



PenMar Development Corporation

Real Estate Strategic Analysis: Fort Ritchie, Maryland



**The Counselors of Real Estate Consulting Corps
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ASSIGNMENT

- 1) Assess whether Pen-Mar's current organizational structure facilitates or hinders efforts to redevelop the property in light of current circumstances and challenges as well as its statutory mandate;
- 2) Clarify realistic and attainable economic development goals and objectives including the potential for a public-private partnership;
- 3) Delineate credible reuse options based on an assessment of the property's strengths, weaknesses, opportunities and threats (SWOT) to establish a new direction for the property;
- 4) Develop an attainable vision for the property together with plausible strategic options for its adaptive reuse and redevelopment;
- 5) Focus Pen-Mar's efforts and resources in pursuit of the vision;
- 6) Prepare a Strategic Plan of Action to attain the vision including a road map outlining the sequence of appropriate action steps to successfully implement the strategic plan;
- 7) Develop clear criteria with which to screen, evaluate and prioritize promising opportunities as well as readily eliminate impracticable options.

EXECUTIVE SUMMARY

The Counselors of Real Estate (CRE) Consulting Corps team recognizes the natural beauty, rich agricultural surroundings, distinguished history, and significant future potential of Fort Ritchie, a 660 acre property which PenMar is seeking to redevelop. The Fort is located in the Catoclin Mountains near Camp David in Cascade, Washington County, Maryland, on the border of both Frederick County, Maryland, and the Commonwealth of Pennsylvania.

The consulting team also recognizes, however, the very substantial barriers to achieving Fort Ritchie's potential. In the 15 years since the Fort's closure in 1998 under the Base Realignment and Closure (BRAC) process, Corporate Office Properties Trust (COPT) and others have attempted to redevelop the Fort, but no one has succeeded in redeveloping this unique property.

Despite its challenges, Fort Ritchie is far from hopeless as a development location, and indeed there is considerable reason for hopefulness about the opportunities it offers.

Goals, Objectives, and Methods

In retaining the CRE Consulting Corps team, PenMar requested that the team do the following:

- 1) provide an analysis of PenMar's organizational structure,
- 2) set realistic and attainable goals for PenMar to achieve in redeveloping Fort Ritchie,
- 3) determine the reuse options for Fort Ritchie,
- 4) develop an attainable vision and strategic options for PenMar at Fort Ritchie,
- 5) suggest techniques for focusing PenMar's resources and efforts,
- 6) develop a strategic plan of action for PenMar to achieve the strategic vision at Fort Ritchie, and
- 7) create a process that would enable PenMar to prioritize redevelopment opportunities at Fort Ritchie.

The team's methodology for fulfilling this assignment included conducting several dozen interviews with individuals who had a stake in Fort Ritchie (see Appendix), touring the Fort Ritchie area to get a sense of the surrounding region, physically inspecting many of the buildings, conducting market research and other research, and generally bringing to bear well over a century of collective high-level diverse commercial real estate experience in markets nationwide among the members of the CRECC team.

Overview

Fort Ritchie is a highly distinctive and valuable property with the unusual quality of being both accessible and remote at the same time. The most plausible uses for the site would take advantage of this quality.

The Fort is located in Western Maryland about 20 miles northeast of the intersection of Interstates 81 and 70 just northeast of Hagerstown, the county seat of Washington County, and about 20 miles northwest of Frederick, the county seat of Frederick County.

The Fort is within an easy drive of suburban Washington, DC populations in Frederick and Washington counties, and about a 1.5 hour drive from Washington, DC and Baltimore. At the same time, it is tucked into a kind of secret valley surrounded by forests and farms among Maryland's tallest mountains in a relatively sparsely populated area.

Challenges

Since Fort Ritchie's closure by the BRAC process in 1998, the Fort has presented substantial challenges for adaptive reuse that have yet to be overcome, despite significant efforts at such reuse, and despite significant redevelopment potential—although a potential with more than the usual measure of constraints and qualifications.

Currently, the market potential at Fort Ritchie for most conventional real estate products barely exists. Low growth in Washington County is producing little increased demand for office, retail, industrial, residential, or hotel properties, so that significant net absorption from any redevelopment at Fort Ritchie seems unlikely. Yet, owing to Fort Ritchie's location in the extreme northeast corner of Washington County, to a significant degree Fort Ritchie is located in "virtual Frederick County," with more of the high-growth potential of the Washington, DC—Baltimore region—but at the moment, that growth is just beginning to revive.

Major factors constraining redevelopment at Fort Ritchie include:

- 1) a location remote from population and employment centers, despite its general proximity to the Washington DC-Baltimore area,
- 2) significant title and deed issues,
- 3) significant environmental issues, particularly hazardous waste issues,
- 4) substantial historic preservation issues, and
- 5) multiple economic development agency stakeholders.

Opportunities

As the United States and the greater Washington, DC—Baltimore region emerge from the Great Recession, the time is ripe for PenMar to take immediate action toward the adaptive reuse of Fort Ritchie in a comprehensive yet flexible manner. Focus on attainable short-term steps that will lead to relatively long-term and gradual solutions that are less dramatic, yet more realistic, than COPT's uncompleted project.

Moreover PenMar as well as other interested private, nonprofit, and government stakeholders, bring to bear a wide range of committed talent, as well as significant financial resources, to address the adaptive reuse of Fort Ritchie.

PenMar's financial resources are finite, however, and several organizational barriers have impeded the fullest application of its available talent and financial resources. Both the Board and the staff offer opportunities to be restructured for the robust executive actions that PenMar must take to redevelop Fort Ritchie.

PenMar now has the opportunity to develop an effective strategy for both expending and expanding its financial resources, and must take immediate action toward implementing that strategy. Otherwise PenMar's resources are likely to run out before sufficient adaptive reuse of Fort Ritchie occurs to ensure long-term financial and community stability.

Specific factors providing opportunities for the redevelopment at Fort Ritchie include:

- 1) highly favorable zoning design guidelines,
- 2) general community support for some form of redevelopment,
- 3) PenMar's substantial financial resources, and
- 4) PenMar's ownership of infrastructure/utilities at Fort Ritchie.

Solutions

The general solution to the challenges of Fort Ritchie is for PenMar to take immediate action to invest its financial resources in a robust yet prudent manner to develop some realistic projects at the Fort. Such projects will provide new financial resources that will sustain the redevelopment of Fort Ritchie over the relatively long period of time, at least a decade or two, that such redevelopment is likely to take. At the same time, focusing on the long-term future of Fort Ritchie will enable the property to be redeveloped as a whole in flexible phases, preserving its long-term value as a recovering Washington, DC—Baltimore regional economy grows on its periphery and ultimately does draw in Washington and Frederick Counties, in the end enhancing its value significantly.

PenMar must resolve several governance issues before it can undertake any meaningful redevelopment at Fort Ritchie. At the board level, PenMar must strengthen the Executive Committee, as well as establish an evaluation process to prioritize opportunities, so that the board may achieve consensus and take rapid action. At the staff level, PenMar must hire a Project Manager with the time and capabilities for redeveloping Fort Ritchie.

Over the short run, within two years or less, a number of income-producing uses for Fort Ritchie seem possible, such as open space, a park, a destination restaurant and inn, a winery, a spring water bottling plant, a light industrial kitchen facility for food entrepreneurship, one or more data centers, an age-restricted living facility, and/or a senior living facility.

Over the long run, probably more than two years, more extensive income-producing uses for Fort Ritchie seem possible, including a hospitality or resort facility, possibly including golf, single-family market rate housing (perhaps with an agricultural-environmental emphasis), multifamily residential, a wide variety of potential institutional uses, and associated minor retail, office, and light industrial uses.

