DEPARTMENT OF DEFENSE
OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

MILITARY HOUSING PRIVATIZATION INITIATIVE

PROGRAM EVALUATION PLAN

EXECUTIVE REPORT

AS OF

JUNE 30, 2010

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I. Introduction

The Office of the Secretary of Defense (OSD) designed the Program Evaluation Plan (PEP) as a tool to oversee the performance of the Military Housing Privatization Initiative (MHPI) and to analyze this initiative's effectiveness in eliminating the Department of Defense (DoD) inventory of inadequate housing while improving the quality of life of military service members. The PEP reporting system includes detailed information submitted by each of the Services to OSD regarding their portfolios of MHPI projects. This includes information about deal structures, government costs, use of government authorities, ongoing program performance, and tenant satisfaction. OSD uses this information to monitor the program's progress, conduct financial and performance oversight, and implement program improvements. This executive report summarizes the MHPI program's health and status, based on information submitted for the June 30, 2010, PEP reporting period.

II. Program Progress

As the housing privatization program has evolved and proven itself, the Services have increasingly relied on the program to solve their housing needs. Except for a few isolated projects, the Services have met their family housing privatization execution goals. The program has privatized almost 188,000 homes, eliminated over 133,000 inadequate homes, and provided over 15,000 deficit reduction homes. The main focus of the program is no longer on structuring and executing the individual projects, but on operating privatization projects already in existence. An overview of the program's implementation to date is provided in Appendix 1. The primary tasks now are to ensure that all construction is completed per specifications, on schedule and within budget; that projects remain financially viable; that projects continue to address the changing requirements of the Services; and that military members and their families have access to affordable housing in which they would want to live.

<u>Potential Changes to MHPI Scoring Guidelines</u>

In 1997, the Office of Management and Budget (OMB) issued a memo establishing the guidelines for scoring MHPI projects in the budget. A project's budget score delineates the estimated cost to the Federal Government of the authorities used in structuring a project. The 1997 memo is currently being reviewed by OMB and its scoring provisions may be modified. If the provisions in the scoring memo are altered, the affect of the modifications will need to be thoroughly defined and understood concerning: the structuring of any new project; the execution of additional phases to existing projects; and the impact on other business activities of existing projects, such as re-financing. Discussions between OMB and DoD are ongoing concerning all the scoring provisions that impact the program. More details about any changes in the scoring rules and their impact on the program will be addressed in the PEP reporting period following final decisions.

III. Construction

Table 1 summarizes each Service's level of involvement in the family housing privatization initiative through June 30, 2010. The table presents both the number of planned privatized units as well as the number of units actually constructed and renovated, allowing a comparison of program progress against established housing objectives. Table 1 reflects the scope that was approved by OSD and the Office of Management and Budget (OMB). Appendix 12 of this report identifies, on a project-by-project basis, scope modifications that occurred subsequent to the last OSD and OMB approval.

Table 1

All Services: Privatized Family Housing Units, Newly Constructed and/or Renovated to Date

Service	Total privatized units	Total units with no work in IDP*	Total new units to be constructed	Total newly constructed units completed	% New construction units completed	Total units to be renovated	Total units renovation completed	% Renovation units completed
Army	86,663	17,183	40,272	23,227	58%	29,209	17,764	61%
Air Force	37,647	7,866	18,255	13,760	75%	11,526	6,988	61%
Navy/Marines	63,662	21,903	21,666	16,279	75%	20,093	11,783	59%
Total	**187,972**	**46,952**	**80,193**	**53,266**	**66%**	**60,828**	**36,535**	**60%**

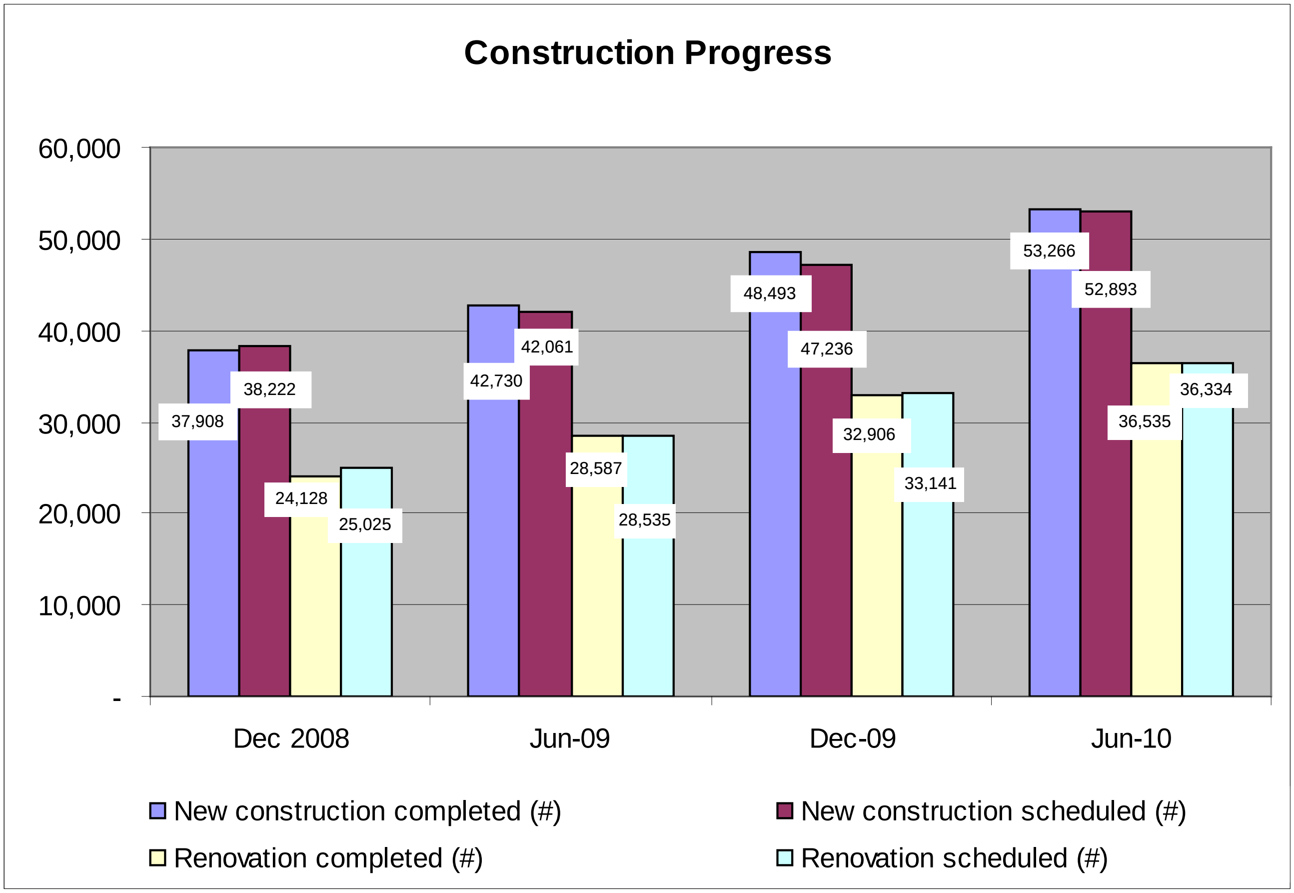
**Initial Development Period*

The number of units whose construction is complete continues to grow as a percentage of the overall units privatized. As the MHPI program matures, and more projects complete or approach the end of their initial development periods (IDPs), the program will continue to demonstrate the benefits of military housing privatization. Appendix 2 of this report presents construction and renovation progress by Service and project.

Housing is considered to be privatized when transfer of ownership occurs. Construction and revitalization take place during the IDP, specific to each project, which generally takes five to ten years. As of June 30, 2010, twenty-two projects out of 76 have completed their IDP, with three additional projects scheduled to complete their IDP by the end of calendar year 2010.

As illustrated in Table 1, the Services report completion of a significant number of new and renovated housing at their privatized installations. Exhibit A, graphically displays both the completed and scheduled new and renovated construction totals. The graph also shows how construction progress compares with approved schedules provided by developers for the last several reporting periods. Even with an increase in the total amount of construction initiated in the program, developers have completed more construction (101 percent) than was originally scheduled for the current June 2010 period.

Exhibit A



It is challenging for developers to maintain the integrity of a multiple-year construction schedule under normal conditions. Challenges to completing projects on schedule include: weather; cost and availability of construction materials; environmental problems; and labor and subcontractor issues. Developers in the MHPI program address these issues while also dealing with heightened security, force protection measures, and the negative effect of extended deployments and redeployments on project occupancy. Each of these challenges contributes to the MHPI program's construction schedule variances to some degree. As demonstrated in Exhibit A, the great majority of projects and their respective developers maintain their construction schedules despite the above challenges and the overall program is currently ahead of schedule.

During this reporting period, the Army delivered 2,307 new homes, including work in some projects' Secondary Development Periods (SDPs), for a portfolio total of 23,867 and an additional 1,305 renovations for a total of 17,782 since the program began. Of the 31 projects that were expected to begin delivering new homes by the end of the reporting period, 28 are at, above, or within 20 homes of their pro forma projections. Of the 28 projects that were expected to begin delivering renovations by June 30, 2010, 26 are at, above, or within 20 homes of meeting pro forma projections. The number of new renovations completed is a 22.5 percent decrease over the second half of last year, demonstrating that the pace is decreasing as many projects reach the end of their IDPs. While the actual delivery of new renovations exceeds pro forma expectations at the portfolio level, delivery delays at individual installations can be attributed to past project restructures, slower than expected attrition rates at installations (limiting the availability of homes for renovation), and the determination to delay renovations to maintain cash flow. The Army has delivered 58 percent of new homes and 61 percent of renovations that were approved for the program's IDP. At this stage in the program, Fort Carson and Fort Hood, having completed their IDPs, developed additional detailed five-year development plans and initiated a secondary development period. Four additional projects, Fort Detrick/Walter Reed AMC, Fort Hamilton, Redstone Arsenal and Fort Sam Houston, have completed their IDPs and are developing their secondary development plans. Two additional projects, Fort Campbell and Joint Base Eustis-Story, are scheduled to finish their IDPs by the end of 2010.

Navy/Marine Corps projects delivered 1,035 new homes this reporting period for a portfolio total of 16,279 and 583 additional renovations for a total of 11,783. Of the 16 Navy/Marine Corps family housing projects, seven have completed their IDP. Of the remaining nine projects, eight are at or ahead of their pro forma construction schedule with only one project being slightly behind schedule.

In the first half of 2010, the Air Force delivered 1,522 new homes for a portfolio total of 13,760 and an additional 1,759 renovations for a total of 6,988 since program inception. Of the 26 Air Force projects, nine have completed construction leaving 17 that remain in their IDP. As of June 30, 2010, construction is on or ahead of schedule at seven projects. Ten projects had fewer units completed than scheduled. At each of these projects, portfolio management is working with the project owners to assess the financial impact of the delays and help implement strategies to avoid further delays. At some projects, high occupancy and the desire to minimize tenant moves have contributed to slower progress on renovations. Still, all projects are forecasted to finish by the approved construction completion dates. Unit deliveries peaked in 2009, with 2010 showing a modest fall in deliveries. Production is expected to taper off until August 2014 when the final units are scheduled to be delivered.

Building contractors generally commit to delivering a fixed development scope at closing. Guaranteed Maximum Price (GMP) contracts are being used to protect against cost increases. The vast majority of the Services' projects have been executed under GMP contracts. Under a GMP contract, the contractor is compensated for actual costs incurred plus a fixed fee, subject to a ceiling price. The contractor is responsible for cost overruns, unless the GMP has been increased via formal change order. Savings resulting from costs below the maximum are typically split between the contractor and the owner.

Under an equity financial structure (which is the structure normally used by the Departments of the Army and Navy), the Service, as part of the ownership entity, is directly engaged in negotiating the details of the GMP agreements and can easily monitor and affect the Managing Member's administration of the agreements. The Departments of Army and Navy projects' IDPs tend to be of long duration with multiple phases. Using the GMP structure, the owners (including the Service as a limited partner) price out a reasonable portion of the construction project, allowing the future construction pricing to be established at a time in the future where the risks can be more accurately evaluated. This allows both the owner and the contractor better information at a future time to determine appropriate values for the work in the future phases. The collaborative relationship embodied in this form of agreement has proven to be very valuable in dealing with the inevitable changes that occur in large projects with extended timelines. The challenge in using this type of financial structure is successfully negotiating the scope of future phases with limited additional government funding or subsidized capital.

Under the typical structure used by the Air Force, the Service is not part of the ownership entity. The Service is the ground lessor and typically a junior lender. The Air Force has historically relied on senior lender oversight to mitigate the risk of increased construction costs that could impact scope. However, performance failures at some projects have illustrated that the Air Force cannot fully rely on the protections and contractual obligations provided by the GMP alone. As a result, Air Force Portfolio Management has implemented two additional oversight mechanisms. They are: 1) an analysis of construction draws and data provided by the lender's construction consultants; and, 2) centralized and standardized construction oversight of projects in the IDP. Through these process enhancements, the Air Force can proactively identify and address future schedule and cost overruns before such variances become unmanageable.

Under either deal structure, it is important that the contractor making the guarantee has the financial strength to back those guarantees. Though no guarantee has a certainty of future success, the owners, Services, and lenders are making a thorough evaluation of the contractor's balance sheet, bonding capacity, and general financial position before entering into a GMP contract.

Minimizing construction risk to the Government is an important objective of privatized projects. Government Direct Loans (GDLs) can help support the financial viability of MHPI projects and minimize the Government's financial risk during the construction period. When GDLs are utilized on MHPI projects, forward commitments for permanent financing are executed between the Government and the project owner at closing, and the GDLs are not disbursed until construction is completed and the Government accepts the work. Because of this policy, the Government has minimized its financial construction risk with regard to projects with GDLs.

Due to turbulence in the financial markets, the Air Force—the only Service with remaining unfunded Government loans—is currently working with multiple project owners to adjust the disbursement schedule of their projects' GDLs. Instead of a single disbursement at the end of the IDP, multiple partial disbursements would be made. The objective of this adjustment is to minimize scope reductions and minimize or eliminate higher than projected construction loan interest expense due to changes in the capital markets. Adjusting the GDL draw schedule, as agreed to by both project owners and the Air Force, will still only pay for completed work, but now in smaller phases.

IV. Ongoing Operations

In reviewing the ongoing operations of the MHPI projects, the key factor across the program as a whole remains that private sector incentives and controls keep projects on track, consistent with large-scale private sector residential projects. As projects mature, an emphasis on the way the operations and property management functions are performed will be increasingly important to sustain adequate housing for the life of projects.

A. Financial Performance of Ongoing Projects

Private sector financial institutions, which finance the vast majority of MHPI construction, work with MHPI developers as they would any other major development project. Most of the projects proceed as expected financially, but some experience financial challenges similar to those that occur in the normal course of the private sector real estate business. The top performing projects from a financial perspective generally feature completed or nearly completed IDP construction. Conversely, those few projects that perform below the portfolio average are typically still in their initial development period, and therefore include a significant number of homes in need of replacement or repair.

Materials, labor, and construction service costs have risen dramatically during the past few years. Now, due to the turmoil in the capital markets and the downturn in the commercial real estate market, the cost of money has also dramatically increased. As a result, estimating long-term project costs is increasingly difficult. Privatization projects with development phases that (due to their extended duration) lack current construction cost and financing guarantees risk price increases that may vary greatly and affect eventual project health or scope.

Increased or decreased rents in a community impact military member housing allowances, although it takes time for the rent sampling process to document changes in rents. Because privatized rents are generally based on the Basic Allowance for Housing (BAH), market-based rent changes will eventually affect, either positively or negatively, the cash flow of the project. Because of the current financial downturn and the national recession, rents in many communities have been decreasing. Consequently, one can expect that BAH rates and therefore privatized rents and resulting project income will also eventually decline in these markets. It will be critical to the financial health of all projects for the project owners and the Services to continue to work together to ensure maximum occupancy.

Basic Allowance for Housing (BAH)

Although BAH changes are difficult to predict, the 2010 increases should be a better and more accurate long-term predictor of BAH rate growth than those of previous years, since in 2008 DoD adjusted its calculation methodology for the utilities component of BAH to better reflect the volatile regional utilities consumption drivers. With the completion of DoD’s BAH initiative several years ago, local rental market and utility cost changes are the primary determining factors for BAH movements, either up or down. Accurate measurement of both these factors is important to the service member and the privatized projects.

The need for management flexibility remains constant throughout a project’s duration. Developers, working in cooperation with the Services, continually evaluate options to increase cash flow to a project during the IDP and/or to reduce construction costs for later development. The Services monitor and analyze project costs and their potential effect on current and future project net operating income (NOI) and scope.

Market forces or policies outside the control of the developers or the individual Services have, or will have, an effect on the demand for privatized housing. Market forces experienced during the current and ongoing decline of the financial markets include the lowering of market rents and the tightening of credit. The disruption in the credit market may reduce the ability of many service members to purchase homes and therefore increase the demand for privatized housing; however, this potential impact may be neutralized by decreasing rents for market housing.

Operating expenses, particularly utility costs, continue to exceed pro forma estimates and have, for some projects, more than offset the benefits of any BAH growth. While NOI is not one of the largest components of IDP funding for most projects, a growing negative variance could affect any planned scope and, in more extreme cases, debt service obligations. In the out-years, NOI will become an increasingly important performance metric as projects that have completed their IDPs will rely primarily on NOI, not only to make debt service payments, but to provide contributions to their reinvestment accounts to help fund long-term sustainment and development.

