

Opening Statement of David L. Winstead before the U.S. House of Representatives' Subcommittee on Economic Development, Public Buildings and Emergency Management

Tuesday, November 19, 2013

Mr. Chairmen, Members of the House Subcommittee on Economic Development, Public Buildings and Emergency Management, I am extremely pleased to be with you today to discuss the subject of alternative financing and innovative public-private strategies in federal real property delivery.

I have been asked to comment from the perspective of the work of the Public Development and Infrastructure Council (PDIC) of the Urban Land Institute, which was started during 2007 when I was Commissioner of Public Buildings at GSA. The role of this Council is quite unique in the ULI organization, which is a non-profit professional real estate association, in that its substantive programs and case studies are focused from the perspective of the public sector real estate executive.

Since its formation, ULI's PDIC Council has developed white papers on the "Framework for Policy Development and Analysis of Public-Private Real Estate Ventures," as well as a series of case studies of completed and hypothetical projects, which can be accessed via ULI's web-site. I have provided to the Committee copies of some of these policy documents and case studies.

Members of the PDIC have experience in public sector real estate matters, and share the interests which GSA and this Subcommittee have in maintaining the inventory of federal buildings, realize savings for more efficient and energy saving workplaces, leverage private sector efficiencies in rentable space, delivery and financing, while living within current federal budget constraints.

The historically low interest rate environment, combined with tight capital budgets are causing federal agencies to seek alternative ways to use and develop federal lands and manage space needs. Over the past few years, GSA has recognized this opportunity and issued two RFIs which seek real estate community interests to redevelop a cluster of Federal Triangle South buildings in Southwest Washington near L'Enfant Plaza, as well as solicit ideas concerning the exchange of the existing FBI headquarters property on Pennsylvania Avenue for a new headquarters which will address FBI's lease consolidation needs. These projects will be considered by GSA under its existing authorities, as well as Section 412 of P.L. 108 provided as a part of the Consolidated Appropriations Act of 2005 which allows for exchange,

sale and leaseback arrangements. In addition, many GSA modernization projects have been advanced utilizing ESCO (energy savings) contracts which leverage low interest rates to advance needed energy upgrades and renovation of federal buildings.

At the request of several of its members, ULI's PDIC Council has reviewed a number of case studies, which have focused on strategies that (1.) utilizes a private entity to secure the financing and development of office facilities and related uses, on (2.) existing federally-own land, or achieving federal land ownership through purchase, donation or land exchange, utilizing (3.) a ground lease model (30-65 years) which allows for a GSA lease which is properly scored by OMB as an operating lease, where (4.) ownership of the asset remains with the lessor during the term of the lease. There are a number of projects which ULI has considered utilizing this strategy, and copies of these case studies have been provided to the Subcommittee.

In addition, the PDIC Council has received presentations on other successful projects which utilize a ground lease/operating lease structure, such as the Veterans Benefits Office Regional Office (VARO) in Atlanta, Georgia; DOE's Argonne National Laboratory in Argonne, Illinois, as well as the DOT Headquarters in Washington, which was accomplished through special authorization from Congress. Several of the Council members have shared their experiences with successful DOD projects through the military housing program and Ford Island redevelopment. A number of enhanced-use leasing projects have been highlighted, to include Brooke Army Medical Center and Walter Reed, and the VA Medical Center in Houston, Texas. Several sale/lease-back projects such as the Oak Ridge National Laboratory in Tennessee and Camp Pendleton in California have been examined. In addition, utilizing historic preservation leasing authorities, GSA's Monaco Hotel in Washington was redeveloped, as well as Fort Hancock's Gateway National Recreation project and the VA Medical Center in Danville, Illinois.

As GSA, and this Subcommittee, continues to work on the alternative financing and project delivery options, we hope that the work of the ULI's Public Development and Infrastructure Council can be of assistance. Thank you for this opportunity to participated today, and I would be pleased to answer any questions that you may have.

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COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of Rule XI of the Rules of the House of Representatives, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

DAVID WIMSTEAD

(2) Other than yourself, name of entity you are representing:

PUBLIC DEVELOPMENT COUNCIL OF
UKRAINIAN LAND INSTITUTE

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

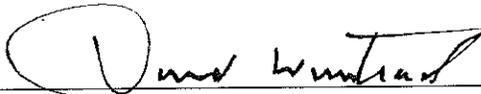
If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

NONE

Signature



Date

11/1/13

Biography for David L. Winstead

Mr. Winstead concentrates his legal practice at Ballard Spahr LLP in real estate development, infrastructure issues, public-private partnerships, as well as government contracts and legislative/regulatory matters. His career combines both private and public sector experiences in real estate and transportation, and his representations include national real estate companies, transportation infrastructure funds, government agencies and non-profit organizations.

Mr. Winstead joined Ballard Spahr following his presidential appointment and service as Commissioner of Public Buildings at the U.S. General Services Administration. As Commissioner, Mr. Winstead was responsible for the asset management, construction and operations of a portfolio of 1,500 federal buildings, as well as 190 million square feet of leased space to accommodate over one million federal workers. As Maryland's Secretary of Transportation from 1995-1998, Mr. Winstead oversaw the operations of Maryland's highway system, mass transit services, toll authority, Baltimore's port and BWI Airport.

Earlier in his career, Mr. Winstead was a partner in a Washington DC zoning firm, and served as Executive Director of the Washington/Baltimore Regional Association, a private sector economic development alliance of real estate and financial interest in these two metropolitan areas. In addition to his law degree, he received an MBA from Columbia University and a Master of Science in Real Estate from Johns Hopkins University.

Mr. Winstead's professional and civic duties have included being President of the American Association of State Highway and Transportation Officials (AASHTO); Director of the Maryland Chamber of Commerce; President of the D.C./ Suburban Maryland Chapter of the National Association of Industrial and Office Properties (NAIOP); Chairman of the Board of Managers of Chevy Chase Village, and service on a number of corporate boards. He currently Chairs the Public Development and Infrastructure Council of the Urban Land Institute and serves on the President's Council of The Real Estate Roundtable as well as the National Advisory Board of the Building Owners and Management Association (BOMA).

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