RCI, PAL and Army Housing Training

RCI, PAL and AFH Policy Updates

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Agenda

- RCI & PAL Utility and Services Reimbursement Policy Update
- RCI & PAL Emergency Services Reimbursement Policy
- RCI Major Decisions Policy Update
- PAL Major Decisions Policy
- Army Housing Policy Updates
- Future Policies and Policy Updates
RCI & PAL Utility and Services Reimbursement Policy Update

• ASAIEE updated Policy for Utility and Services Reimbursement on 26 Nov 12

• Updates instructions on calculating amount owed by RCI and PAL projects to Army for provision of utilities and services pursuant to 10 U.S.C. Section 2872a
  – Reimbursements are obtained pursuant to executed Municipal Services Agreements (MSAs) which will be periodically updated
  – Agreements entered into before 26 Nov 12 shall be modified to comply effective next computation cycle
  – Reimbursements shall consist of (i) actual commodity usage costs and (ii) any incremental costs for maintenance and system sustainment directly resulting from providing utilities to RCI and PAL projects
    • Necessary capital investments within Army’s area of responsibility (per RCI/PAL points of utility demarcation) will be centrally funded by HQDA to include (i) Project costs to correct system deficiencies, and (ii) Repair and Restoration upgrades to accomplish periodic life-cycle infrastructure replacement – these costs will not be billed to RCI and PAL projects

• Policy also provides an expedited process for dispute resolution
RCI & PAL Emergency Services
Reimbursement Policy

• Provides instructions to calculate the amount owed by RCI and PAL projects to the Army for Firefighting and Fire Protection Services, and Police Protection Services

• Army provides these services pursuant to Title 10, U.S.C. 2872a
  – Allows Secretary of the Army to provide utilities and services to RCI and PAL partnerships
  – Mandates that Army is reimbursed for utilities and services provided

• Reimbursements are obtained pursuant to terms of RCI / PAL project’s Municipal Services Agreement

• Projects reimburse the Army for the “Incremental Cost” incurred by Army in providing or acquiring Emergency Services

• Use of ES Calculation Template is not required if the incremental costs associated with providing ES to RCI / PAL projects are mutually agreed to by Garrison Commander (GC) and Partner
RCI Major Decision Policy Update

- ASAIEE updated Policy for Major Decision Authority on 5 Feb 13
- Policy identifies tiered approval authorities for Major Decisions (MDs) – approval agency depends on nature of request *(Updates in red font)*
  - Local Authority MD requiring IMCOM GC approval
    - Approval of Performance Incentive Fee Awards
    - Resolution of day-to-day Property Management / Operations issues
  - Higher Authority MD requiring ACSIM approval
    - Decisions where financial impact is lesser of:
      - Between 5-10% of annual Operating or Development Budgets;
      - More than $250k from annual Operating or Development Budgets; or
      - Unbudgeted/unplanned development costs greater than $25k per home or greater than $50k for non-housing projects (with exceptions for health and safety issues)
    - Use of funds for installation force protection initiatives
    - Change to Property Management Incentive Fee Program Metrics
    - Review and approval of Projects’ annual Operating Budgets
    - Change to funding to lockbox accounts for any accumulated amount up to $2.5M
RCI Major Decisions Policy Update

- Higher Authority MD requiring ASAIEE approval – delegated to DASA (IH&P)
  - Decisions where financial impact is greater than 10% of annual Operating or Development Budgets
  - Increase/decrease in Project debt/equity and associated changes to IDP scope
  - Movement of funds between Projects using integrated LLC structures
  - Loans from Project funds
  - Merger or consolidation of Partnership
  - Acquisition and disposition of real property
  - Removal or change of primary Partners
  - Change to IDP or ODP scope or annual budget which directly affects end-state housing inventory, renovation vs. replacement, or grade designation of housing
  - Review and approval of Out-Year Development Plans
  - Removal or change of affiliated contractor for Property / Asset Management, Construction Management or Development Management
  - Use of funds for schools or other ancillary facilities not in approved CDMP
  - Use of any Reinvestment Account funds for unprogrammed / unbudgeted expenses
    - Use of Reinvestment Acct funds cannot be submitted as part of annual operating/CRR budgets
RCI Major Decisions Policy Update

- Higher Authority MD requiring ASAIEE – i.e. DASA (IH&P)) – approval (continued)
  - Deviation from current RCI Construction Standards Policy
  - Permanent change to end-state unit designation schedule that changes annual operating revenue by +/- 5%
  - Action requiring change to Project Ground Lease
  - Change to funding to lockbox accounts for any accumulated amount over $2.5M
  - Unbudgeted/unplanned development costs greater than $25k per home or greater than $50k for non-housing projects (with exceptions for health and safety issues)
  - Exception to Army policy that set rents for military Families equal to installation BAH
  - Use of funds greater than $500k from the approved development budget
  - Review and approval of annual Development Budget – items which meet criteria for a Major Decision may not be approved as part of the annual Development Budget without separately obtaining approval through the MD approval process
  - Approval of changes to aggregate fee amounts and percentages
RCI Major Decisions Policy Update

• **Policy also details GC responsibilities** *(Refer to RCI MD policy for exact language)*
  - GCs are expected to possess sufficient knowledge of RCI Project’s finances, operational goals and development plans to act as the Secretary of the Army’s representative for the identified Local Authority Major Decisions
  - GCs retain inherent authority to regulate Installation activities to the extent necessary to maintain good order and discipline
  - However, the RCI Partner has the responsibility for overall Project management to include housing management functions and maintaining the financial health of the Project
  - Accordingly, GCs shall not:
    • Authorize, direct or permit Army representatives to initiate Health and Welfare Inspections of RCI housing. This does not limit GC’s authority to authorize searches of RCI housing based upon a determination of “probable cause” to believe criminal conduct or activity is occurring within RCI housing
    • Participate in RCI Project eviction decisions. However, GCs retain their authority to bar or otherwise restrict an individual’s access to the Installation to maintain order
    • Influence the housing assignment process, including directing or holding homes for specific personnel. This does not preclude Installation from working with the RCI Partner to establish/review home designations in the event of significant changes to the military requirement
  