As an immediate step toward a long-term solution, PenMar should follow the 90-day action plan detailed in this report to accelerate the achievement of viable short-term real estate solutions for Fort Ritchie. Putting short-term solutions in place will provide immediate enhancements to the development's saleability, limit the expenditure of PenMar's existing financial resources, enable it to realize additional financial resources, and buy time for PenMar to develop and implement an effective long-term redevelopment strategy that preserves the value of the property so as to most benefit the surrounding community and region.

90-DAY ACTION PLAN

- 1) Adopt Goals and Measures for Success
- 2) Structure PenMar for Success
- 3) Address Water and Sewer with County
- 4) Start Land Use Concept Planning
- 5) Employ State/Local Government to Maximize Competitive Position

Specifically, the Consulting Corps team suggests the following Building and Land Use Recommendations for Fort Ritchie:

Near-Term Target Uses (two years or less)	Possible Long-Term Uses (over two years)
<ul style="list-style-type: none">▪ Open Space (Air Quality Mitigation)▪ Recreation and Leisure<ul style="list-style-type: none">-Park- Appalachian Trail Connection▪ Open Space (Air Quality Mitigation)▪ Lease or Sell Existing Structures▪ Destination Restaurant/Inn▪ Wine▪ Spring Water▪ Light Industrial Kitchen Facility for Food Entrepreneurship▪ Data Center▪ Age Restricted Living (Del Webb Style)▪ Senior Living Facilities	<ul style="list-style-type: none">▪ Hospitality, including Golf Resort▪ Single Family Residential (Market Rate)▪ Multi-family Residential▪ Institutional▪ Retail▪ Office▪ Light Industrial

INTRODUCTION

Background and Context

Created in the 1920s, in its heyday Fort Ritchie made extraordinary contributions to Allied victory in World War II, including the famed “Ritchie Boys” counterspy group, and to sustaining the national security and ultimate success of the United States in the Cold War. In addition, Fort Ritchie made a very large contribution to its surrounding community and region which endures down to the present.

In 1997, the Maryland Legislature passed legislation creating PenMar Development Corporation (PenMar or PMDC), a 501(c)(4) corporation, to act as the Local Redevelopment Authority (LRA) for Fort Ritchie (Maryland Economic Development Code sec. 11-503).

In 1998, the Department of the Army closed Fort Ritchie and transferred it to PenMar under the BRAC process. The applicable 1995 BRAC “No-Cost EDC” rules enabled the transfer without the payment of consideration by PenMar to the Department of the Army. Any consideration that PenMar did obtain resulting from the transfer was to be reinvested in the development or returned to the Army as compensation.

Instead of redeveloping the property directly itself, PenMar sold the property for \$5 million to Corporate Office Properties Trust (COPT) in phases, transferring the last phase in 2007. However, COPT’s plans to redevelop the land into a massive mixed use project including an office park, data center, and multifamily housing, stalled due to unrealistic expectations by the developer, a faltering economy, and an environmental lawsuit under the National Environmental Policy Act (NEPA) which was ultimately dismissed with prejudice.

COPT’s bold and extremely comprehensive plan to create a defense-related office park and residential community on the Fort Ritchie property, proved ill-conceived. The sudden withdrawal of COPT’s plan both created unrealistic expectations that some analogous organization would implement a similarly bold and comprehensive plan, and has left a negative stigma on the development as a whole which has discouraged other real estate developers from pursuing alternative, more realistic, developments at Fort Ritchie.

COPT’s plan for Fort Ritchie was possibly feasible only in the context of the period after the terrorist attacks of September 11, 2001, in which agencies and companies in the National Capitol Region frantically engaged in emergency planning for alternative headquarters beyond the range of potential subsequent terrorist attacks. As such subsequent attacks failed to materialize, the interest in such alternative headquarters

was soon forgotten. But even in that unusual context, COPT’s plan was almost certainly overly ambitious.

Moreover, the onset of the Great Recession in fall 2008 discouraged not only COPT but all others from taking advantage of the redevelopment potential of Fort Ritchie. During the pre-recession boom, Washington County, including Fort Ritchie, seemed on the verge of being drawn into the outermost radius of the Washington DC—Baltimore catchment development corridor that had fueled explosive growth in neighboring Montgomery and Frederick counties. But over the course of the Great Recession, the Washington DC—Baltimore area retrenched, and Washington County and Fort Ritchie failed to be drawn into the Washington DC—Baltimore corridor.

On July 24, 2012, COPT transferred Fort Ritchie back to PenMar. The deed from COPT to PenMar included an easement in favor of the Maryland Historical Trust (MHT) preserving the approximately 50 stone hut “finger buildings” along the Fort Ritchie entrance road, the former 9-hole golf course, parade ground, and other adjacent areas.

Since this transfer, PenMar has sought to determine how best to develop Fort Ritchie, and decided to enlist the assistance of the CRE Consulting Corps team in order to do so.

Major Factors Facilitating Redevelopment at Fort Ritchie

Appropriate Zoning/Design Guidelines from COPT Project. One of the most significant discoveries by the Consulting Corps team is the zoning Design Guidelines that Washington County approved for the site while evaluating COPT’s project.

These zoning Design Guidelines are of extraordinary breadth and flexibility, and were intended to maximize the attributes of the Fort while preserving the character that could create a draw for redevelopment. The Guidelines allow virtually any form of redevelopment at Fort Ritchie.

THE FORT RITCHIE PROPERTY IS THUS VIRTUALLY UNFETTERED BY CONVENTIONAL ZONING-RELATED USE OR BULK CONSTRAINTS.

There is no apparent time limitation on the Design Guidelines granted to COPT, so that PenMar would be governed by the guidelines in any redevelopment.

A potential limitation to the applicability of the Design Guidelines is that the Maryland Historic Trust states that COPT’s transfer of Fort Ritchie back to PenMar may have negated the Design Guidelines that Washington County granted to COPT. While this should be investigated, zoning generally does not change with property transfers.

General Community Support for Redevelopment. While opinions vary widely as to redevelopment options at Fort Ritchie, the community generally supports *SOME* form of substantial redevelopment at Fort Ritchie.

Financial Resources from COPT held by PenMar. As part of COPT's settlement with Pen Mar in 2012, COPT gave PenMar approximately \$6 million.

PenMar Ownership of Infrastructure/Utilities on Fort Ritchie. PenMar controls much of the utility infrastructure needed to develop Fort Ritchie. PenMar owns the water utility that serves Fort Ritchie. PenMar also owns the on-site sewer water pipes and pumps, which is piped to a county owned facility across the street. PenMar also owns its onsite power lines, with Potomac Electric providing the electricity. Finally, PenMar owns its gas lines, with natural gas being provided by a private company.

These utility assets are valuable in themselves, but are of even greater value for bargaining with the relevant utilities to exchange the utility infrastructure for capital improvements by the utilities that will make the utility infrastructure more competitive and attractive to potential buyers and tenants.

Major Factors Constraining Redevelopment at Fort Ritchie

Location Remote from Population and Employment Centers. The sheer remoteness, or at least perceived remoteness, of Fort Ritchie from major population and employment centers is far and away the dominant constraint in redeveloping the Fort. Residents in the immediate Fort Ritchie area may not fully grasp how remote the Fort appears to those further away. While before the Great Recession, Fort Ritchie arguably fell within the outermost radius of the Washington DC-Baltimore catchment development corridor, with the onset of the Great Recession, that radius contracted back toward Washington DC and Baltimore, leaving the Fort behind.

Title/Deed Issues. Under the terms of the 2012 deed, it is not clear if PenMar has the sole authority to sell all, or a portion, of the former Fort Ritchie property at this time. Further, it is also not clear whether PenMar has any lingering obligations if it transfers title to a third party. Finally, it is not clear whether a subsequent owner of the property would have any obligation to the Army after purchasing property from PenMar.

