

OBO's Directorate-Specific Industry Day: PRE

Meeting Transcript

June 20, 2024 from 2:00 – 3:30 PM EST

BUREAU OF OVERSEAS BUILDINGS OPERATIONS



MS. MEGHAN SEBOLD: Good afternoon, everyone. Good afternoon and welcome to the U.S. Department of State's Bureau of Overseas Buildings Operations Monthly Industry Day, hosting by External Affairs. I'm Acting Director Meghan Sebold.

OBO is the single real property manager for U.S. governmental, diplomatic, and consular properties overseas. And we set worldwide priorities for the planning, acquisition, design, construction, operations, maintenance, and disposal of overseas property. Our secure, functional, and resilient facilities enable U.S. Foreign policy through building technology, sustainability, art and culture.

We see these industry days as an opportunity to strengthen the relationship between OBO and our industry partners. It's great to see so many of you here today, eager to explore opportunities to collaborate with us. Thank you so much for being here.

In this Industry Day series, we're highlighting directorates within OBO so that our stakeholders get a full understanding of what we do. And today, we're highlighting the Planning and Real Estate Directorate, led by the illustrious Victoria Hartke. And joining us today from PRE, our Managing Director Hartke and Office Directors Courtney McKinney of Master Planning and Evaluations, Jason Delara of Acquisitions and Disposals, Aaron Cruden of Strategic Planning, and Michael Lash of Real Property Leasing.

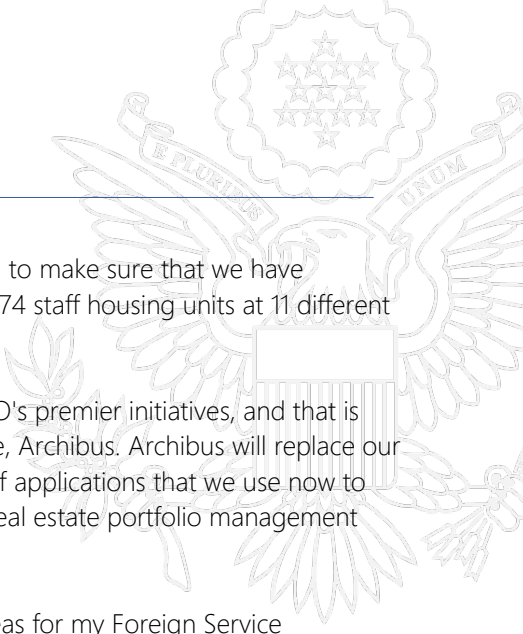
Also joining us are our partners from the Office of Procurement, also known as AQM, represented by Division Director Patrick Riley, with a presentation from Contracting Officer, Blondell Taylor. Our Industry Engagement Advisor, Lauren Luckett, will share helpful resources throughout this event and moderate the Q&A. And we've gathered your questions in advance, so you can drop them into the Slido function in the chat throughout this event. We'll also share this presentation via e-mail after the event. So don't worry, you will have all this information to take with you.

First up, we have OBO Director, Ambassador Moser, a Career Foreign Service Officer and lifelong public servant who has been an ambassador not once but twice. He served as U.S. Ambassador to Kazakhstan from 2019 to 2021, and the Republic of Moldova from 2011 to 2015. We're very grateful for his leadership, his insight, his sense of humor, and his presence here today. Director Moser, thank you so much for being here.

AMBASSADOR WILLIAM H. MOSER: Meghan, thank you very much. And first of all, I want to thank External Affairs for hosting today's event. And also, a great deal of thanks to the Office of Procurement Management for attending, and most of all, to OBO's Planning and Real Estate Directorate, because today is going to be all about them. Planning and real estate is important to OBO's mission. And OBO's mission is very simple. It is to provide the most effective facilities for United States diplomacy abroad. And all of our facilities begin with real estate, with the Planning and Real Estate Directorate.

PRE, as it's affectionately known, has been doing a fantastic job driving major initiatives to expand the U.S. presence overseas. We are expanding in the Indo-Pacific to counter China. New facilities were released in Tromsø, that's actually in Norway, to work on our arctic policy, in Malé in the Maldives, Nuku'alofa, [INAUDIBLE], Honiara, and Tripoli to support establishing an expanded U.S. presence to combat malign influences in different regions of the world.

And yes, I will confess that many of the places I just listed, I couldn't pronounce, though, I had practiced them multiple times. And so I will credit PRE with actually expanding my exposure to capitals in the world that I did not know.



We also reopened our presence in the Seychelles. And PRE is also in charge of trying to make sure that we have adequate staff housing around the world. With this fiscal year, we will be purchasing 74 staff housing units at 11 different posts.