• **MD Process steps are outlined in the policy and covered in PAM Handbook**
PAL Major Decision Policy

• ASAIEE published Policy for Major Decision Authority on 7 May 12

• Like the RCI MD policy, a PAL Major Decision is requested via a signed Concept Paper by the Installation GC, the OACSIM (ISP), and/or the PAL Lessee

• Unlike the RCI MD policy, all PAL MD requests are reviewed by ODASA (IH&P) for decision approval by DASA (IH&P)
  – Policy identifies 25 distinct PAL MD categories  (Refer to PAL MD policy for exact language)
    • Application of future DoD regulations / policies with PAL project impacts
    • Increase/decrease in government cash and non-cash contributions
    • Approval of IDP Close-out
    • Actions/decisions with potential scoring impacts
    • GAO/OSD/OMB/Congressional reports/briefings/approvals
    • Changes to conditions in the PAL Lease, including Condition 11 (Prohibited Uses and Limitations); Condition 15 (Transfers, Assignments, Changes of Corporate Structure, Sales of Assets, or Sub-Leases); Condition 17 and Exhibit O (changes to primary parties, revisions to existing [or additions of new] PAL Project agreements); and Condition 18 and Exhibit J (Performance of Lessee’s Hotel Operations)
    • Approval of Installation-specific Development Plans and Out-year Development Plans
PAL Major Decision Policy

- Policy identifies 25 distinct PAL MD categories (continued) (Refer to PAL MD policy for exact language)
  - Approval of Major Work and certain related Change Orders
  - Approval of Independent Construction Consultants and associated scope of work
  - DB Manager Work or Construction Change Orders where individual cost > $500k or cumulative cost exceeds $15M over IDP
  - Revisions to the PAL Lease in accordance with Condition 22.l (changes affecting end-state room counts; use of PAL Project funds or resources on non-PAL assets/facilities; scope of work modifications; and changes to providers of letters of credit, debt service reserve surety bonds, credit enhancement, or guaranteed investment contracts)
  - Exceptions to PAL Lease Condition 24 (Rates and Prices)
  - Exceptions to PAL Lease Condition 25 (Occupancy Requirements and Rights)
  - Variances above established threshold amounts for selected line items in the Lessee’s Operating, Construction and Development Budgets, and decisions having a >10% impact on annual budgets
  - Approval of Lessee’s Operating Budget when it is accompanied by a Notice By Lessee to Lessor of negative effects on end state, development scope or timing, branding, or Hotel Mgmt Agmt Services
  - Approval of Mortgages, Liens and Encumbrances, including changes to the Project’s debt/equity
  - Approval of substantive changes to insurance policies and coverages
  - Changes to the PAL Lease Condition 34 regarding processing and use of moneys received
  - Approval of process and decision concerning Non-Compliance, Default, Termination Default, etc.
PAL Major Decision Policy

- **Policy details GC responsibilities** *(Refer to PAL MD policy for exact language)*
  - GCs are expected to possess sufficient knowledge of RCI Project’s finances, operational goals and development plans to provide PAL MD requests to OACSIM (ISP) for processing in accordance with the PAL MD policy
  - GCs retain inherent authority to regulate Installation activities to the extent necessary to protect life and safety, to maintain good order and discipline, and to sustain anti-terrorism force protection requirements
  - GCs retain their authority to bar or otherwise restrict an individual’s access to the Installation to maintain good order and discipline
  - However, the private-sector PAL Lessee has the responsibility for overall PAL management to include development, lodging and property management, and maintaining the financial health of the Project
  - Accordingly, GCs shall not:
    - Authorize, direct or permit Army representatives to initiate Health and Welfare Inspections of PAL facilities. This does not limit GC’s authority to authorize searches of lodging facilities based upon a determination of “probable cause” to believe criminal conduct or activity is occurring within PAL facilities
    - Influence the lodging room assignment process, including directing the holding of specific rooms for specific personnel. This does not preclude the Installation’s Protocol Office from working with the PAL Lessee to establish specific protocol procedures
• Policy defines OACSIM (ISP) responsibilities *(Refer to PAL MD policy for exact language)*
  – Review and approval of Lessee’s annual Operating and Asset Management Budgets
  – Development oversight as delegated by the ODASA (IH&P)

• Policy outlines USACE responsibilities *(Refer to PAL MD policy for exact language)*
  – Administration of PAL Lease
  – USACE is the PAL Office of Record

• MD Process steps are outlined in the policy and covered in PAM Handbook
Army Housing Policy Updates

• General Flag Officer Quarters & Executive Homes
  – Six Year Maintenance Plan (SYMP): Engages the resident in developing the plan, their commitment, and pros and cons of making changes to the SYMP
    • OSD requires a plan be submitted; actual plans remain within Army
    • Annual and Long Range Work Plan becomes part of the BES / President’s Budget
    • Includes projected operations, maintenance, repair, furnishings, utilities
    • Automated report submitted through enterprise Military Housing (eMH) application
    • Commitment and concurrence from GO resident that the scheduled work is required and that all known necessary work is included in the SYMP
    • Units >$35K annually in maintenance & repair (JB Myer-Henderson Hall, etc) presented to Congress in separate exhibit in budget submittal for prior notification and approval
    • Ensure GFOQ managers get appropriate training and use Jan 2013 GFOQ Manager’s guide
    • SYMPs for privatized houses include Army management and furnishings support costs only; no maintenance, repair or utilities costs since RCI Partner is responsible for those costs

SYMP ✗ Funding $$
Army Housing Policy Updates

Projected total Families

Floor requirement for Family housing

Community housing demand

Renters

Military renters compete for available rental units; some find suitable rentals; some do not and become part of community shortfall

