



**PUBLIC BUILDINGS REFORM BOARD**

# **PUBLIC BUILDINGS REFORM BOARD**

## **Public Meeting**

October 28, 2021

# Agenda

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1. Opening Comments *Adam Bodner, Executive Director, PBRB*
2. FASTA Background *David Winstead, Board Member*
3. HVA Sales Update *Flavio Peres, Assistant Commissioner, GSA/PBS/RPU&D*
4. First Round Process *Mary Phillips & Nick Rahall, Board Members*
5. Second Round Strategy *Angela Styles & Talmage Hocker, Board Members*
6. Q & A

# FASTA Legislative Background



- **Federal Assets Sale & Transfer Act of 2016** (“FASTA” P.L. 114-287) enacted on December 16, 2016, created an independent process to make recommendations for property disposals, consolidations, lease reductions, cost containment, and other efficiencies across the Federal Government
- Non-partisan Public Buildings Reform Board (“PBRB”) nominated by Congressional leadership and appointed by President
- Board submits three tranches of recommendations to the Office of Management and Budget (“OMB”); proceeds from prior rounds go to Asset Proceeds and Space Management Fund to fund future projects



Bipartisan



Improve Federal Workspaces



Reform-Minded



Streamline Process



Collaborative



Leverage Proceeds and Incentives



Improve Taxpayer Returns



Maintain Objectivity and Transparency

# Summary of FASTA Implementation



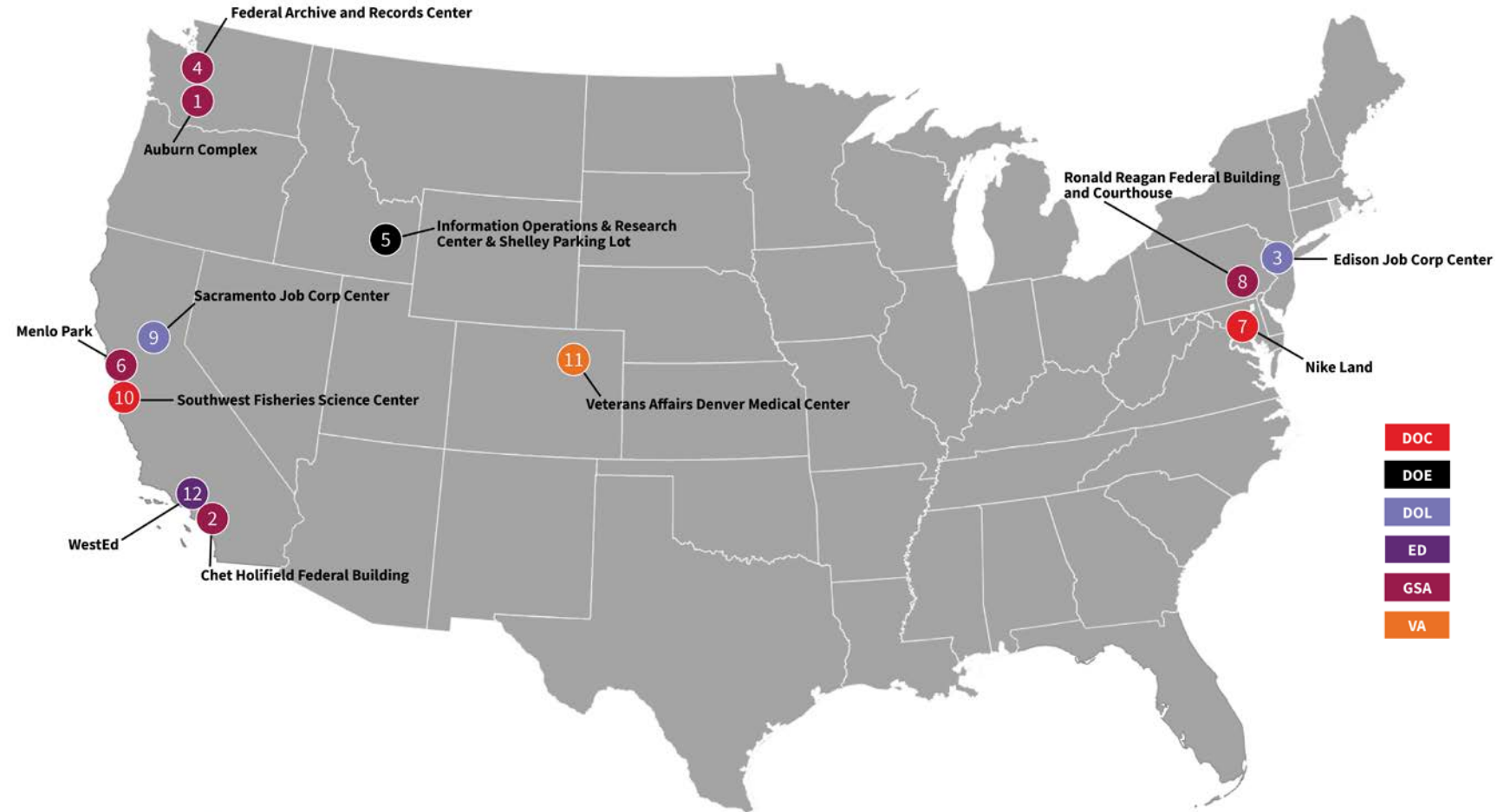
PBRB will soon be submitting its second of three recommended property tranches to OMB:

- **High Value Asset Round** is partway through implementation by the General Services Administration (“GSA”), with 3 properties sold, 5 properties active, 4 properties pending, and 1 property removed to date
- **First Round** will be submitted in December following use of sophisticated Property Screening and Financial Accounting methodologies; evaluations against 18 separate criteria, and accounting for common challenges including relocation timing, historic and environmental risks, and current Asset Fund balance - approximately 16-18 properties will make the final list
- **Second Round** will see the Board continue stakeholder coordination and due diligence on previously identified properties, provide a narrower set of criteria for agencies to submit new properties, encourage reassessment of workplace needs after Covid-19, and explore alternative sales processes to drive taxpayer value



# High Value Asset Round Update

- High Value Asset (HVA) Round submitted to OMB on December 27, 2019
- 12 properties (across 7 states and 6 landholding agencies)
- GSA Real Property Utilization & Disposal responsible for sale
- Public sales conducted at GSA Real Estate Auction Website [here](#).



# HVA Sales to Date by GSA



## Closed sales (3 properties):

Property Name	Location	Date Complete	Final Auction Value
Edison Job Corps Center (Excess Land)	Edison, NJ	9/24/2021	\$4,400,000
WestEd Office Building	Los Alamitos, CA	9/30/2021	\$26,500,000
Parking Lot	Idaho Falls, ID	TBD	\$268,000

## Active sales (5 properties):

Property Name	Location	Date Complete	Auction Value
Ronald Reagan Federal Building	Harrisburg, PA	TBD	\$3,000,000
Auburn Complex	Auburn, WA	TBD	\$80,000,000
Information Operations Research Center	Idaho Falls, ID	TBD	\$1,200,000
Sacramento Job Corps Center (Excess Land)	Sacramento, CA	TBD	\$10,600,000
Nike Missile Site	Gaithersburg, MD	TBD	\$9,600,006

## Not yet listed (4 properties):

Property Name	Location	Date Complete	Auction Value
Menlo Park Complex	Menlo Park, CA	TBD	TBD
SW Fisheries Science Center	Pacific Grove, CA	TBD	TBD
Denver VA Medical Center (Partial Disposition)	Denver, CO	TBD	TBD
Chet Holifield Federal Building	Laguna Niguel, CA	TBD	TBD

# Upcoming Opportunities



Auburn Complex	
<b>Address</b>	400 15th Street SW Auburn, WA
<b>Landholder</b>	GSA
<b>Using Agency</b>	SSA
<b>Year Built</b>	1945-1984
<b>Current Use</b>	Office
<b>Area</b>	1.8M GSF (129 acres)
<b>Surrounding Uses</b>	Industrial
<b>Website</b>	<a href="http://gsa.gov/pacificpoint">gsa.gov/pacificpoint</a>



Menlo Park Complex	
<b>Address</b>	345 Middlefield Road Menlo Park, CA
<b>Landholder</b>	GSA
<b>Using Agency</b>	USGS
<b>Year Built</b>	1953-1999
<b>Current Use</b>	Office
<b>Area</b>	400K GSF (17.4 acres)
<b>Surrounding Uses</b>	Office, Retail, Residential
<b>Website</b>	TBD



# Upcoming Opportunities



Chet Holifield Federal Building	
<b>Address</b>	24000 Avila Road Laguna Niguel, CA
<b>Landholder</b>	GSA
<b>Using Agency</b>	Treasury
<b>Year Built</b>	1971
<b>Current Use</b>	Office
<b>Area</b>	1.1M GSF (92 acres)
<b>Surrounding Uses</b>	Commercial, Retail, Residential
<b>Website</b>	<a href="http://gsa.gov/ziggurat">gsa.gov/ziggurat</a>



