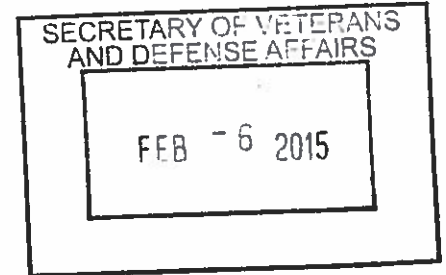




**DEPARTMENT OF THE ARMY**  
**OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY**  
**INSTALLATIONS, ENERGY, AND ENVIRONMENT**  
**110 ARMY PENTAGON**  
**WASHINGTON DC 20310-0110**

FEB 2 2015



The Honorable John C. Harvey, Jr.  
Secretary of Veterans and Defense Affairs  
Commonwealth of Virginia  
Patrick Henry Building  
1111 East Broad Street  
Richmond, VA 23219

Dear Secretary Harvey,

Thank you for your leadership, insight, and support in facilitating an agreement on Deal Points for an Economic Development Conveyance (EDC) of certain property at the former Fort Monroe, Virginia.

In accordance with our agreement, I am very pleased to provide the enclosed final Deal Points for signature by the Commonwealth and the Fort Monroe Authority (FMA), and an executive summary of the appraisal that established the estimated property value. The Army fully appreciates and recognizes this is a significant milestone that would not have been achievable without your support. We believe this agreement mutually benefits all parties.

Conveyance of the property is subject to the Army's approval of the FMA's EDC application, and execution of an EDC Agreement between the Army and the FMA. Although the Army intends to pursue an EDC Agreement with the FMA based on the enclosed terms, those terms are not binding upon either party unless and until embodied in an EDC application and a formal, mutually acceptable EDC Agreement signed by both parties.

If the enclosed deal points accurately reflect our understanding in principle, please execute where indicated and return to me. The Army will then prepare a draft EDC Memorandum of Agreement (MOA) for your review.

The Army looks forward to working with the Commonwealth and FMA to complete the EDC process and convey the property.

Sincerely,

Paul D. Cramer  
Deputy Assistant Secretary of the Army  
(Installations, Housing, and Partnerships)

Enclosures

**FORT MONROE DEAL POINTS BETWEEN  
THE US ARMY AND  
THE FORT MONROE AUTHORITY / COMMONWEALTH OF VIRGINIA  
FOR AN ECONOMIC DEVELOPMENT CONVEYANCE**

**1. Scope and Authority.**

- The Parties to the Economic Development Conveyance (EDC) are the US Army and the Fort Monroe Authority (FMA), acting as the DoD-recognized local redevelopment authority (LRA) authorized by law by the Commonwealth of Virginia to plan and implement reuse of property at the former Fort Monroe.
- The Deal Points outline terms by which the Army would convey to the FMA approximately 83.1 acres of non-reversionary (Army) property consisting of two non-contiguous parcels of land (the 'Property'): Parcel A-2 "Northgate or Commercial Area," consisting of 38.961 acres, and Parcel A-3 "Marina Area," consisting of 44.227 acres.
- The proposed EDC is authorized by section 2905(b)(4) of the BRAC law (10 USC 2687 note)

**2. Valuation.**

- The Parties agree to a valuation of \$23,110,000 (\$23.11 Million), for Fort Monroe property A-2 and A-3 parcels, as established by the U.S. General Services Administration (GSA) Fair Market Value appraisal, performed in accordance with applicable federal appraisal standards, for purposes of determining consideration due to the Army from FMA/Commonwealth of Virginia for conveyance of the Property. The Army will share GSA appraisal information with the FMA/Commonwealth.

**3. Consideration.**

- As consideration for the Property, the Commonwealth of Virginia will design and construct off-post transportation improvements at Army installations in the Commonwealth of Virginia with a total value not less than 100% of the appraised FMV of the Property, to improve traffic conditions that negatively affect both Army personnel and local citizens.
- The Army will identify the transportation projects to the Commonwealth through a "Project List."
- The projects will benefit both the Army and the local communities. For purposes of this EDC, each funded and executed transportation project is assumed to benefit both Parties equally.

#### **4. Project List.**

- The Army will identify a prioritized list of off-post transportation projects to the Commonwealth.
- The Commonwealth, in accordance with Virginia law and as determined by the Commonwealth Transportation Board, will design and construct transportation improvement projects from such list at no cost to the Army.
- The value of each project at contract award, as well as any change orders requested or concurred in by the Army, will be deducted from the balance remaining on the agreed consideration. An agreed-upon percentage of Planning and Design costs necessary to develop an awardable and executable project, will count towards the in-kind consideration balance.
- The Commonwealth can defer a project on the Army's Project List by notifying the Army in writing, and execute the next project on the Army's project list.
- The Army, at its sole discretion, can add one or more projects to its Project List to replace projects that the Commonwealth elects not to execute.
- The Army can also alter the priority of its Project List, by notifying the Commonwealth in writing.
- Projects can only be removed from the Project List with the written consent of both the Army and the Commonwealth of Virginia.
- The Parties will set a date by which they will agree on the final Project List to be executed by the Commonwealth.

#### **5. Guaranty of Payment.**

- The Army's in-kind consideration must be paid (projects completed) by the end of the 7<sup>th</sup> year from the time of the first property transfer.
- If the in-kind consideration is not paid in full by that time, or if the Project List contains no remaining projects, then 50 percent of the outstanding unpaid balance will be paid in cash to the US Army (i.e., to the BRAC Account) by the Commonwealth of Virginia.