PenMar should work with a major title insurance company to confirm that the company can insure over all legal obligations under its coverage in order to provide assurance to potential buyers and tenants. Assuming that the title insurance company is able to provide such assurance, PenMar should assume that neither PenMar nor any

subsequent purchaser has any further obligation to the Army or others in the prior chain of title.

Environmental Issues. Fort Ritchie generated substantial hazardous waste and other environmental issues over the decades of its operation. The Army has remediated the contaminated areas to a depth of one foot. When PenMar demolishes buildings, the Army must remediate the underlying soil.

Historic Preservation Issues. Major historic preservation issues may constrain potential redevelopment at Fort Ritchie.

As noted earlier, the July 24, 2012 deed from COPT to PenMar contained an extensive historic preservation easement over much of the property in favor of the Maryland Historic Trust (MHT). At the time that the deed was recorded, according to MHT officials, MHT was apparently unaware of this easement.

This large easement constrains potential redevelopment in the most desirable parts of Fort Ritchie. In particular, the easement protects 50 or so stone hut “finger buildings” built in the 1920s along the Fort Ritchie entrance road which would cost millions of dollars to renovate for an indeterminate purpose. Preserving all of these huts would eliminate much of the redevelopment potential at Fort Ritchie, and their historical significance seems modest.

Particularly given Fort Ritchie’s rural location, such a large and central historic preservation easement raises a fundamental issue: Does the historic preservation easement so constrain development at Fort Ritchie that no economic activity at the Fort will produce enough cash flow effectively to support the preserved historic land and buildings, so that all buildings will eventually fall down, defeating the purpose of the historic preservation easement?

Fortunately, there is some flexibility in enforcing the easement. According to MHT, the MHT does not have a procedure in place to administer and enforce a covenant as broadly defined as the one in the 2012 deed. Further, the language of the deed gives the State Historic Preservation Officer the ability to “waive” the deed covenant creating the easement. Finally, MHT states that the sale of the property by COPT to PenMar may have dissolved the easement so that it is no longer in effect.

MHT also states that MHT could have its Trust Easement Committee visit Fort Ritchie and determine which buildings are essential and which are not. Economic factors do weigh significantly in the determinations. Once the MHT Trust Easement Committee determines which buildings must be preserved and MHT and PenMar execute a Memo of Agreement, when PenMar transfers the new property, MHT would void the easement covenant in the 2012 deed, and record a relevant historic preservation restriction on PenMar’s deed out to the purchaser. However, there is no

guarantee that this restriction would be narrower in scope than the easement in the 2012 deed, because the MHT Trust Easement Committee generally reserves broad preservation easements.

Of course, maintaining the historic easement in an appropriately limited form at Camp Ritchie could preserve historic assets with significant tourism and other economic development value at Fort Ritchie.

Multiple Economic Development Agency Stakeholders. While the interest of several economic development agencies in Fort Ritchie is admirable, their exact jurisdiction and the exact nature of those interests is unclear, quite often conflict, and the Fort generally does not appear high on their list of priorities.

SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS

Strengths

- Zoning
- Community and political support
- No debt
- Leverageable assets
- Natural beauty
- Community center and select buildings for lease
- Water quantity, access to and cost of electric
- Strong population growth in Washington, DC—Baltimore region
- Staff with operational knowledge and history

Weaknesses

- Located within several political subdivisions
- Historic easement limitations
- Lack of public awareness
- Sewer infrastructure challenges
- Developable area limited
- Deferred maintenance and cost to maintain
- Functional obsolescence
- Residential Structures
- UXO stigma
- Site security and aesthetics
- Current market for most uses limited

Opportunities

- Capitalize upon Washington, DC—Baltimore growth
- Potential for incentives
- Emerging market for compatible uses (vineyards, foodie, etc.)
- Leverageable heritage and nearby historic sites
- PenMar has money to spend
- Real estate market coming out of recession
- PenMar to implement changes to facilitate real estate principles

Threats

- Government sponsored competition
- Competing economic development corridors
- Stigma of past effort failure
- Adverse legal action
- Local attitudes that the site is public domain
- Time
- Politics and regulations
- Attitude about PenMar funding and timeline

GOVERNANCE

Introduction—Structural (Rather Than Personnel) PenMar Governance Issues Impede Progress.

Both board members and staff are working hard, but not as efficiently or effectively as they might. All involved generally agree that the personnel of the Fort Ritchie board and staff offer many talents at a high level, although there is a wide range of views as to the best adaptive reuse of the Fort property and the best ways of achieving such reuse. Yet all involved generally agree that the board and staff should be achieving much more in implementing the adaptive reuse of Fort Ritchie, and should be doing so much more quickly.

This suggests that both the board and staff require structural reforms that will facilitate the achievement of board consensus, and accelerate the achievement of that consensus.

As is true in many nonprofits, where mission-related objectives and personal relationships frequently predominate over management concerns, and where formal responsibility can be difficult to delineate, the PenMar board and staff need a more formalized division of labor which enhances rather than smothers the nonprofit spirit. The roles of the PenMar board, its committees, its members, and the staff, as well as the relationships among them, must be clarified so there is enough specialization of functions for tasks to be apportioned and results achieved.

In general, both board and staff need more executive capability and capacity.

Restructuring Relationship of Full Board to the Executive Committee

The 18-member size and the overall composition of the board prescribed by Maryland statute seem reasonable—15 appointed by the Washington County Commissioner, and ex officio members from the Department of Business and Economic Development, from the Executive Director of Washington County, and from the Maryland Economic Development Corporation (MEDCO). However, the board needs to be restructured in a manner that enables it to take quick decisive action, while maintaining full board oversight.

At present, all board members attend monthly board meetings of the full board. Since volunteer board members have highly limited time, this means that most of their available volunteer time is spent at the full board level, and relatively little of their

available volunteer time is spent at the committee implementation level. It is likely that the board is something of a “debating society” in which members air their views in a manner that does have significant value, but does not achieve sufficient board consensus. Moreover, implementing any consensus by collaboration between implementing committees and staff is not happening fast enough.

In order to achieve a more effective balance of full board and committee activity among volunteer board members, PenMar should hold full board meetings only quarterly, rather than monthly. This will free up board members to spend more time at committee work between full board meetings, and give committees the time to collaborate with staff more effectively in implementing the consensus of the board.

Nowhere is this more true than with the Executive Committee. Properly preparing a board meeting is an enormous amount of work and time for both the Executive Committee and the staff. Freed up from preparing for a monthly board meeting, the Executive Committee will be able to have 2 monthly meetings as a committee between quarterly board meetings. This will enable Executive Committee members to collaborate more effectively in setting the agenda for the board, will focus the board upon reaching consensus more effectively at its quarterly meetings, and is likely to result in better decisions in less time.

Restructuring Strategic Planning Committee

Another aspect of improving the division of labor among members of the PenMar board is to focus the work of the Strategic Planning Committee. We recommend that there be:

- 1) a 90-Day Action Plan (the implementation of which should already be occurring),
- 2) a Short-Term Action Plan for actions that the board can take in two years or less, and
- 3) a Long-Term Action Plan for actions that the board can take in more than two years.

In order to ensure that the tasks set forth in each of these three plans are completed, the Strategic Planning Committee should have three subcommittees each being responsible for one of the three plans respectively, and responsible for implementing them, to ensure that the board is achieving immediate, short-term, and long-term objectives simultaneously and in tandem.

Evaluate Need and Roles for Other Existing Committees

With the quarterly board meeting structure established, and the roles of the Executive and Strategic Planning committees defined, the time is ripe to evaluate the need and roles for the other existing committees. They too can conduct committee work and work with the staff between board meetings, and help to set the streamlined agenda for the quarterly board meetings.