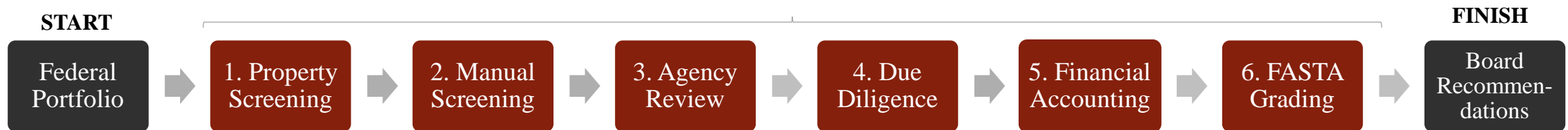
Denver Medical Center (Partial)	
<b>Address</b>	1055 Clermont Street, Denver, CO
<b>Landholder</b>	VA
<b>Using Agency</b>	VA
<b>Year Built</b>	1951-2002
<b>Current Use</b>	Medical
<b>Area</b>	530,264 GSF (8 acres)
<b>Surrounding Uses</b>	Commercial, Retail, Residential
<b>Website</b>	TBD



# First Round Process

- Next set of recommendations (First Round) due December 27, 2021
- Process for identifying candidates
  - Detailed screening/scrubbing of the Federal Real Property Profile (FRPP)
  - Agency project submissions and outreach to agencies by PBRB
- Processes developed and refined to address GAO’s recommendation that the Board “fully document the process used to evaluate and recommend candidates”, including:
  - Detailed property screening tool
  - Detailed property evaluation criteria and project grading
  - Detailed financial model

## First Round Steps



# Challenges and Opportunities

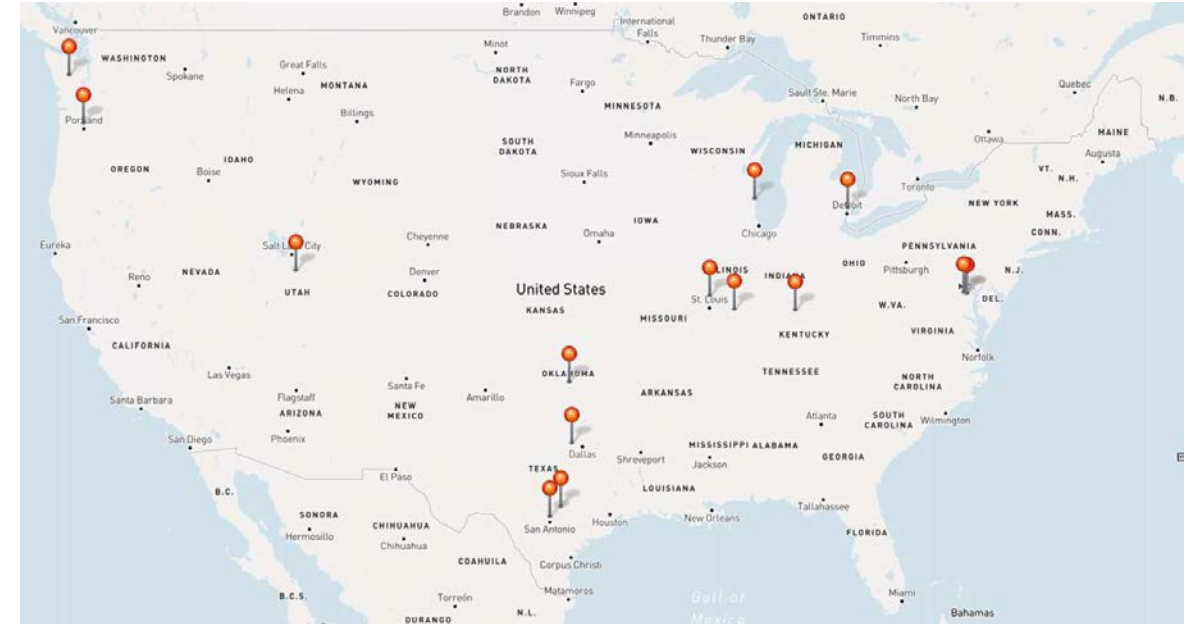
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- Timing of appropriations to the Asset Proceeds Fund is a constraint to the First Round
  - Recommendations will be sized to match available funding
- Ongoing post-Covid-19 strategic planning by agencies
- Agency institutional preferences towards ownership
- Many properties involve complex issues
  - Historic preservation
  - Environmental contamination
  - Title issues
  - Investment needed before property can be sold
  - Relocation expenses for federal workers
    - *OMB would prefer these be addressed upfront to avoid potential risk*
- A number of complex properties identified and teed up for the Second Round

# First Round Preliminary Property List

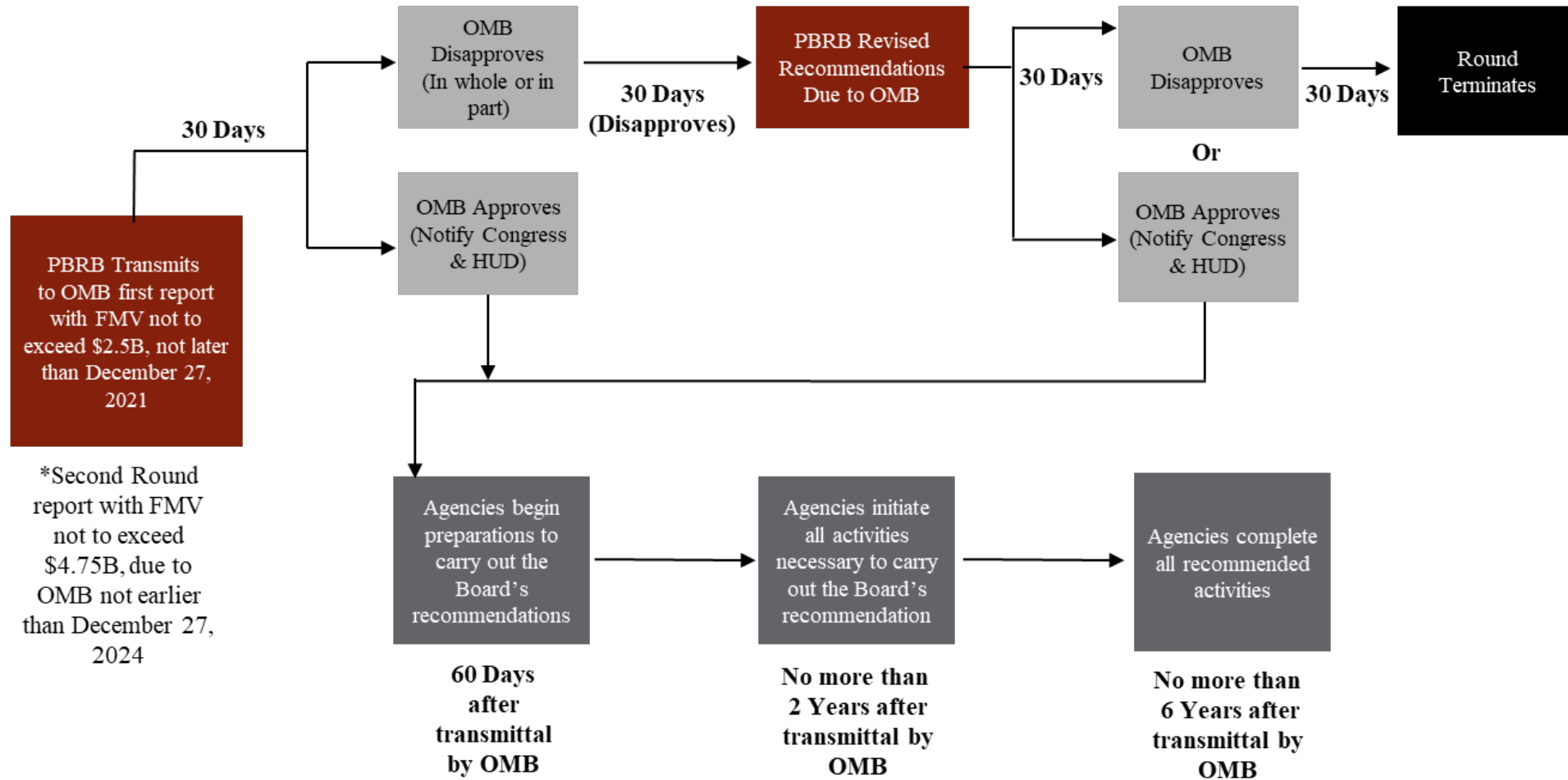


Property Name	Agency	City	State
ARS Glenn Dale	USDA	Glenn Dale	MD
FDA White Oak (Excess Land)	GSA	Silver Spring	MD
Fort Worth Federal Center	GSA	Fort Worth	TX
Gary Job Corps (Excess Land)	DOL	San Marcos	TX
Goddard Space Flight Center (Excess Land)	NASA	Greenbelt	MD
Gus J. Solomon U.S. Courthouse	GSA	Portland	OR
J. Will Robinson Federal Building	GSA	Provo	UT
Jeffersonville National Processing Center	GSA	Jeffersonville	IN
Mount Vernon Federal Building	GSA	Mount Vernon	IL
OKC Property Management Depot	GSA	Oklahoma City	OK
Racine SSA District Office	GSA	Racine	WI
Richard B. Anderson Federal Building	GSA	Port Angeles	WA
Rosa Parks Federal Building	GSA	Detroit	MI
San Antonio Federal Building West	GSA	San Antonio	TX
William L. Beatty Federal Building & Courthouse	GSA	Alton	IL



\*As of October 28, 2021. Additional properties under final review with agencies. Final property list may change prior to OMB submittal.