Crisis in the Financial Markets

A large portion of the Service's MHPI portfolio funds (loan proceeds, debt service reserves, capital reserves, etc.) are invested in Guaranteed Investment Contracts (GICs) at financial closing. A GIC is a contract insured by an insurance company guaranteeing a specific rate of return on the invested capital over the term of the contract. GICs are a conservative way of ensuring that project funds will achieve a certain rate of return before the funds are used for their intended purpose. The majority of projects invest development sources (senior loan proceeds, GDL proceeds, equity, NOI, etc.) in a GIC that provides a fixed rate of interest. The interest generated in a GIC is relied upon as an additional source of development funds.

Credit rating downgrades to the GIC guarantor makes their agreements problematic because of the potential reduction in funds required to complete construction. Only the guarantor, usually an insurance company, backs the GIC guarantee. If the company fails, it is possible that there could be a default on the GIC. In the event that an insurer's financial strength rating drops below a pre-negotiated threshold, the lender and/or project owner has the right to withdraw the funds on deposit in the GIC plus receive a make-whole amount from the insurance company, if applicable. Given the current volatility in the financial markets, the financial strength rating of many insurers is at risk. Several of the applicable insurers have been downgraded and a number of the projects have been affected. However, to date, due to the prevalent use of make-whole provisions in the GIC contracts, no projects have lost more than limited principal and anticipated interest earnings. There has been an increased focus by all of the Services and project owners on not only understanding the deal terms of the transactions, but also on the timely monitoring of, and open communications about, market conditions and all participants' financial health.

The turbulence in the credit markets has impacted the program with regard to the cost of issuances of additional debt. Due to the lack of market liquidity and a reevaluation of the price of risk, credit spreads on additional debt for recent privatization projects have widened in comparison with previous transactions of a similar nature. To minimize the impact of this additional cost on eventual project scope, some new projects are starting construction using only government and private sector equity funds and delaying obtaining private debt until the financial markets improve. This strategy may lengthen the IDP period, but will help keep the projects from reducing scope.

Downgrades of various financial institutions have also impacted the way additional debt issuances are structured. With the downgrades, the value of the bond insurance for new issuances is in question. In addition, the downgrades have constrained the market of acceptable providers of surety bonds, which guarantee the lender the required twelve months of debt service reserve funds. With limited availability of these financial instruments, future phases of projects are being required to reserve cash at closing equivalent to 12 months annual debt service, instead of putting those funds toward development.

Changes in markets, costs, and requirements will continue to affect the financial viability of these projects and the program. DoD is currently addressing: the volatile credit market (affecting both the service members' ability to purchase housing and the developers' ability and cost to borrow money); the increase in the cost of construction materials and utility expenses; and potential housing requirement changes due to Base Realignment and Closure (BRAC), force realignment, and Grow the Force initiatives. The ability of both the Services and developers to recognize and analyze issues as they arise and to remain flexible enough to effectively make necessary project adjustments is critical to the ongoing success and viability of the program. Developers will continue to work with the Services to minimize the effect, or to take advantage, of these cyclical market changes while enhancing the financial viability of their projects.

Ambac Financial

It was rumored that Ambac Financial Group might file for bankruptcy protection during this reporting period; however, no announcement was made as of the June 30, 2010, cutoff date. Ambac serves four different financial functions for various projects in the MHPI portfolio. They are a swap counterparty, credit enhancer, reserve contract provider, and GIC provider. The company believes that they have sufficient liquidity to get through the second quarter of 2011. Ambac is investigating ways to not only enhance their own financial position, but to minimize their effect on the MHPI portfolio should bankruptcy become necessary. The Services continue to monitor the situation and will work with the project owners to take the necessary actions to mitigate negative impacts on the privatized projects depending on the resolution of the Ambac business situation.

Maintenance and Recapitalization Accounts

Public Law 110-161, the Consolidated Appropriations Act, 2008, requires that the Secretary of Defense include data on the maintenance of family housing units and the contribution of housing privatization entities to the recapitalization accounts for ongoing family housing privatization projects in each future semi-annual progress report. As part of the Government's oversight of the privatized family housing projects, the Services ensure that the correct amount of funds are being placed in the operations and maintenance accounts and that sufficient contributions are being made by the project owners to the recapitalization accounts for each of the projects (see Appendix 3 for project specific information).

Maintenance requirements are never static, but as of the date of this report, the project owners have done an exceptional job in meeting their maintenance commitments as outlined in the transaction documents. The project owners have been responsive in addressing extensive existing maintenance requirements. They have also, through private sector customer service practices, raised military members' expectations for property maintenance and owner responsiveness.

A primary source of funding for out-year reinvestment is project refinancing, which is standard practice in commercial real estate asset management. By the twenty-fifth year—with the initial debt practically amortized, combined with appreciation in value—projects should have adequate debt capacity to fund out-year reinvestment.

The recapitalization account is an additional source of funding for out-year reinvestment. While such accounts are not typical in commercial real estate asset management, they have been implemented in MHPI projects largely to ensure that any unanticipated or "windfall" income to the project would not simply benefit the project owner, but would be captured in the project and used as an additional source of funding for out-year reinvestment. During the source selection process, bidders propose the percentage of net cash flow to contribute to the recapitalization account and this contribution is reflected in the project pro forma cash flows. The PEP tracks how actual deposits to the recapitalization accounts compare to the original pro forma deposit projections, recognizing that the amount and timing of deposits may vary substantially based upon project circumstances and market conditions, especially housing demand. While significant variance between actual and pro forma deposits is an important indicator of overall project performance, the risk to out-year reinvestment is minimal.

Because of ongoing major construction commitments, deposits to the recapitalization account normally are not started until the end of the initial development period. Twenty-two privatization projects have completed their IDP as of June 30, 2010. Appendix 3 shows the percentage of funds deposited in each project's recapitalization account versus the pro forma amount for these 22 projects. Five projects have recapitalization account funding significantly below pro forma. The following are brief explanations concerning each of the five projects.

NC South Texas, Texas – The occupancy rate, and therefore the NOI, is well below projected pro forma rates due to the impact of Base Realignment and Closure (BRAC) 2005, which has significantly reduced the number of personnel assigned to Naval Air Station (NAS) Corpus Christi. To solve this problem, the project will be integrated into the Northeast Housing Limited Liability Company (LLC), a larger and more financially stable project.

Kirtland AFB, New Mexico – The project deposits are behind schedule due to an outstanding project deferred fee, which has precedence over the recapitalization account in the waterfall of funds distribution. However, as of July 2009, the project's deferred fee was paid in full. Deposits are now being made to the recapitalization account and the account balance during this reporting period has risen from 51 to 76 percent of pro forma. It has always been anticipated that additional debt will be used to finance most of the future reinvestment work.

Buckley AFB, Colorado –Project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the funding lockbox distribution. Paying off the deferred fee has been delayed due to lower than projected NOI generation caused by reduced BAH rates and delayed construction. The Air Force is currently working with the project owner to develop strategies to increase occupancy to maximize funds available for payment of the deferred fees. However, it has always been anticipated that additional debt will be used to finance future reinvestment.

Dover AFB, Delaware - The project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee has been delayed due to lower than projected NOI generation and a construction contract inflation adjustment. The Air Force is currently working with the project owner to reduce the deferred fee balance through negotiation of the inflation adjustment. Additionally, the Air Force and the project owner are working to develop strategies for decreasing expenses to maximize funds available for payment of the deferred fees. However, it is anticipated that additional debt will need to be used to finance most future reinvestment work.

Scott AFB, Illinois - The project deposits are behind due to outstanding project deferred fee and preferred return balances, which have precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee and preferred return has been delayed due to lower than expected occupancy and higher than expected operating expenses. The Air Force is working with the project owner to reduce the deferred fee balance and to increase NOI. The project owner has been partially successful in its tax assessment appeals with the county, but is continuing to seek further relief to increase project cash flow. The Air Force is also currently working with the project owner to develop strategies to reduce operating expenses in order to maximize funds available for payment of the fees. However, it has always been anticipated that additional debt will be used to finance future reinvestment work.

Unexpected financial challenges will occur at various bases throughout the lease term of these projects. Currently, the aggregate out-year construction accounts for the Air Force exceed pro forma projections. While the aggregate balances are strong, the funds are not distributed evenly across the projects. Some projects are significantly exceeding projections while others are behind projections. Air Force Portfolio Management is reviewing methodologies for distributing funds from strong projects to weak projects as the portfolio matures.

The largest sources of financial delinquencies for most projects are final month rent payments and uncollected damages. The Air Force made policy changes that will allow project owners to collect rent at the beginning of the month and that require pet deposits at installations that have had significant loses because of uncollected pet damages. Delinquencies are down, particularly in those projects that have instituted these policies. One Air Force project, which includes housing at two bases, currently collects rent for all military members and other eligible tenants up front. Four other projects, which include housing at 15 additional bases, require all new tenants to pay rent in advance. The majority of the other Air Force projects currently collect rent up front for all non-military tenants. Portfolio management is working with project owners to revise projects' legal documents so that all projects can take advantage of these policy changes.

During this reporting period, the Air Force began work to expand its quarterly compliance testing process for MHPI. The current process includes monitoring a project's compliance with provisions found in the executed transaction documents, including the Lease of Property, Operating Agreement, Lockbox Agreement, Master Development Management Agreement, Forward Commitment, Security Agreement, and Quitclaim Deed.

Under the expanded process, additional attention will be paid to project compliance with the various project management plans submitted by the project owner and incorporated into project closing documents. This includes, but is not limited to, the Facilities Maintenance Plan, the Capital Repair & Replacement Plan and Project Operations & Maintenance Plan. The goal of the expanded process is to ensure that the level of service committed to in the project owner's proposal and plans is being delivered. As of December 2009, the documents for the expanded process had been circulated among the installations and major commands for comment. In September 2010, the Air Force plans to update documents and train installation staff.   First report under the updated compliance process is anticipated in December 2010.

B. Effects of Current Financial Markets on New Projects

For most MHPI projects funding for revitalization of housing, including new construction, renovation, and choice of amenities, is contingent upon private debt and available income. The current financial markets are affecting this funding for new MHPI projects through the tightening of credit and credit downgrading of various financial organizations.

Since inception of the MHPI, private debt has normally been provided through investor bonds. Due to the current tightening credit markets, the bond market has become more constrained. Tight credit has made borrowing more expensive, more difficult to obtain, and subject to more conservative underwriting. This situation negatively affects the amount of cash available for construction by increasing the cost and decreasing the availability of debt.

Available income includes project NOI and interest income. Achieving targeted NOI is dependent upon the BAH and project expenses increasing as forecasted, and occupancy remaining stable. The other income source, interest income, primarily comes from investing project funds in GICs. Credit downgrades have forced some projects to withdraw from high yield GICs and reinvest funds at today's lower rates of interest, which reduces funds that would have otherwise been available to improve housing. Project teams continue to search for alternative investment strategies to GICs, but options remain limited in 2010. While some closed projects have suffered due to GIC downgrades and lost interest income, this divergence is also affecting the Services' ability to close new projects.

The credit downgrading of sureties like Ambac and MBIA, which provide bond payment insurance for many of the projects, has also reduced the amount of available money for construction. Without the reasonable availability of this insurance, lenders are now requiring that debt payment reserves, that would otherwise be used to build and/or renovate houses, be set aside to help provide assurance that a project's debt will be repaid.

For projects where construction is contingent upon reduced loan proceeds and/or reduced cash flow, construction schedules will be lengthened or less work or amenities will be provided until markets become less constrained. When a construction timetable is extended, unless the delayed work has a large direct impact on occupancy, the project should remain financially healthy. If the project scope is reduced or modified, project changes, if necessary, can be recovered once the market improves.

Even with schedule slips and an overall increase in costs, the MHPI program is providing housing significantly faster than would be possible under military construction (MILCON) and is still providing greater leveraging of scarce appropriations than was required, or even anticipated, during the development of the program.

C. Occupancy and Debt Coverage Ratio (DCR)

The PEP monitors the financial health and performance of military housing privatization projects, in part, by measuring a projects' DCR and occupancy rates. The DCR measures a project's net operating income in relation to debt and provides an indication of a project's performance and ability to meet mortgage debt obligations. If the DCR drops below a 1.0 ratio, revenues are insufficient to cover the project's permanent debt service requirements (principal and/or interest) after payment of operating expenses.

The PEP monitors a project's occupancy rate along with the DCR, since the occupancy rate directly correlates with revenue generation. Occupancy rates in a residential project serve as an indicator of both the financial stability of the project and the desirability of the homes. Because occupancy directly impacts financial performance and serves as an indicator of tenant satisfaction, project owners must aggressively focus on occupancy in an attempt to either maintain strong performance or reverse negative trends.

Many factors contribute to each specific project's occupancy rate. These include: the quality of off-installation rentals and for-sale housing; the quality of on-installation housing; whether the project is under construction; rental and vacancy rates in the surrounding community; availability of loans; interest rates; for-sale housing prices; convenience issues (e.g. commute time); school quality; local crime statistics; and the quality of property management service provided by the project owner. The project owner affects or controls only two of these factors – the quality of on-installation housing and the service provided to tenants.

Property managers have increased occupancy at various projects by using private sector best practices such as rent reductions and upgrading of unit fixtures. They are also diligently implementing marketing and client management techniques to reduce departures of families during deployments, thus mitigating the financial impact to the project.

Another marketing tool that is positively affecting occupancy is the Automated Housing Referral Network (AHRN). AHRN was started in 2005 by DoD as a resource to assist military members in locating housing during a Permanent Change of Station (PCS) move. AHRN is an on-line resource which lists available rental housing in communities close to military installations. This tool allows military members to start their housing search from anywhere in the world, as soon as they receive their PCS orders. Being able to procure housing before any physical move occurs can eliminate a major source of stress. In addition, the privatization project owner benefits from having a committed tenant for a privatized housing unit before military members are physically relocated to the base. The ability to include privatized units on AHRN, in addition to community rental housing, was implemented a couple of years ago. Privatized project owners gradually realized the benefits of listing their units on AHRN. Today 94 percent of installations with privatized projects have homes listed on the system. The number of military members using AHRN is also growing. To date, over 580,000 members have registered to use AHRN during their PCS moves. The percentage of military members securing housing via AHRN continues to increase year after year. While we do not have exact numbers, in a survey given this past year for those respondents that had found housing at new installations, almost 72 percent indicated that AHRN assisted in their successful housing search. Continued and better use of AHRN by all the privatization project owners can only help to maintain or raise future portfolio occupancy.

Portfolio occupancy has slightly decreased to a little over 91 percent during this reporting period. This decrease in occupancy can be primarily attributed to move-outs resulting from the summer PCS season. Occupancy is expected to improve in future periods given the strong pace of construction and market conditions that are creating more demand for rental housing.

While it is forecasted that performance will continue to remain high, the Services continue to vigilantly address variances from projections. The Services' portfolio management teams continue to collaborate with the various project owners to create/revise "get-well" plans to resolve outstanding project issues and improve performance. Additionally, the portfolio management teams conduct re-forecasting analyses to ascertain the long-term impact that historical and current financial health will have on the ability of all projects to complete their targeted revitalization scope and remain competitive over their 50-year life span. In all cases, the Services' portfolio management teams work to pursue solutions that help to align projects with the market and improve the overall health of the portfolio.

To compete for military members and their families as tenants, developers of privatized housing must overcome several factors. These include the difficulties associated with transferred units that are in poor condition and the inconvenience experienced by tenants living in a construction zone. The transfer of housing inventory to a privatization developer results in quality enhancement of the housing portfolio over a multi-year IDP. It takes time to overcome years of under-funded construction and maintenance. The quality of the portfolio, and therefore its desirability to tenants, increases with renovations and new construction.

The MHPI portfolio shows a substantial increase in the overall quality of the family housing from June 2009 to June 2010. In June 2009, the Services reported completion of 58 percent of the 140,661 privatized homes in the construction schedule. Currently, they report completion of 64 percent of the 141,021 privatized homes in the construction schedule. As a direct example of how much the quality of a portfolio can increase occupancy, the current average occupancy for all MHPI projects that have completed their IDPs is 94 percent versus slightly less than 91 percent for those projects still in their construction phase.

In general, both revenue and operating expenses are expected to improve in future periods due to the growing inventory of newer, more cost effective homes.

<u>Underperforming Projects</u>

As mentioned above, the overall MHPI portfolio currently exhibits an occupancy rate of 91 percent. In spite of this impressive overall performance, unique occupancy issues and, therefore, DCR challenges sometimes occur in individual projects. During a project's initial development period, the DCR, while useful, is a less reliable direct indicator of project performance than it will become after construction is complete. Construction loans very often include funds, such as Debt Services Reserve funds, to financially assist in making debt payments during the construction period. This practice is necessary because the eventual full scope of the project is not initially available to provide rental income during the construction period. Table 2 identifies four projects that are still in their IDP that are currently underperforming.

Table 2

Underperforming Projects - In the IDP				
Service	**Project**	**DCR**	**Occupancy**	**Occupancy Change Since June 2009 (Percentage Point)**
Air Force	BLB	1.25	83.8%	-7.1
Navy	Northeast Regional	1.18	79.0%	-0.2
Air Force	Offutt AFB	1.44	74.5%	-2.2
Navy	Southeast Regional	1.07	87.1%	0.1

Three common characteristics of underperforming projects still in their IDP include:

1) Delivery of new units behind construction schedule;
2) Lower than expected occupancy; and/or
3) Higher than expected operating expenses.

Each project identified in Table 2 possesses at least one of the three characteristics.