Goals and Measures for Success

GOAL—Transition Fort Ritchie to a Vibrant Asset

MEASURES FOR SUCCESS

- 1) Time
 - Execute 90-day plan
 - The time needed to execute a proposal to achieve a transfer
- 2) % Transfer
 - The amount (percent) of total land and buildings
 - Sale, lease, public-private partnership, etc.
- 3) Probability of execution (closing and completion)

Setting Goals and Measures of Success

In order to implement the overall goals and measures so as to achieve consensus on overall objectives, once PenMar has restructured its Board and Committees, it needs to set goals and measures of success. The Board's general goal should be to adaptively reuse as much of Fort Ritchie in the shortest realistic time span possible.

Establish Evaluation Process to Prioritize Opportunities. In order to achieve consensus on specific projects, once the Board has set goals and measures of success, it needs to establish an evaluation process to prioritize potential opportunities. The process should center on:

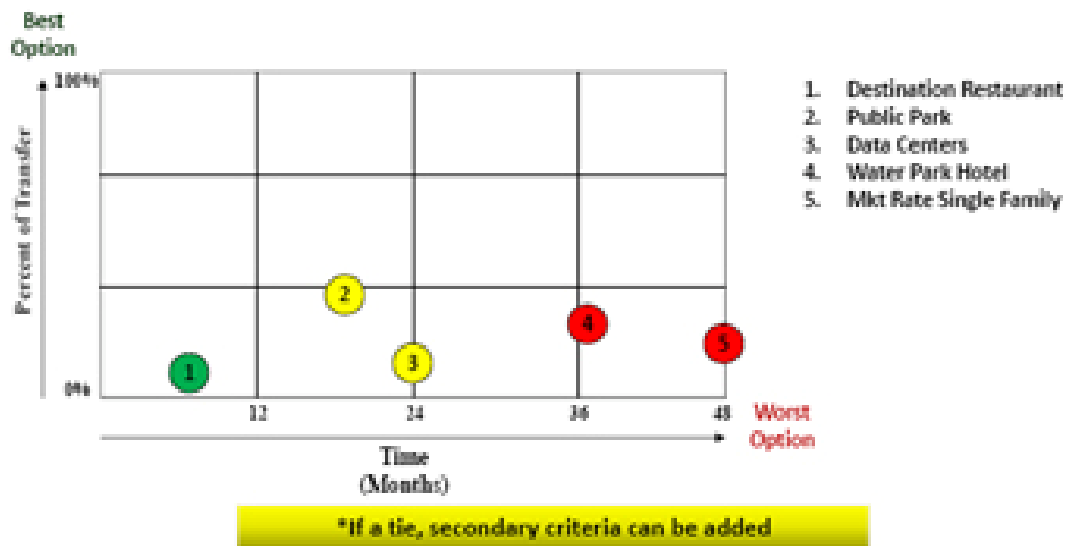
- 1) The Percentage of Transfer of land and buildings on the Fort Ritchie property, and
- 2) The Probability of Execution of a given proposed development opportunity within a reasonable time period.

Percentage of Transfer. The Percentage of Transfer of land and buildings for each board-approved project would be calculated as the acreage of the property that is the subject of the project, as a fraction of the acreage of the Fort Ritchie property as a whole. Types of transfer could include sale, space lease, ground lease, public-private partnership, or other conveyance modes.

Probability of Execution. The probability of execution is based upon:

- 1) The likelihood of closing on the property, and
- 2) The likelihood of completing the renovation, development, or other project in an effective and timely manner.

This primary Evaluation Process is depicted in the graphic below.



In addition, where additional criteria as to Probability of Execution are required, or supplemental “tie breakers” are needed, secondary evaluation criteria might include job creation; development compatibility (synergy); revenue generation; sustainability; creditworthiness of the relevant proponent, bidder, or tenant; public relations; and other timely criteria. However, at no time should these “tie breakers” replace the two main variables in the prioritization process.

The Project Manager (see below) should provide technical assistance to the board in assessing the appropriate Percentage of Transfer, Probability of Execution, and “tie breaker” criteria.

Structure PenMar for Success

New Project Manager

- Authorized to execute all business activities related to the goals and measures for PenMar
- Works with Executive Director, but reports to PenMar Board and Executive Committee, markets property

Executive Director

- Communication to Board, coordination with Project Manager, supervise Property Manager, organization level financials, liaison to Army, public relations political outreach, stakeholder interests
- **Property Management**—Facilities, common area and infrastructure maintenance, leasing, personnel, capital expenditures, security, accounting, etc.

Expansion of Staff

Given the complexity of Fort Ritchie as a long-term adaptive reuse project, no Executive Director could both manage the day-to-day operation of the Fort and execute long-term redevelopment plans. Generally, PenMar needs to expand its senior staff capabilities by supplementing the existing Executive Director position with a new Project Manager position, and by defining their respective responsibilities.

Redefined Role of Executive Director

Reports to Board. Because the board needs to monitor the day-to-day asset and property management of Fort Ritchie, the Executive Director will continue to report directly to the Board.

Asset Management. The major focus of the Executive Director will be the day-to-day management of the highly complex property asset that is Fort Ritchey.

Coordinates with Project Manager. The Executive Director will coordinate with, and collaborate with the Project Manager. According to PenMar’s attorney, the

PenMar state enabling statute indicates that the Project Manager should report to the Executive Director.

The board (particularly the Executive and Strategic Planning Committees) will collaborate in the selection of the Project Manager, and both shall agree upon the selection.

Since the current Executive Director has long-term knowledge of Fort Ritchie that the Project Manager probably will not possess, immediately after the Project Manager is hired, the Executive Director will need to devote extensive time to familiarizing the Project Manager with the Fort as a real estate asset.

As plans for adaptive reuse unfold, the Executive Director will need to coordinate day-to-day asset management with the Project Manager's short- and long-term redevelopment projects.

Prepares/Supervises Organization Level Financials. The Executive Director assembles the information required to prepare PenMar's annual financial statements, and supervises the auditor in preparing the final statements. The Project Manager is responsible for all project-specific financial records, but provides them to the Executive Director as needed to complete the organization level financials.

Maintains Liaison to the Department of the Army Mandated by BRAC. As mandated by the Base Realignment and Closure (BRAC) program Local Redevelopment Authority (LRA) agreement with PenMar, the Executive Director maintains liaison to the Department of the Army. The Project Manager will provide any technical assistance needed in maintaining liaison to the Army.

Directs Public Relations. The Executive Director directs the public relations of managing and redeveloping Fort Ritchie, calling upon the Project Manager for input as appropriate.

Engages in Political Outreach. The Executive Director directs the political outreach of managing and redeveloping Fort Ritchie, including all federal, state, and local agencies and political bodies, and applying for grants therefrom, calling upon the Project Manager for input as appropriate.

Addresses Stakeholder Interests. Generally, the Executive Director addresses and attempts to harmonize all stakeholder interests in managing and redeveloping Fort Ritchie. The Project Manager provides any needed assistance in addressing stakeholder interests.

Property Management

Facilities, Common Area, and Infrastructure Maintenance. The Executive Director generally supervises all facilities, common area, and infrastructure maintenance.

Leasing. The Executive Director generally supervises all leasing of all Fort Ritchie property that the Board directly or indirectly approves for leasing.

Direction of Property Management Personnel. Given that the asset management of Fort Ritchie is a complex task, the Executive Director will necessarily delegate all day-to-day property management to one or more Property Managers. These Property Managers may be either salaried employees or independent contractors.

Capital Expenditures. The Executive Director determines and executes all capital expenditures necessary for maintaining Fort Ritchie. The Project Manager provides any technical assistance necessary for determining and executing such expenditures.

Security. The Executive Director employs all private means, and collaborates with all public sector officials, necessary to maintain the security of Fort Ritchie, and addresses all breaches of security. The Project Manager provides any technical assistance necessary for maintaining security.