# First Round Timeline



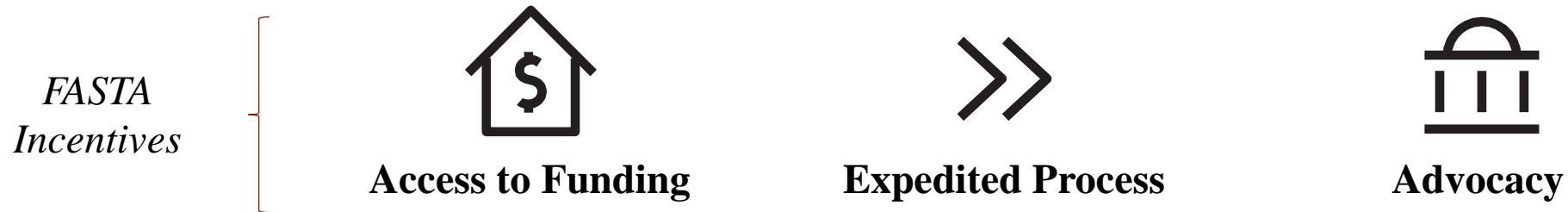
# Second Round Strategy and Opportunities

## Goal 1: Create Additional Value

1. **Enhance Value:** Maximize engagement with local jurisdiction including entitlement participation
2. **Alternative Structures:** Explore creative financing strategies including exchanges and P3 agreements

## Goal 2: Increase Agency Participation

1. **Incentivize Participation:** Communicate refined Second Round criteria to agencies to incentivize new recommendations



2. **Leverage Asset Fund:** Request use of proceeds from prior sales to support consolidation, relocation and disposal projects
3. **Address New Workplace Needs:** Drive further discussion of post-Covid return to work plans for each agency

# Potential Second Round Study Examples

Example properties for further study with agencies in Second Round, including consolidation or sale:

- Nebraska Avenue Complex, Washington, DC
- Webster School, Washington, DC
- Montlake Lab, Seattle, WA
- Federal Center South, Seattle, WA (Consolidation)
- Taft & Hamilton Laboratories, Cincinnati, OH
- Wilshire Federal Building, Los Angeles, CA

**Nebraska Avenue  
Complex (GSA)**



**Webster School  
(GSA)**



**Montlake Lab  
(DOC)**



**Federal Center South  
(GSA)**



**Robert Taft, Taft North,  
Alice Hamilton (HHS)**



**Wilshire Federal  
Building (GSA)**



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# Q&A

## In-Person and via WebEx Q&A



# Thank you

Questions, comments or recommendations?

Reach out to the PBRB at [fastainfo@pbrb.gov](mailto:fastainfo@pbrb.gov)

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6 TRANSCRIPT OF AUDIO-RECORDED

7 PUBLIC MEETING OF THE

8 PUBLIC BUILDINGS REFORM BOARD

9 OCTOBER 28, 2021

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20 Job No.: 409948

21 Pages: 1 - 57

22 Transcribed by: Christian Naaden

1 PROCEEDINGS

2 MS. COMBAL: We'll try that again. Okay. Good  
3 afternoon, everyone. We should be live. We are doing an  
4 in-person session, as well as live streaming this  
5 meeting. So thank you and welcome to the Public  
6 Buildings Reform Board public meeting. I'm Martine  
7 Combal, Senior Vice President at Jones Lang LaSalle.  
8 And I will be helping to facilitate this in person and  
9 virtual meeting.

10 Before I hand the meeting to Adam Bodner --  
11 Executive Director of the board, I have a few  
12 logistics that I would like to cover. We have closed  
13 captioning for this meeting here in the room, as well  
14 as live stream. We have a sign language interpreter  
15 that we are trying to bring in as a panelist at the  
16 moment.

17 The meeting is being recorded. And for those  
18 that are in the room, we do have a bridge  
19 that picks up sound. So we ask that everyone be very  
20 quiet as we speak and run this session.

21 For the Q&As we received questions in advance.  
22 And we will start with those. And then we will go to

1 anyone in the in person audience. And then our  
2 colleague, Mary Beth, who is online helping to  
3 facilitate the WebEx session, will read the virtual  
4 Q&A. The Q&As can be typed in a Q&A box on the lower  
5 right hand side of your screen.

6 And with that, I am done with the logistics  
7 and I will hand it to Adam Bodner. So here you go.

8 MR. BODNER: Thank you very much, Martine.  
9 Good afternoon, everybody. My name is Adam Bodner. I'm  
10 the Executive Director of the board. I'd like to  
11 introduce our board, starting from my left, former  
12 congressman Nick Rahall, Mary Phillips, David Winstead,  
13 Talmage Hocker, and Angela Styles.

14 Also with us today is Flavio Perez, Assistant  
15 commissioner from the General Services Administration's  
16 Public Building Service. And lastly I'd like to  
17 introduce and thank the rest of our team here, Paul  
18 Waldon and Elizabeth Brown; detailees from the Commerce  
19 Department and GSA, respectively, and Gail Fisher from  
20 Aleto Consulting. I'd also like to thank Martine and  
21 the rest of the JLL team for their support.

22 As you can see from the agenda, we're going to

1 provide an overview of our board and our enabling

2 legislation, the Federal Asset Sale and Transfer Act of  
3 2016. Then Flavio will provide an update on the status  
4 of the sales of the High Value Asset Round. Then we'll  
5 talk about our first round activities, our strategy for  
6 the second round, and finally we'll have a Q&A session,  
7 as Martine mentioned.

8       So without further ado, I'm going to turn it  
9 over to David to take us through the initial steps.

10       MR. WINSTEAD: Thanks, Adam. Adam mentioned  
11 FASTA is the Federal Asset Sales and Transfer Act. And  
12 we are an independent federal agency. And we were  
13 appointed by the house and senate majority and minority  
14 leaders.

15       And the focus, and I know all of you all are  
16 very interested, is really to focus on expediting the  
17 sale of underutilized and unneeded federal real estate  
18 to reduce the cost to the federal government and  
19 federal taxpayer, and to maximize return from the value  
20 of those assets to the federal government.

21       We are serving between now and May of 2025. So  
22 we still have some wonderful four years together. We've

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1 had a lot of fun so far, haven't we?

2       ALL: Yes.

3 MR. WINTEAD: And anyway, FASTA was designed -  
4 - and a point of order is really FASTA is to  
5 incentivize agencies to identify and suggest properties  
6 for disposal, providing a much more hastened time  
7 schedule for disposal, and the fact that the proceeds  
8 at the end of the sales price process come back to a  
9 fund that can be used for three additional rounds, the  
10 high value round being the first one.

11 Congress created a revolving fund type process  
12 where the proceeds from the sale in round one are  
13 intended to finance the planning and relocation  
14 activities to prepare properties for disposal in the  
15 subsequent round. So we're sort of self-funded in that  
16 regard.

17 And also all of us are in the private sector.  
18 I happen to -- some of us, obviously the congressman,  
19 had public sector service. But we all are in the  
20 private sector. And we're very eager to bring private  
21 sector perspectives to this process.

22 Does a particular property actually serve some

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1 of the questions we've been asking in our approach,  
2 together with support from consultants? Does a  
3 particular property actually serve the mission of the

4 agency that it's housed? Are there other administrative  
5 goals or objectives at the same time? What kind of  
6 capital funds are needed to maintain that property? And  
7 can we leverage that property value and the  
8 underutilized character of that property to bring back  
9 money to the federal government to do a better job in  
10 addressing their current real estate needs.

11 We really have a broad license to consider  
12 properties and development tools other than those  
13 traditionally commissioned or considered. We have the  
14 authority to lease back property that we sell for up to  
15 three years. And when you think about Covid and the  
16 impact of figuring out tenancy now post-Covid, that  
17 kind of latitude can in fact aid us in negotiating a  
18 highest and best use by being able to save remaining  
19 federal employees in those properties. They can stay in  
20 place for three years while the agency decides with GSA  
21 where they should locate -- relocate.

22 As I mentioned, we were authorized to have

1 three separate rounds. The high valued round, which Flavio  
2 will discuss next, was expected to basically bring  
3 about a half a billion dollars in value. The first  
4 round, which we are now considering and most of the day



5 considering, will be reported out on December 27th of  
6 this year.

7 And then the second round, which will, in fact  
8 have many, many more properties than both the high  
9 value and the first round of assets, just because of  
10 the length of time, the amount of properties we've been  
11 reviewing. Overall we're hoping that by that last round  
12 to report out in December 2024, it could generate a  
13 total of 4.5 billion dollars.

14 So I would mention, I'm sure some of my  
15 colleagues on the board who are not shy, that we did  
16 have a report that recommended how we felt the high  
17 value assets should be presented to the market. And in  
18 that regard we also recommended that we leverage the  
19 private sector expertise in the brokerage functions who  
20 are in the market, and know where interests are, and  
21 know where major institutional owners are. But we also  
22 presented an option that those assets could be sold

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1 individually as well.

2 Part of this, and Talmage can comment and  
3 others, was the state of the market back at a year ago,  
4 with obviously Covid impacts really putting a damper on  
5 the real estate market. I will tell you that from a

6 conference last week and a ULI program this week, the  
7 market's back to a large extent. Tenancy is not, but  
8 the market's back.

9       So we do hope, and we will as a board be  
10 monitoring the results of the sales process of the high  
11 value assets, to make sure that the way we approach and  
12 the way GSA is approaching in their duties, really  
13 maximizes return.