BLB (Barksdale AFB, Louisiana; Langley AFB, Virginia; Bolling AFB, Washington DC) – The occupancy rate at the end of the reporting period is 83.8 percent. The project generated 95.8 percent of the forecasted NOI during the period. Overall, the project's construction has been delayed due to home re-design at Bolling and the Air Force managed UXO remediation effort at Barksdale. Neither delay is expected to extend the projected IDP. The lender, Capmark, was unable to fund a September 2009 construction loan because of bankruptcy problems. The project owner has identified two solutions that will enable completion of the full project scope: 1) adjustment of the GDL draw schedule so that a construction loan is no longer necessary; or, 2) replacement of the original construction loan. The Air Force has initiated the approval process for the GDL draw schedule adjustment. If not approved, the project owner would pursue a replacement construction loan. Construction work continues at all three bases, as the effects of the projected sources and uses gap should not materialize unit August 2011.

Northeast Regional (New York, New Jersey, Connecticut, Rhode Island, Maine) – NOI is below pro forma due to less than expected occupancy. The occupancy rate at the end of this period was 79 percent. Low occupancy continues to be an issue due to several factors: BRAC closure at Brunswick; residents departing due to graduation from classes at Newport and Saratoga Springs; and, a home port change of two submarines from New London. The project is being restructured by reducing inventory to more closely align with project housing demand. This inventory reduction not only includes the sale of all the homes at NAS Brunswick, but also the sale or potential sale of homes at various other Northeast Regional locations.

*Offutt AFB, Nebrask*a – As of April 2010, all new construction and renovation work at the project was completed, well ahead of the originally scheduled completion date of March 2013. The project owner will have to complete 514 demolitions before the IDP is considered complete. The occupancy rate at the end of the period was 74.5 percent, a small increase from the previous period. The project generated 92.3 percent of forecasted NOI. The shortfall in NOI is currently being driven by the large volume of unaccompanied military members (19.6 percent of tenants). The project received its final GDL disbursement in September 2009. The additional debt increased the project's debt service payments and resulted in a combined DCR of 0.93 during the period. To date, the project has not missed any debt service payments, as the project's contingency has been used to supplement NOI to fund the payments. The DCR is expected to increase above the minimum requirement of 1.05 during the next period.

Southeast Regional (South Carolina, Georgia, Florida, Mississippi, and Texas) – The average DCR for the period was 1.07 and the occupancy at the end of the year was 87.1 percent. Though both of these numbers are below budget and pro forma estimates, debt service continues to be funded. Throughout the southeast region, the Navy's demand for privatized housing is less than originally projected. Due to the current economy there has also been a GIC interest shortfall. The project is currently being restructured to reduce the end state to more closely align with projected housing demand.

After the initial construction period is completed, the ongoing DCR is a much more reliable indicator of a project's ability to make its debt payments. Table 3 identifies projects that are currently underperforming in terms of debt service coverage after completion of their IDP.

Table 3

Underperforming Projects - Completed IDP

Service	Project	DCR	Occupancy	Occupancy Change Since June 2009 (Percentage Point)
Navy	Everett II	1.10	86.8%	-1.4
Navy	SOTX	0.41	71.0%	-4.0

Naval Station Everett II, Washington – The average DCR for the project is 1.10. Occupancy at the end of the period was 86.8 percent. The project's occupancy drop of approximately 10 percent over the last year and a half can be attributed to the departure of a carrier (CVN) for overhaul, fleet deployments, a depressed local economy, and a large number of competing properties with high vacancies. Current Differential Lease Payments (DLPs), which are intended to cover the gap between rents and a members' BAH, are scheduled to terminate in 2013. The managing member has implemented various actions including increased marketing, reduced rents, and the execution of a phased capital improvement plan to help address the occupancy problem. In addition, given the loss of revenue with the phase-out of DLPs, the current market conditions, and a projected future increases in expenses, the Navy has asked the managing member to provide a broad examination of long-term financial alternatives.

NC South Texas, Texas – The average DCR for the project was 0.41; the project is not in default on its loan. Occupancy at the end of the period was 71 percent. Low occupancy, driven primarily by closure of Naval Station Ingleside and realignment at Naval Air Station Corpus Christi as a result of BRAC, is resulting in insufficient income to pay full debt service and operating expenses. The general partner is waiving its management incentive fee and underfunding certain operating expenses to help pay the debt service. As part of a restructuring plan, this project is scheduled to be downsized and integrated into the Navy's Northeast Regional project, a much larger and financially stable operation. This integration is expected to occur in early 2011.

Debt Coverage Ratio (DCR) Requirements

To help ensure the financial safety of their mortgage, commercial lenders will commonly specify a required minimum DCR to make a loan. This is done for both senior and junior loans. DCR requirements, depending on a particular project's situation, normally range from 1.05 to 1.25. Alternatively, government direct loans (those in a junior debt position) are normally sized at stabilization to provide an expected, not required, minimum of a 1.05 project combined DCR. Table 4 demonstrates both the actual and required project loan DCRs for those projects that have completed their IDPs.

Table 4

DCR Requirements*

Project	Actual Senior Loan DCR	Required Senior Loan DCR	Actual Combined DCR	Expected Combined DCR
Buckley AFB	1.28	1.20	1.15	1.05
Camp Pendleton I	1.52	1.25	1.43	N/A
Dover AFB	1.73	1.05	1.31	1.05
Dyess AFB	2.53	1.05	N/A	NA
Elmendorf AFB I	2.92	1.20	2.03	1.05
Elmendorf AFB II	2.40	1.20	1.77	1.05
Everett I	N/A	N/A	N/A	N/A
Everett II	1.10	N/A	N/A	N/A
Fort Carson	2.15	1.50	1.45	1.15**
Fort Detrick/WRMC	1.28	1.15	N/A	N/A
Fort Hood	2.08	1.10	N/A	N/A
Fort Hamilton	1.20	1.05	N/A	N/A
Fort Sam Houston	1.63	1.10	N/A	N/A
Kingsville I	1.21	N/A	1.21	N/A
Kingsville II	3.02	N/A	3.02	N/A
Kirtland AFB	2.23	1.20	N/A	N/A
New Orleans	1.44	1.10	N/A	N/A
Redstone Arsenal	1.60	1.20	N/A	N/A
Robins AFB	1.44	1.20	1.24	1.05
Scott AFB	1.36	1.05	1.16	1.05
South Texas	0.41	1.10	N/A	N/A
Wright-Patterson AFB	2.03	1.20	1.77	1.05

* Projects that have completed their IDP.

** Combined DCR required by the Colorado Housing & Finance Corporation.

At the end of the June 2010 reporting period all of the projects that have completed their IDPs, with the exception of the South Texas project, are operating above their DCR required levels. Everett II, while not having a DCR officially below any lender requirement, is still considered to be underperforming and is being monitored closely by the Navy.

Alternative Tenant Waterfall

The economic risk of each privatized project falls on the private sector developers and lenders. If the developer cannot attract a sufficient number of military families to fill the homes, the alternative tenant waterfall (a listing of who a developer may lease the homes) serves to minimize risk. Currently, 70 privatized projects take advantage of this opportunity. Table 5 shows how the Services have used this alternative and to what additional tenant groups they have leased since June 2009. Thirty-one of the projects currently lease homes to the general public. Virtually all projects that currently report low occupancy and debt coverage ratios, primarily because of unit acceptability and/or market conditions, take advantage of the alternative tenant waterfall option.

Table 5

Use of Alternative Tenant Waterfall

	Jun-09	Dec-09	Jun-10	% of Total Available Units Dec-09	% of Total Available Units Jun-10	% Point Change from Dec-09
Military Families	151,070	155,607	156,323			
Unaccompanied	3,377	3,895	3,290	2.2	1.8	-0.4
Active National Guard and Reserve	203	225	250	0.1	0.1	0.0
Retirees	412	595	750	0.3	0.4	0.1
Federal Government Civilians	1,353	1,561	1,644	0.9	0.9	0.0
Other*	264	197	244	0.1	0.1	0.0
Civilian	1,480	1,655	1,924	0.9	1.1	0.1
Total	7,089	8,128	8,102	4.6	4.5	-0.1

* "Other" tenants primarily consists of foreign military.

Developers continue to use the "waterfall" of alternative tenants to sustain occupancy. The alternative tenant waterfall policy has been effective in maintaining occupancy rates despite occupancy challenges caused by extended deployments and rising BAH rates that have increased the availability of off-base housing choices. Table 5 (above) illustrates the basic trending of the alternative tenant waterfall over the past three reporting periods. Since December 2009, the number of tenants from the waterfall living in privatized housing declined from 8,128 to 8,102. When comparing the number of total waterfall tenants as a percentage of overall units the number has remained fairly constant at about 4.5 percent. While the waterfall definitely serves an important and sometimes varied function for the program, the percentage of tenants it represents still remains small compared to the number of military families the program serves.

Appendix 4 presents alternative tenant waterfall use by Service and project.

D. Utilities

Tenants of all privatized family housing will eventually be responsible for payment of their own utility use. This is a gradual process as transferring the responsibility for utility payments cannot be accomplished until the occupied units are individually metered. The Army has taken the lead in this program and is making significant progress in transitioning residents from project-paid utilities to tenant-paid utilities. The Army's transitioning process involves an extended period of mock billing, where the tenant views what the utility bill would be before actually becoming responsible for paying it. Actual or mock billing has started in 25 of the Army's 34 executed projects. Nearly 4,000 additional residents were brought into the mock billing program in the last six months. More than 28,000 residents now receive and manage their actual utility bills. The total number of residents in actual/mock billing is over 40,000, or about 50 percent of the total end-state inventory of the Army's family housing privatization program. It is expected that in the next six months, an additional 6,000 homes will begin mock billing and over 5,000 will begin actual billing, bringing the total homes in the program to over 60 percent.

There have been very few concerns overall from residents since actual billing began at some projects in September 2006. Project owners are providing specialized assistance to residents whose bills are significantly higher than average to ensure that the issue is due to resident consumption and not meter, data, or house-specific problems. The project teams are continuing to educate residents about the utility program and to provide constant communication through multiple types of media to all residents leading up to and particularly during program implementation.

The Department of the Navy's Resident Energy Conservation Program (RECP) initiative is a pilot program being implemented at Parris Island MCRD, Beaufort MCAS, MCB Hawaii, and Navy Region Hawaii with the objective of encouraging Navy and Marine Corps residents to conserve electricity. The RECP consists of three phases, an initial communications phase that began in mid 2009, a mock billing phase that begins in September 2010, and an actual billing phase that will begin in January 2011. The Navy and Marine Corps expects to run the actual billing phase of the pilot project through at least calendar year 2011. During the fourth quarter of 2011 the Navy and Marine Corps will complete their evaluation of the program and decide whether to implement it across the remainder of their privatized portfolio, as modified for lessons learned, or continue with the pilot project.

Other than the RECP initiative above, the Navy has three earlier projects where the tenants are being directly billed for their utility use. The Air Force has nine bases where the tenants are being directly billed for their utility use and two projects currently mock billing.

Utility costs during the past few periods comprised over 28 percent of the overall operating expenses. Since utilities are such a large portion of total operating expenses, it can be important for projects to successfully implement the policy of tenants paying their own utilities and to encourage residents to reduce utility consumption. Analysis shows that this program is helping to reduce resident consumption of utilities, with initial project data showing a five to ten percent decrease in consumption once residents become responsible for their own utilities. If these findings prove accurate for most projects, it could translate into significant operating expense savings and ultimately allow for greater NOI to fund construction and other out-year expenses.

E. Restructuring Projects

A number of projects have been adjusted in the face of a variety of unanticipated military and financial changes including BRAC, cost escalations, overseas contingency operations, and the

Grow the Force initiative, in addition to the typical challenges faced by large real estate developments brought on by unexpected environmental, material, personnel, and site work problems. Restructuring of a project affected by unanticipated changes is a primary way to ensure that the project not only meets its developmental and operational expectations but remains financially viable. A restructuring normally occurs because of a change in requirements (scope), financial needs, or a combination of both. The developers, with the concurrence and support of the Services, have restructured a number of projects to address requirement changes, construction problems, and income and expense variations. The flexibility built into the MHPI projects has allowed the developers to successfully implement necessary changes caused by some unforeseen circumstances.

While most restructurings to date were set into motion due to requirement changes caused by such initiatives as BRAC, Grow the Force, Army Modular Force, etc., typically restructurings involve some change in scope, mix of units, and financing. During such restructurings, the Services and the developer strive to address both the current and future needs of the military member. For example, because of unprecedented construction cost escalations, the Services have, during several restructurings, increased the number of renovated homes and decreased the number of replacement homes. This has lowered the overall construction cost per home, while not reducing the total number available. If more debt had been added to maintain the originally anticipated unit mix, it would have financially handicapped the future project by reducing the potential out-year development that could have been accomplished.

The Services, by working with developers in such a diligent manner, continue to maximize ongoing housing benefits to military members. Successful restructurings have been accomplished at the Army's Fort Carson, Colorado; Fort Meade, Maryland; Fort Bragg/Pope AFB, North Carolina; Fort Polk, Louisiana; Fort Leonard Wood, Missouri; Fort Riley, Kansas; Fort Leavenworth, Kansas; Presidio of Monterey/Naval Postgraduate School, California; Fort Belvoir, Virginia; Fort Irvin/Moffett/Parks, California; Fort Lewis/McChord AFB, Washington; Fort Campbell, Kentucky; Fort Drum, New York; Fort Bliss, Texas; Redstone Arsenal, Alabama; Fort Lee, Virginia; and Fort Benning, Georgia, projects; the Navy's Northeast Region, Midwest Region, Northwest Region, and South Texas projects; and the Air Force's Falcon Group (Florida, Georgia, Arkansas, Massachusetts); AMC West (Washington, Oklahoma, California); Elmendorf I & II, Alaska; and AETC Group I (Oklahoma, Arizona, Texas, Florida) projects. It is anticipated that over the life of the program, additional projects will need to be restructured to meet the changes required by future rounds of BRAC, military policy, and/or the economy.

F. Limited Loan Guarantees

DoD has provided limited loan guarantees at seven installations. During financial restructuring, the limited loan guarantee has been eliminated for Elmendorf AFB, Alaska, and Lackland AFB, Texas. Elimination of additional loan guarantees may occur during future loan refinancing as the program matures and financial institutions no longer require any government support of the loan. This elimination represents a reduction in the government's financial exposure. The financial performance of the current loans covered by the limited guarantees has remained well above guarantee thresholds. Appendix 5 contains more detailed information on currently executed guarantees and their performance.

G. Base Realignment and Closure

Congress was notified on April 2, 2007, that once Naval Air Station (NAS) Brunswick is closed under BRAC 2005 housing at this location will no longer be required for use by military families and will be phased out of the Navy's Northeast Regional privatization project. The Business Agreements for the Northeast Regional project were amended and restated in July 2007 due to the scheduled closing of NAS Brunswick. In the amended agreement, all parties acknowledged that the managing member may sell all or any portion of the Brunswick housing. Privatized housing at NAS Brunswick total 702, of which 110 are on-base and 592 are off-base. As of December 2009, no squadrons remained assigned to the base. Current occupancy is 34 percent. All remaining residents associated with the squadrons should be relocated by October 2010. The base is scheduled to be closed by May 2011.

The Navy concurred with the request by the owner (Balfour Beatty) to begin selling the Brunswick units on a neighborhood basis in January 2009. Balfour Beatty requested offers on all or portions of the seven neighborhoods comprising the military housing associated with the base. Offers were received for both the entire portfolio of homes and combinations of neighborhoods. Balfour Beatty collaborated with the Navy to determine the best course of action for disposition of the homes. Balfour Beatty is currently working with Affordable Mid Coast Housing, LLC, the successful bidder, concerning the sale of the entire Brunswick portfolio. A closing date is scheduled for late October 2010. After the closing, the Navy will continue to work with Affordable Mid Coast Housing and other stakeholders to provide, as needed, quality housing for military in the Brunswick area until disposal of the underlying land, under BRAC authorities, occurs.

H. Training

Transition and post-award training for installation personnel commenced following the closing of the earliest privatization projects. In addition, the Services developed, enhanced, and refined real estate management and financial training sessions to help ensure that installation personnel have similar technical skill sets as their private developer counterparts. Expanded training provided through the Services incorporates industry standard property management courses and other relevant formal education programs.

The Army offers several training courses for its project asset management teams that focus on specific topics in financial and asset management. To share best practices in financial and asset management across the portfolio, the Army hosts an annual week-long asset manager's conference that covers current issues in property management, financial reporting, the basic allowance for housing (BAH) process, ground lease compliance, and legal and environmental guidance.

In June 2010 the Army conducted its twelfth semi-annual senior executive meeting, a forum with the senior leadership of the project owners, to discuss strategic issues and challenges facing the program. Topics discussed included the objectives of the new senior Army leadership, an update on the Army portfolio, development and construction costs, impact of new construction standards, operating expense management, utility privatization update, and lessons learned. The next meeting is scheduled for September 2010.

The Navy offers residential management courses for both family and unaccompanied housing privatization.

The Air Force conducts an Asset Manager Training Course four times a year with various course modules including: budget and capital planning; compliance testing; site assessment; effective administration of the Management Review Committee; and quarterly report evaluation. The Air Force is in the process of expanding its housing privatization training program to reach more project stakeholders, including project owners and community staff, senior leadership, residents, and potential residents. Topics range from customer service to the legal rights and obligations of residents, project owners and the Air Force. Additionally, their Strategic Training and Education Plan identifies Air Force plans to create training programs addressing all of these topical areas.