Community shortfall

Projected requirement

Homeowners

Suitably housed

Suitably housed homeowners and renters

AFH Requirements Determination
Army Housing Policy Updates

- Housing Requirements are determined by the Housing Market Analysis (HMA)
  - Programming tool for funding, construction and leasing
  - Projects the ability of the local market to meet housing requirements
  - Based on defined housing market area
  - Up to one-hour commute from duty station – typically 20 mile radius
  - Considers military population demographics
  - Considers bedroom requirements
  - Considers supply and demand of rental homes
  - Considers economic conditions

DoD policy to rely on the private sector as the primary source of housing for accompanied personnel eligible to draw a housing allowance
Army Housing Policy Updates

- **Housing Services Office (HSO)**
  - DoD policy to rely on the private sector as the primary source of housing for accompanied and unaccompanied personnel eligible to draw a housing allowance
  - Central point of entry for in-person housing assistance on the garrison and virtually through Army Housing Online User Services (AHOUS) to make an informed decision [https://www.housing.army.mil/](https://www.housing.army.mil/)
  - Delivers Housing Services:
    - Serves as the garrison housing champion for all Active Duty military, DoD Civilians & their Family members; focuses on the 68% of Army Soldiers and Families that reside off-post
    - Delivers the Army Family Covenant by offering non-discriminatory listings of rental & for sale housing, rental negotiations & lease review, property inspections, home buying counseling, landlord-tenant dispute resolution, in-&-out processing housing assistance, and the processing of housing discrimination complaints. HSOs are also the conduit to the privatized housing rental office on the garrison
    - Responsible for annual housing allowance data submission to OSD to assist in setting the Basic Allowance for Housing (BAH) rates
    - Assigns and terminates traditional government owned and leased housing
    - Liaison to the mission units for unaccompanied housing through First Sergeant’s Barracks Program (FSBP) 2020
## Army Housing Policy Updates

<table>
<thead>
<tr>
<th>Barracks Type</th>
<th>Construction Standard</th>
<th>Adequacy Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Minimum Net Sq Ft</td>
<td>Bedroom</td>
</tr>
<tr>
<td>Permanent Party (E1-E4)</td>
<td>140 NSF</td>
<td>Private</td>
</tr>
<tr>
<td>Permanent Party (E5 &amp; E6)</td>
<td>140 NSF</td>
<td>Private</td>
</tr>
<tr>
<td>Warrior in Transition (WT)</td>
<td>140 NSF</td>
<td>Private</td>
</tr>
<tr>
<td>Basic Training (BT) / One Station Unit Training (OSUT)</td>
<td>90 NSF</td>
<td>Open Bay</td>
</tr>
<tr>
<td>Advanced Individual Training (AIT)</td>
<td>108 NSF</td>
<td>Shared</td>
</tr>
<tr>
<td>Advanced Skills Training (AST)</td>
<td>140 NSF</td>
<td>Private</td>
</tr>
<tr>
<td>Operational Readiness Training (Transient Training)</td>
<td>90 NSF</td>
<td>Open Bay</td>
</tr>
</tbody>
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### Common Misconceptions:
- Construction & adequacy standards are the same
- 1+1 is the adequacy standard for permanent party
- NCOs always get 2 spaces and a private module

## UH Adequacy vs. Construction Standards
Army Housing Policy Updates

• Strategy
  – Provides quality unaccompanied housing (UH) services to Soldiers world-wide
  – Relies on partnership between units and garrisons
  – Retains centralized management at Brigade level
  – Standardizes UH management roles & responsibilities

• Mission Unit Responsibilities
  – Property management (brigade-level or equivalent)

• Garrison Responsibilities
  – Housing program & facility management

• Benefits of FSBP 2020
  – Maintain/establish common standards through enterprise-level program oversight
  – Return control of barracks to chain of command
  – Support Ready & Resilient Campaign (R2C) outcome “Improves transitions for Soldiers, Families and Civilians”

• Program Evaluation
  – Quarterly reports submitted by UH-owning
  – New FY14 ISR metrics established to document program successes & challenges

• Current Initiatives
  – IMCOM pilot expansion (Company-level management)
  – Compare Quarterly Reports from Commands
  – Leadership Outreach
  – Roll-out FSBP 2020 Handbook Update

<table>
<thead>
<tr>
<th>Task</th>
<th>Before FSBP</th>
<th>FSBP</th>
<th>FSBP 2020</th>
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<tbody>
<tr>
<td></td>
<td>Unit Housing</td>
<td>Unit Housing</td>
<td>Unit (Bde) Housing</td>
</tr>
<tr>
<td>Manages the Barracks</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Soldier Health/Welfare and Good Order and Discipline</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Room Assignments/Terminations</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Accountable for operation of facility and furnishings</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Common area and grounds police</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Room lockouts</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Issuance of Certificates of Non-availability (CNA)</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Uses web-based housing data system for holistic management</td>
<td>NA</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Provides mentorship and on the job training</td>
<td>x</td>
<td>x</td>
<td>x</td>
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PRINCIPLES
✔ Support the Mission
✔ Take Care of Soldiers
✔ Use Resources Wisely
Army Housing Policy Updates

Standardize and enforce FSBP 2020 throughout the Army

Timeline and Major Tasks

- **1st QTR FY12**
  - ACSIM publishes HQDA EXORD 261-12, AUG 2012

- **2nd QTR FY13**
  - Garrisons continue to report issue with training and turnover of Soldiers executing FSBP 2020

- **3rd QTR FY13**
  - IMCOM issued FRAGO to implement FSBP 2020 alternate staffing requirements

- **4th QTR FY13**
  - Execution of FSBP 2020 staffing at the Company level vice Brigade level at Fort Wainwright, Ansbach, Baumholder, Kaiserslautern, USAG Red Cloud, and Fort Leavenworth

- **1st QTR FY14**
  - IMCOM publishes OPORD 12-282

- **2nd QTR FY14**
  - FSBP 2020 In Progress Review (IPR)

- **3rd QTR FY14**
  - Collaborate with stakeholders on draft ALARACT
  - Brief Sergeant Major of the Army

- **4th QTR FY14**
  - Finalize ALARACT

- **1st QTR FY15**
  - Garrisons execute Phase 1: Training for Commanders and NCOs
  - 33% of installations achieve IOC