14       The first and second round differ slightly  
15 from high value. A public benefit conveyance cannot be  
16 considered. So a lot of these assets will in fact hit  
17 the marketplace. There is a McKinney Vento provision  
18 and I'm very -- I think we're all very encouraged by  
19 that. We realize the problems with homeless around the  
20 country, and feel that where a property has suitability  
21 and where there's a developer of homeless housing that  
22 has competency and a financial plan to support

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1 provisional housing or healthcare for the homeless, we  
2 would love to -- as a board we would love to see that  
3 happen as well.

4       So that's an introduction. And I'll turn it  
5 over to Flavio to talk about sort of the state of the  
6 first recommendations which we sent to GSA in December

7 2019 on the high valued assets.

8 MR. PEREZ: Great. Thank you, David and team.

9 It's been a pleasure working with you all and on

10 executing these projects. So let me talk a little bit

11 about where we're at on these projects. You'll see here

12 a map of the 12 projects. As you can see, multiple

13 markets throughout the country, there isn't really an

14 aggregation of assets here. You could say on the west

15 coast there are more assets in high value markets

16 there.

17 One of these properties, the NARA Seattle

18 property, was rescinded by OMB. So that is shown

19 on the top left. But

20 that project is not going forward.

21 So let me jump into the status of the sales.

22 If you go to the next slide, we have awarded three

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1 sales so far. I'm excited to announce that both the

2 Edison property and the WestEd property came in at --

3 with very robust bidding on these properties. And we're

4 excited of the results we're able to deliver here.

5 The Idaho Falls parking lot, there were two

6 properties here. There was a small parking lot that we

7 did award and one other building, a data center used

8 for DOE, that we're anticipating another offer coming  
9 up in the next couple months.

10 And moving on to active sales, we've got two  
11 very active projects. And by that I mean we're seeing  
12 robust bidding on the Nike Gaithersburg site. This site  
13 -- if you go on the realestatesales.gov, you can  
14 actually look at the bidding here. And these properties  
15 are rolling over on a daily basis. When we think we've  
16 reached out max and we're about to close on these  
17 properties, another day is added.

18 So we're in a good spot. The numbers are  
19 actually a little bit higher than you see here on the  
20 screen, just from bidding yesterday and this morning.  
21 So the Sacramento property is at \$11.2 million. This is  
22 -- and the Nike Gaithersburg property is at \$9.75

11

1 currently. But that could have changed because I know  
2 Sacramento is coming up on a deadline, I believe an  
3 hour from now. So if anybody's out there, go on this  
4 site or check your phone and correct me. I'd love to be  
5 corrected on this one.

6 The other properties that are active, we have  
7 the Ronald Reagan Federal Building in Harrisburg, which  
8 is an interesting property. The property is 11 floors

9 and 246,000 square feet in a downtown location. Please,  
10 I encourage you to go onto the website to take a look  
11 at the property. There are great pictures and great  
12 information for the bidding public on this property.

13 And it is a property that, as David mentioned,  
14 with Covid there are limitations in terms of getting  
15 that property to the market. So we're doing the best we  
16 can, working with the communities, and working with  
17 folks, to make sure folks understand and that it is  
18 transparent a process as possible.

19 But it is an attractive offering. If you look  
20 at the building, it's in a good location, in good  
21 shape. So we're hoping to move that one forward,  
22 working with what's the process for tax abatement. It's

12

1 in an opportunity zone. I think there are good  
2 highlights here that we can really use or that I  
3 encourage folks to read about in order to bid on this  
4 property. Next we have the Auburn Complex. And I'll  
5 talk a little bit more about this in the coming slide.  
6 And finally the Idaho Falls property that I mentioned  
7 will be another offering.

8 Upcoming sales, these are sales that we  
9 haven't started yet. We're still finalizing our

10 diligence package. And we anticipate bringing these  
11 properties to market in the beginning of next year.  
12 These properties include, and I'll talk about them in -  
13 - in the next slide as well, Menlo Park, there's a  
14 Pacific Grove property, and a Denver property, an old  
15 VA medical center in Denver, as well as the Chet  
16 Holifield building in Laguna Niguel.

17       Move to the next slide, please. What I wanted  
18 to do is spend a little bit more time on a couple  
19 properties here. And I'll be happy to address any  
20 questions in the Q&A portion of our program. The Auburn  
21 Complex, this property is located between Seattle and  
22 Tacoma. And I think it's a great opportunity with 129

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1 acres on that site. It's on a commercial strip with  
2 industrial opportunities as well. So I think it's a  
3 good blend of both.

4       You do have warehouses on the back of the  
5 site. It used to be an SSA as well as a GSA office  
6 building located on that site. Those tenants are  
7 currently moving out. So we're excited to bring that  
8 property to market.

9       Menlo Park in the core of Silicon Valley, we  
10 know there aren't too many land opportunities in this

11 part of the world, so we're very excited about this  
12 opportunity. The US Geological Survey is moving to  
13 Moffett Federal Airfield. And they are currently in the  
14 process -- they have already vacated portions of the  
15 property and they're finalizing their move. So we're  
16 excited about that opportunity as well. I know we've  
17 received a robust interest in that property. And I  
18 think it'll be an interesting auction to watch.

19       The Chet Holifield building -- let's move on -  
20 - you beat me to the next slide. Thank you. The Chet  
21 Holifield building. This building is a pretty massive  
22 site. You look at this site, there are over 92 acres in

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1 a part of town with a historic building and a  
2 significant amount of underdeveloped or not developed  
3 parking surrounding it.

4       So what we're doing in the due diligence  
5 process now is engaging with the community, engaging  
6 with local developers, to really help understand what  
7 the community wants on this side. Going through a  
8 charette process, I encourage you all if you have  
9 interest on this property, to go to the link that's  
10 provided here that I know will be provided with the  
11 notes -- to look at signing up for a charette.



12 We have three more sessions -- three or four  
13 more sessions left, where we're talking about what are  
14 potential -- the opportunities and development schemes  
15 here, really looking at what the community wants as  
16 part of the 106 historic preservation process as well.  
17 After we conclude that process, we're looking to  
18 finalizing our 106 process and bringing this property  
19 to market. But I think it's important for us to work  
20 with the local community and developers before we go  
21 forward with that sale. That's why that sale hasn't  
22 commenced yet.

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1 And finally the Denver property. We're also  
2 finalizing our due diligence here, a couple outstanding  
3 issues that we're closing up in the coming months.  
4 Again, a great market in Denver, it's an old VA  
5 hospital, that we're looking forward to bring to  
6 market, eight acres and about -- a little bit over  
7 500,000 square feet.

8 So that's the quick update. Feel free to reach  
9 out to myself or my staff. We'd be happy to talk to you  
10 about any of these opportunities. Thanks. And let me  
11 turn it over to Mary.

12 MS. PHILLIPS: Thanks, Flavio. So I'm going

13 to talk just briefly about the process that we followed  
14 to develop our recommendations for the first round. And  
15 meaning this round. And at a very high level, they're  
16 similar to what we did in the high value asset round in  
17 terms of working through the federal real property  
18 profile and trying to identify good opportunities for  
19 sale.

20 And then also working closely with federal  
21 agencies to get the agencies' recommendations. So we're  
22 really trying to encourage -- encourage them to work

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1 with us, because we have some incentives we can  
2 provide.

3 But in -- for this round, the analytical  
4 analysis has been much more robust. And in part, a lot  
5 of effort was spent on this to address the GAO  
6 recommendation that the board fully document the  
7 process used to evaluate and recommend candidates. And  
8 so a very detailed property screening tool was  
9 developed, and a lot of work was done to scrub the  
10 FRPP, and to identify candidates.

11 Then those candidates were scored against --  
12 and graded against a whole variety of criteria, four  
13 different categories including financial efficiency,

14 implementation, and community. And within those even  
15 more detail. And then each of those received an overall  
16 score so that we could see how properties fared against  
17 each other, and which were the top candidates. And  
18 finally there was a detailed financial model developed  
19 to value the properties and to estimate what the net  
20 benefit to the taxpayer would be.

21       So just to highlight now a few of the  
22 challenges and opportunities. The timing of

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1 appropriations to the asset proceeds fund is a  
2 constraint on the first round. So the proceeds from the  
3 sales go into a separate fund called the Asset Proceeds  
4 Fund, that is intended to fund projects for the next  
5 rounds. Because as projects are ready for sale, they  
6 often need investment, employees have to be relocated.  
7 And so you need some funds to use in order to make  
8 future sales and consolidations possible.

9       So not -- I think we've been appropriated 46  
10 million dollars, some of which is being used for the  
11 high value asset properties. And the funding that will  
12 be coming into the asset's fund now from the high value  
13 assets has not been appropriated yet. The funds are  
14 subject to appropriation.

15 And because a couple of our largest value  
16 properties from the high value asset rounds have not  
17 been put on the market yet, we -- there will be  
18 delaying getting those proceeds. A couple of other  
19 things, and David mentioned this, is that Covid really  
20 brought a lot activity to a halt because agencies  
21 stopped their strategic planning, the whole world  
22 changed with Covid. And that really prevented us from

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1 getting as many recommendations as we think we  
2 otherwise would have.

3 There also is an agency institutional  
4 preference toward ownership of property. And as we come  
5 out of Covid, and agencies are now taking a look at  
6 what their footprint is going to need to be, part of  
7 the focus seems to be looking at how agencies  
8 consolidate into more owned property and give up  
9 expensive lease property. So we see a lot of  
10 opportunities there in the next round to work with the  
11 agencies as they make these decisions. But it was a bit  
12 of an impediment in this round.