Accounting. The Executive Director accounts for all income and expenses for all property at Fort Ritchie. The Project Manager provides any technical assistance necessary for such accounting.

New Role of Project Manager

Addition of Project Manager and General Role. Because both asset managing and redeveloping Fort Ritchie is too large a task for a single manager, in order to accomplish swift redevelopment, PenMar must hire a professional project manager to take charge of the adaptive reuse of the Fort.

The central task of the Project Manager will be to redevelop Fort Ritchie as rapidly as possible, utilizing all available means, and applying the very highest levels of creativity and expertise. This will free up the Executive Director to focus on the day-to-day asset and building management tasks of Fort Ritchie.

For a project of Fort Ritchie's complexity, Pen Mar will need to hire a project manager with significant experience. The Board may engage the Project Manager as either an employee or an independent contractor, and must weigh the advantages of each.

A project manager may be an individual, or a company that specializes in these types of activities. An individual may be less expensive, but a company may have staff that can better integrate the many aspects of Fort Ritchie effectively than a single individual can.

Because of the long-term importance of the Project Manager role, PenMar will need to engage the Project Manager under some form of multiyear contract. To align interests, and to keep salary costs down until Fort Ritchie is producing significant cash flow, some form of completion success fee/bonus may be mutually advantageous.

Possibly, the Project Manager could be a project manager who has worked on a BRAC project resembling Fort Ritchie, some other major public sector project, or some other form of major mixed-use project.

There are a number of real estate firms which specialize in providing long-term project managers, and many skilled project managers work on a solo basis.

While hiring a Project Manager is a significant added cost, NOT hiring a project management has a far greater cost in ineffective incrementalism and will produce a slow burn of PenMar's significant but finite financial resources before substantial redevelopment occurs.

A good project manager will transform Fort Ritchie into a significant profitable enterprise, or at the least a sustainable long-term asset.

Reports to Board. Because the board needs to monitor the long-term redevelopment of Fort Ritchie, as with the Executive Director, the Project Manager reports directly to the Board, and will collaborate particularly closely with the Executive and Strategic Planning committees, including the latter's 90-Day, Short –Term and Long-Term subcommittees. However, according to PenMar's attorney, the PenMar state enabling statute indicates that the Project Manager should also report to the Executive Director.

Property Development. The major focus of the Project Manager will be the short-term and long-term redevelopment of Fort Ritchie into a vibrant or at least self-sustaining real property asset.

Coordinates with Executive Director. The Project Manager will coordinate with, and collaborate with the Executive Director in property development and all related tasks.

Authorized to execute all business activities related to the goals and measures for PenMar. In order both (1) to hire a top Project Manager, and (2) for the Project Manager to succeed in leading the redevelopment of Fort Ritchie, the PenMar Board

must fully empower the Project Manager, and give the Project Manager the maximum professional autonomy consistent with good Board governance.

In turn, the Project Manager will bring to bear in a robust manner all of the means and methods of the real estate profession, including but not limited to, analyzing each structure for code compliance and evaluating the costs of achieving such compliance, demolishing obsolete structures, active marketing of the property, entitlements, construction, and finance, in the aggressive redevelopment of Fort Ritchie.

Outreach to State and Local Government

Objective:

- Leveraging relationships to achieve PenMar's Goals and Measures

Action:

- Identify and obtain every possible tax incentive, grant and legislative support available to improve competitive position
- Tap into every government marketing vehicle available to promote the disposition of assets.

REDEVELOPMENT: REALISTIC SHORT-RUN POSSIBILITIES

Short-Term and Long-Term Building and Land Use Strategy Recommendations

Generally. Fort Ritchie is a large and complex property, with prospects that grow more favorable over the long term. Thus, the strategy most likely to succeed is one that conserves PenMar’s estimated 5 to 6 years of financial resources through rapid implementation of an initial short-term redevelopment strategy which in turn produces enough additional financial resources to buy time for the implementation of a practical long-term strategy, particularly as the Washington DC-Baltimore region continues to grow sufficiently as to draw Fort Ritchie into the outermost radius of its development corridor over the next several decades, and as Fort Ritchie becomes better known as a place.

We recommend, however, that in order to accelerate redevelopment of Fort Ritchie to an appropriate pace and avoid a wasteful and ineffective “slow burn” of its resources, PenMar plan to spend the great majority of its financial resources within 2 years.

PenMar should spend these funds to create a realistic redevelopment plan, demolish as many structures as possible that do not fit this plan, and hire the right people, including the Project Manager, to make the plan happen.

Beyond the 2-year mark, PenMar should plan to fund itself through land sales and leases, infrastructure divestiture, and successful incremental redevelopment.

This strategy promises to create the greatest number of good jobs over the long run in the vicinity of Fort Ritchie.

It is likely the Fort Ritchie will be redeveloped gradually with a combination of different short- and long-term uses, but the board should determine this combination of uses according to a coherent overall plan for the property, rather than in piecemeal fashion.

Currently, Fort Ritchie is a destination site with the “accessible yet remote” quality noted at the outset of this report, so that uses that benefit from this quality are most likely to succeed.

Address Water and Sewer

Objective:

To win county support, water and sewer issues must be addressed.

Issue:

County tension over rain water intrusion in effluent system, and the county is interested in water system.

Action:

Cap off water intrusion into sewer system to extent required to satisfy county.

Threshold Water and Sewer System Issues Must Be Resolved in Order to Proceed with Other Redevelopment. In order to receive the support of Washington County on a number of fronts needed for the redevelopment of Fort Ritchie, at the threshold PenMar needs to resolve immediate water and sewer issues at Fort Ritchie.

The basic issue is that rainwater is intruding into Fort Ritchie's effluent system, diluting the effluent in the system and thus increasing the volume of effluent in a manner that overburdens the County's sewage processing system.

In order both to appease the County, and to get Fort Ritchie's infrastructure into shape for general redevelopment, PenMar needs to cap off the intrusion of rainwater into the system to the extent the County requires.

Start land Use Concept Planning

Objective:

Build upon the advantages of extremely broad SEDD zoning and site attributes to achieve PenMar Goals and Measures

Action:

Identify the size, shape and status of the Asset

- 1) Evaluate the competitive position and condition of existing structures
- 2) Evaluate/confirm condition and adequacy of infrastructure for redevelopment*
- 3) Evaluate/confirm developable zones*

*Use COPT plan to support and validate

Specific Short-Term Building and Land Use Recommendations (2 years or less).

Although we generally concluded that most common real estate uses such as office, retail, and industrial property types, do not benefit from Fort Ritchie’s “accessible yet remote” destination quality and are not practical at Fort Ritchie, we identified several uses where Fort Ritchie has a comparative advantage and which might be implemented, or at least begun to be implemented, in the short term, within 2 years, and cash-flowing some time after implementation.

Open Space (Air Quality Mitigation). Open space uses enable the owner to obtain Air Quality Mitigation credits from the State of Maryland. PenMar should pursue any available credits here.

Recreation and Leisure

Park. Given the beauty of Fort Ritchie, nestled in a beautiful secret valley in the Catoctin Mountains, as well as its rich history, a park is a natural use for all or part of Fort Ritchie.

The park could be state or local, and could focus on the natural and recreational as well as the historic resources of Fort Ritchie. Modest swimming, fishing, and boating, hiking, and camping all seem possible.

The park might also be the locus for festivals and other events celebrating Fort Ritchie's rich and distinctive history.

PenMar should have the Project Manager communicate with all public and private park-type operators and developers to analyze potential relationships and development opportunities, including those who would assume responsibilities for the current restaurant. Plans for expanding the current restaurant operation are described below.