#### **6. Commitment to Take Property When Ready for Transfer.**

- The FMA/Commonwealth will take title to the Property within 60 days of the Army's delivery of a signature-ready quitclaim deed (QCD) after the Army considers and responds to comments by the Office of the Attorney General on a draft QCD. Failure to sign the QCD after 60 days, unless the Army agrees in writing to extend the period, will invalidate the agreement.
- If there are any outstanding environmental issues requiring the use of any "environmental carve outs" or sub-parcels that transfer later, these will be specified in the implementing

Memorandum of Agreement (MOA) and the proffered QCD. The same commitment to take property will apply when any "environmental carve outs" are ready for transfer.


**7. Chamberlin Hotel parcel.**

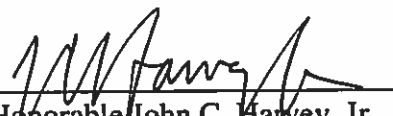
- The Army interest in the Chamberlin Hotel parcel (approximately 4.97 acres) is outside the scope of the EDC.

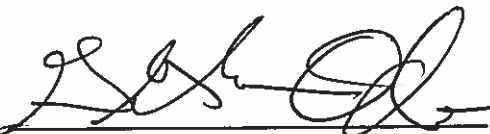
**8. Reinvestment of Proceeds.**

- The FMA/Commonwealth agrees it will reinvest all proceeds from lease or sale of all or a portion of the Property, for not less than seven years following conveyance, for specified purposes to support economic redevelopment of, or related to, the former Fort Monroe, as required by applicable EDC regulations.
- The FMA/Commonwealth understands that the Army may recoup any such proceeds that are not used for authorized purposes that support economic redevelopment of, or related to, the former Fort Monroe.
- The FMA/Commonwealth will provide to the Army audited annual financial statements regarding receipt and use of sale and lease proceeds.

Accepted and Agreed:

By:  Date: 2 Feb 15  
Paul D. Cramer  
Deputy Assistant Secretary of the Army  
(Installations, Housing and Partnerships)

By:  Date: 6 Feb 2015  
The Honorable John C. Harvey, Jr.  
Secretary of Veterans and Defense Affairs, Commonwealth of Virginia  
Patrick Henry Building  
1111 East Broad Street  
Richmond, VA 23219

By:  Date: 2/9/15  
G. Glenn Oder  
Executive Director, Fort Monroe Authority  
Old Quarters 1  
151 Bernard Street  
Fort Monroe, VA 23561

## EXECUTIVE SUMMARY

16 January 2015

### Fort Monroe Virginia - General Services Administration (GSA) Appraisal

**REQUEST:** Provide a Summary of the Fort Monroe Property Appraisals for Area A-2 (North Gate and Commercial parcel) and Area A-3 (Marina parcel).

#### KEY POINTS:

- In 2014, the Department of Army engaged the General Services Administration (GSA) to contract appraisals of two parcels (Exhibit A) located at Fort Monroe, in Hampton, Virginia. Each contract was awarded to state certified appraisers with expertise in appraising similar special use property. The scope of work for each appraisal included an analysis on market value and use value. Market value is based on the highest and best use analysis and use value is based on the Fort Monroe Authority (FMA) Reuse Plan. Parcel A-2 is a 38.9 acre parcel of land and consists of 38 buildings totaling 300,648 square feet known as North Gate Area. Included in the appraisal are 6 bifurcated buildings that are situated on both Army and FMA owned land. Parcel A-3, known as the Marina Parcel, is a 44.2 acre parcel and consists of 11.727 acres of upland and 32.5 acres of land under water (submerged land). Approximately 10.6 acres of the submerged land is improved with an active recreational Marina with 352 boat slips and an industrial dock. The uplands portion of the property is improved with 12 buildings consisting of four residential duplex buildings, four garage buildings, Marina office/restaurant, light manufacturing building, bathhouse, and auditorium. Four of the buildings and two dock areas have bifurcated ownership and are situated on both Army and FMA owned property.

- GSA contracted with John L. Soscia, MAI, Virginia Certified General Real Estate Appraiser to complete the valuation analysis of Parcel A-2. The report has an effective date of May 27, 2014.

- The Appraisal Report valuation estimated \$16,000,000 (\$16 million) based on the highest and best use analysis as of the effective date. Since the proposed use presented in the Fort Monroe Master Plan is consistent with the property's highest and best use, the market value and use value are estimated to be the same.

- GSA contracted with Mark Pomykacz, MAI, Virginia Certified General Real Estate Appraiser to complete the valuation analysis of Parcel A-3. The report has an effective date of April 24, 2014.

- The Appraisal Report valuation estimated \$7,110,000 (\$7.11 million) based on the highest and best use analysis as of the effective date.

- GSA managed the appraisal process from the initiation of the contract to the completion of the review statements. Each contract appraisal met the GSA contract specifications and was in conformance with and the Uniform Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of Professional Appraisal Practice and contained sufficient analysis and data to support a credible result. The conclusion in the appraisal report is appropriate, reasonable, and not misleading. GSA conducted an extensive review of each report, which included site inspections, numerous discussions with each appraiser and a thorough analysis of each methodology utilized in each report. GSA finalized the review process for each report in December 2014. GSA submitted the final appraisal reports, including the GSA reviews, to the Army in January 2015.

Kevin Legare  
Regional Appraiser  
Real Property Utilization and Disposal  
General Services Administration (GSA)

**EXHIBIT A**

Fort Monroe Virginia



**A-2 – North Gate**  
• 38.9 acres

**A-3 – Marina parcel**  
• 44.2 acres, including  
32.5 acres submerged  
land