13 There are also many properties that have  
14 complex issues. A lot of federal buildings are  
15 historic. There are often environmental contamination

16 issues or title and deed issues. Investment are needed.  
17 As I mentioned before, properties can be sold. And OMB  
18 would like to have those issues as much as possible be  
19 handled before we make the recommendation, because it  
20 will lower the risk that there will be problems going  
21 forward.  
22 So while this round is more modest because of

19

1 our limited funding available, we are very encouraged  
2 about round two. And we have already identified a  
3 number of properties and teed them up for consideration  
4 so that we can start moving on those very quickly. For  
5 now I'm going to hand it over to Congressman  
6 Rahall.

7 MR. RAHALL: Thank, you, Mary. As you can see  
8 from the map, our first round preliminary property  
9 list, unlike the HVA list, is spread across the  
10 country. Our first round consists of 15 properties.  
11 They are -- the majority are GSA owned, as you can also  
12 see from the chart. But there are three other agencies  
13 that are represented in this first round as well, USDA,  
14 Department of Labor, and NASA.

15 As would be expected, especially given the  
16 criteria in use and the challenges that we identified,

17 vacant land and underutilized buildings make up the  
18 predominance of properties on our first round list.  
19 Additional properties of course are under review, final  
20 review with the agencies. The final property list may  
21 change prior to our OMB submittal. But we are very much  
22 excited about this first round, even though it may be

20

1 rather modest compared to future rounds. Now I'll turn  
2 it over to Adam.

3 MR. BODNER: Thank you, sir. Just going to run  
4 through this slide on the timeline. So this timeline  
5 represents the -- as described in the legislation, the  
6 various points of OMB approval and subsequent  
7 activities. Just for clarity, we're in the big red box  
8 on the left right now.

9 Highlights in the timeline would be the OMB  
10 approval or disapproval in whole or in part within 30  
11 days of December 27th, and OMB's notification to the  
12 Department of Housing and Urban Development, and  
13 congress upon approval of the recommendations. Those  
14 will be the four light gray boxes on the top.

15 And now I'm going to ask Talmage and Angela to  
16 take us through our second round strategies and  
17 opportunities.

18 MS. STYLES: Okay. So Talmage is the closer  
19 here. I think I want to reiterate that we're very  
20 optimistic about round two. I think we had a lot of  
21 lessons learned, a lot of really interesting timing  
22 struggles, Covid struggles, financing struggles,

21

1 through round one, that we really weren't quite  
2 anticipating.

3 But we are very optimistic about round two.  
4 We've learned a lot. We've actually learned a lot about  
5 the outreach. So it was very interesting. We had some  
6 pretty public issues with NARA. And we learned how  
7 important the outreach is as a result of that.

8 But we also learned how much we can -- how  
9 much we can enhance the value of a property by having  
10 discussions with localities, having discussions with  
11 developers, having discussions with you know, people  
12 that are already interested in the building in the  
13 city. And we've already started those for some of what  
14 we're going to have as round two buildings.

15 We really think that with the time that we  
16 have left, we have an incredible ability to enhance the  
17 value of the property. Whether that's starting the  
18 historical discussions. Whether that's talking to

19 developers, and having them in, and having them explain  
20 to us what they can do with a particular property, what  
21 would their ideas be around a particular property?  
22 How can we enhance the value? Is there

22

1 different structure to explore financing opportunities?  
2 Can we have building swaps? I mean spending time with  
3 people in these cities where the buildings are, I was  
4 down in San Antonio for meetings with the city, and you  
5 know, it's incredible what the local GSA has done down  
6 there in terms of swapping buildings, right.

7 They're like, oh, we want this building here,  
8 the city wants it. And the federal government wants  
9 another building. And so really working together with  
10 the communities to understand what the property -- what  
11 its best use is.

12 So when we talk about value, it's not just  
13 enhancing the financial value, it's really enhancing  
14 the value to the local communities. And we only do that  
15 through outreach. And that's something that we have now  
16 the time to do. We've learned how to do it.

17 And our focus of round two, you'll see some of  
18 the properties. We can talk about some of those  
19 specific properties. We're going to be very open about



20 what we're looking at. So that we can push those  
21 discussions forward, we can enhance the value, we can  
22 fully understand what the historical options might be,

23

1 what the environmental problems might be. So that we  
2 can come out with really the right outcome for  
3 everybody here, which I think is a very different  
4 approach.

5 Now Talmage can talk about it from kind of the  
6 developer perspective too and why that helps, you know,  
7 from a developer perspective, it enhances the taxes  
8 that are being paid to the city as well. Talmage, I'll  
9 turn it over to you.

10 MR. HOCKER: Sure. Thanks, Angela. I think  
11 what Angela was referring to is if we -- I told her I  
12 was going to say that -- if a developer gets involved  
13 with a piece of property that has not been entitled, if  
14 it has not been studied, if it -- if the property has  
15 not been -- if we don't understand what the FAR is, if  
16 we don't know how much space we can build.

17 And that really lim- -- and we don't know how  
18 it can be zoned. Okay? That's going to really limit the  
19 value going into a property. And we believe that as we  
20 go into the round two, that we're going to spend a lot

21 of up front time with design groups, with the city,  
22 understand what their zoning needs are, understand what

24

1 their desires are for the community, so that we can  
2 better deliver on both the government's property and  
3 for the city. So we're very excited about that option  
4 as we move into the second round.

5 Also in the second round -- let me change  
6 slide -- we have some potential second round examples,  
7 Nebraska Avenue in DC, the Webster School, Montlake Lab  
8 in Seattle, Federal City -- Center South in Seattle,  
9 the Taft Labs in Cincinnati, and Wilshire out in Los  
10 Angeles. And each of these are a little bit different.  
11 And we believe that we cannot be slotted into one  
12 particular mindset as we move forward.

13 For example, the Webster School, it's been  
14 sitting around on the books for years, slowly falling  
15 apart. Part of it's been condemned. Part of it's not --  
16 you know, there's agencies that don't want anything to  
17 happen there, there's other groups that would like to  
18 see something built. So we're going to tackle the --  
19 the hard part. We're going to try to figure it out and  
20 make everybody happy. Another one could be Cincinnati,  
21 where we have the Taft Labs. It's going to entail a

22 relocation and a construction project. So you know, the

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1 two are going to have to dovetail.

2 The big one I think that we have is the FBI  
3 site out in Los Angeles, where the -- the real estate  
4 is extremely valuable. It is a very high traffic  
5 location. Traffic count on the front and on the side  
6 are enormous. It does not fit all the needs of the FBI  
7 now with the campus setting that they desire and with  
8 the security that they desire. So we believe that we  
9 can raise a bunch of money, go build a new building,  
10 have GSA build a new building for the FBI, and use the  
11 proceeds from the sale to fund it.

12 Then at Federal Center South, we believe out  
13 in Seattle that there's a tremendous opportunity to  
14 consolidate agencies. And so if you look at the  
15 legislation, it talks about consolidation, it talks  
16 about the high value, it talks about working with the  
17 community, potential trades, or outright sales. And we  
18 believe that what we're working on takes care of all of  
19 those opportunities for us. Thank you.

20 MR. BODNER: Okay. Thank you, everybody. That  
21 concludes the scripted portion of the meeting. We're  
22 ready to take questions. We have some that have come in

1 upon registration and others are being submitted. So  
2 we'll start with some of the ones we received earliest.

3 I also want to mention that we have -- we have  
4 an email address which is fastainfo@pbrb.gov. We'd love  
5 to hear from you that way .And we also have a website  
6 which is www.pbrb.gov. And we would love any feedback  
7 and outreach.

8 I'm going to start with early questions that  
9 have come in. Well one I think we -- I think we  
10 addressed was preview upcoming work. And so we -- we  
11 talked about that just now. Second round data requests,  
12 we are -- that was a request, what are the board's  
13 focus areas for data collection in the next and future  
14 rounds of FASTA.

15 As we mentioned, we did an extensive analysis  
16 of the federal database. So the data we're looking for  
17 now is more from agencies themselves as part of the  
18 annual data call that FASTA requires. So we are making  
19 a pitch to agencies to submit more properties or other  
20 interesting ideas they may have.

21 Another question that came in was about  
22 covenants and deed restrictions in a particular agency,

1 if they're more frequent or -- or common in some  
2 agencies than others. And I'll take that one. And the  
3 answer is, yes, that we did find that some agencies do  
4 have -- from the way that they got property, received  
5 property originally, tend to have more deed  
6 restrictions and covenants on the use of the property  
7 than other agencies.

8       There's unique legal characteristics that are  
9 common across -- across federal agencies and especially  
10 many agencies receive property from former military  
11 bases. Community involvement question, are there  
12 strategies to avoid community objections in the midst  
13 of the sale process. David, you want to take that one?

14 Or --

15       MR. WINSTEAD: Sure. Could you repeat the  
16 question again?

17       MR. BODNER: Yeah. Are there strategies to  
18 avoid community objections in the midst of the sale  
19 process?

20       MR. WINSTEAD: In the midst of the sale  
21 process. I -- I do -- you know, the surplus process  
22 that -- of the federal agencies that declare these

1 assets goes into the federal property file and then  
2 goes to GSA. So GSA is -- really knows a lot of the  
3 local community input. And we have made special effort  
4 presale to go to every constituency imaginable, whether  
5 it's the county council member, whether it's the  
6 congressional representative, whether it's the local  
7 community group, or civic, or ANC group that's  
8 involved.