As part of the effort to centralize design and construction oversight services, the Air Force developed a construction handbook to standardize processes, tools, and templates for the oversight of construction and development. The handbook provides checklists and guidance on the criteria that have to be met before issuing a Notice to Proceed or a Certificate of Compliance. It also contains information about the process for approving or documenting any changes to approved design documents, as well as templates for a variety of notices prescribed by the closing documents.

The Air Force is increasing its focus on resident satisfaction. To facilitate improvement in this area, a number of new initiatives will be implemented this year including enhanced training for Air Force housing managers, an expanded compliance assessment program and improvements in the survey process.

To provide a deeper understanding of privatization principles and methodologies, DoD teamed with the University of Maryland to develop a Master's Degree in Real Estate Development (MRED) for Federal real estate privatization ventures. Beginning in 2008, the program offered courses that focused on key issues of importance to the military services regarding properties undergoing or already engaged in housing privatization. The curriculum has been tailored to educate a cadre of Federal managers in the broader aspects of development with an emphasis on Federal procurement, asset management, and other issues that arise in the development, operations, and long-term management of privatized Federal properties. DoD is offering a limited number of tuition scholarships to those interested in full-time study as a means of facilitating initial interest in this new program. Students can complete the program in 12 months on a full-time study basis or in two to three years on a part-time study basis. The first two full time DoD students, one from the Navy and one from the Army, have already graduated and a third student from the Air Force will be starting in the fall of 2010.

I. Unaccompanied Housing

Army Unaccompanied Housing (UH)

As an extension of the family housing program, the Army has been working through the operational and developmental challenges posed by the Unaccompanied Officer Quarters/Unaccompanied Senior Enlisted Quarters programs (UOQ/USEQ). A significant element is that rents will be based upon both BAH and market rates. Rents for one-bedroom apartments will be tied to E6 BAH. However, two-bedroom rents will fluctuate according to local market conditions. The project owner will have the flexibility to set rent according to demand. In keeping with private sector practices, the UOQ/USEQ program calls for soldiers living in two bedroom apartments to jointly manage bill paying (e.g. utilities and rent).

The Army is building a combined total of 1,038 UOQ/USEQ apartments at Fort Drum, New York; Fort Irwin, California; Fort Bragg, North Carolina; and Fort Stewart, Georgia. As of June 30, 2010, 942 new apartments were delivered for single soldiers at those installations. In comparison to initial planned scope, the program has delivered 91 percent of planned IDP new apartments. At the end of the reporting period, portfolio UH occupancy was 82 percent, six percent higher than last reporting period. Current occupancy remains below pro forma due primarily to atypical deployment schedules and the aggressive delivery of new units.

Navy Unaccompanied Housing

The Navy has executed two UH pilot projects; one in San Diego, California, and another in Hampton Roads, Virginia. The projects were authorized under the National Defense Authorization Act for Fiscal Year 2003 that provided the Navy additional UH authorities. In addition to the privatization of 723 existing units, the Hampton Roads project will build 1,190 new apartments to house 2,367 unaccompanied shipboard (E1-E3) sailors. In addition to the privatization of 258 existing units for shipboard E1-E3 Sailors, the San Diego project includes 941 new apartments that are intended to house 1,882 E4-E6 sailors. As of June 2010, all the units were completed at both Hampton Roads and San Diego. Overall UH portfolio occupancy is 87 percent. This reduction in occupancy from last period was caused by the delivery of a large number of new units and the deployment of several large ships. Occupancy is expected to improve significantly when these ships return to port later this summer. Also of note is that due to a lower demand from E4-E6 Sailors, a portion of the new apartments in the San Diego project are occupied by shipboard E1-E3 Sailors.

Table 6 summarizes each Service's level of participation in UH privatization through June 30, 2010. The table presents both the number of planned privatized units and the number of units actually constructed and/or renovated, allowing a comparison of program progress against established housing objectives.

Table 6

All Services: Privatized Unaccompanied Units, Newly Constructed and/or Renovated to Date								
Service	Total privatized units	Total units with no work in IDP*	Total new units to be constructed	Total newly constructed units completed	% New construction units completed	Total units to be renovated	Total units renovation completed	% Renovation units completed
Army	1,038	N/A	1,038	942	91%	N/A	N/A	N/A
Navy	3,111	941	2,131	2,131	100%	39	39	100%
Total	**4,149**	**941**	**3,169**	**3,073**	**97%**	**39**	**39**	**100%**

As with the family housing construction, by the end of June 2010 the project owners of the UH projects have completed more construction (103 percent) than was originally scheduled.

J. Lodging

The Privatization of Army Lodging (PAL) program is the Army's chosen approach to recapitalize and sustain its U.S. on-post lodging facilities. The PAL program was initiated to improve the quality of life for soldiers and their families; develop new and renovated hotel facilities with superior hotel amenities and services; and provide for the long-term sustainment of the facilities; while maintaining a weighted official travel rate not to exceed 75percent of lodging per diem. PAL is designed as a portfolio-based program where operational requirements are financially cross-collateralized and jointly leveraged. The PAL will be a portfolio of commercially-branded hotels. New construction will be branded as either Candlewood Suites or Staybridge Suites while renovated facilities will be converted to Holiday Inn Express hotels. Additionally, small historic buildings will be brought under the customized "Historic Collection" brand.

The PAL Group A project, consisting of 4,567 guestrooms at 10 installations, exhibited strong bottom line operational performance during the first half of 2010 despite lower than projected revenue. The occupancy for this period was lower than budgeted (77.5percent to 81.5 percent) However, due to higher than budgeted average daily rate (ADR) and lower than budgeted operating expenses, the PAL Group A project outperformed the gross operating profit projections. The project is ahead of schedule at most installations. The grand opening for the first Holiday Inn Express hotel, a converted 70-room former guesthouse, will be held at Fort Polk during the third quarter of 2010.
The PAL Group B project is anticipated to be privatized no later than August 2011.

V. Serving Tenant Members

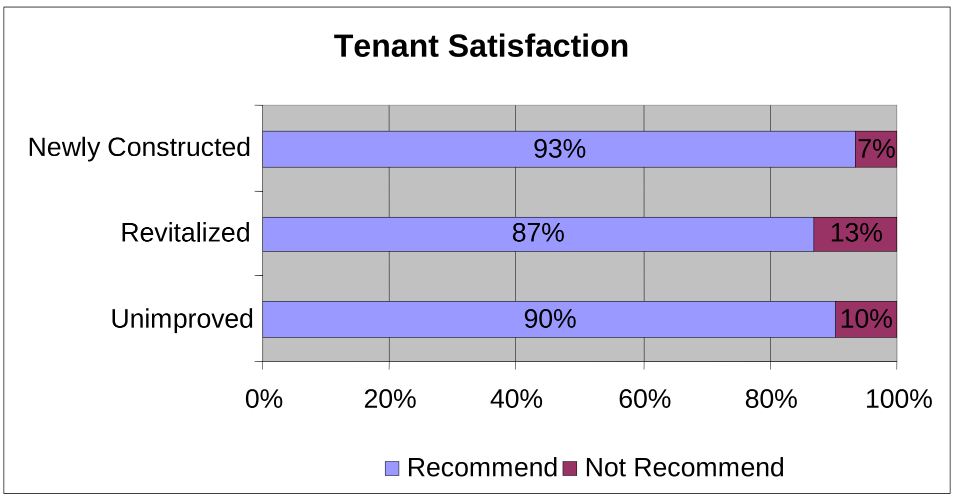
As the Services learn more about military members' housing needs, they actively make changes to improve service members' housing experience. Because the Services and project owners monitor the needs of members and take steps to address those needs, the MHPI program will continue to provide the housing product and service deserved by our military personnel.

Given DoD's objective of improving the quality of life for its service members, the degree of satisfaction service personnel experience in privatized housing is a critical indicator of overall program success. Since DoD provides military families with BAH at privatized bases, a military family's decision to live in privatized housing is a primary measure of satisfaction. The occupancy rate of over 91 percent program-wide demonstrates the overall success of the program in providing suitable housing.

The Services and developers conduct tenant surveys to help assess the quality of privatized housing. To help interpret results, the Services and developers code surveys based on whether the respondent resides in a newly constructed or renovated unit, or in a unit that has not yet been revitalized. It is expected that this coding of survey results will continue until the completion of the initial development periods for most projects. The PEP includes the results of additional tenant survey questions that are designed to assess service member satisfaction with their housing experience.

The following graph exhibits the satisfaction results received for the program for the first half of 2010.

Exhibit B



As would be expected, satisfaction (93 percent) was highest among those living in newly constructed units. Satisfaction was slightly lower for tenants living in renovated and unimproved units, but still higher than historical levels. DoD anticipates that the divergence in results between the different housing types will be minimized by the end of the program's initial development period. In addition, the precise approval percentage (demonstrated above in Exhibit B) is not as important as an increasingly positive trend in approval as the program matures.

DoD and the Services strive to provide an overall housing program that meets the needs and desires of the service members and their families. Understanding that not all members want to live on-base and not all members want to live off-base, DoD commissioned a study to determine member housing preferences and how well the overall program (MHPI, traditional military construction, and local community installation and community housing) is addressing military needs. This study numerically assembled some significant information. For example, the survey found that affordability was the top factor influencing members' selection of housing, a finding that would likely be mirrored among their civilian contemporaries. Therefore, the significant rise in BAH rates over the last few years is probably at least partially responsible for the 14 percent increase—found in this study versus a RAND study completed in 1997—in the number of military members living in the community versus on base. This and other information identified in this study will be helpful in not only understanding our military members desires and needs, but also in more accurately defining our requirements process.

Since this is the first time that the entire family housing decisions process has been studied and the satisfaction of residents in privatized housing has been compared with that of residents of other forms of housing, the results are an important baseline in understanding the workings and the successes of the entire housing program made available to military family members. It is anticipated that the same or similar studies will be conducted in the future to identify and measure any changing trends or patterns in service member needs and/or preferences so that DoD can modify the overall program to best address this important service to our all volunteer military.

The Services and the project owners monitor the needs of members and take steps to address those needs. Below are a number of examples of this ongoing assistance.

<u>Disabled-Service Member Housing</u>
The Marine Corps identified an increased need for disabled housing for its wounded members from Overseas Contingency Operations. They are working with privatized housing partners to make eight to ten percent of homes accessible, a significantly higher percentage than the Americans with Disabilities Act (ADA) standard. Additionally, the partners have provided wounded Marines who currently reside in privatized housing the opportunity to relocate to an accessible home, if one is available, or to remain in their current home which will be modified to meet ADA requirements. Wounded Marines not in privatized housing are given priority placement over non-wounded service members.

<u>New School</u>
As part of the Marine Corps' Mid-Atlantic Phase III project, the project owner is building a new DoD dependent elementary school at Marine Corps Base (MCB) Camp Lejeune, North Carolina. The school is being built in support of anticipated increased school enrollment generated by additional family housing necessary under the Grow the Force initiative and will serve children not easily absorbed by the local school system. Vertical construction of the school should commence sometime in 2010.

<u>Deployed spouse programs</u>
Many project owners are going out of their way to provide assistance to families that have a spouse, parent, or family member deployed. Project owners are providing programs such as assembling furniture and toys, warm calls from leasing agents to find out how residents are doing, care packages, food, videos and other comforting items, as well as full-service landscaping. One project owner implemented a "Honey-do" help program to assist spouses with simple tasks that can be difficult when maintaining a home on their own. Examples include hanging pictures, changing light bulbs, moving furniture, and hanging holiday decorations. Some project owners also sponsor group lunches and dinners and provide a venue for spouse

meetings, such as the community center or a conference room. Project owners also hold events for the entire community, such as holiday events, movie nights, and welcome-home parties.

Additional school space

Prior to privatization, Schriever AFB did not have any on-base housing. The construction of 242 new homes at Schriever is expected to add 161 elementary school students to the school district. To accommodate the influx of students, the project owner gave approximately $2.0M to the school district to add approximately 10,000 square feet and 10 new classrooms to the existing elementary school. The District was responsible for the construction project, which is now complete, without the involvement of the project owner or the Air Force.

Outreach

To better communicate with the young Marine families, the Atlantic Marine Corps Communities (AMCC) at Tri-Command Communities is providing neighborhood and community information and policies to the residents through the social networking site *Facebook*, as well as through normal channels. It was felt that the popularity of this site would allow for a broader dissemination of information.

Green Initiatives

The project owner at MCB Hawaii is investigating whether wind energy can be used at privatized military family housing communities in Hawaii. As part of the Wind Energy Demonstration Program, applied to by the project owner and funded by the Department of Energy, a temporary meteorological tower was installed on MCB Hawaii property to collect wind data. The meteorological tower was installed in July 2009 and will remain in place for 12 to 15 months. Successful implementation of a wind energy program for family housing communities in Hawaii could eventually lower the cost of utilities to tenants and also increase funds available for project maintenance and improvement.

Fort Belvoir's Fairfax Village Neighborhood Center earned a Leadership in Energy Efficient Design (LEED) Platinum Rating, a first for any building on a military installation. The award was certified by the U.S. Green Building Council and was awarded by Fairfax County. The building serves as the main property management and maintenance office, as well as a community center for residents to enjoy. Meticulous detail went into reducing the environmental impact of the center. The building applies environmentally friendly materials and building practices, including reclaimed brick, tile, carpet, and playground equipment. The building uses low-flow faucets and dual-flush toilets to reduce water consumption. Roof-mounted solar panels generate on-site renewable energy, while surplus insulation, lighting controls and ground source heat pump all reduce the building energy consumption and operating costs.

There are multiple projects in the Army's privatized housing portfolio undertaking energy-efficient sustainability measures. Currently, Fort Hood, Fort Lewis, Presidio of Monterey/Naval Postgraduate School, Fort Drum, White Sands Missile Range, and Fort Knox have a significant portion of their new home inventory that has or is planned to have LEED Silver certification/ compliance. LEED Silver compliance has been implemented as a pilot program in a few newly-constructed homes at Fort Campbell and Fort Benning. In addition, Army Hawaii and Fort Belvoir are participating in the LEED-ND (Neighborhood Development) pilot program.

Highly efficient solar systems are being installed on 900 selected homes at Atlantic Marine Corps Communities at Camp Lejeune. This solar project is projected to provide 75 percent of the energy demand for these 900 new and existing residences. These solar thermal systems are expected to be fully operational by December 2010.

Project owners from all the Service's projects are ensuring sustainability concepts are included within their unit-design plans. The plans include detailed project construction and renovation features and specifically identify energy saving measures that are incorporated. Typical features include Low-E glazed windows, Energy Star rated appliances, programmable thermostats, natural gas water heaters and pedestrian efficient neighborhoods (walk ways, jogging paths, and bike trails). Particularly in locations with more arid climates, project owners are addressing water conservation through the installation of low-flow bathroom/kitchen fixtures, low-flow irrigation heads, and novel programmable landscape designs to help reduce water usage by up to 50 percent. As part of the Air Force's Tri-Group project, moisture sensing devices used to monitor and reduce irrigation water consumption by up to 70 percent are also being installed. Some project owners are going the extra mile to ensure their housing sets new standards for present and future residents through innovative ideas to reduce electricity usage and conserve natural resources. At Davis-Monthan AFB the project owner has partnered with a number of regional and national businesses to undertake a large scale solar project. The project is divided into two components: Ground Array and Roof-Based Solar Panels. It is expected these two systems will provide over 4.8 MW of electricity and 75 percent of the electric needs for 929 homes on Davis-Monthan AFB and will be the largest solar-powered residential community in the United States.

At Travis AFB skylights have been installed in laundry rooms and pantries to utilize natural lighting and reduce electric expenses. Additionally, the project owner has begun a joint energy technology and behavior change pilot project committed to conserving energy and reducing costs for military base residents. The pilot program will focus on energy conservation and cost savings for residents through the implementation of state-of-the-art smart in-home energy monitoring devices and behavior change coaching techniques. A company brought in by the project owner will provide this pilot program at no cost to the military housing project. The objective of the program is to provide both technologically advanced tools and customized coaching from energy experts to help military residents lower their energy consumption and minimize the total cost of their energy use.

