.hq.af.mil/enhanced_use_leasing/eul.shtml</a>	Information on Air Force EUL Program including Guidance & Lessons Learned