- **2nd QTR FY15**
  - Garrison execute Phase 2: Training for Platoon Sergeants and Squad Leaders

- **3rd QTR FY15**
  - 75% of installations achieve FOC

- **4th QTR FY15**
  - FSBP 2020 In Progress Review

FY13

FY14

FY15

FY16

FY17

FY18

FY19

FY20
Army Housing Policy Updates

Career Program 27 (Housing Management) Governance

**Functional Chief (FC):**
Assistant Chief of Staff for Installation Management
LTG David Halverson

**Functional Chief’s Representative (FCR)**
Chief, Army Housing Division
Ms. Suzanne M. Harrison

**Functional Point of Contact**
Deputy, Army Housing Division
Ms. Judith M. Hudson

**FCR represents FC in the execution of:**
- HQDA Career Program Policy Committee membership
- Career Planning Board activities
- Army Civilian Training and Education Development System (ACTEDS) requirements and development plan
- ACTEDS Housing Intern training and development
- Army Housing Academy; Level 1 and 2 courses in HSO, AFH, GFOQ, RCI and UH

**Career Planning Board Members:**
- FC/FCR
- ASA (M&RA) Rep
- Region(s) Rep
- IMCOM HQ Rep
- Female Rep
- Member at Large
- Sr HQDA Rep
- IMCOM Rep
- OACSIM Rep
- Minority Rep
- NAF Rep

**Recruitment Actions:**
- FCR approves all GS-13 thru GS-15 selections
- Functional POC receives copies of all referral lists at the GS-11 thru GS-15 positions
- Functional POC reviews all GS-11 thru GS-15 vacancy announcements
- Requests for Personnel Actions for GS-11 positions are reviewed by the Functional POC for potential Intern placement

Additional members at the direction of the FC/FCR
Future New Policies and Policy Updates

• **New Policy: Sex Offenders**
  – Currently working within HQDA
  – Anticipate publication by the end of 2014
  – Will address RCI, PAL and AFH

• **Policy Update: RCI Construction Standards**
  – Last updated in 2011
  – Will evaluate use of LEED vs. other Green Building Standards
  – Will address Specific Accessibility design features
  – Will consider "suggestions" from the field for inclusion / change

• **Policy Update: GFOQ SYMP**
  – Residents may sign cost reports versus plans
  – Projects will not be included in PresBud without completed DD1391s
  – Additional oversight responsibilities
  – Will consider "suggestions" from the field for inclusion / change
Future New Policies and Policy Updates

• New Policy: Recreational Lodging
  – PAL Partner is responsible for meeting on-post official traveler lodging requirements
  – Recreational Lodging is defined in DoDI 1015.11 as “Lodging facilities and services collocated with military recreational areas to support recreation, and where the vast majority of occupancy is by unofficial travelers”
  – Recently Recreational Lodges have been actively soliciting official business travelers and groups booked in the PAL hotels
  – While Soldiers may be eligible to stay in Recreational Lodging, Recreational Lodging should conform to their authorized purpose of housing unofficial – not official – travelers
  – Be aware of the distinction between the two lodging missions and respect the delineations
Questions?

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Utility and Services Reimbursement Policy for Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #5

1. References:

2. This policy memorandum replaces the Utility Services Reimbursement Policy for Residential Communities Initiative (RCI) Partnerships, issued on 5 May 2004, and clarifies the process of determining reimbursement amounts for utilities and services provided to RCI projects, including locations under PAL.

3. Title 10, U.S.C. § 2872a, allows the Secretary of the Army to provide utilities and services to RCI and PAL partnerships on Army installations and mandates that the Army be reimbursed for the cost of any utilities or services furnished.

4. Reimbursement for utilities and services will be accomplished pursuant to a written Municipal Services Agreement (MSA), which will be updated periodically in accordance with the RCI and PAL Portfolio and Asset Management handbook. Agreements entered into before the date of this policy memorandum shall be modified to comply with this policy effective the next utilities sales rate computation cycle.

5. Payment for services or utilities provided shall be due after the subject services or utilities are provided by the Army, consistent with requirements of by 10 U.S.C. § 2872a(c). All other applicable provisions regarding the billing for and processing of payments received as prescribed in FMR 7000.14R, Volume 11A shall apply.

6. For all RCI and PAL projects, utility reimbursement charges shall consist of actual commodity usage costs and any incremental costs incurred for operation maintenance and system sustainment, as a direct result of providing utilities services to either RCI or PAL projects.

7. All utility system capital investments that are determined necessary within the Army’s area of responsibility (as defined by RCI and PAL project’s points of utility demarcation) will be programmed and funded centrally by Headquarters Department Army (HQDA),
SUBJECT: Utility and Services Reimbursement Policy for Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #5

to include both Project costs to correct identified system deficiencies, and Repair and Restoration (R&R) upgrades to accomplish periodic life-cycle infrastructure replacements. These costs will not be billed to RCI and PAL projects. Any capital project initiated solely to meet an RCI or PAL requirement shall have its cost billed to the RCI and PAL project.

8. Disputes: The Army and the RCI Lessee or entity and PAL Partner have 90 calendar days to facilitate resolution of all outstanding issues following the expiration date of an agreement. If the Army and the RCI Lessee or entity and PAL Partner are unable to agree to the terms of an MSA, or to the methodology and process used to determine reimbursable amounts for commodity, O&M, and R&R costs, the parties shall elevate the issue(s) through the chain of command (HQ, IMCOM to ACSIM-ISP). In no event shall a dispute remain unresolved for longer than 180 calendar days from the expiration date of such an agreement.

9. Please address any questions concerning this policy to Ms. Rhonda Hayes at Rhonda.q.hayes.civ@mail.mil or (703) 614-0604.