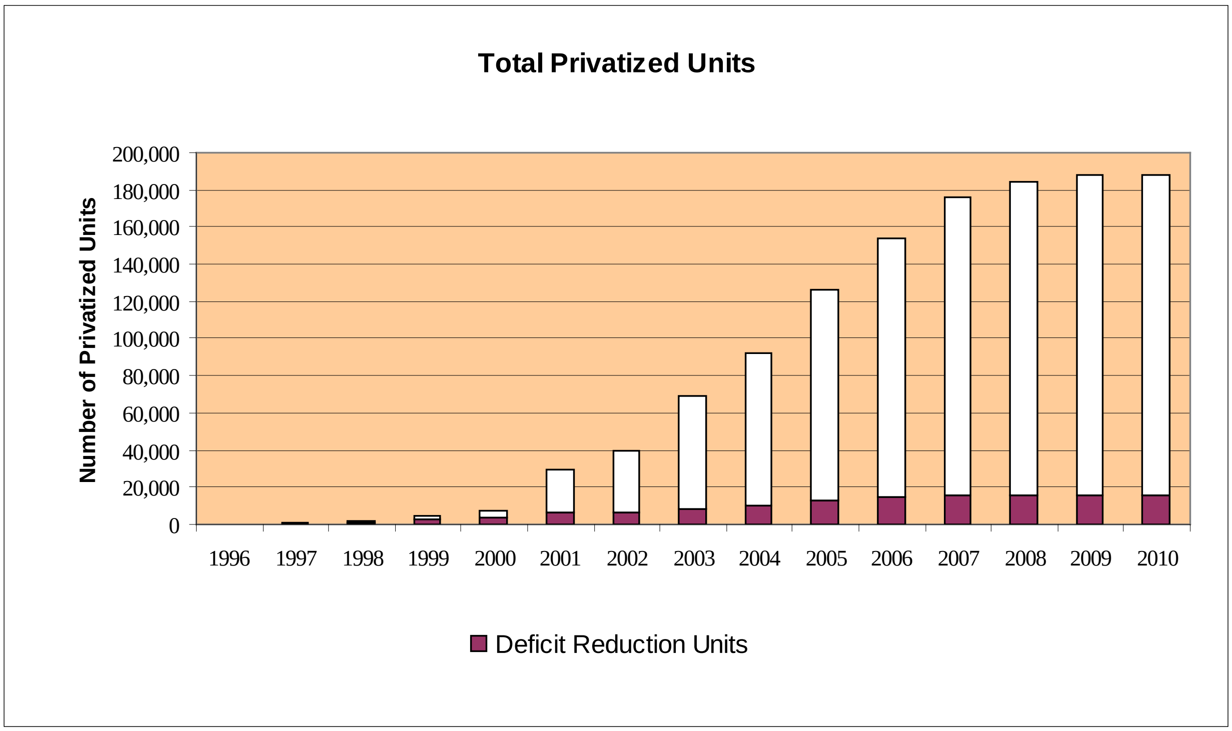
Sustainability initiatives are not just part of the construction portion of the MHPI program. Many project owners have also established recycling programs as part of their project operations. At one installation, community members recycle batteries and light bulbs through the self-help store and built a "recycled robot" to teach kids about recycling. In addition, the Boy Scouts are helping newly established neighborhoods take on a more mature look by moving and replanting trees that were scheduled to be cut down.

Appendix 1: Program Implementation Overview

As of the June 2010 PEP reporting period, a total of 101 privatized housing projects or project phases have been awarded across the DoD portfolio. A chronological list of the awarded projects is provided in Appendix 6. Due to the fact that some additional phases are incorporated into existing projects for reporting purposes, the discussion in this implementation overview refers to 76 projects.

The list provided in Appendix 6 represents both partial and full-base projects, with project scopes ranging in size from 150 units to over 10,000 units, and project development costs ranging from approximately $14M to nearly $2.3B. In total, OSD anticipates privatizing over 90 percent of the DoD domestic family housing units (see Exhibit C.)

Exhibit C



A. Elimination of Inadequate Units.

At the start of the MHPI program in FY 1996, DoD established a goal to eliminate all CONUS inadequate family housing. Once privatized, the units are no longer considered as inadequate in the DoD Inventory. OSD credits privatization with eliminating inadequate housing units as privatization allows for rapid demolition, replacement, or renovation of inadequate units, and also allows for the sale without replacement of inadequate units no longer needed. The MHPI program currently includes over 133,000 previously inadequate housing units privatized since FY 1996.

Appendix 1 (Cont.)

B. Deficit Reduction Units

A number of installations face changes in military family housing requirements due to the restructuring and expansion of the military to more effectively address international threats.

Some installations have housing deficits as a result of the realignment and relocation of military members and their families due to BRAC, global re-posturing, the Army's modularity program, and Grow the Force initiatives. The scope of current privatization projects includes the construction of over 15,000 new privatized housing units to reduce the existing family housing deficit.

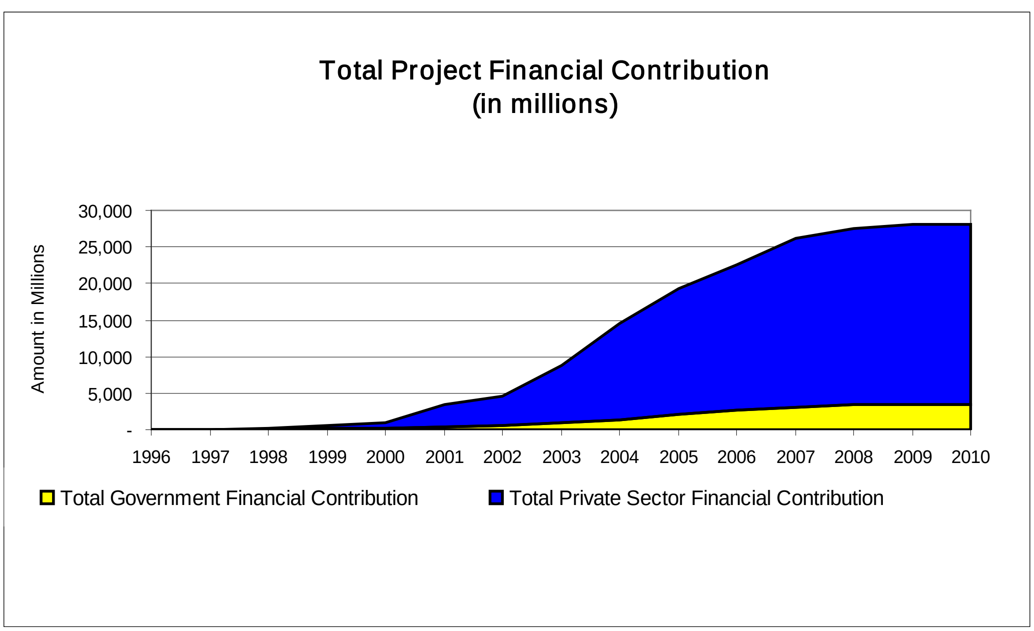
C. Total Government vs. Private Dollars

Through June 30, 2010, the Services have awarded 76 military family housing privatization projects with over $28 billion in total development costs. The private sector's cumulative contribution through this timeframe totals over 87 percent of total development costs. The Services provided the remaining approximately $3.5 billion in development costs, primarily through equity investment or government direct loans.

Prudent business practice requires that a private sector developer commit to a significant financial investment to ensure a privatization project's ultimate success. Private sector debt and equity comprise the majority of the developer's financial contribution.

Exhibit D depicts the cumulative total contribution of the private sector and government to the MHPI from 1996 through June 2010.

Exhibit D



Appendix 1 (Cont.)

D. Private Sector Participation

The PEP provides an assessment of the evolving MHPI by tracking the level of participation, concentration of developers and lenders, and other solicitation and award factors in a competitive environment. Each Service implements the MHPI according to its unique needs. At a program level, MHPI has generated considerable interest from the development and lending communities.

Twenty-six development entities have participated in one or more projects as a prime contractor or partner since the program started in Fiscal Year 1996. Eight different developers successfully competed on the 34 Army projects; 11 different developers successfully competed on the 16 Navy projects; and 13 different developers successfully competed on the 25 Air Force projects. Joint ventures of two or more developers working together successfully competed on 12 projects. Four developers successfully competed on projects for more than one Military Department and three of those developers successfully competed on projects for all three Departments.

The 76 awarded MHPI projects received financing provided through 25 different lenders or teams of lenders. Five of these lenders or lender teams provided loans to projects for more than one Service, and one provided financing for projects in all three Departments.

Appendices 8 and 9 provide more detailed information on the developers and the lenders involved in the MHPI program.

Appendix 2: Construction and Operations Information

	Army: Construction and Operations Information									
	Total pri units	**Total units with no work in IDP**	**Total new units to be const**	**Total newly const units comp**	**% New const units comp**	**Total units to be reno**	**Total units reno comp**	**% Reno units comp**	**DCR**	**Occ.**
Ft Carson	3,368	0	1,553	841	54	1,815	1,823	100	2.15	95.8%
Ft Hood	5,912	0	973	974	100	4,939	1,624	33	2.08	98.2%
Ft Lewis	4,631	528	1,247	781	63	2,856	2,622	92	1.58	95.9%
Ft Meade	3,170	0	3,170	784	25	0	1,432	N/A	1.64	90.1%
Ft Bragg	6,205	2,173	2,650	1,833	69	1,382	1,826	132	1.64	96.4%
Presidio	2,209	0	2,168	950	44	41	38	93	1.43	90.0%
Ft Stewart	3,702	237	1,868	1,449	78	1,597	1,258	79	1.60	94.7%
Ft Campbell	4,455	910	1,551	1,105	71	1,994	1,013	51	1.43	94.8%
Ft Belvoir	2,070	270	1,630	1,185	73	170	210	124	1.35	94.1%
Ft Irwin/Moffett	2,900	1,664	1,104	1,010	91	132	253	192	1.38	96.0%
Ft Hamilton	228	0	222	185	83	6	43	717	1.20	86.6%
Ft Detrick/WRAMC*	590	36	485	407	84	70	15	21	1.28	92.9%
Ft Polk	3,821	331	1,123	308	27	2,367	1,883	80	1.62	95.6%
Hawaii	7,894	0	4,078	3,073	75	3,816	0	0	1.70	91.8%
Ft Eustis/ Ft Story	1,124	0	605	649	107	519	388	75	1.78	94.3%
Ft Leonard Wood	2,242	361	1,877	472	25	4	349	8,725	1.24	89.3%
Ft Sam Houston	925	466	181	181	100	278	434	156	1.63	94.4%
Ft Drum	3,669	2,270	1,399	1,196	85	0	0	N/A	1.42	98.3%
Ft Bliss / White Sands	3,956	1,696	1,583	1,381	87	677	571	84	1.36	86.3%
Ft Benning	4,200	261	3,185	1,399	44	754	256	34	1.24	77.6%
Ft Leavenworth	1,583	428	724	478	66	431	225	52	1.45	76.7%
Ft Rucker	1,476	530	700	480	69	246	0	0	1.73	88.1%
Ft Gordon	887	0	326	310	95	561	376	67	1.82	91.2%
Ft Riley	3,514	537	2,117	635	30	860	381	44	2.29	93.7%
Carlisle Barracks/Picatinny Arsenal	348	0	137	180	131	211	52	25	2.67	64.0%
Redstone Arsenal	230	145	0	2	N/A	85	115	1,235	1.60	89.5%
Ft Knox	2,527	301	755	327	43	1,471	510	35	1.30	94.7%
Ft Lee	1,590	730	748	339	45	112	0	0	1.38	95.4%
West Point	824	380	158	54	34	286	43	15	2.02	87.7%
Ft Jackson	850	0	610	172	28	240	0	0	1.51	46.2%
Ft Sill	1,650	408	432	0	0	810	0	0	N/A	93.8%
Ft Huachuca/Yuma	1,169	911	201	87	43	57	0	0	1.44	93.7%
Ft Wainwright/Greely	1,815	1,053	502	0	0	260	24	9	N/A	91.6%
Aberdeen Proving Ground	929	557	210	0	0	162	0	0	1.14	49.8%
Total	86,663	17,183	40,272	23,227	58	29,209	17,764	61		

*Discrepancy due to one unit that burned down prior to project closing.

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
Reno = Renovated or Renovation
IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 2 (Cont.)

	Navy/Marine Corps: Construction and Operations Information									
	Total pri units	**Total units with no work in IDP**	**Total new units to be const**	**Total newly const units comp**	**% New const units comp**	**Total units to be reno**	**Total units reno comp**	**% Reno units comp**	**DCR**	**Occ.**
Kingsville I	404	0	404	404	100	0	0	0	1.21	96.0%
Everett I	185	0	185	185	100	0	0	0	N/A	N/A
Camp Pendleton I	712	0	512	512	100	200	200	100	1.52	88.8%
Kingsville II	150	0	150	150	100	0	0	0	3.02	91.0%
Everett II	288	0	288	288	100	0	0	0	1.10	86.8%
San Diego	14,524	5,788	4,031	2,300	57	4,705	1,123	24	2.21	94.5%
New Orleans	941	200	525	525	100	216	216	100	1.44	92.0%
South Texas	665	101	550	312	57	14	102	729	0.41	71.0%
PE/QU/YU*	10,375	2,680	3,654	3,611	99	4,041	3,090	76	1.31	86.4%
N/MC Hawaii Overview	6,557	2,025	3,026	2,480	82	1,506	1,420	94	1.37	95.2%
NE Region	4,264	2,187	1,125	660	59	952	1,131	119	1.18	79.0%
NW Region	2,985	742	604	605	100	1,639	46	3	1.50	93.3%
MA Region	6,308	3,692	1,749	1,295	74	867	852	98	1.55	93.1%
Camp Lejeune/Cherry Point Overview*	8,059	1,845	2,520	1,754	70	3,694	2,905	79	1.48	95.3%
MW Region	1,976	1,064	823	542	66	89	74	83	1.11	92.0%
Southeast Region	5,269	1,579	1,520	656	43	2,170	624	29	1.07	87.1%
Total	63,662	21,903	21,666	16,279	75	20,093	11,783	59		

*Discrepancy in original scoring documents

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
Reno = Renovated or Renovation
IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 2 (Cont.)

	Air Force: Construction and Operations Information									
	Total pri units	Total units with no work in IDP	Total new units to be const	Total newly const units comp	% New const units comp	Total units to be reno	Total units reno comp	% Reno units comp	DCR	Occ.
Lackland	885	101	727	506	70	57	0	N/A	1.23	85.6%
Dyess	402	0	402	402	100	0	0	N/A	N/A	92.0%
Robins	670	0	370	370	100	300	300	100	1.44	92.0%
Elmendorf I	828	208	420	420	100	200	200	100	2.92	97.2%
Wright-Patterson	1,536	730	789	789	100	17	17	100	2.03	89.9%
Kirtland	1,078	211	867	867	100	0	0	N/A	2.23	92.7%
Buckley	351	0	351	351	100	0	0	N/A	1.28	97.4%
Elmendorf II	1,194	124	760	762	100	310	287	93	2.40	97.8%
Hickam	2,474	827	1,142	792	69	505	85	17	1.30	92.8%
Offutt	1,640	242	914	914	100	484	484	100	1.44	74.5%
Hill	1,018	435	389	327	84	194	32	16	3.78	94.5%
Dover	980	212	768	768	100	0	0	N/A	1.73	93.8%
Scott	1,593	574	608	608	100	411	411	100	1.36	92.8%
Nellis	1,178	13	815	655	80	350	317	91	1.25	95.8%
McGuire / Fort Dix	2,084	0	1,635	1297	79	449	449	100	1.63	90.4%
AETC Group I	2,875	713	884	716	81	1,278	640	50	1.73	90.9%
AF Academy	427	92	34	34	100	301	300	100	1.77	89.6%
Davis-Monthan and Holloman Group	1,838	298	961	810	84	579	253	44	1.26	92.1%
Tri-Group	1,564	8	977	418	43	579	0	0	1.22	89.2%
BLB	3,189	1,074	1,753	344	20	362	114	31	1.25	83.8%
Robins AFB 2	207	0	76	76	100	131	131	100	2.01	95.8%
AETC Group II	2,257	478	420	324	77	1,359	1318	97	1.14	85.0%
Vandenberg AFB	867	0	164	119	73	703	323	46	1.49	94.0%
AMC-East	1,458	730	531	229	43	197	25	13	1.39	92.2%
AMC West	2,435	684	837	413	49	914	135	15	1.50	95.2%
Falcon Group	2,619	112	661	449	68	1,846	1167	63	1.04	84.1%
Total	37,647	7,866	18,255	13,760	75	11,526	6,988	61		

ABBREVIATIONS:

Pri = Privatized
Const = Constructed or Construction
Comp = Completed
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IDP = Initial Development Period
DCR = Debt Coverage Ratio
Occ. = Occupancy

Appendix 3: Recapitalization Account

Recapitalization Account	
Project	**% Deposit/Pro Forma**
Buckley AFB	0
Camp Pendleton	106
Dover AFB	0
Dyess AFB	543
Elmendorf AFB I	113
Elmendorf AFB II	324
Everett I	NA[1]
Everett II	NA[1]
Fort Carson	123
Fort Detrick/WRAMC	179
Fort Hood	96
Fort Hamilton	100
Fort Sam Houston	100
Kingsville I	NA[1]
Kingsville II	NA[1]
Kirtland AFB	76
New Orleans	87
South Texas	0
Redstone Arsenal	117
Robins AFB	100
Scott AFB	0
Wright Paterson AFB	1,230

Notes:
1. Short term deal. No Recap account required.