9       So we tried very hard, the board, for the  
10 major assets. One member of the board went to all of  
11 the major assets, took time to do that. So I feel  
12 fairly confident that we've vetted out most of the  
13 major issues. Otherwise we wouldn't be reporting them  
14 out in round one or subsequently in round two.

15       So you know, candidly, Angela mentioned, you  
16 know, one of the issues that came up on a west coast  
17 property, and candidly wasn't so much the board as the  
18 vetting of the concern from a constituent of a federal  
19 agency, really on the service level, something that we  
20 would not have been aware of. But for everything that's  
21 happened since, we -- I think our due diligence has  
22 been very complete.

1 And I credit GSA disposal group, the regional  
2 people in the 11 agency -- 11 regions around the  
3 country. They go out to see these properties, and know  
4 the community around them, and know their elected  
5 officials, as well as the board staff and members that  
6 have been involved in the process.

7 MR. BODNER: Next question that came in was  
8 about the potential continuation of FASTA. How far into  
9 the pilot program are you? Do you foresee an extension  
10 based upon current success?

11 MS. PHILLIPS: Well as we've been talking  
12 about, our first round is due in December. And then the  
13 second round recommendations are due at the end of  
14 2024. And actually the way the statute is written, we  
15 can't submit any round two recommendations until that  
16 time.

17 I don't know that we -- this was set up as a  
18 six year pilot program. I don't think we're in a  
19 position to opine about whether Congress will want to  
20 extend the board or not. But we want to make it as  
21 successful as we possibly can.

22 MR. BODNER: Thank you, Mary. Another question

1 was, I think we answered, will a list be published with  
2 the latest round of -- of properties subject for  
3 disposal. And we just did that. And so that -- and then  
4 the overall report will be released at the end of  
5 December once it's submitted to OMB.

6 Another question that came in, improvements to  
7 FASTA, what realistic steps would improve PBRB's  
8 ability to identify the best candidates for disposal  
9 and sale? Can I ask Talmage to take that one?

10 MR. HOCKER: Would you repeat the question,  
11 please?

12 MR. BODNER: What realistic steps would  
13 improve PBRB's ability to identify the best candidates  
14 for disposal and sale?

15 MR. HOCKER: Well I know that we've had a  
16 difficult time working with the agencies to get them to  
17 submit the properties to us. And part of that has been  
18 because government -- government likes to keep their  
19 real estate. They don't like to get rid of it. That's a  
20 -- that's a frank answer.

21 But we do have the authority to negotiate with  
22 the agencies. We do have the ability to compensate the

1 agencies and to share in the proceeds. And I believe



2 moving forward that you will see us being more

3 proactive in that manner.

4 MR. BODNER: Thank you, sir. One more question

5 that came in on the future of work. How has the

6 pandemic and the future of work in the federal

7 government, i.e., remote work, changed PBRB's mission?

8 Congressman?

9 MR. RAHALL: It has -- has been noted many

10 times during this hearing, Covid-19 had a substantial

11 impact on our mission. The shut down occurred in March

12 2020, just as we were transitioning from the HVA

13 implementation to the first round strategy. And several

14 agencies told us that they could not submit to us their

15 plans where they had to -- they could not commit to us

16 any plans for their future. They had to rework their

17 strategic planning due to Covid. They had to do new

18 models, etc.

19 And so this made it difficult for us. And it

20 was really a setback. Some of the properties in the

21 second round have been delayed due to the pandemic

22 related impacts on related activities that have been

1 planned by the agencies such as procurement delays,

2 increased construction costs, and new strategic

3 reviews. We are expected to see some first round  
4 recommendations resulting from Covid-19 impact on  
5 workspace needs.

6       However, the timing was not quite right for  
7 our first round. Many agencies are in the process of  
8 reviewing their space needs and were not prepared to  
9 recommend reductions. So we expect to contribute to and  
10 to facilitate these strategic conversations where  
11 possible in the second round.

12       MR. BODNER: Thank you, sir. I'd like to ask  
13 the in person audience if there are any questions. And  
14 I can bring the microphone over.

15       MS. PERRY: Good afternoon. Beverly Perry,  
16 senior advisor to Mayor Muriel Bowser. It appears that  
17 all the properties that you have identified are GSA  
18 except one agricultural property. And I'm just curious  
19 about -- I didn't see any Department of Interior  
20 National Park Service properties listed. Are they off  
21 limits?

22       MS. PHILLIPS: No. They just didn't provide

1 any -- very many, if any, FASTA eligible properties. So  
2 that is one of the problems, is that the agencies got  
3 to decide what was eligible for FASTA and what was not

4 eligible for FASTA. And some agencies like Interior  
5 probably over -- over protected, I'll put it that way.

6 MS. PERRY: Yeah. I thought that's what  
7 Commissioner Hocker was saying.

8 MS. PHILLIPS: I will just add, there are  
9 statutory exemptions for certain properties. So parks,  
10 for example, are not part of FASTA, defense properties  
11 are not under FASTA.

13 MS. PHILLIPS: There are a lot -- and so  
14 property for, quote unquote, conservation purposes, is  
15 also excluded. And -- and certain agricultural purposes  
16 are excluded. So the Department of Agriculture and the  
17 Department of Interior in particular I think have tried  
18 to save almost all their properties [inaudible]

19 Mr. RAHALL: The White House is exempt.

20 MS. PERRY: The White House is being used, so  
21 well-used. One other question. So the  
22 agencies, the community, the statute allows for the

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1 community or the states to initiate properties -- to  
2 identify properties for the list. Is there any process  
3 where the state can challenge the agency?

4 For example, you know, there are properties --  
5 and I guess there's no secret about properties I have

6 in mind, RFK, and the Carter Barron, properties that  
7 are not used at all. They're just stagnant there.  
8 Underused is probably not even a good -- they're not  
9 used. So is there anything in your process that you  
10 structured that can allow for some kind of -- for the  
11 state to challenge the agency on their lack of  
12 identification or properties that are underused?

13 MS. PHILLIPS: Well you know, I can speak for  
14 myself [inaudible]

15 MS. PERRY: Just one other question --

16 MS. STYLES: I -- I, you know, I think we're  
17 constrained in our recommendations. So you know, our  
18 recommendations [inaudible] the Office of Management  
19 and Budget at the White House. We also have to run our  
20 -- OMB has asked to run our recommendations through  
21 GSA. And so we get a lot of pushback.

22 So we would welcome -- I mean we welcome your

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1 recommendations. And we welcome a process where, you  
2 know, we can collectively push harder on some of these  
3 issues. It's just that there's only so much we can do,  
4 right? And so we -- we are not -- we're not the  
5 blocker. I'll just put it that way [inaudible]

6 I don't think we're the ones that's blocking

7 creative and good ideas. But we have to kind of work in  
8 the world that we're given. So you know, and I think we  
9 -- I wasn't here that day, I was out of town  
10 [inaudible] you guys were talking to us. And you know,  
11 I think we can work together on some of these issues.  
12 You know, it's just -- it's just a question of how far  
13 out we can -- we can push.

14 MS. PERRY: Okay. And last question --

15 MS. STYLES: But other people may have

16 [inaudible]

17 [talking over each other]

18 MS. STYLES: [inaudible] a lot about

19 [inaudible] and trying to figure out what we can do.

20 [talking over each other]

21 MS. STYLES: These are big -- these are big

22 issues.

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1 MALE: RFK's a huge issue.

2 MS. PERRY: Yes. It is a huge issue. It's

3 probably the largest tract of unused land in the city.

4 The -- the Webster School and the Nebraska Avenue

5 property, which we were planning to add to our list. I

6 see you have it. It's in the second round. That will

7 not be submitted until '24?

8 MALE: No. 2024, December

9 [talking over each other]

10 MS. PERRY: So three years out before they're  
11 even submitted.

12 MS. PHILLIPS: We've been trying to -- we --  
13 we actually would like [inaudible]

14 MALE: Yeah. We would love -- we have a whole  
15 list, as you would expect us to, of requested changes  
16 that we would love to see, okay? One of those, Mary  
17 emphatically said we have got to get a rolling  
18 submission approved.

19 So example, let's say we start working on  
20 Webster now and we're ready. We don't want to wait  
21 three years. You know, we want to do it now. And so  
22 that is one of the requested changes that we would

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1 absolutely have of congress if given that ability.

2 MS. PERRY: Thank you.

3 MR. BODNER: Thank you very much. Now I want  
4 to ask Mary Beth for questions that have come in from  
5 the WebEx.

6 MARY BETH: Yes. We have a couple questions.  
7 First, what is the board's expectation for the next  
8 round of FASTA recommendations?

9 MR. BODNER: Mary Beth?

10 MARY BETH? Can you hear me? What is the  
11 board's expectation for the next round of FASTA  
12 recommendations?

13 MS. COMBAL: I'll translate for Mary Beth. So  
14 we have one question that came in online. What is the  
15 board's expectation for the next round of FASTA  
16 recommendations? Will there be a December 2021 call for  
17 agency recommendations? And when will it be due?

18 MR. BODNER: I'll start with the second answer  
19 there. The -- the agency recommendations are due  
20 annually 120 days from the start of each fiscal year.  
21 So -- so agency recommendations are due to GSA and OMB  
22 at the end of December -- or sorry, the end of January.

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1 And that -- that is an annual activity.

2 So the board's expectations are that there may  
3 -- that there will be some properties that come in from  
4 agencies, and further that there's a lot that, as was  
5 said, that we did a lot of evaluation on. But due to  
6 complexity and other factors, we had to push to the  
7 second round. And so there's plenty to work on going  
8 forward.