Katherine Hammack

DISTRIBUTION:
Vice Chief of Staff, Army
Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army (Manpower and Reserve Affairs)
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The Inspector General
Chief Legislative Liaison
The Judge Advocate General
Director of Program Analysis and Evaluation
Director of U.S. Army Audit Agency
Director, Installation Services, OACSIM
Office of General Counsel
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Partnerships — Policy Memorandum #6

1. References:

2. This policy memorandum supplements Reimbursement of Utilities and Services, Policy Memorandum #5, by providing instructions on determining how to calculate the amount owed by a housing privatization project including a location under PAL (the "Project"), to the Army for firefighting and fire protection services, and police protection services (collectively herein referred as “Emergency Services”) provided by the Army pursuant to Title 10, U.S.C. § 2872a.

3. Title 10, U.S.C. § 2872a, allows the Secretary of the Army to provide utilities and services to RCI and PAL partnerships on Army installations and mandates that the Army be reimbursed for the utilities or services provided.

4. Reimbursement for Emergency Services will be obtained pursuant to the terms of the Municipal Services Agreement (MSA) that is negotiated between the Project, and Garrison Commander. The MSA will be updated annually on the anniversary of the original agreement in accordance with the RCI and PAL Portfolio and Asset Management Handbook. MSAs entered into before the date of this policy memorandum shall be modified to comply with this policy effective the next utilities sales rate computation cycle.

5. Each Project shall be required to reimburse the Army for the "Incremental Cost" incurred by the Army in providing or acquiring Emergency Services to a Project pursuant to 10 U.S.C. § 2872a. Calculation of Incremental Costs shall be conducted using the methodology in Paragraph 6 of this Policy.
6. Determining Incremental Costs:

   a. For purposes of this policy "Incremental Costs" are defined as the cost of resources directly consumed by an individual activity that would not have been consumed if the individual activity did not require them, or a cost that is specifically identified with a single cost object. Accordingly, the Army shall not seek reimbursement for salaries paid to uniformed Military Police or Military Firefighters.

   b. Each installation will use the following guidance and the attached templates (CLS Template and Hourly Template) in order to calculate the RCI reimbursable amount(s) for emergency services:

   (1) Using the attached Hourly Template list total man-hours for all tasks assigned to the emergency services organization not counting personnel or tasks performed for the benefit of or funded by other activities or organizations (e.g. airfield fire and security support).

   (2) List all tasks requested and agreed to in the MSA that are conducted exclusively for the Project. Identify the frequency for each task and the total man-hours required to complete each task.

   (3) Total all the man-hours that are required exclusively for the Project.

   (4) Note in Columns I and J whether the expense is Direct or Indirect, and Fixed or Variable. Only Direct Variable costs that are specifically attributable to housing are reimbursable. An example of a Direct Variable cost would be a dedicated law enforcement patrol car for the housing area, and the patrol car may do one or more patrols per day depending on Project needs. An example of an Indirect Fixed cost would be a law enforcement patrol car that patrols the entire installation including the housing areas three times per day, every day.

   (5) Enter a percentage reflecting the allocation of tasks provided exclusively to the Project in column K. The total man-hours are automatically calculated in column L of the template.
SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #6

(6) Multiply man-hours by the recommended GS7 Step 5 wage rate to determine the cost of all tasks.

(7) The monetary value of reimbursable man-hours from the Hourly Template is used as to validate the reimbursable amount calculated in CLS Template.

(8) Using the attached CLS Template The installation must identify the total budgeted costs of Common Levels of Support (CLS) for Emergency Services.

(9) Each installation and the Project must negotiate and reach agreement on the allocation percentage of each CLS budget line item provided exclusively to the Project, entering that percentage in column E.

(10) Multiply the total cost of CLS by the percentage in column E to determine the reimbursable amount of Incremental Costs.

7. All costs for which the Army seeks reimbursement from the Project pursuant to this policy must be measurable and segregable on a reasonable and auditable basis.

8. The MSA will specify the services requested for reimbursement by the Project. The Garrison Commander shall ensure that his/her staff provide the Project, upon request, with all reasonably available documentation including formulas and supporting data, which supports the Army's calculation of the amount billed to the Project for services.

9. To the maximum extent practical, the Garrison Commander and the DES representative shall ensure that the Project is notified by January 15, of each year, of projected rate changes for Emergency Services, and not less than 180 calendar days prior to such changes taking effect.

10. If a Project notifies the Garrison Commander that it disputes the costs it is being charged under the MSA for Emergency Services and the dispute is not resolved at the installation level within 90 days of the expiration of the previously applicable billing rates for the service provided, the Garrison Commander shall elevate the issue(s) for review and attempted resolution through command channels to ACSIM -ISP. ACSIM-ISP shall issue a final Army decision regarding the rates/amounts owed by the Project on behalf of the Army within 180 days of the date the rates previously applicable for Emergency Services under the subject MSA expired.
SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) partnerships – Policy Memorandum #6

11. My point of contact for this policy is Ms. Rhonda Hayes. Ms. Hayes may be contacted at rhonda.q.hayes.civ@mail.mil or 703-614-0604.

Encls
Template Samples

PAUL D. CRAMER
Deputy Assistant Secretary of the Army
(installations, Housing, & Partnerships)

DISTRIBUTION:
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Assistant Secretary of the Army (Acquisition, Logistics and Technology)
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The Judge Advocate General
Commander, U.S. Army Materiel Command
Commander, U.S. Army Corps of Engineers
Director of Program Analysis and Evaluation
Director of U.S. Army Audit Agency
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatized Army Lodging (PAL) Partnerships

1. Enclosed is the Assistant Secretary of the Army - Installations, Energy and Environment memorandum dated 3 July 2014 that clarifies when the Emergency Services Calculation Template must be used to calculate reimbursable emergency service costs.

2. Please ensure that all Garrison Commanders and RCI/PAL Project Directors receive and comply with this policy.

3. My point of contact for this action is Ivan Bolden, Chief, Privatization and Partnerships Division, 703-545-4200, ivan.g.bolden.civ@mail.mil.