Appendix 4: Tenant Waterfall

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Army	Ft Lewis	4,393	9	0.2	No	No
	Ft Meade	1,925	427	18.2	Yes	No
	Ft Bragg	5,933	2	0.0	No	No
	Presidio	1,355	698	34.0	Yes	Yes
	Ft Stewart/HAAF	3,193	1	0.0	Yes	No
	Fort Campbell	4,088	5	0.1	No	No
	Ft Belvoir	1,685	62	3.5	Yes	Yes
	Ft Irwin/MF/CP	2,706	84	3.0	Yes	Yes
	Ft Hamilton	172	70	28.9	Yes	No
	Ft Detrick / WRAMC	523	23	4.2	Yes	Yes
	Ft Polk	3,183	33	1.0	Yes	Yes
	Ft Shafter	6,358	128	2.0	Yes	No
	Ft Leonard Wood	1,709	34	2.0	Yes	No
	Ft Sam Houston	868	5	0.6	No	No
	Ft Drum	3,376	3	0.1	No	No
	Ft Bliss / White Sands	3,209	105	3.2	Yes	Yes
	Ft Benning	2,937	73	2.4	No	No
	Ft Leavenworth	1,179	98	7.7	Yes	Yes
	Ft Rucker	1,138	144	11.2	No	No
	Ft Gordon	1,014	2	0.2	Yes	No
	Carlisle Barracks/Picatinny Arsenal	221	10	4.3	Yes	Yes
	Redstone Arsenal	245	70	22.2	Yes	Yes
	Ft Knox	2,329	167	6.7	No	No
	Ft Lee	1,146	4	0.3	Yes	No
	West Point	637	26	3.9	Yes	Yes
	Fort Jackson	415	24	5.5	Yes	No
	Fort Sill	1,300	8	0.6	No	No
	Fort Huachuca	1,153	117	9.2	Yes	Yes
	Fort Wainwright	1,501	98	6.1	Yes	Yes
	Aberdeen Proving Ground	299	73	19.6	Yes	Yes
Air Force	Lackland I & II	646	2	0.3	No	No
	Dyess	159	211	57.0	Yes	Yes
	Robins	270	368	57.7	Yes	Yes
	Elmendorf I	697	108	13.4	No	No
	Wright-Patterson	910	469	34.0	Yes	Yes
	Kirtland	884	115	11.5	Yes	No
	Buckley	294	48	14.0	Yes	No
	Elmendorf II	1,117	51	4.4	No	No
	Hickam	1,581	436	21.6	No	No
	Offutt	1,223	357	22.6	Yes	Yes
	Hill	924	21	2.2	Yes	No
	Dover	863	56	6.1	Yes	No
	Scott	1,376	102	6.9	Yes	No
	Nellis	1,146	4	0.3	Yes	No
	McGuire AFB / Ft Dix	1,413	328	18.8	Yes	No
	AETC Group I	2,169	147	6.3	Yes	No
	AF Academy	366	230	38.6	Yes	Yes
	Davis-Monthan & Holloman Group	1,727	52	2.9	Yes	No
	Tri-Group	922	327	26.2	Yes	No
	BLB	2,280	282	11.0	Yes	No
	Robins II	216	32	12.9	Yes	No
	AETC Group II	1,717	126	6.8	Yes	Yes
	Vandenberg	878	8	0.9	No	No
	AMC East	1,203	72	5.6	Yes	No
	AMC West	2,330	11	0.5	No	No
	Falcon Group	1,735	370	17.6	Yes	Yes

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 4 (Cont.)

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Navy/ Marines	Kingsville I	49	326	86.9	Yes	Yes
	Kingsville II	43	93	68.4	Yes	Yes
	Everett II	166	84	33.6	Yes	Yes
	San Diego	12,035	5	0.0	Yes	Yes
	NOLA	712	140	16.4	Yes	No
	SOTX	169	124	42.3	Yes	Yes
	Hawaii Overview	6,349	42	0.7	Yes	No
	NE Region	2,549	534	17.3	Yes	Yes
	NW Region	2,920	83	2.8	Yes	No
	Mid-Atlantic Region	5,301	118	2.2	Yes	Yes
	Midwest Region	1,473	133	8.3	Yes	Yes
	Camp Pendleton II	8,897	9	0.1	Yes	Yes
	AMCC	7,110	165	2.3	Yes	Yes
	SE Region	3,890	525	11.9	Yes	Yes

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 5: Loan Guarantees

A limited loan guarantee addresses three events that could affect the available tenant supply of eligible personnel at an installation and therefore potentially affect the financial viability of the project. These three events are: downsizing of a military installation; prolonged deployment; and, base closure.

When the Guaranty Agreements were executed for projects at Fort Carson, Colorado; Fort Polk, Louisiana; and Kirtland AFB, New Mexico, the Services identified the baseline number of eligible families used to determine a guaranteed threshold event. The threshold rates for these three projects, which could potentially trigger a guarantee claim, are definitive reductions of eligible military families from the identified baseline numbers. The threshold rate at Robins AFB, Georgia, uses a sliding scale based on the occurrence of either of two events: a percentage drop of eligible families in any 12-month period; or, a drop in the number of eligible families below a ratio of families versus privatized unit (1.5:1). The threshold rate for Wright-Patterson AFB, Ohio, is solely a drop in the number of eligible families below a ratio of families versus the number of privatized units (1.5:1).

The BRAC 2005 legislation produced military personnel tenant changes and other adjustments at many military installations. The properties identified for closure on the BRAC list did not include any MHPI projects with limited loan guarantees. The Services will evaluate and closely watch the military installations that were included on the BRAC list and involve major realignment, both increases and decreases.

The possibility of a reduction in eligible personnel due to the current extent of deployment actions continues to be of interest. A reduction in eligible personnel could affect projects that carry a limited loan guarantee because of the potential for a mortgage payment default. If this were to occur, the Service would require the borrower to demonstrate that the threshold reduction in the percentage of eligible personnel had occurred and had led to a mortgage payment default. The borrower could file a guaranty claim if a threshold event is triggered and a mortgage payment default occurs.

The following table summarizes the baseline number of eligible families (starting point for the threshold rate calculation), current eligible families, and defined threshold reduction percentage for each of the active guaranteed loans, and, if applicable, the baseline and current ratios of eligible military families per privatized unit for the five currently executed limited loan guarantee agreements.

Appendix 5 (Cont.)

Loan Guarantee Threshold Rates and Status					
MHPI Project	**Fort Carson**	**Robins AFB**	**Fort Polk**	**Wright-Patterson AFB**	**Kirtland AFB**
Number of Privatized Housing Units	3,368	670	3,821	1,536	1,078
Baseline Date	Nov-1999	Jun-2009	Sep-2004	Dec-2006	Aug-2006
Eligible Families as of Baseline Date	9,649	3,458	6,215	N/A	2,183
Eligible Families as of 30 June 2010	21,219	2,888	5,334	4,414	3,007
Guaranty Threshold	-40.00%	-30.00%	-30.00%	N/A	-25.00%
Current Change	119.91%	-16.48%	-14.18%	N/A	37.75%
Threshold Ratio	N/A	1.5:1	N/A	1.5:1	N/A
Current Ratio	N/A	4.3:1	N/A	2.9:1	N/A

Notes:

1. Guaranty Threshold is the percentage reduction in eligible personnel that triggers a guaranteed threshold event.
2. Current Change reflects the increase or decrease in the number of eligible personnel at the base within a certain timeframe. The timeframe for which the percentage change is measured for Robins AFB is based on a sliding 12-month timeframe. For this reporting period, that would be from June 2009 to June 2010. For Fort Carson, Fort Polk and Kirtland, the percent change is based on the original Guaranteed Loan Baseline Date and the end of current PEP reporting period.
3. *Current Ratio* is calculated based on the number of "Eligible Families" as of the end of the current PEP reporting period divided by the "Number of Privatized Housing Units." The threshold rate for Wright-Patterson AFB is a drop in the number of eligible families below a ratio of families versus privatized units.
4. At Robins AFB, Georgia, the threshold rate uses a sliding scale based on the occurrence of either of two events: a percentage drop of eligible families, or a drop in the number of eligible families below a ratio of families versus privatized units.

To date, no project has experienced a guaranteed threshold event. Currently only two projects, Robins AFB, Georgia, and Fort Polk, Louisiana, have eligible populations less than their baseline number. Two projects have retired guarantees, Lackland AFB Phase I and Elmendorf AFB Phase I. The Air Force negotiated to retire the guarantee at Elmendorf AFB Phase I when the project refinanced in 2004. The Air Force negotiated for the elimination of the guarantee at Lackland AFB when the project was sold to Balfour Beatty Communities and the scope expanded. Although all five of the projects with existing loan guarantees are currently healthy in terms of occupancy, the Services will continue to monitor them to assess the impact of BRAC, ongoing long-term deployments, and Service realignments.

Appendix 6: Privatized Projects Awarded

The following is a chronological list of partial and full base housing privatization projects awarded by the Services from 1996 through June 30, 2010.

- Corpus Christi/Kingsville I, TX-Navy
- NS Everett I, WA
- Lackland AFB, TX
- Fort Carson, CO
- Dyess AFB, TX
- Robins AFB, GA
- NAS Kingsville II, TX
- MCB Camp Pendleton, CA
- NS Everett II, WA
- Elmendorf AFB, AK
- San Diego Naval Complex (Ph I), CA *
- New Orleans Naval Complex, LA (NOLA)
- Fort Hood, TX
- South Texas, TX (SOTX)-Navy
- Fort Lewis, WA/McChord AFB, WA
- Fort Meade, MD
- Wright-Patterson AFB, OH
- Tri-Command Military Housing (Beaufort), SC-USMC
- Kirtland AFB, NM
- San Diego Naval Complex (Ph II), CA *
- Fort Bragg, NC
- MCB Camp Pendleton, (Ph II), CA/Quantico, VA *
- Presidio of Monterey/NPS, CA
- Fort Stewart/Hunter Army Airfield, GA
- Fort Belvoir, VA
- Fort Campbell, KY
- Fort Irwin/Moffett Field/Camp Parks, CA
- Hawaii Regional (Ph I), HI-Navy *
- Fort Hamilton, NY
- Fort Detrick, MD/Walter Reed Army Med. Ctr, DC
- Buckley AFB, CO
- Elmendorf AFB (Ph II), AK
- Fort Polk, LA
- MCAS Yuma, AZ/Camp Pendleton (Ph III), CA*
- Fort Shafter/Schofield Barracks, HI
- Northeast Regional, (NY, NJ, CT, RI, ME)-Navy
- Fort Eustis/Fort Story, VA
- Hickam AFB, HI
- Northwest Regional, WA-Navy*
- Fort Sam Houston, TX
- Fort Leonard Wood, MO
- Fort Drum, NY
- Fort Bliss, TX/White Sands, NM
- Mid-Atlantic Regional, (VA, WV, MD)-Navy

Appendix 6 (Cont.)

- Offutt AFB, NE
- Hill AFB, UT
- Dover AFB, DE
- MCGACC 29 Palms, CA/MCSA Kansas City, MO *
- MCB Camp Lejeune/MCAS Cherry Point, NC *
- Midwest Regional, (IL, IN)-Navy*
- Scott AFB, IL
- Fort Benning, GA
- Fort Leavenworth, KS
- Fort Rucker, AL
- Fort Gordon, GA
- Nellis AFB, NV
- San Diego Naval Complex (Ph III), CA *
- Carlisle Barracks, PA/Picatinny Arsenal, NJ
- Fort Riley, KS
- MCB Camp Lejeune/MCAS Cherry Point (Ph II), NC *
- MCB Camp Pendleton (Ph IV), CA *
- MCB Hawaii (Ph II), HI*
- Hawaii (Ph III), HI-Navy *
- McGuire AFB/Fort Dix, NJ-Air Force
- Redstone Arsenal, AL
- Fort Knox, KY
- AETC Group I, (OK, AZ, TX, FL)
- AF Academy, CO
- Davis-Monthan AFB, AZ/Holloman AFB, NM
- Hickam AFB (Phase II), HI*
- Fort Lee, VA
- Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)
- BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)
- Southeast Regional (SC, MS, FL, GA, TX) - Navy
- Midwest, South Millington (Ph II), TN*
- San Diego Naval Complex (Ph IV), CA*
- MCB Hawaii, HA Phase IV*
- MCB Camp Lejeune/Cherry Point (Ph III), NC*
- MCB Camp Pendleton, CA/Albany (Ph V), GA*
- Robins AFB (Ph II), GA
- AETC Group II (MS, TX, AL, OK)
- Vandenberg AFB, CA
- AMC East (Andrews AFB, MD/MacDill AFB, FL)
- AMC West (Tinker AFB; Travis AFB; Fairchild AFB)
- West Point, NY
- Fort Jackson, SC
- Fort Sill, OK
- Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)
- Fort Huachuca/Yuma, AZ
- Fort Wainwright/Greely, AK
- Mid-Atlantic Phase III/Camp Lejeune Phase IV, NC
- Aberdeen Proving Ground, MD

*For reporting purposes, the following projects are combined and reported as single projects:

1. MCB Camp Pendleton II/Quantico, MCAS Yuma/Camp Pendleton III, MCGACC 29 Palms/MCSA Kansas City, MCB Camp Pendleton IV and MCB Camp Pendleton V.
2. San Diego I, II, III and IV.

3. MCB Camp Lejeune/MCAS Cherry Point Phase I, II & III. Tri-Command will also be reported in the Camp Lejeune/Cherry Point Overview.
4. Navy-Hawaii Phase I & III and MCB Hawaii Phases II and IV will all be reported as one project.
5. Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB have been combined into the Falcon Group.
6. Mid-Atlantic Phase III/Camp Lejeune IV will be reported with the Mid-Atlantic project.

Appendix 7: Multi-Base Projects

The following list details awarded projects that include housing at more than one base.

- AETC Group I: Altus AFB, OK; Luke AFB, AZ; Sheppard AFB, TX; Tyndell AFB, FL
- AETC Group II: Columbus AFB, MS; Goodfellow AFB, TX; Laughlin AFB, TX; Maxwell AFB, AL; Randolph AFB, TX; Vance AFB, OK
- BLB: Barksdale AFB, LA; Langley AFB, VA; Bolling AFB, DC
- AMC West: Fairchild AFB, WA; Tinker AFB, OK; Travis AFB, CA
- AMC East: Andrews AFB, MD; MacDill AFB, FL
- Tri-Group: Peterson AFB, CO; Schriever AFB, CO; Los Angeles AFB, CA
- ACCG2: Davis-Monthan AFB, AZ; Holloman AFB, NM
- Falcon Group: Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA; Patrick AFB, FL
- Navy-Southeast Region: Naval Weapons Station Charleston, SC; NAS Joint Reserve Base Fort Worth, TX; Naval Construction Battalion Center Gulfport, MS; NAS Jacksonville, FL; NS Mayport, FL; NAS Pensacola, FL; NAS Whiting Field, FL; NAS Key West, FL; NSB Kings Bay, GA; NAS Meridian, MS; NSA Panama City, FL
- Midwest Region: South Millington, TN; Naval Station Great Lakes, IL; Naval Support Activity Center Crane, IN
- Camp Lejeune/Cherry Point Overview: MCB Camp Lejeune / MCAS Cherry Point, NC; Westover, MA; Stewart Terrace Housing, NY; MCAS Beaufort & MCRD Parris Island, SC
- PE/QU/YU (Camp Pendleton II): MCB Camp Pendleton, CA; Albany, GA; MCGACC Twenty-nine Palms, CA; MCAS Kansas City, MO; MCAS Yuma, AZ; MCB Quantico, VA
- Northeast Integrated Phase 1: Walter Reed Army Medical Center, DC; Fort Detrick, MD
- Northeast Integrated Phase 2: Carlisle Barracks, PA; Picatinny Arsenal, NJ
- Northeast Region: NE Submarine Base New London, CT; NE Saratoga Springs, NY; NE NAVSTA Newport, RI; NE NAS Brunswick, ME; NE Mitchel Complex, NY; NE Lakehurst, NJ; Naval Shipyard Portsmouth, ME; NE Weapons Station Earle, NJ
- Mid-Atlantic-Navy Region: Hampton Roads, VA; USNA, MD; NSWC, Indian Head, MD; NSWC, Dahlgren, VA; NSGA, Sugar Grove, WV; NAS, Patuxent River, MD; Camp Lejeune, NC
- Navy Northwest Region: NB Kitsap-Bangor; Naval Undersea Warfare Center Keyport; Naval Magazine Indian Island; Olalla; Kingston; Bainbridge Island; NB Kitsap-Bremerton; Fort Lawton; Magnolia; Brier; and Naval Radio Transmitter Station Jim Creek; and NAS Whidbey, WA
- Navy/MC Hawaii: Pearl Harbor, Oahu, HI; Kaneohe, Oahu, HI; and Kekaha, Kauai, HI
- Kingsville I: NAS Kingsville, TX; NS Ingleside/Portland/Bridge Pointe, TX
- Army Hawaii: Fort Shafter, Schofield Barracks, Wheeler Army Airfield, Helemano, Honolulu, Alimanu, & Kai'l Kai Hale, HI
- Fort Irwin/Moffett Field/Camp Parks: Fort Irwin, Moffett Field, and Camp Parks, Dublin, CA
- Fort Eustis and Fort Story, VA
- Fort Bliss/WSMR: Fort Bliss, TX and White Sands Missile Range, NM
- Fort Lewis/McChord: Fort Lewis, WA; McChord AFB, WA
- Fort Huachuca/Yuma: Fort Huachuca, AZ; Yuma Proving Grounds, AZ
- Fort Wainwright/Greely: Fort Wainwright, AK; Fort Greely, AK
- Presidio of Monterey/NPS: Presidio of Monterey, CA; and Naval Post Graduate School, CA
- Fort Bragg/Pope AFB: Fort Bragg, NC; and Pope AFB, NC

Appendix 8: Developer Participation

Developer Participation in MHPI Program								
	Navy/Marines Corps		Army		Air Force		Total	
Developer	Projects	Privatized Units	Projects	Privatized Units	Projects	Privatized Units	Installations	Privatized Units
Lincoln	1	6,308	1	925			2	7,233
Lincoln/Clark	1	14,524					1	14,524
Hunt/Lincoln/Clark	1	10,375					1	10,375
Actus Lend Lease	1	8,059	6	26,272	3	5,876	10	40,207
Hunt Building Corp.	2	862	2	1,820	8	9,297	12	11,979
Picerne RE Grp.			7	20,765			7	20,765
Clark/Pinnacle Family			4	11,379			4	11,379
Clark					1	1,458	1	1,458
Balfour Beatty	2	9,533	11	18,119	3	4,627	16	32,279
EQR Residential/Lincoln Properties			1	4,631			1	4,631
MV Communities/Woolpert LLP/Hunt					1	1,536	1	1,536
Faulkner USA (Landmark)	2	1,069					2	1,069
Patrician Development	1	941					1	941
Aurora Military Properties					2	2,022	2	2,022
Gateway Development/CED Military Group	1	288					1	288
Dujardin Development Co.	1	185					1	185
Investment Builders/Hunt					1	351	1	351
BHMH (Boyer/Gardner)					1	1,018	1	1,018
The Michaels Development Company			2	2,752			2	2,752
America First Communities					1	1,640	1	1,640
United Communities/First Montgomery Group					1	2,084	1	2,084
Hunt ELP/Forest City Military Communities					1	427	1	427
Pinnacle/Hunt Communities					1	2,257	1	2,257
Forest City Enterprises	3	11,518					3	11,518
Hunt/Picerne					1	2,619	1	2,619
AMC West					1	2,435	1	2,435
Total	16	63,662	34	86,663	26	37,647	76	187,972