Appalachian Trail Connection. Happily, Fort Ritchie is only 2 miles away from a popular stretch of the Appalachian Trail, which follows the high ridge of the Catoctins from the north along the Washington County/Frederick County line southwesterly toward Harpers Ferry.

Particularly if PenMar selects recreation and leisure-related uses, emphasizing the Appalachian Trail connection would be of considerable value in attracting those hiking along the trail to Fort Ritchie, but it would be valuable for any use PenMar selects. In fact, to the extent feasible, PenMar should create a spur trail from the Appalachian Trail to Fort Ritchie, possibly in collaboration with the Appalachian Mountain Club.

A side benefit of creating an Appalachian Trail spur is that this would begin to appear on maps, and would help to gain publicity for Fort Ritchie and leading people there.

Lease or Sell Existing Structures. Fort Ritchie contains a wide variety of existing structures, from stone huts built in the 1920s to Post Exchange (PX) and Commissary structures completed in the 1990s shortly before BRAC transferred the Fort to PenMar in 1998.

Many structures at Fort Ritchie are well built, structurally sound, and would lend themselves well to some creative modern uses, or at the very least to some kind of storage facility. However, many of these structures seem completely unsuitable for any modern use, and should be demolished.

Destination Restaurant/Inn. Given that Fort Ritchie is only 1½ hours from Washington DC and even closer to Montgomery and Frederick counties, one highly plausible redevelopment would be to refit the splendid and fully furnished stone Officers Club on the lake, Lakeside Hall, as a destination restaurant and inn. PenMar already rents out Lakeside Hall for weddings and other functions, so this would in part simply be the extension of an existing use.

A destination resort or inn would benefit from the “accessible yet remote” quality of Fort Ritchie. The Fort is only 1½ hours from Washington DC and Baltimore, but in many respects feels as though it is hundreds of miles away, seems like it is from another time, and has a splendid close-to-nature quality.

As a destination resort, Fort Ritchie’s greatest appeal is probably as a kind of relaxing hideaway. Although Fort Ritchie has both lakes and mountains, they are not extensive enough for truly substantial swimming, fishing, or boating, or for significant downhill skiing, although cross-country skiing seems a distinct possibility.

The destination restaurant/inn would draw tourists from Washington, Frederick, and Baltimore counties as well as Washington DC and Baltimore, but should also be marketed to out-of-area tourists visiting Gettysburg, Antietam, Harper’s Ferry, and other nearby Civil War sites.

The Inn at Little Washington in Virginia is a well-known example in the Washington DC region of this kind of destination restaurant and inn. A nearby example is the Comus Inn near Sugarloaf Mountain in Montgomery County.

Wine. Some form of wine tourism or perhaps even wine production seems possible for Fort Ritchie. The growing popularity of wine is a national phenomenon, and Maryland, Virginia, and Pennsylvania all have wine festivals. The abundant fruit orchards surrounding Fort Ritchie suggest the possibility of many kinds of fruit wine. One of the Fort Ritchie buildings has a barrel-vaulted basement that would make a superb wine cellar.

Spring Water. Many on the PenMar Board commented on the highly abundant mountain springs pervading the Fort Ritchie property, and suggested the possibility of bottling this spring water and selling it in stores and restaurants. This seems like a plausible use which should be explored.

Light Industrial Kitchen Facility for Food Entrepreneurship. Fort Ritchie seems suitable for a light industrial kitchen facility suitable for food entrepreneurship. Because of health regulations which govern food processing, food entrepreneurs generally cannot produce food for the marketplace in their own kitchens, but instead must use some form of light industrial kitchen facility that satisfies the applicable regulations. Entrepreneurs may rent some of these by the hour.

Fort Ritchie’s “accessible yet remote” quality might be valuable for this use. The Fort is remote in the sense that it lies in an agricultural region with farmers who are food entrepreneurs, yet accessible in that it is at the same time also very close to

potential food entrepreneurs in Montgomery and Frederick as well as Washington Counties.

Such a light industrial kitchen facility thus might both supplement agricultural employment and create food entrepreneurship jobs.

Moreover, the two relatively modern PX and Commissary buildings, as well as the SCIF and several other buildings close to the “Castle” Headquarters Building and the Lakeside Hall Officers Club, would seemingly lend themselves to retrofitting as a light industrial facility.

If the Lakeside Hall Officer Club were redeveloped as a destination restaurant, the light industrial kitchen facility could provide the very freshest local food directly to the restaurant, and could have a viewing platform where restaurant patrons could view food being made in the kitchen.

An example of this type of light industrial food entrepreneurship facility is “Mi Casa Es Su Casa” in Long Island City, New York.

A light industrial kitchen facility appears to be one of the more practical uses suitable for Fort Ritchie. Even if this use were to fail, the industrial kitchen equipment could be resold and most costs recouped, minimizing the risk of this use.

Combined with the idea of a destination restaurant and inn resembling the Inn at Little Washington in the Lakeside Building, wine stored in the building with the basement resembling a wine cellar, potentially bottling the abundant spring waters, and similar food-related facility and business ideas, this would enable Fort Ritchie to have a unique agriculture/food entrepreneurship/wine/spring water/destination restaurant complex in a kind of placemaking that would draw people to the Fort and spur economic development, as well as create new markets for agriculture in the surrounding region.

Conceivably, there might even be a “food biotech” angle to this as well to take advantage of the biotech resources of the I-270 corridor in Montgomery and Frederick Counties.

Moreover, the destination restaurant/food/agriculture/wine/spring water approach would build up “brand equity” in Fort Ritchie.

Thus, the destination restaurant might be called “Fort Ritchie Farms”. Food products created in the light industrial kitchen facility might be branded “Fort Ritchie Kitchens”. Wine might bear the “Fort Ritchie Vineyards” brand. Spring water might be branded with the “Fort Ritchie Springs” brand. These brands would reinforce each

other—for example, selling Fort Ritchie branded food, Fort Ritchie branded wine, and Fort Ritchie branded spring water would make the public aware of Fort Ritchie, and help to drive people to the Fort Ritchie destination restaurant. PenMar might even earn money by licensing the Fort Ritchie brand.

Building up brand equity in this way would enhance the recognition and value of Fort Ritchie in the long term.

Data Center. COPT’s ambitious plan for Fort Ritchie included a data center component, suggesting the plausibility of this use. Particularly because of the major Internet backbone in the area, data centers have become a rapidly growing real estate product type in the Washington DC-Baltimore region, especially in Northern Virginia.

Fort Ritchie lends itself to data center applications based on a number of comparative advantages, namely:

- Electrical costs: For a data center to perform in a cost-effective manner, energy cost needs to be below \$0.06/kilowatt; cost of the electricity serving Fort Ritchie is below \$0.05/kilowatt.
- Existing buildings: several of the existing buildings like the PX and Commissary could readily be retrofitted to data center use.
- Security: Fort Ritchie, especially the existing buildings most likely to be retrofitted as data centers, can be easily secured in a cost-effective manner.
- Housing: Although data and research centers require only minimal staff, adequate housing and support buildings exist onsite to accommodate any such staff support needs.
- Price: Because Fort Ritchie has the cost-effective electricity and buildings readily available, PenMar could offer highly competitive lease rates, terms, and conditions to attract the first round of tenants. Particularly favorable terms to the first data center or two might prove particularly effective, because in the data center business, once a critical mass of users exists, it typically results in exponential demand from other users.

Moreover, the \$30 million power substation abandoned by COPT would provide the electricity needed to operate a data center. The springs and other abundant resources at Fort Ritchie would provide plenty of water to cool the data center.

Again, the Commissary and PX buildings seem like a plausible location for a data center.

One or more data centers appears to be one of the more practical immediate uses suitable for Fort Ritchie.

Age Restricted Living (Del Webb Style). Because of the limited employment centers within a reasonable commuting distance from Fort Ritchie, most conventional forms of housing are not feasible at the Fort. Thus, some form of “destination” housing, such as the age restricted living communities that the well-known Del Webb firm develops, seems plausible.