9 MS. COMBAL: We -- we have a couple more

10 questions here. And we're -- we're managing through  
11 WebEx, so thank you all. One question is, how does the  
12 board fund its recommendations?

13 MR. BODNER: Mary, can I give that one to you?

14 MS. PHILLIPS: Sure. Well I'll tell you the  
15 theory and then I'll tell you the reality. So the way  
16 it was set up is each -- the proceeds from each round  
17 were intended to be used to fund investments for the  
18 subsequent rounds. So the first round was between \$500  
19 and \$750 million dollars in value. And the proceeds were  
20 intended to go into the first round which had a goal of  
21 \$2.5 billion dollars in property, sales consolidations,  
22 etc. And the goal is even higher in the -- in the

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1 second round.

2 In reality the pro- -- what happens is when we  
3 get proceeds, they go into a special fund which is --  
4 is very helpful. However, those funds are subject to  
5 appropriation. And so there is a timing issue because  
6 there will be a delay before, as you -- as you know,  
7 with the appropriations process, that we don't tend to  
8 do things in a timely manner.

9 So there will be a delay. And the amount of  
10 proceeds we have right now is not very significant



11 because a number of the high value assets have not been  
12 sold yet, particularly the most valuable ones. So we're  
13 hoping that -- we're optimistic for round two because  
14 we know that by the time we're ready to start making  
15 recommendations in round two, there will be more  
16 proceeds and hopefully more appropriations. So we'll be  
17 able to start doing this reinvestment.

18 MS. COMBAL: Great. Our next question is, what  
19 are the remaining milestones necessary before  
20 activation of Menlo Park?

21 MR. BODNER: I'm going to give that one to our  
22 colleague, Flavio Perez.

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1 [talking over each other]

2 MR. PEREZ: No, I appreciate the question. On  
3 Menlo Park, the remaining milestones were a couple  
4 things from a due diligence standpoint. As I mentioned,  
5 the tenant there is moving to Moffett, its construction  
6 of their lab space in Moffett.

7 Looking at a timeline, thankfully I know there  
8 was one major hurdle that was cleared about a month ago  
9 in the construction of the lab space in Moffett. So  
10 that is moving forward. So we're confident we'll be  
11 able to meet the timeline of FASTA and be able to make

12 that project work.

13 There are other minor issues working through.

14 There was an energy savings performance contract that  
15 we wanted to make sure we had that wrapped up and did  
16 our proper due diligence there before moving forward.  
17 So we anticipate an offering on Menlo, all this said,  
18 in the next couple months. And we'll make sure to  
19 update the board and update all of our websites to  
20 reflect that.

21 But if you're interested, please feel free to  
22 give me a -- a call, send me an email. We have our

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1 project manager on this who is -- who has also a robust  
2 list of folks that are interested. And we'll make sure  
3 to reach out. Thanks.

4 MS. COMBAL: Okay. Flavio, before you sit  
5 down, actually, I'm going to ask you to come back up.  
6 One -- we've got a few more questions, one of which  
7 that just came in, why the GSA auction website? Is --  
8 is there another? And just if you can provide further  
9 comment.

10 MR. PEREZ: Sure. The auction platform has  
11 proven to be very successful for us in maximizing value  
12 in these sales. And you'll see in the private real

13 estate world, you're seeing more and more folks  
14 utilizing this platform. I know I'm getting several  
15 different feeds of -- or emails a week advertising  
16 different properties for sale.

17 For us, it's a low cost, transparent,  
18 competitive process. And it's -- and we see it  
19 consistently beat our fair market value valuations by  
20 utilizing this process. That said, that's not a given  
21 that we'll utilize this for every sale. So some of the  
22 properties that we haven't advertised yet, those

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1 marketing plans are still in the works.

2 MS. COMBAL: Great. Thank you, Flavio. Okay.

3 This -- we have another online question. And again,  
4 just for the audience online, feel free to type in your  
5 questions in the Q&A box. This next question is, what  
6 data gaps did the board find during its first round  
7 process?

8 MR. BODNER: I'll take that. The data gaps are  
9 -- they're all over the map, if you will, in the  
10 federal real property profile. There's lots of  
11 differences in the ways that agencies report data. It's  
12 not -- it was never intended necessarily to be an asset  
13 management tool. So there were differences in how

14 comparing installations to assets, for example. There's  
15 also a lat and longitude gaps, and how -- also on how  
16 different properties are described, different property  
17 types are described. So that's just a very small  
18 example. But a lot of work had to be done to sort of  
19 cleanse the data, and fill in the gaps, and make it  
20 useful for screening, and sorting, and valuing.

21 Let me go -- I think we have one question from  
22 the audience here. Would you like the microphone?

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1 MR. HAUN: Hi, David Haun with Haun Consulting,  
2 and a former OMBer for 35 years. And I think, Mary, you  
3 did a good job of describing the limitations in FASTA  
4 when it comes to funding. The original intent of FASTA  
5 was that the proceeds would be available to finance the  
6 -- the future sales.

7 And yet we had that little problem of subject  
8 to appropriation, which actually gave the appropriators  
9 the opportunity to decide whether or not you're really  
10 going to implement FASTA or not. And while we have  
11 language pending in the -- in the president's budget  
12 that would appropriate those dollars going forward, we  
13 haven't seen any movement by the appropriators to  
14 include that language at least in the last couple of

15 years.

16 So less a question and maybe more of a -- of a  
17 statement about the challenge that you all are -- are  
18 addressing here, how do you go forward without the  
19 resources, without the money to pay the agencies the  
20 cost to move? Without that, you have a hard time  
21 getting the agencies' attention, one.

22 And two, the GSA, you know, for the last 11

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1 years, has not had access to the funds that they  
2 collect in the federal buildings fund to just maintain  
3 the inventory of properties that they have across the  
4 country. Over \$11 billion dollars are sitting there in  
5 the federal buildings fund, and yet not available  
6 because they too are subject to appropriation.

7 So one of the things we have to think about is  
8 we can sit on our hands for the next two rounds and --  
9 and -- and -- and suffer this problem. Or we can think  
10 maybe more broadly what FASTA wants you to do. FASTA  
11 has a lot of goals in there. And -- and some of those  
12 goals frustrate me because they tend to be sort of  
13 contradictory, if you will.

14 On one hand we want to consolidate agencies  
15 into own space and reduce our reliance on leasing. And

16 at the same time, Congress is not giving GSA the money  
17 to do that with their portfolio, nor is Congress giving  
18 the board access to the monies that -- that were  
19 intended from the proceeds.

20       So what -- what is the board to do, you know,  
21 it's the catch 22, if you will. Well one of the things  
22 that I would recommend the board think about going

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1 forward is -- is since GSA cannot maintain its own  
2 inventory with the monies that Congress is providing,  
3 from a taxpayers' perspective GSA should get rid of  
4 their inventory.

5       We shouldn't be trying to consolidate into an  
6 inventory that we cannot maintain. And if we can't  
7 maintain our buildings, we are wasting taxpayer  
8 dollars, being pennywise and pound foolish, and  
9 allowing our assets to -- to -- to diminish.

10       So what did Covid do? Well Covid has done a  
11 transformation -- I believe, will have a  
12 transformational impact on the leasing market, on the  
13 private sector leasing market. That -- that -- that --  
14 we're -- they're projecting potential vacancy rates in  
15 Washington, DC, approaching 30 percent in the -- in the  
16 office market.

17       What a time for the government to take  
18 advantage of this overbuilt inventory, and lease the  
19 space at below market rates for the next 20 years.  
20 While we -- and allow us to dispose of a lot of the  
21 assets, frankly, that we can't afford to keep. And --  
22 and -- and -- and move these agencies out of space that

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1 they're not happy with. The agencies don't know whether  
2 they're an owned space or leased space, frankly. They  
3 pay GSA the commercial equivalent of being an owned --  
4 in -- in -- in leased space, whether it's owned or not.

5       And most agencies are less worried about  
6 whether they're in an owned GSA building or a leased  
7 GSA building. They want to be in an up to date  
8 environment that supports their mission, and -- and  
9 takes care of their employees. And so I -- I would --  
10 while I understand the goals in FASTA -- FASTA's got a  
11 lot of goals. But it's -- it's the board's  
12 responsibility to look at how things have changed since  
13 FASTA was enacted.

14       The reality of the lack of funding to allow  
15 the GSAs and the agencies to move into owned space, and  
16 the opportunities that Covid may provide, with a huge  
17 opportunity to lease lots of commercial space at very

18 low cost, and save the taxpayers a hell of a lot of  
19 money in the next 20 years.  
20 And so I encourage the board, as a taxpayer,  
21 to think beyond the word of the law, but -- but within  
22 the -- the intent of the law, to really look at some

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1 great opportunities. Agencies can be convinced to move  
2 to leased space. They're -- they're not going to fight  
3 you. GSA will. But then GSA doesn't have the money to  
4 maintain their own inventory. So they're talking out of  
5 both sides of their mouth.

6 Ownership's cheaper than leasing. Not unless  
7 you can maintain it. Not unless you can maintain it. So  
8 I encourage the board to think broadly, to think  
9 beyond, to not rely on the agencies to come to you  
10 because they want to move. But no agency wants to move.  
11 Talmage, your point was right on -- right on -- right  
12 on -- right on point. Any landholding agency wants to  
13 hold on to their land. Why? Because it's theirs. Not  
14 because it's in the best interest of the agency or the  
15 taxpayer.