Notes:

1. Table reflects each developer's participation for all individual and team project awards.
2. Table does not include the Navy's UPH projects nor the Army's UOQ units.
3. Clark and Lincoln teamed to develop San Diego.
4. Hunt, Clark and Lincoln teamed to develop Camp Pendleton II.
5. Lincoln teamed with EQR to develop Fort Lewis.
6. Hunt, MV Communities and Woolpert teamed to develop Wright-Patterson AFB.
7. Gateway and CED Military Group teamed to develop Everett II.
8. Investment Builders Inc teamed with Hunt Building Corp. to develop Buckley AFB.
9. United Communities teamed with First Montgomery Group to develop McGuire AFB/Fort Dix.
10. Clark Realty and Pinnacle teamed up to develop Fort Belvoir, Fort Irwin/Moffett Field, Presidio/Monterey and Fort Benning.
11. BHMH (Boyer/Gardner) teamed up to develop Hill AFB.
12. Hunt ELP and Forest City Military Communities have teamed up to develop the Air Force Academy.
13. Pinnacle and Hunt teamed to develop AETC Group II

Updates:

13. Forts Carson, Stewart/Hunter, Hamilton, Detrick/WRAMC, Eustis, Bliss/White Sands and Carlisle/Picatinny: GMH portfolio was transferred to Balfour Beatty.
14. Fort Leonard Wood: Original developer was American Eagle and is now Balfour Beatty.
15. Navy Nortwest: Original developer was American Eagle (CEI/Shaw) and is now Forest City.
16. Vandenburg AFB and AETC I: Original developer was GMH and is now Balfour Beatty.
17. SOTX: Original developer was Landmark (Faulkner and is now Coastal Navy.
18. Navy Northeast and Southeast; Original developer was GMH and is now Balfour Beatty.
19. Lackland AFB: Original developer was Faulkner USA and is now Balfour Beatty.
20. Hunt/Picerne is the developer for Falcon Group, which is comprised of Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB. American Eagle was the previous developer for these projects.

Appendix 9: Lender Participation

Lenders Participation in MHPI Program				
Lender	Army	Air Force	Navy/Marines	Total by Lenders
Jefferies Mortgage Finance, Inc.	16	16		32
Société Générale	1		2	3
Société Générale/Colorado Housing and Finance Corporation	1			1
Bear Stearns	1			1
Bank of America	3			3
Lehman Brothers	4	1		5
Malone Mortgage Company			1	1
Merrill Lynch	1	2		3
Merrill Lynch/Goldman Sachs	1			1
Kleberg First National Bank			1	1
Newman/GMAC (Capmark)			1	1
Raymond James	2		1	3
U.S. Bank of Washington			1	1
JP Morgan/Goldman Sachs/BOFA	1			1
Morgan Keegan & Company Inc.	1			1
Bank of America/Bear Sterns			1	1
Goldman Sachs	2	3	1	6
Goldman Sachs/Bank of America			2	2
Merril Lynch, Pierce, Fenner & Smith Incorporated		1		1
Bank of America/Bear Sterns/Goldman Sachs			1	1
Barclays Capital			1	1
Merrill Lynch/Barclays Capital			1	1
Lehman Brothers/Colorado Housing and Finance Authority		1		1
Bank of New York			1	1
Arbor Commercial Mortgage			1	1
Total	34	24	16	74

Notes:

1. Table does not include the Navy's UPH projects nor the Army's UOQ units.
2. GMAC and Newman are jointly financing Camp Pendleton I.
3. Merrill Lynch/Barclays Capital are jointly financing the Navy/MC Hawaii Project.
4. Bank of America and Bear Stearns are jointly financing San Diego.
5. Bank of America, Bear Sterns and Goldman Sachs are jointly financing Camp Pendleton II.
6. Bank of America, Goldman Sachs, and JP Morgan are jointly financing the Army's Hawaii project.
7. Bank of America and Goldman Sachs are jointly financing Mid-Atlantic Region and AMCC.
8. Merrill Lynch and Goldman Sachs are jointly financing Fort Benning.
9. Lehman Brothers and Colorado Housing and Finance Authority are jointly financing the Air Force Academy.
10. Merrill Lynch, Pierce, Fenner & Smith Incorporated are jointly financing AMC-East.
11. Dyess AFB was the only project totally financed by the government and is not included on this chart.

Updates:

11. Elmendorf I: Original lender was Alaska Housing Finance and is now Merrill Lynch.
12. Navy Northeast: Original lender was Raymond James and is now Goldman Sachs.
13. Navy Midwest: Original lender was Lehman Brothers and is now Barclays Capital.
14. Navy/MC Hawaii: Original lender was Merrill Lynch/Lehman Brothers and is now Merrill Lynch/Barclays Capital.
15. The original lenders for Patrick AFB and Little Rock AFB were Morgan Keegan, for Moody AFB it was Raymond James and for Hanscom AFB it was Rockport Mortgage Company. These projects are now Falcon Group; a new lender has not yet been named.
16. Everett II: Original lender was Bank of America and is now Arbor Commercial Mortgage.
17. Navy Northwest: Original lender was Raymond James and is now Bank of New York.
18. Capmark's military housing portfolio has been transferred to Jefferies Mortgage Finance, Inc. This includes 16 Army projects and 16 Air Force projects.
19. Fort Carson: Original lender was Societe Generale and is now Societe Generale/Colorado Housing and Finance Corporation.

Appendix 10: Contract Support

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs ($M)
ARMY FAMILY HOUSING PRIVATIZATION				
Ft. Carson, CO -- Phase I	Sep-96	Sep-99	Sep-99	$3.41
Ft. Hood, TX	Dec-98	Jan-00	Oct-01	$3.12
Ft. Lewis, WA	Nov-99	Jul-00	Apr-02	$2.61
Ft. Meade, MD	Mar-00	Aug-00	May-02	$2.61
Ft. Bragg/PopeAFB, NC	Jul-01	Mar-02	Aug-03	$1.53
Ft. Stewart/Hunter, GA	Jul-01	Oct-02	Nov-03	$1.54
Ft. Campbell, KY	Jul-01	May-02	Dec-03	$1.55
Presidio & NPS Monterey, CA	Sep-01	Apr-02	Oct-03	$1.28
Ft. Belvoir, VA	Nov-01	Jul-02	Dec-03	$1.45
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase I & II	Sep-01	Jul-02	Mar-04	$1.48
Ft. Hamilton, NY	Nov-01	Apr-03	Jun-04	$1.26
Walter Reed Med Ctr, DC/Ft Detrick, MD	Nov-01	Feb-03	Jul-04	$1.54
Ft. Polk, LA	Jul-01	Feb-03	Sep-04	$1.52
Ft. Shafter/Schofield Barracks, HI	Aug-02	Jun-03	Oct-04	$1.56
Ft. Eustis/Story, VA	Nov-01	Nov-02	Dec-04	$1.51
Ft. Sam Houston, TX	Jan-03	Dec-03	Mar-05	$1.55
Ft. Leonard Wood, MO	Jan-03	Sep-03	Mar-05	$1.52
Ft. Drum, NY	Apr-03	Dec-03	May-05	$1.53
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase I	Jan-03	Mar-04	Jul-05	$1.74
Ft. Benning, GA	Jan-04	Oct-04	Jan-06	$1.53
Ft. Leavenworth, KS	Mar-04	Jan-05	Mar-06	$1.51
Ft. Rucker, AL	Jan-04	Feb-05	Apr-06	$1.53
Ft. Gordon, GA	Jan-04	Jun-05	May-06	$1.53
Picatinny Arsenal, NJ/Carlisle Brks, PA	Nov-01	Feb-03	May-06	$1.83
Ft. Riley, KS	Jul-04	Apr-05	Jul-06	$1.52
Redstone Arsenal, AL	Jul-04	Sep-05	Oct-06	$1.50
Ft. Knox, KY	Mar-04	Dec-05	Dec-06	$1.55
Ft. Lee, VA	Sep-05	Sep-06	Aug-07	$1.51
Ft. Drum, NY -- Phase II AMF	NA	May-08	Jun-08	$0.49
U.S. Military Academy, NY	Sep-05	Mar-07	Aug-08	$1.17
Ft. Jackson, SC	Sep-05	Jul-07	Aug-08	$1.18
Ft. Sill, OK****	Oct-05	Oct-07	Nov-08	$1.43
Ft. Lewis - McChord AFB Integration	Nov-99	Jul-00	Dec-08	$0.28
Ft. Wainwright/Ft Greely, AK -- Phases I & II****	Jan-07	Nov-07	Apr-09	$2.55
Ft. Huachuca/Yuma proving Ground, AZ	Jan-08	Feb-08	Apr-09	$2.50
Aberdeen Proving Ground, MD****	Jan-07	May-08	Dec-09	$2.30
Ft. Carson, CO -- Grow The Army I				$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase III				$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase II				$0.00
Ft. Bliss, TX/White Sands Missile Range, NM --Grow The Army I				$0.00
Office of the Secretary of Defense (OSD) Approved Projects				
Projects Subject to OSD Approval				
Ft. Carson, CO -- Grow The Army II	TBD	TBD	FY 10	$0.00
Ft. Lewis, WA -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Bragg, NC -- BRAC	TBD	TBD	FY 10	$0.00
Ft. Bragg, NC - Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Stewart, GA -- Demo	TBD	TBD	FY 10	$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase IV	TBD	TBD	FY 10	$0.00
Ft. Hamilton, NY -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Polk, LA -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Eustis/Story, VA - BRAC	TBD	TBD	FY 10	$0.00
Ft. Eustis/Story, VA - Phase II	TBD	TBD	FY 10	$0.00
Ft. Leonard Wood, MO -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Grow The Army II	TBD	TBD	FY 10	$0.00
Ft. Knox, KY -- Phase II	TBD	TBD	FY 10	$0.00
Ft. Knox, KY -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Sill, OK -- Grow the Army	TBD	TBD	FY 10	$0.00
Ft. Sill, OK -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft Wainwright, AK -- Phase III	TBD	TBD	FY 10	$0.00
Ft Wainwright, AK -- Recover Scope	TBD	TBD	FY 10	$0.00
Ft. Richardson, AK -- Initial Privatization (Air Force Program)	Jan-08	Dec-08	FY 10	$0.00
Carlisle Barracks, PA/Picatinny Arsenal, NJ -- Phase II	TBD	TBD	FY 11	$0.00
Ft Eustis/Story, VA -- Phase II	TBD	TBD	FY 11	$0.00
Other Consultant Program Costs and Portfolio Management (Army) (2):				$56.92
Total:				$117.14

Army Notes:

(****) Denotes Army has awarded the development of the Community Development Management Plan (CDMP) to a selected offeror (developer).

The CDMP is the Master Plan/Scope for a housing privatization project. Submission of the CDMP to Congress is generally 9 months later, and final transfer of operations to a developer generally occurs 3 months after Congressional approval.

Appendix 10 (Cont.)

Installation	Notify Congress Solicitation	Notify Congress Selection	Deal Closing/Contract Award	Consultant Costs ($M)
NAVY AND MARINE CORPS FAMILY HOUSING PRIVATIZATION				
Navy Family Housing				
NAS Corpus Christi/NAS Kingsville, TX (Kingsville I)		May-96	Jul-96	$0.20
NS Everett, WA (note 1)		Oct-96	Mar-97	$0.26
NS Everett II, WA	Oct-98	Oct-00	Dec-00	$0.54
NAS Kingsville, TX (Kingsville II)	Oct-98	Sep-00	Nov-00	$0.27
NC San Diego, CA (Phase I)	Nov-98	Apr-01	Aug-01	$0.75
NC South Texas, TX	Nov-98	Oct-01	Feb-02	$1.60
NC New Orleans, LA	Dec-98	Jul-01	Oct-01	$0.96
NC San Diego, CA (Phase II)	Aug-02	Apr-03	May-03	$0.33
Hawaii Regional, HI (Phase I)	Jan-03	Mar-04	May-04	$1.31
Northeast (NY, NJ, CT, RI, NH, ME)	Jun-03	Sep-04	Nov-04	$2.59
Northwest (WA) (Phase I)	Aug-03	Oct-04	Jan-05	$2.76
Mid-Atlantic Regional (VA, MD, WV)	Feb-04	Jul-05	Aug-05	$2.15
Midwest (IL, IN)	Jul-04	Sep-05	Jan-06	$1.95
NC San Diego, CA (Phase III)	Nov-04	Feb-06	May-06	$1.02
Hawaii Regional, HI (Phase III)	Sep-05	Jul-06	Sep-06	$0.97
Southeast Regional (TN, SC, FL, MS, GA)	Dec-06	Aug-07	Sep-07	$1.98
Midwest PH II (Mid-South)	Feb-07	Aug-07	Sep-07	$0.79
San Diego Phase IV	Feb-07	Aug-07	Sep-07	$0.58
MidAtlantic PH II (Mechanicsburg)	Dec-07	Dec-09	Jan-10	$0.30
NC San Diego, CA (Phase V) (National Capital Region assets)	Dec-07	Dec-09	Jan-10	$0.30
Navy Unaccompanied Housing				
San Diego, CA Barracks	Jun-04	Jul-06	Dec-06	$1.30
Hampton Roads, VA Barracks	Aug-05	Feb-07	Dec-07	$1.83
Subtotal Navy				***$24.77***
Marine Corps Family Housing				
Installation	**Notify Congress Solicitation**	**Notify Congress Selection**	**Deal Closing/Contract Award**	**Consultant Costs ($M)**
MCB Camp Pendleton, CA (Phase 1)	Oct-98	Sep-00	Nov-00	$0.34
MCAS Beaufort/MCD Parris Is.,SC	May-01	Dec-02	Mar-03	$1.29
MCB Camp Pendleton,CA (Ph 2)/MCB Quantico, VA (CP2Q)	Aug-02	Jul-03	Sep-03	$1.33
MCAS Yuma, AZ/MCB Camp Pendleton, CA (Ph 3) (CPQH PH2)	Feb-04	Aug-04	Oct-04	$0.32
MCB Camp Lejeune/MCAS Cherry Pt/Stewart (CLCPS)	Apr-04	Jul-05	Sep-05	$1.70
MCAS Kansas City, MO/MCGACC 29 Palms, CA (CPQH PH3)	Oct-04	Jul-05	Sep-05	$0.43
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 2)	Nov-05	Jul-06	Sep-06	$0.37
Hawaii Regional, Phase II (MCB Hawaii, HI Phase 1)	Dec-05	Jul-06	Sep-06	$0.59
MCB Camp Pendleton, CA (Ph 4) (CPQH PH 4)	Dec-05	Jul-06	Sep-06	$0.46
Hawaii Regional, Phase IV (MCB Hawaii, HI Phase 2)	Dec-06	Jun-07	Sep-07	$0.59
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 3)*	Dec-06	Jun-07	Sep-07	$0.61
MCB Camp Pendleton, CA (Phase 5) (CPQH PH5)	Dec-06	Jun-07	Sep-07	$1.06
MidAtlantic Regional Phase III (MCB Camp Lejeune (Phase 4)	Jan-08	Oct-09	Dec-09	$0.69
MCAGCC 29 Palms, CA (Ph 2) (CPQH PH6)	Jan-08	Jun-09	Jan-10	$0.59
MCB Camp Pendleton, CA (Ph 6) (CPQH PH7)	Jan-08	Aug-09	Jan-10	$0.24
Office of Secretary of Defense (OSD) Approved Projects				
MidAtlantic Regional Phase IV (MCB Camp Lejeune Phase 5)	Nov-09	May-10	Sep-10	$0.04
Hawaii Regional, Phase V (MCB Hawaii, HI Phase 3)	Jan-10	Jul-10	Sep-10	$0.27
MCAGCC 29 Palms, CA (Ph 3) (CPQH PH8)	Oct-09	Jun-10	Sep-10	$0.01
Projects Subject to OSD Approval				
MCB Camp Pendleton, CA (Ph 7) (CPQH PH9)	Dec-09	TBD	Jun-10	$0.04
MCB Camp Lejeune, NC (Phase 6)	TBD	TBD	Sep-10	$0.02
MCB Camp Lejeune, NC (Phase 7)	TBD	TBD	Sep-11	$0.00
MCB Camp Pendleton, CA (Ph 8) (CPQH PH10)	TBD	TBD	Sep-11	$0.17
MCB Camp Lejeune, NC (Phase 8)	TBD	TBD	Sep-12	$0.00
MCB Camp Pendleton, CA (Ph 9)/MCLB Albany (Ph 2) (CPQH PH11)	TBD	TBD	Sep-12	$0.02
MCB Camp Lejeune, NC (Phase 9)	TBD	TBD	Sep-13	$0.00
Guam	TBD	TBD	TBD	$1.59
Subtotal USMC				***$12.77***
Other Consultant Program Costs-Portolio Management (Navy)				
Other Consultant Program Costs-Portfolio Management (Marine Corps)				
Other Consultant Program Costs-Portfolio Management (Navy and Marine Corps)(note 3)				***$24.69***
Total				***$62.24***

Navy/MC Notes:

* Does not include Beaufort/Parris Island which was included in CLCPS in Phase 3

(1) Agreement has since lapsed and assets have been sold off.