Fort Ritchie’s “accessible yet remote” quality seems to add value here. The combination of the beauty and quiet of Fort Ritchie’s remote secret valley, with proximity to children, grandchildren, and friends in Washington DC and Baltimore, must appeal to some of those seeking such age restricted living.

Senior Living Facilities. Another form of “destination” housing which does not require proximate employment, senior living facilities, seems plausible at the Fort.

The lack of proximity to a significant hospital or other medical facility poses some issues for senior housing at Fort Ritchie, yet many senior living facilities are located in areas that are not close to hospitals.

Again, Fort Ritchie’s “accessible yet remote” quality seems to add value here.

REDEVELOPMENT: REALISTIC LONG-TERM POSSIBILITIES

Particularly if PenMar succeeds with significant short-term redevelopment of Fort Ritchie, several practical options exist for long-term redevelopment.

Specific Long-Term Building and Land Use Recommendations (greater than 2 years)

Hospitality, Including Golf Resort. Particularly if Fort Ritchie develops significantly in the short term with uses that attract a significant number of people, some form of destination hospitality facility seems possible, especially if PenMar develops a destination restaurant in the short term.

This use might grow out of the short-term park use into the kind of “state resort park” that many states operate.

Most of the original Fort Ritchie 9-hole golf course is at least latently preserved under the existing historic preservation easement. Given the limited swimming and skiing potential of Fort Ritchie, creating a golf attraction could be crucial to the success of a destination resort, although there is a downward secular trend in the number of rounds of golf played in the US.

Single Family Residential (Market Rate). While the residential absorption rate in Washington County is quite low, Fort Ritchie’s location in the extreme northeastern part of Washington County, even within easy walking distance of Frederick County, makes the Fort a kind of “virtual Frederick County” location. Thus some kind of averaging of low Washington County and higher Frederick County residential absorption rates would probably produce a more accurate and somewhat more favorable portrait of the long-term residential absorption potential of Fort Ritchie.

Moreover, as Fort Ritchie is drawn more into the outer radius of the Washington-Baltimore catchment development corridor, there may be sufficient demand for at least modest residential development.

Over the long run, then, there will be at least a modest demand for housing, including single family housing, at Fort Ritchie.

Multifamily Residential. Again, particularly if Fort Ritchie develops significantly in the short term with uses that attract a significant number of people, and as Fort Ritchie is drawn more into the Washington DC-Baltimore development catchment corridor, there may be sufficient demand for at least modest residential development.

Institutional. A number of destination institutional uses seem plausible at Fort Ritchie over the long run, particularly those that benefit from Fort Ritchie’s “accessible yet remote” quality. Given Fort Ritchie’s history of military institutional use, institutional use seems particularly natural. Educational uses such as some kind of small college or offsite conference center (Georgetown University recently built such a conference center in exurban Northern Virginia) seem plausible. Religious uses such as a seminary (one recently moved to a nearby Pennsylvania location) or convent are possible. Healthcare uses such as a research center or sanitarium might be considered (although there is an abandoned sanitarium nearby in Pennsylvania). Given the Fort’s location in a kind of secret valley near Camp David, national security related uses including a cybersecurity research center might be entertained. Conceivably, the Armed Forces Home in Washington DC—an obsolete facility on an extraordinarily valuable piece of property—might be sold or land-swapped and the Home moved to Fort Ritchie. A major international institutional user, such as an East Asian or Middle Eastern organization, might be interested in the Fort.

Retail. Fort Ritchie is not really a natural retail location, except perhaps in the sense of destination retail associated with other uses. Thus, if PenMar develops data centers, a light industrial kitchen facility, a destination restaurant, a golf resort, significant institutional uses, or housing, a need would probably exist for ancillary retail.

Fort Ritchie wine, spring water, or food prepared at the destination restaurant or in the light industrial kitchen facility might be sold in some kind of retail facility, perhaps associated with the destination restaurant, and might also be retailed by mail order.

Particularly if other uses develop significantly, an outlet mall is within the realm of possibility.

Office. Similarly, Fort Ritchie is not really a natural office location, except perhaps in the sense of destination office associated with other uses.

Light Industrial. Particularly if PenMar develops the light industrial kitchen facility over the short term, there may be some spinoff light industrial development over the long term.

APPENDICES

Appendix A—The Counselors of Real Estate and the Consulting Corps

The Counselors of Real Estate, established in 1953, is an international multidisciplinary group of high profile professionals composed exclusively of leaders in the field of real property advisory services—otherwise known as “real estate counseling”. Membership is selective and extended by invitation only. The organization’s CRE (Counselor of Real Estate) credential is awarded to its members in recognition of their superior problem-solving ability. Counselors are committed to applying their extensive knowledge and resources to structure real estate solutions of measurable economic value to the clients they serve.

The CRE Consulting Corps, a public service created and managed by The Counselors of Real Estate, provides municipalities, not-for-profit organizations, educational institutions and government agencies real estate analysis and action plans that address their real estate dilemmas. Each Consulting Corps Engagement is conducted by a small group of volunteer members whose expertise, experience and skill sets match the specific needs of the client. The CRE Consulting Corps achieves results for its clients.

Appendix B—Limitations

The oral and summary report provided by the CRE Consulting Corps team is based on the professional judgments of the members of the team. The client acknowledges that neither the team members nor the Counselors of Real Estate organization guarantees that the recommendations contained in such reports can or may be implemented successfully. The client waives any claims against the Counselors of Real Estate and the team members that such reports or recommendations are in any respect whatsoever deficient. Release of recommendations to other parties or use by same is at the discretion of the client and the client shall hold The Counselors of Real Estate and the team members harmless for any claims by any third parties based on the use or all of any portion of the team recommendations.

Appendix C—Acknowledgments

The Consulting Corps team gratefully acknowledges Dori Nipps, Executive Director of Pen Mar Development Corporation, for her exceptional assistance and many kindnesses in the Fort Ritchie Consulting Corps engagement.

The team also thanks John Hentschel, Chair of the 2013 CRE Consulting Corps Steering Committee, for arranging for the team visit to Fort Ritchie, and for appearing at the beginning of the engagement and at the August 9, 2013 public meeting.

The consulting team extends its gratitude to the following individuals who willingly shared their opinions and expertise:

Individuals Interviewed:

Joe Bollinger	Greg Snook	Syd Machat
Jim Devlin	Bob Mandley	Dave Wills
Jason Divelbiss	Stu Mullendore	Gary Ventry
Stephen Kulla	Greg Murray	Jeremy Holder
Chris Motz	Steve Goodrich	Kevin Baynes
Bob Brennan	David Rawle	John Papagni
Ruth Anne Callaham	Brien Poffenberger	Dan Pheil
Bill Carter	Jim Lemon	Tim Lung
Sam Cool	George Griffin	Frank Quillen
Sharon Disque	Phil Ulzheimer	Dori Nipps
Brian Flook	Tom Riford	
Peter Kurz	State Senator Chris Shank	

Positions of Individuals Interviewed:

- Construction company owner
- Director of Finance, local healthcare system
- Land use attorney
- Attorney
- President of Maryland Campuses, local university
- Executive Director, Maryland Economic Development Corporation
- Washington County Commissioner
- Local Cascade resident, retired military
- Owner of IT company
- Executive Director, Hagerstown Neighborhood Dev. Partnership
- Realtor & marketing firm owner
- International business consultant
- Executive Director, PMDC
- Former PenMar Board of Directors Members
- Washington County EDC staff
- Washington County EDC members
- Washington County Administrator
- Washington County Director of Planning & Zoning
- Maryland DBED attorney
- Director, Office of Community Programs, Division of Neighborhood Revitalization, Maryland
- Program Officer, Office of Community Programs Division of Neighborhood Revitalization, Maryland
- Senior Business Dev. Rep, Maryland DBED
- President, Hagerstown-Wash. Co. Chamber of Commerce
- Former plaintiff in lawsuit
- Executive Director, CHIEF (Hagerstown-Washington County Industrial Foundation)
- PenMar Board of Directors Members

Appendix D—The Consulting Team



Owen M. Beitsch, CRE

Principal

Real Estate Research Consultants, Inc.