Encl

CARLA K. COULSON
Director, Installation Services

DISTRIBUTION:
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Lend Lease
Corvias Military Living
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Installation Management Command (IMCOM) HQs
IMCOM, Atlantic Region
IMCOM, Central Region
IMCOM, Pacific Region
MEMORANDUM FOR Director, Installation Services, Office of the Assistant Chief of Staff Installation Management

SUBJECT: Reimbursement Policy for Emergency Services Provided to Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Partnerships — Clarification to Policy Memorandum #6

1. Army Residential Communities Initiative (RCI) and Privatization of Army Lodging (PAL) Policy #6, signed December 9, 2013 (encl), was issued to provide guidance to Garrisons on how to calculate reimbursable costs for firefighting and fire protection services, and police protection services (collectively herein referred as “Emergency Services”). This memorandum clarifies when the Emergency Services Calculation Template included in Policy #6 must be used to calculate reimbursable Emergency Services costs.

2. Use of the Emergency Services Calculation Template is not required if the incremental costs associated with the provision of Emergency Services to the RCI and PAL projects are mutually agreed to by the Installation Garrison Commander and the RCI and/or PAL Partnership(s) located on an installation. The costs agreed to without use of the templates, however, must reasonably reflect the incremental costs of providing Emergency Services (as defined in the referenced policy) to the RCI and/or PAL Partnership(s).

3. Questions concerning this policy clarification should be directed to Ms. Rhonda Hayes at Rhonda.q.hayes.civ@mail.mil or (703) 614-0604.

SAIE

PAUL D. CRAMER
Deputy Assistant Secretary of the Army
(Installations, Housing and Partnerships)
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Residential Communities Initiatives (RCI) Policy for Major Decisions
Authority - Policy Memorandum #1

1. This memorandum identifies the approval authority for RCI Major Decisions and also
details the responsibilities of each Garrison Commander as the Secretary of the Army’s
Garrison representative for each RCI Project’s Major Decision. Army representatives
must understand and perform their duties within the framework of the RCI Limited
Liability Company (LLC) (or Limited Partnerships) structure for each RCI project. This
policy supersedes DASA (P&P) memorandum on policy for RCI Major Decisions dated
15 November 2007.

2. The day-to-day asset management oversight for RCI projects is performed by the
Office of the Assistant Chief of Staff for Installation Management, Installation Services,
Privatization and Partnerships Division (OACSIM ISP), and RCI portfolio management
oversight is performed by the Office of the Deputy Assistant Secretary of the Army for
Installations, Housing and Partnerships, Capital Ventures Directorate (DASA-IH&P
(CVD)). The RCI Major Decision approval process is a collaborative effort between the
Army (DASA-IHP (CVD), ACSIM-IS (ISP), Garrison Commanders and/or their
designated RCI Asset Manager, and the RCI private sector Partners/Managing
Members. The procedures shown at Attachment 1 guide the orderly and efficient
disposition of Major Decision requests and Attachment 2 provides the list of local
Project and higher levels of authority for Major Decisions which require approval.
DASA (IH&P) Major Decision authority may be delegated to the ACSIM on a case by
case basis.

3. Garrison Commanders are expected to possess sufficient knowledge of an RCI
Project’s finances, operational goals, and development plans to act as the Secretary of
the Army’s representative for Project Major Decisions. While many RCI Major
Decisions should be addressed at the Garrison level, there are Major Decisions, as
outlined in the Project’s Operating Agreement and Attachment 2, which have
programmatic implications and require HQDA approval.
SUBJECT: Residential Communities Initiatives (RCI) Policy for Major Decisions
Authority - Policy Memorandum #1

4. Garrison Commanders retain their inherent authority to regulate Installation activities
to the extent necessary to maintain good order and discipline. The private sector
Partner/Managing Member of each RCI Project, however, has the responsibility for
overall Project management to include housing management functions and maintaining
the financial health of the Project. Accordingly, Garrison Commanders shall not:

   a. Authorize, direct, or permit Army representatives to initiate Health and Welfare
      Inspections of privatized housing. This prohibition does not limit a Garrison
      Commander’s authority to authorize searches of privatized housing based upon their
determination that there is “probable cause” to believe criminal conduct is occurring in
the privatized housing or that evidence of criminal activity is located within the housing.

   b. Participate in RCI Project eviction decisions. However, Garrison Commanders
      retain their authority to bar or otherwise restrict an individual’s access to any part of the
      installation as necessary to maintain good order and discipline.

   c. Influence the housing assignment process, including directing the holding of
      housing for specific personnel. This does not preclude the installation, in conjunction
      with the RCI private sector partner, from establishing the assignment and/or
      designation of homes should there be significant changes to the military requirement.

5. Please address any questions concerning this policy to Ms. Rhonda Hayes at
Rhonda.q.hayes.civ@mail.mil or (703) 6144601.

Kathérine Hammack

Distribution:
Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army (Manpower and Reserve Affairs)
Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)
Deputy Chief of Staff for Personnel (G-1)
Commander, Installation Management Command (IMCOM)
IMCOM Regional Directors
IMCOM RCI Garrison Commanders
IMCOM G4
Assistant Chief of Staff for Installation Management (A-CSIM)
Director of Installation Services, OACSIM
RCI Partners
ATTACHMENT 1 - Major Decision Process

1. General.

The Army's RCI program and Projects may require periodic policy updates, re-structures, rescopes, additional equity contribution, or other Major Decisions as identified in Attachment 2. This list of Major Decisions is also included in the RCI Portfolio and Asset Management (PAM) Handbook. Major Decisions require approval of the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization Division) (OACSIM - ISP) or Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (DASA (IH&P)), in accordance with the Major Decision Matrix, Attachment 2.

2. Procedures.

Step 1. The installation Garrison's RCI Asset Manager and/or RCI Partner identifies the requirement for a Major Decision after discussions with the relevant stakeholders and prepares a RCI Major Decision Request in the form of a Concept Paper as detailed below. The Concept Paper should include signatures from both the Army's and the Partner's authorized representatives, however, should the parties not reach conceptual agreement in a timely manner on an issue, a Concept Paper may still be forwarded by either party with annotation that consensus has not been reached.