16 So with that, I'll shut up and hand it back --  
17 the mic back to Adam.

18 MR. BODNER: David, I think we have a seat for



19 you on the board. There was a question in there though  
20 at the beginning that I do want to address, and that  
21 the HVA sales are coming in and there is a pot of  
22 money. So there is some incentive now for agencies to -

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1 - to work with us, we believe, to go after that few  
2 hundred million dollars that we expect to be in there.

3 MR. HAUN: [inaudible]

4 MR. BODNER: True. But it's a good start  
5 though, start to have some money to work towards. Any  
6 more questions? Okay. It sounds like we have no more  
7 questions. So I'm going to say, going once, going twice  
8 --

9 MR. HOCKER: Let's talk about how we're going  
10 to do these properties on a going forward [inaudible]

11 MR. BODNER: Okay. We're going to go into a  
12 little impromptu session here. I'm going to give  
13 Talmage the microphone.

14 MR. HOCKER: We don't need a microphone. I  
15 really believe, and David or anybody chime in, Flavio,  
16 that once we identify a property we buy, I think that's  
17 the very time for us to be, you know, one [inaudible]  
18 with a design development group. I don't mean to do  
19 massive things. Just a study on day one what the

20 maximum amount of developable property we really do  
21 have.  
22 And that's when we go and we sit together with

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1 the community, with the -- with the mayor's office,  
2 with the planning and zoning. And I really think if we  
3 do this, you know, within immediately, first 30 days, I  
4 think we get in and get out.

5 We either -- it's either a project we want to  
6 pursue or we cut and run, we go find another one,  
7 instead of going through a process of identifying a  
8 property, waiting around, putting it on a list, sending  
9 it to the GSA, all the other groups, only to let them  
10 sit on it and send it back to you nine months after you  
11 look at it. Somebody says, nah, let's not do that, they  
12 decided they're not interested.

13 I want to know day one, when I -- when I set  
14 foot on a piece of property, I want to know day one, is  
15 commerce interested in selling, is this something we  
16 can do. And if they say we have other plans -- I went  
17 to look at a piece of property that I thought the VA  
18 hospital was interested in selling. You know why I  
19 thought so? Because they told me they were.

20 When Nick Rahall and I got there, we found out

21 that all the property we were going to sell to be  
22 developed is already being developed. They don't even

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1 talk to us. So we -- we want that communication and  
2 those understandings a little bit better up front. Is  
3 that what you were looking for, Mary?

4 MS. PHILLIPS: Yeah. I'm also very curious  
5 [inaudible] about your reaction to what David Haun  
6 said. Because the cities could have a -- a lot of  
7 influence I think on what's going to happen with  
8 government office space, particularly when they can see  
9 some private facilities are, you know, it's going to  
10 affect tax revenue to the city.

11 [talking over each other]

12 MS. PERRY: I think he spoke a reality that we  
13 all are processing what the outcome may be. But I will  
14 tell you, our goal is to get people back downtown. The  
15 mayor will tell you we are open for business. And we  
16 need people back downtown. If the conventions have  
17 reconvened and [inaudible] had their large convention a  
18 couple weeks ago [inaudible].

19 And we need the federal government to come  
20 back. We don't understand why they are not back, been  
21 back. Well we couldn't leave, but [inaudible]. But we -

22 - we want the federal government to come back to work.

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1 I mean that's -- congress is [inaudible]. We don't  
2 understand why they [inaudible].

3 David: Well one, just one quick comment. First  
4 of all, I think, you know, the board is very interested  
5 in working with the district, with the mayor and with  
6 your vision. I think there are assets that Angela and  
7 Talmage went through that are becoming the way that are  
8 very important for the district.

9 But I -- I just wanted to respond to David  
10 Haun. It really is -- and Congressman, this is back to  
11 you to an extent -- we're not -- it's not been the  
12 board lack of delivering reports on time. We were  
13 appointed three -- six months later we reported the  
14 high value assets. We're now reporting the round one.

15 The real issue, candidly, is a lack of  
16 appropriated support for GSA. I mean their problem is  
17 they're not getting access to the federal building  
18 fund. But the board does have through the sale of high  
19 valued assets, we are going to have money. And the  
20 Commissioner, Nina Albert, if she says these are the  
21 primary landmark federal buildings that are unique  
22 mission critical buildings, that does -- we do not have

1 the funds, can you aid us in that regard, we're going  
2 to be there for her.

3 And you know, you know, the overall philosophy  
4 about what needs to be federal, what needs to be  
5 leased, is fundamentally the unique mission of that --  
6 of that building, be in the FDA labs, be it obviously  
7 DHS headquarters, be it courthouses and border  
8 stations. When I was Commissioner, two -- three -- two  
9 thirds to three quarters of the money was going to make  
10 sure that our border stations were secure, and make  
11 sure the federal office buildings were rebuilt to  
12 provide the circulation system to keep the judges safe.

13 And so, David, you know, I think the focus at  
14 GSA is really to that critical mission group of assets.  
15 I think I support you with the idea that --

16 MR. HAUN: Get rid of the rest of them.

17 Mr. WINSTEAD: Exactly.

18 MR. WINSTEAD: [inaudible] purpose office  
19 space. There's no -- there's nothing inherently  
20 governmental about general purpose office space.

21 MR. HAUN: I totally agree with you. And let's --

22 MR. WINSTEAD: After inventory, it's general

1 purpose office space.

2 MR WINSTEAD: And let's make sure, I think the board  
3 through -- we're going to go at the end of this month  
4 to speak to the federal property council again, which  
5 we haven't talked to in a year and a half. They're the  
6 ones who are senior real property executives. We want  
7 to make it -- we're going to make a very strong pitch  
8 that we're a vehicle that can get revenues back to you  
9 to meet your mission from a real estate standpoint.

10 If you don't understand that, if we don't get  
11 reauthorized, you got between now and 2025 to cash in,  
12 basically. And I hope -- I hope the message works.

13 MS. PERRY: I have a question. If by some kind  
14 of miraculous consultation, is it possible to get  
15 additions to your December submission? Because right  
16 now what you have, you have [inaudible] what you have  
17 with your December submission. There is nothing there  
18 for the city. And we have all this federal land that is  
19 lying dormant. Thank you.

20 Is there any possibility that if we were to  
21 talk to White House, or if we talk to the Secretary of  
22 the Interior and say, this is the process that we can

1 use to expedite to transfer these lands. For example,  
2 the RFK lease, I mean there's 23 years left on the  
3 lease. And there is no purpose that it can be used for  
4 except a stadium. All of the other teams have new  
5 stadiums. So are we going to let it sit for another 23  
6 years with no activity, with just soccer grounds on the  
7 campus?

8 We -- you know, our city is considering taking  
9 down the building because it costs \$2 million just to -

10 MALE: Maintain it?

11 MS. PERRY: To maintain it, with no use at  
12 all. So if there -- if we meet with the secretary of  
13 the interior, or if we talk to people at the White  
14 House. I don't know who the appropriate person would be  
15 to say -- I read that statute 10 times. The Department  
16 of the Interior, the Park Service land, there is no  
17 exemption for the Park Service land. But the land  
18 that's in this city, there is no exemption on the  
19 statute for RFK. There's no exemption on the statute  
20 for the Carter Barron.

21 So but if Interior wants to say, oh, we're  
22 going to rely -- I would like to see where that

1 exemption is that they are trying to rely upon.

2 MS STYLES: So there's nothing that prevents us  
3 from putting it on the list other than the fact that  
4 it's in a list and it's protected [inaudible]  
5 protected, right? So that, you know, if the White House  
6 comes to us and says put RFK on the list, I don't think  
7 we're going to say no.

8 MALE: But if when -- if we get rejected, if  
9 one property gets rejected, all of them are rejected.  
10 There is no single -- isn't that correct?

11 [talking over each other]

12 MALE: Got it. Okay. Got it.

13 MS. PERRY: Well I think you all heard me  
14 before and you hear me now, I --

15 MALE: And Beverly --

16 MS. PERRY: We're still going to look for ways  
17 to make that list.

18 MALE: Yeah.

19 FEMALE: We are still talking about the  
20 smaller [inaudible]

21 [talking over each other]

22 MS. PERRY: I would urge anyone to go look at



1 Franklin Park, to see the difference in a city --

2 MR WINSTEAD: You put \$25 million into that.

3 MS. PERRY: I mean and it's the beauty in the

4 center of the city. And the difference is the city is

5 operating it. It's under city management and not under

6 the National Park Service. Just take a look at Franklin

7 Park.

8 MR WINSTEAD: Yeah. It's beautiful. Yeah.

9 MS. PERRY: Walk through it.

10 MS. COMBAL: Great. Well thank you, everybody.

11 That concludes our public meeting session. We truly

12 appreciate all the interactive questions. And thank you

13 for the folks online.

14 I do want to note that although we lost the

15 closed captioning here in the room, it continued on the

16 WebEx. So we have it. The meeting has been recorded.

17 And we will be coordinating with PBRB to share some of

18 the information from the meeting today on -- on the

19 pbrb.gov website.

20 So thank you, everybody. All right. Thank you.

21

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2 I, Chris Naaden, a transcriber, hereby declare  
3 under penalty of perjury that to the best of my ability  
4 from the audio recordings and supporting information;  
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12 I further declare that I have no interest in  
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16 November 3, 2021

17 Chris Naaden

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19 (409948, Public Buildings Reform Board public meeting,  
20 10-28-21)

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