Orlando, FL

Owen M. Beitsch is a Senior Principal of Real Estate Research Consultants, Inc.. His background includes public planning and finance as well as real estate development. Owen has been active in the management and execution of complex assignments since 1983, resulting in many projects that have effectively linked the public and private sectors together. He has particular interest and expertise in special district governments as vehicle for implementing plans and programs. Working in Florida and other states, he has advised clients on the use of fees, assessments, tax increment, and related devices usually associated with these district bodies.



Byron R. Koste, CRE

Executive Director Emeritus

University of Colorado Real Estate Center

Centennial, CO

Byron R. Koste, currently Executive Director Emeritus, joined the University of Colorado Real Estate Center as its first Executive Director in September 1996 and also served as the Executive Director of the University of Colorado Real Estate Foundation. Mr. Koste came from Westinghouse Communities, Inc., (WCI), a wholly owned

subsidiary of Westinghouse Electric, where he held a variety of financial and managerial posts, culminating in his appointment to President in November 1992. At WCI Communities, Mr. Koste was chiefly responsible for the development of the company's Florida West Coast operations, including Pelican Bay, Bay Colony and Pelican Marsh in Naples, Pelican Landing in Bonita Springs, and Gateway in Fort Myers.

Mr. Koste's academic achievements include the presentation of "Machine in the Garden," an internationally published treatise on responsible growth management to the World Organization on Land Policy in London. He has been a guest lecturer at Harvard and the University of California Berkeley, as well as a consultant to the University of Michigan, the University of North Carolina, and Florida Gulf Coast University.

Mr. Koste received his bachelor of arts with majors in economics and fine arts from Dickinson College in Carlisle, Pennsylvania, and a master of business administration from Duquesne University in Pittsburgh, Pennsylvania. He graduated from the Executive Program at Stanford University in Palo Alto, California.



James S. Olin, CRE

Owner
C2G Advisors LLC
Franklin, TN

Jim Olin has been involved in some of the most complex and intricate business acquisitions and business restructurings from both a Wall Street "public" company scale, to small private companies. Jim has also served as a litigation consultant on one of the largest class action settlements in US history.

Previously, Olin was the Managing Partner of The Sterling Companies LLC. He managed the merger of three of Northwest Florida's leading privately-owned resort development, resort management and real estate sales companies into one powerful regional company servicing all facets of the resort industry. His leadership propelled The Sterling Companies from a regional powerhouse to a national player in the industry.

Jim is the former President and CEO of ResortQuest International (NYSE: RZT), the world's largest vacation rental property management and resort real estate firm. Under his leadership at ResortQuest, Olin guided the network of more than 20,000 vacation rental properties in 52 premier resort destinations and developed alliances and partnerships that gave ResortQuest a truly global reach.

Olin had been with ResortQuest and its subsidiaries for ten years. He was appointed COO of the company in January 2000 and was then promoted to President in April 2002. Previously, he was President and CEO of Abbott Resorts, based in Destin. As President and CEO of Abbott from 1992 until January 2000, Olin engineered the company's growth from 900 units to more than 2,500 units, and real estate sales from \$35 million to \$250 million annually.

Olin has served on several state-level task forces, appointed by Florida Governors Bush and Mixon, and is a founding Board Member of the Florida Vacation Rental Managers Association. Jim currently is on the Advisory Council of Packlate.com, and the Board of Directors of Serve & Protect.

Jim is also faculty member at the Nashville campus of the University of Phoenix, and a member of the Vacation Rental Managers Association and the American Society of Travel Consultants.



Franc J. Pigna, CRE

Managing Director
AEGIR, LLC - Port Property Advisers
Miami Beach, FL

Franc Pigna is the Managing Director of Aegir Port Property Advisers. Franc has over twenty years experience in international property servicing Global 500 firms, institutional investors, port operators and authorities worldwide in areas such as investments, corporate real estate, development and consultancy. Prior to founding Aegir, Franc developed investment, corporate real estate, valuation and other business service lines for emerging markets with a focus in Latin America and the Caribbean, establishing and expanding the first region wide service organizations there.

He is an international property consultant with broad sector experience in corporate services, investments, valuations and asset management specializing in

meeting the unique property challenges faced by the seaports, maritime, shipping and related logistics industries with a focus towards maximizing property asset values, reducing costs and supporting core business.

Specialties: Strategic property asset management plans; highest and best use and development analysis; valuations and appraisals of port properties; development of investment strategies for port related properties; structuring investments, development, equity and finance for port related property projects; and leasing, sales, of port located or related properties.



Charles N. Schilke, CRE

Director, The Edward St. John Real Estate Program
Johns Hopkins Carey Business School
Washington, DC

Chuck Schilke is the Director of the Edward St. John Real Estate Program at the Johns Hopkins Carey Business School. He is a senior real estate, infrastructure, financial, legal, and university educational professional with in-depth real estate, finance, legal, and educational experience in major corporations, law firm, nonprofits, and universities. Areas of expertise include real estate securitization, real estate private equity, and real estate investment trusts; lending and debt; mergers and acquisitions; real estate financial and operational infrastructure; large scale real estate development and large-scale infrastructure development in the petroleum, electric power, and telecommunications industries; strong experience with healthcare, office, retail, industrial, hotel, and multifamily properties; topflight experience with university academic management and curriculum development, as well as advanced university teaching in real estate law, finance, and development.

Chuck previously served as the creator and Associate Dean of the Georgetown University Real Estate program; created commercial mortgage-backed securities at a Wall Street law firm during both the CMBS boom and the crash; was the real estate senior counsel and developer at The American National Red Cross, including during the September 11 attacks; served as Real Estate, Merger, and Environmental Counsel for Mobil Corporation during the Exxon-Mobil merger, and worked for several law firms in Washington DC and Boston.

He holds an AB from the University of Chicago; an AM from Harvard University; and a JD from Cornell Law School. He holds the University of Chicago Alumni Service Medal.



Jerry W. Turner, Jr., CRE

Principal

T4 Investment Solutions LLC and
T4 Housing Interests Management LLC
Houston, TX

Mr. Turner specializes in real estate and financial services. His services include transaction assistance, mediation assistance, financial analysis, preparation of expert reports and expert testimony regarding real estate and financial disputes, operations review and analysis, contract examination, and valuation analysis. His clients include financial institutions, domestic and international governmental entities, law firms, and public and private businesses.

Mr. Turner owns a Multi-Family Property Management Company, T-4 Housing Interests Management LLC, established in 2008, and is the founder and President of T-4 Investment Solutions LLC (T4IS), a consulting firm specializing in Real Estate Services. Mr. Turner was previously the Director of Asset Solutions at KPMG serving financial and public services businesses. He also served as Senior Manager with BearingPoint LLC in charge of the government asset privatization practice. Mr. Turner began his career as a partner of Alliance Group, Inc., and as a bank officer with First City Bank in its real estate department in Houston.

Mr. Turner has been a guest lecturer for the University of Houston's Bauer School of Business and the Association of Defense Communities, addressing topics such as external and internal forces and their effect on real estate returns and ways to overcome the problems associated with the Department of Defense's installation privatization, development, valuation and commercialization. He also conducts seminars for clients focused on current real estate issues, including real estate investment strategy, planning, valuation, regulatory compliance, and market trends.