Step 2. The Project team forwards the Concept Paper to ACSIM (ISP). The ACSIM (ISP) Program Manager (PM) reviews the Concept Paper, and determines approval level (OACSIM or DASA (IH&P). If the latter, the Program Manager documents the ACSIM position on the RCI Major Decision Concept Paper Request and forwards to the DASA (IH&P) no later than 10 work days from the receipt of the Concept Paper.

Step 3. IAW Attachment 2 the responsible entity will lead the coordination of all actions associated with the Major Decision, including but not limited to preparation of the approval/disapproval Decision Memorandum and coordinating the collection of supporting documentation.

Step 4. Once the Major Decision process is complete, the signed Decision Memorandum will be forwarded to the installation-level Project team with copy furnished to ACSIM and DASA (IH&P).
3. **Concept Papers.**

Concept Papers should include only the minimum supporting documentation necessary to articulate the proposed/requested Major Decision action. The Concept Paper should not exceed 3 pages and will include the following information:

   a. Purpose - identify the applicable situation that triggers a Major Decision (see table in Attachment 2 for DASA(IHP), ACSIM (ISP) and Garrison Commander Authority and Approval levels);

   b. Background – conditions leading to the proposal;

   c. Justification – rationale for proposed action, to include short and long term impacts on the project;

   d. Projected sources and uses of funds;

   e. Impacts if proposed action is disapproved; and

   f. Signatures – Garrison Commander and RCI Partner.
ATTACHMENT 2 – Major Decisions Authority and Approval Levels

The following Major Decisions matrix identifies a list of Local Authority and Higher Authority Major Decisions. This list provides a list of typical triggers which lead to a Major Decision, but it is important to note that each Project’s Operating Agreement specifically identifies which Partnership decisions are to be considered Major Decisions, while it is Army guidance/Policy as to whether a Major Decision required by an Operating Agreement should be handled as a Local Authority versus Higher Authority Major Decision. If the RCI Asset Manager is uncertain whether Local or Higher Authority of a Major Decision approval is required, they should consult with the ACSIM Program Manager.

<table>
<thead>
<tr>
<th>Major Decision Matrix</th>
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<tbody>
<tr>
<td>Local Authority Major Decision Requiring IMCOM Garrison Commander Approval</td>
</tr>
<tr>
<td>1 Approval of Annual or Quarterly Performance Incentive Fee Awards within approved budgets.</td>
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<tr>
<td>2 Address and/or resolve day to day property management/operations issues.</td>
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<tr>
<td>Higher Authority Major Decision Requiring HQDA - ACSIM Approval</td>
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<tr>
<td>1 Decisions where total cumulative financial impact is the lesser of: between 5 - 10% of annual operating, construction, or development budgeted costs; more than $250,000 from the approved annual operating, construction, or development budgeted costs; or ASA IE&amp;E Major Decision Criteria #17.</td>
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<td>2 Use of project funds for installation force protection initiatives.</td>
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<tr>
<td>3 Change in the Property Management Incentive Fee Program Metrics.</td>
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<tr>
<td>4 Army Review and Approval of Project Annual Property Management Budget. OACSIM-ISP coordinates the review of the proposed annual budget with the Army project level team prior to approval of the Project's annual budget. NOTE: Items which meet the criteria for a Major Decision may not be approved in the Annual Property Management Budget and are not to be included in the Annual Property Management Budget without Major Decision approval.</td>
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<tr>
<td>5 Changes to the allocation and distribution of funding to any of the lockbox accounts with respect to waterfall distribution and reserve accounts for any accumulated amount less than $2,499,000.</td>
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<tr>
<td>Higher Authority Major Decision Requiring HQDA – ASA IE&amp;E Approval</td>
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<tr>
<td>1 Decisions where total cumulative financial impact is greater than 10% of annual operating, construction or development budgeted costs.</td>
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<td>2 Increase or decrease in Project debt/equity, including associated changes to the initial development scope. This includes any increases or decreases in the government contribution to the Project.</td>
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<td>3 Movement of funds between Projects using the Integrated LLC.</td>
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<td>4 Loans from Project funds.</td>
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<td>5 Merger or consolidation of the Partnership.</td>
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<td>6 Acquisition or disposal of real property.</td>
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<td>7 Removal or change of primary partners.</td>
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<td>8 Changes to the initial or out year development scope or annual budget directly affecting end-state housing inventory, renovation versus replacement of housing, grade designation/distribution.</td>
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<td>9 Out Year Development Plans.</td>
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<td>10 Removal or change of an affiliated contractor for Property/Asset Management, Construction Management and Development Management.</td>
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</table>
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Privatization of Army Lodging (PAL) Major Decisions Authority - Policy Memorandum #2

1. This memorandum identifies the approval authority for PAL Major Decisions. Army representatives must understand and perform their duties within the framework of the legal structure established for the PAL project. Unlike the Residential Communities Initiative (RCI) Program, the PAL structure is not that of a limited liability company or partnership with the Army having a legal role as a member, therefore, the PAL Lease encompasses all the associated business terms. The PAL Lease encompasses under one document all the lodging locations being privatized and stipulates the rights and obligations between the lessee and the Army, including the approval of certain PAL Major Decisions.

2. The day-to-day asset management oversight for the PAL project is performed by the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization) (OACSIM (ISP)). PAL Major Decision approval authority resides with the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (ODASA (IH&P)). The PAL Major Decision review and approval process requires the collaborative effort between ODASA (IH&P), the Office of the Assistant Chief of Staff for Installation Management, Installation Services (Privatization) (OACSIM (ISP)), the United States Army Corps of Engineers, Norfolk District (USACE), the garrison-level PAL points of contact, and the PAL private sector entities. A major decision may be requested by a garrison commander, the OACSIM (ISP), or by the PAL lessee. The procedures shown at attachment (1) guide the orderly and efficient disposition of PAL Major Decision requests. Attachment (2) provides the list of PAL Major Decisions that require the approval of ODASA (IH&P). The ODASA (IH&P) PAL Major Decision authority may be delegated to OACSIM (ISP) or other entities on a case-by-case basis.