(2) MCAS Beaufort/MCD Parris Island, SC includes 53 Navy units.

(3) Other consultant costs include canceled projects and Navy costs incurred in conjunction with joint Service projects.

Appendix 10 (Cont.)

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs ($M)
AIR FORCE FAMILY HOUSING PRIVATIZATION				
Lackland AFB, TX	Sep-96	May-98	Aug-98	$3.3
Robins AFB, GA	Oct-98	Jun-00	Sep-00	$4.0
Dyess AFB, TX	Jun-99	Aug-00	Sep-00	$2.3
Elmendorf AFB, AK	Jan-00	Aug-00	Mar-01	$3.3
Wright-Patterson AFB, OH	Feb-01	May-02	Aug-02	$2.8
Kirtland AFB, NM	Aug-00	Dec-02	May-03	$2.9
Buckley AFB, CO	Jun-03	Nov-03	Aug-04	$1.9
Elmendorf AFB, AK (Phase II)	Nov-03	Jul-04	Oct-04	$1.8
Hickam AFB, HI	Mar-02	Jul-03	Feb-05	$2.4
Offutt AFB, NE	May-03	Jun-05	Sep-05	$2.8
Dover AFB, DE	Jul-04	Jun-05	Oct-05	$2.2
Hill AFB, UT	Oct-03	Mar-05	Oct-05	$1.9
Scott AFB, IL	Nov-04	Jul-05	Jan-06	$1.6
Nellis AFB, NV	Aug-03	Jun-05	May-06	$1.8
McGuire AFB/Ft Dix, NJ	Aug-04	Mar-06	Sep-06	$1.7
AETC Group I (G1)	Jan-05	Sep-06	Feb-07	$4.0
AF Academy, CO	Mar-06	Oct-06	May-07	$1.1
ACC Group II (G3)	Oct-05	Jun-06	Jul-07	$2.2
Hickam AFB, HI II	Oct-05	May-07	Aug-07	$0.2
AFSPC Tri Group (G5)	Aug-06	Feb-07	Sep-07	$1.9
BLB Group (G4)	Jun-06	Jan-07	Sep-07	$2.6
Robins AFB, GA (Phase II)	Jun-06	Jun-07	Sep-07	$0.7
AETC Group II (G2)	Jul-06	Mar-07	Sep-07	$4.1
AMC East (G7)	Apr-06	Feb-07	Nov-07	$1.3
Vandenberg AFB, CA	Feb-07	Jun-07	Nov-07	$1.5
AMC West (G6)	May-07	Sep-07	Jul-08	$2.2
Falcon Group			Nov-08	
Patrick AFB, FL	Mar-01	Feb-03	Nov-08	$2.4
Moody AFB, GA	Nov-02	Dec-03	Nov-08	$1.9
Little Rock AFB, AR	Apr-02	Sep-03	Nov-08	$1.8
Hanscom AFB, MA	Jul-03	Jan-04	Nov-08	$2.2
Lackland AFB, TX II	Jan-05	Jul-06	Dec-08	$0.7
Total Project Awards				***$67.58***

Appendix 10 (Cont.)

Office of the Secretary of Defense (OSD) Approved Projects				
Wright-Patterson, OH II	Aug-04	TBD	TBD	$0.6
Continental Group	Sep-10	Jan-11	Oct-11	$1.0
Eglin AFB, FL				$1.0
Hurlburt AFB, FL				$0.0
Edwards AFB, CA				$0.0
McConnell AFB, KS				$0.0
Seymour Johnson AFB, NC				$0.0
Eielson AFB, AK				$0.0
Southern Group	Jan-10	Jul-10	Apr-11	$1.4
Shaw AFB, SC				$0.9
Arnold AFB, TN				$0.1
Charleston AFB, SC				$0.1
*Keesler AFB, MS ** *				$0.4
Western Group	Jul-10	Nov-10	Jun-11	$3.5
FE Warren AFB, WY				$1.7
Malmstrom AFB, MT				$0.0
Whiteman AFB, MO				$0.0
Beale AFB, CA				$1.7
Northern Group	TBD	TBD	TBD	$1.1
Minot AFB, ND				$0.0
Mountain Home AFB, ID				$0.0
Cavalier AFB, ND				$0.0
Grand Forks AFB, ND				$0.0
Ellsworth AFB, SD				$0.0
Cannon AFB, NM				$1.0
Dyess AFB, TX (Phase II)	TBD	TBD	TBD	$0.1
Fort Richardson (JBER)	Jun-10	Sep-10	Jan-11	$0.0
Total Current Projects				***$7.8***
GRAND TOTAL				**$75.4**
		Other Consultant Program Costs:		**$2.5**
		AFCEE Portfolio Management Costs		**$14.8**
			Total:	**$92.7**

Air Force Notes:

(1) NOTE: This Report reflects cumulative consultant costs expensed and cumulative portfolio management costs expensed

** Keesler number includes 160 units at Sandhill

* Costs included with Fort Lewis and reported by the Army

Quarterly Report Notes:

Bold lettering denotes an awarded MHPI project.

Scope is defined as the amount of housing that will be achieved at the end state of an MHPI Project (this includes deficit build out).

Please note: this Report reflects cumulative consultant costs (both OSD and the Military Services).

Each Military Service housing privatization function is now reporting their quarterly portfolio management costs for their awarded projects in the Quarterly report line item _entitled... "Other Consultant Program Costs - Portfolio Management".

The OSD Cumulative consultant program cost line reflects cost incurred since the start of the MHPI program (2/1/96) to the date of the report (6/30/2010) by OSD in support of housing privatization.

APPENDIX 11: Combined Projects

The military services often combine multiple installations into MHPI projects. This maximizes the benefits of the MHPI program and its authorities. Within the MHPI program there are three classifications of combined projects. The most common, a grouped project, is when projects involving multiple installations are conceived prior to solicitation and award and are executed as a single project entity. In other cases, installations are integrated into existing deal structures after award. In this instance, the projects already owned by eligible entities subsequently merge or integrate housing from a new set of installations into their existing ownership structure. The third classification is phased projects. While not closing on all of its housing simultaneously, phased projects involve housing on the same or related bases that were intended to be included ultimately in a single project entity. Each of these MHPI combined entities allows the Services to optimize the utilization of capital resources. To date, thirty-five combined projects, including grouped, phased and integrated ones, have been awarded and executed. The first two tables below list the program's five integrated and 12 phased projects and the additional total cash equity investment placed into each integration or individual new phase of the project. The third table lists the grouped projects. Projects may fall into more than one category, i.e. a grouped project may also have a second phase. In addition, several grouped projects listed have since been integrated into larger entities.

INTEGRATED PROJECTS		
Project name	**Installations Integrated**	**Additional Cash Equity ($M)**
Falcon Group	Patrick AFB, Hanscom AFB, Moody AFB, Little Rock AFB	0.00
Northeast Integrated	Walter Reed/Ft. Detrick, Picatinny Arsenal/Carlisle Barracks	39.40
AMCC	Camp Lejeune/Cherry Point, Tri-Command	0.00
Ft. Meade	Ft. Meade, Ft. Sill	31.00
Ft. Lewis/McChord AFB	Fort Lewis, McChord AFB	16.20

APPENDIX 11: (Cont.)

PHASED PROJECTS*		
Project Name	**Add-on Phases**	**Additional Cash Equity ($M)**
Navy/MCB Hawaii	Phase II Phase III Phase IV	65.12 0.00 56.05
Camp Pendleton/Quantico	Phase II Phase III Phase IV Phase V	18.60 45.94 30.89 23.73
Camp Lejeune/Cherry Point	Phase II Phase III	37.90 78.95
Midwest Regional	Phase II	22.00
Lackland AFB	Phase II	0.00
Robins AFB	Phase II	0.00
Hickam AFB	Phase II	0.00
Elmendorf AFB	Phase II	0.00
Wright Patterson AFB	Phase II	0.00
San Diego Naval Complex	Phase II Phase III Phase IV Phase V	0.00 0.00 0.00 0.00
Ft. Drum	Phase II	127.00
Mid-Atlantic	Phase II Phase III Camp Lejeune IV	0.00 0.00 87.95

APPENDIX 11: (Cont.)

GROUPED PROJECTS*
Tri-Command
Fort Irwin/Moffett Field/Camp Parks
Fort Detrick/Walter Reed Army Med. Ctr.
Northeast Regional
Northwest Regional
Mid-Atlantic Regional
Midwest Regional
Carlisle Barracks/Picatinny Arsenal
AETC Group I
Davis-Monthan/Holloman Group
Tri-Group
BLB
Southeast Regional
Midwest/South Millington (Ph II)
AETC Group II
AMC East
AMC West
Fort Huachuca/Yuma
Fort Wainwright/Greely
Army Hawaii
Fort Eustis/Fort Story
Fort Bliss/WSMR
Presidio of Monterey/NPS
Fort Bragg/Pope AFB
McGuire AFB/Fort Dix

*For a breakdown of the installations included in the Grouped and Phased Projects listed above see Appendix 7.

APPENDIX 12: MHPI Project Scope

Throughout this Executive Report and supporting documentation, the expressed size of the individual privatized projects is the scope that was approved by the Office of the Secretary of Defense (OSD) and the Office of Management and Budget (OMB). During the development of a major residential project, particularly a project that is built over an extended number of years, the actual scope may change a small amount. Reasons for these changes vary, and include local market and base operational transformations. Unless the ultimate project size change, and resulting investment, requires re-approval by OSD and OMB, the individual project scope in this report remains the currently approved number. Actual project scope is monitored by the Service portfolio managers through various other reports. The MHPI Report, exhibited herein as Appendix 10, is an example of a report showing any potentially adjusted scope numbers.

This appendix is provided to identify, on a project by project basis, any scope modifications that have occurred subsequent to the last OSD and OMB approval.

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Corpus Christi/Kingsville I, TX-Navy	404	404
NS Everett I, WA	185	185
Lackland AFB, TX	885	885
Fort Carson, CO	3,368	3,368
Dyess AFB, TX	402	402
Robins AFB I, GA	670	670
NAS Kingsville II, TX	150	150
MCB Camp Pendleton, CA	712	712
NS Everett II, WA	288	288
Elmendorf AFB I, AK	828	828
San Diego Naval Complex Overview, CA	14,524	14,522
New Orleans Naval Complex, LA (NOLA)	941	941
Fort Hood, TX	5,912	5,912
South Texas, TX (SOTX)-Navy	665	417
Fort Lewis, WA/McCord AFB, WA	4,631	4,699
Fort Meade, MD	3,170	2,627
Wright-Patterson AFB, OH	1,536	1,536
Kirtland AFB, NM	1,078	1,078
Fort Bragg, NC	6,205	6,205
PE/QU/YU (Camp Pendleton II)	10,375	10,338
Presidio of Monterey/NPS, CA	2,209	1,565
Fort Stewart/Hunter Army Airfield, GA	3,702	3,702

APPENDIX 12: (Cont.)

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Fort Belvoir, VA	2,070	2,106
Fort Campbell, KY	4,455	4,457
Fort Irwin/Moffett Field/Camp Parks, CA	2,900	2,900
Hawaii Regional , HI-Navy/MC	6,557	6,557
Fort Hamilton, NY	228	228
Fort Detrick, MD/Walter Reed Army Med. Ctr, DC	590	597
Buckley AFB, CO	351	351
Elmendorf AFB II, AK	1,194	1,194
Fort Polk, LA	3,821	3,661
Fort Shafter/Schofield Barracks, HI	7,894	7,894
Northeast Regional, (NY, NJ, CT, RI, ME)-Navy	4,264	3,021
Fort Eustis/Fort Story, VA	1,124	1,124
Hickam AFB, HI	2,474	2,474
Northwest Regional, WA-Navy	2,985	2,986
Fort Sam Houston, TX	925	925
Fort Leonard Wood, MO	2,242	1,806
Fort Drum, NY	3,669	3,669
Fort Bliss, TX/White Sands, NM	3,956	3,956
Mid-Atlantic Regional, (VA, WV, MD)-Navy	6,308	6,308
Offutt AFB, NE	1,640	1,640
Hill AFB, UT	1,018	1,018
Dover AFB, DE	980	980
Cherry Point/Camp Lejeune Overview (AMCC), NC	8,059	8,059
Midwest Regional, (IL, IN)-Navy	1,976	1,976
Scott AFB, IL	1,593	1,593
Fort Benning, GA	4,200	4,000
Fort Leavenworth, KS	1,583	1,583
Fort Rucker, AL	1,476	1,476
Fort Gordon, GA	887	1,080
Nellis AFB, NV	1,178	1,178
Carlisle Barracks, PA/Picatinny Arsenal, NJ	348	348
Fort Riley, KS	3,514	3,514
McGuire AFB/Fort Dix, NJ-Air Force	2,084	2,084
Redstone Arsenal, AL	230	230
Fort Knox, KY	2,527	2,527
AETC Group I, (OK, AZ, TX, FL)	2,875	2,607
AF Academy, CO	427	427
Davis-Monthan AFB, AZ/Holloman AFB, NM	1,838	1,838
Fort Lee, VA	1,590	1,505

APPENDIX 12: (Cont.)

MHPI PROJECT SCOPE		
PROJECT	**APPROVED SCOPE**	**ACTUAL SCOPE**
Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)	1,564	1,466
BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)	3,189	3,189
Southeast Regional (SC, MS, FL, GA, TX) - Navy	5,269	5,269
Robins AFB II, GA	207	207
AETC Group II (MS, TX, AL, OK)	2,257	2,200
Vandenberg AFB, CA	867	867
AMC East (Andrews AFB, MD/MacDill AFB, FL)	1,458	1,459
AMC West (Tinker AFB; Travis AFB; Fairchild AFB)	2,435	2,435
West Point, NY	824	824
Fort Jackson, SC	850	850
Fort Sill, OK	1,650	1,650
Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)	2,619	2,638
Fort Huachuca/Yuma, AK	1,169	1,169
Fort Wainwright/Greely, AK	1,815	1,751
Aberdeen Proving Ground	929	929
TOTAL	**187,972**	**184,100**

Notes

1. This table presents Fort Lewis/McChord AFB together on one line while Appendix 10 presents these two installations on separate lines.

APPENDIX 13: MHPI Authorities

In enacting the MHPI, Congress provided a number of different legal authorities that could be used according to the needs and circumstances of each privatization project. The table below lists which of these legal authorities were used in the initial structuring of each of the executed projects.

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2873: Direct Loan	*24*	Air Force	22	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	0	None
		Navy	1	Kingsville II NAS, TX
		Marines	1	MCB Camp Pendleton, CA
Section 2873: Loan Guarantees	*7*	Air Force	5	Lackland AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
		Army	2	Fort Carson, CO
				Fort Polk, LA
		Navy	0	None
		Marines	0	None

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2874: Build to Lease	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2876:Rental and Occupancy Guarantee	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2877: Differential Lease Payments (DLP)	*4*	Air Force	1	Elmendorf AFB II, AK
		Army	0	None
		Navy	3	Everett I, WA
				Everett II, WA
				Kingsville I, TX
		Marines	0	None
Section 2878: Conveyance of Land	*13*	Air Force	3	Robins AFB I, GA
				AETC Group II - MS; TX; AL; OK
				AMC West - WA; OK; CA
		Army	1	Carlisle Barracks/Picatinny Arsenal - PA; NJ
		Navy	7	Kingsville II NAS, TX
				NC New Orleans, LA
				NC Northeast Region – NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2879: Interim Leases	*1*	Air Force	1	Scott AFB, IL
		Army	0	None
		Navy	0	None
		Marines	0	None
Section 2882: Assignment of Members	*0*	Air Force	0	None
		Army	0	None
		Navy	0	None
		Marines	0	None

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2875: Investments (Joint Venture)	*51*	Air Force	3	Tri-Group, CO; CA
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
		Army	33	Fort Hood, TX
				Fort Meade, MD*
				Fort Lewis/McChord, WA*
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed/Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units	70	Air Force	24	Lackland AFB, TX
				Robins AFB, GA Phase I
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Elmendorf AFB II, AK
				Hanscom AFB, MA
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ; NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Aberdeen Proving Ground, MD

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units, Cont.		Army, Cont.		Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
		Navy	10	Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2878: Lease of Land	71	Air Force	25	Lackland AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Lease of Land, Cont.		Army, Cont.		Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	9	NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type	76	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Meade, MD
				Fort Hood, TX
				Fort Lewis, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick, MD/DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type , Cont.		Army, Cont.		Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX**
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2881: Ancillary Support Facilities	76	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Air Force, Cont.		Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis/McChord, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Navy	13	Everett I, WA
				Everett II, WA
				Kingsville I, TX
				Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN
				Southeast Region - SC; MS; FL; GA; TX
		Marines	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ
				Camp Lejeune/Cherry Point Overview - NC; NY
Section 2882: Payments by Allotment	59	Air Force	26	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB, GA
				Elmendorf AFB, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I, MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB, GA Phase II
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA

APPENDIX 13: (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2882: Payments by Allotment, Cont.		Army, Cont.		Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	0	None
		Marines	0	None
Key Notes: * = Cash is not the only form of investment.				
** = Unit size and type enables bases to build to private sector standards in their area.				