3. The OACSIM (ISP) will exercise approval authority for the lessee's annual operating and asset management budgets, and for the oversight of construction and development as delegated by the ODASA (IH&P). The PAL Lease is administered by USACE under the policy and guidance of the ODASA (IH&P), and USACE is the PAL office of record for all administrative actions under the PAL Lease and therefore is the official addressee for all PAL Lease correspondence, excepting that separately delegated.

4. Garrison commanders shall possess sufficient knowledge of the PAL project's operational requirements and scope of development at their garrison to provide PAL Major Decision requests to the OACSIM (ISP) for processing in accordance with this memorandum.
SUBJECT: Privatization of Army Lodging (PAL) Major Decisions Authority (continued)

5. This memorandum does not affect the garrison commander’s inherent authority to regulate installation activities to the extent necessary to protect life and safety, to maintain good order and discipline, and to sustain anti-terrorism force protection requirements. Garrison commanders retain their authority to bar or otherwise restrict an individual’s access to any part of the installation as necessary to maintain good order and discipline. The private sector lessee under the PAL Lease, however, has responsibility for overall project management to include construction and development, lodging and property management functions, and for maintaining the financial health of the project. Accordingly, garrison commanders shall not:

- Permit Army representatives to initiate health and welfare inspections of privatized lodging or related lodging facilities. This prohibition does not limit a garrison commander’s authority to authorize searches of privatized lodging facilities based upon their determination that there is “probable cause” to believe that evidence of criminal activity is located within the lodging facilities.

- Direct or interfere with the lodging room reservation process, including directing the holding of specific lodging rooms for specific personnel. This does not preclude the garrison’s protocol office from developing specific protocol procedures in conjunction with the OACSIM (ISP) and the PAL lessee.

6. Please address any questions concerning this policy to Ms. Rhonda Hayes at Rhonda.Hayes@us.army.mil or (703) 614-4601.

Katherine Hammack

Distribution:
Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army (Manpower and Reserve Affairs)
Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)
Deputy Chief of Staff for Personnel (G-1)
Assistant Chief of Staff for Installation Management (ACSIM)
Director of Installation Services, OACSIM
Commander, Installation Management Command (IMCOM)
IMCOM Regional Directors
IMCOM PAL Garrison Commanders
USACE HQ, Director of Real Estate
USACE, Norfolk District, Real Estate Office
Rest Easy LLC (Lend Lease)
ATTACHMENT 1 – PAL Major Decision Process

1. General. The Army’s PAL program may require periodic policy updates, revisions to legal documents, scope changes, financial revisions, additional equity contributions, or other PAL Major Decisions as identified in Attachment 2. All PAL Major Decisions require approval of the Office of the Deputy Assistant Secretary of the Army for Installations, Housing and Partnerships (ODASA (IH&P)) unless further delegated.

2. Procedures.

Step 1. The Garrison Commander, the Office of the Assistant Chief of Staff for Installation Management, Installation Services-Privatization (OACSIM (ISP)), or PAL lessees identifies a requirement for a Major Decision after discussions with the relevant stakeholders and prepares a PAL Major Decision Request in the form of a Concept Paper as detailed below. The concept paper should include signatures from both the Army’s and the Lessee’s authorized representatives, however, should the parties not reach conceptual agreement in a timely manner on an issue, a Concept Paper may still be forwarded by either party.

Step 2. The Concept Paper will be sent to the OACSIM (ISP), with a copy furnished to USACE. The OACSIM (ISP) Program Manager (PM) reviews the Concept Paper, and documents the OACSIM (ISP) position on the PAL Major Decision Request, processing of which should be completed and forwarded to the ODASA (IH&P) no later than 10 work days from the receipt of the Concept Paper.

Step 3. The OACSIM (ISP) PM forwards the Concept Paper to the ODASA (IH&P) for appropriate action, with a copy furnished to USAGE. The ODASA (IH&P) is responsible to lead the coordination of all actions associated with the MD, to review and approve/disapprove of the Major Decision, including but not limited to preparation of the DASA (IH&P) decision memorandum and coordinating the collection of supporting documentation. The OACSIM (ISP) PM and USAGE will assist as necessary.

Step 4. Once the Major Decision review is complete, the ODASA (IH&P) will provide a PAL Major Decision Memorandum to the OACSIM (ISP), with copies to USACE and to the PAL Lessee either approving or disapproving the request. If the request is approved, the PAL Major Decision Memorandum will also identify the Secretariat-level point of contact for the action, any prerequisites or stipulations including requirements for payment of transaction costs, and expected transaction timeline.

3. Concept Papers. Concept Papers should include only the minimum supporting documentation necessary to articulate the proposed Major Decision action. The Concept Paper will be no more than 3 pages and will include the following information:

1) Purpose – identify the applicable situation that triggers a Major Decision (see table in Attachment 2);
2) Background – conditions leading to the proposal;
3) Justification – rationale for proposed action, to include short and long term impacts on the project;
4) Projected sources and uses of funds, to include any transaction costs;
SUBJECT: Privatization of Army Lodging (PAL) Major Decisions Authority (continued)

5) Impacts if proposed action is disapproved; and
6) Authorized Signature of the requesting entity, e.g. the Garrison Commander, PAL Lessee, or OACSIM (ISP), and space for any required execution signatures (e.g. DASA (IH&P), Lender, Lessee, etc.)
### PAL LEASE MAJOR DECISIONS MATRIX

<table>
<thead>
<tr>
<th>Lease Condition Reference</th>
<th>Category/Item Description</th>
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<tbody>
<tr>
<td>Exhibit J</td>
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<td>Major Decision Reference</td>
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*Approval of Exceptions of Waivers to the PAL Lease Condition 18. Performance of lessees' Hotel Operations on under Exhibit J.*

Adjustments that will require a change of management in the PAL Lease operation terms and conditions, including all exhibits to the PAL Lease.

Any action/decision/policy change that could result in the loss of management will be defined as requiring an associated cooling impact.

Approval of any management changes from real estate developer agreements.

Gal/Lease/Development Period Close-out.

Approval of all initial/ongoing management policies that may reasonably be expected to impact the project beyond those policies or regulations governed by existing any-approving agreements.