Our directorate of planning and real estate is also a major stakeholder in what is OBO's premier initiatives, and that is our upgrade of our systems platform to the industry standard platform for real estate, Archibus. Archibus will replace our aged and really worn out program, the real property application, and a whole host of applications that we use now to perform our day to day work. And PRE is on the front lines of making sure that this real estate portfolio management software will help us become a much more efficient operation.

Also, I will note that PRE has been essential in helping to improve the housing overseas for my Foreign Service colleagues. And they know that PRE is on the job, looking out for their best interests when it comes to finding good housing. They are also in through our build to lease and option to lease programs, leveraging private sector resources to fund new construction to help the Foreign Service.

And of course, as always, we have the accessibility as one of our primary points of focus in our operations. Last year, seven housing units were acquired with seven additional units in negotiations this year that meet ABA or the Architectural Barriers Act requirements.

But before we dive deeper into PRE, we will first hear from our partners in the Office of Procurement. Blondell Taylor will now provide you an overview of the procurement process. Thank you all for being here today. And I look forward to a very fulsome discussion later today. All of these activities will be in support of OBO's primary mission to supply that diplomatic platform for effective diplomacy overseas. Thank you all.

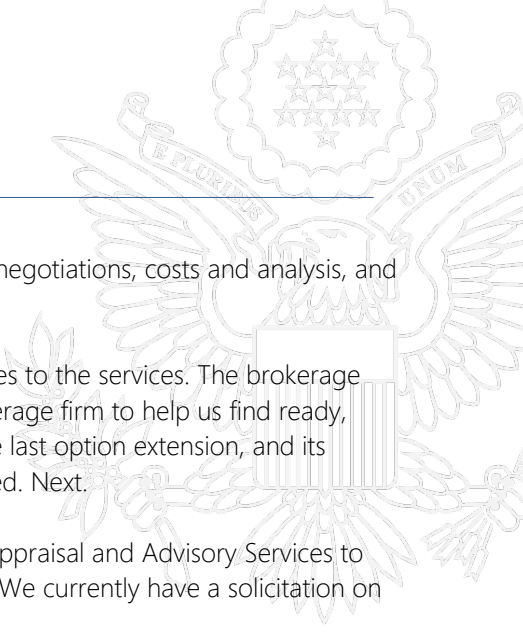
MS. BLONDELL TAYLOR: Good afternoon, everyone. My name is Blondell Taylor. And I'm a contracting officer in the Facilities, Design, and Construction, major support branch in AQM. Next. As we are all here as stakeholders of the U.S. Department of State, here's a snapshot of our org chart. Whether you're here to contract or learn more about doing business with the Department of State, you may or may not know or realize how large it is.

The print is rather small, so you can't really see, but there are six undersecretaries. And beneath each undersecretary, there are a number of bureaus. Next. The Undersecretary of Management, also known as M. Today, you're here to learn more about doing business with the Bureau of Overseas Buildings Operations. You can see that M is robust with many bureaus designed to make our government more citizen-centered, effective, and efficient. It's also a visual demonstration to show how OBO and APOE are related, yet separate.

Later in the presentation, OBO will discuss the various offices within their organization. Within the A bureau, as we like to call it, contains 11 different offices, which provides a plethora of support services and programs for the entire Department of State, including logistical support, domestic real property, facilities management, records management, publishing, and many other, including procurement, which is where OPE comes in. Next.

Under the A bureau is the business arm of the Department of State, which is the Office of the Procurement Executive, OPE. OPE consists of two different offices-- one, the Office of Acquisitions Policy, and the other, the Office of Acquisition Management, known as AQM. Next.

The Office of Acquisitions Management, A/OPE/AQM, manages, plans, and directs the department's acquisition program and conducts contract operations in support of activities worldwide. A/OPE/AQM provides the full range of



professional contract management services, including acquisition planning, contract negotiations, costs and analysis, and contract administration. Next.

DOS, from time to time, is involved in buying and selling property. There are two sides to the services. The brokerage side services side of the house is where we engage the services of a real estate brokerage firm to help us find ready, willing, and able buyers to purchase the property specified. Our current IDIQ is in the last option extension, and its solicitation will be forthcoming. So please look out for that for anyone that's interested. Next.

Real estate services is the other side of the house. We use International Real Estate Appraisal and Advisory Services to acquire and lease properties internationally, and services are on an as needed basis. We currently have a solicitation on the street for these services on sam.gov. Next.

The Department of State, like other federal acquisition offices, have a multitude of regulations to follow. The FAR, which is our federal acquisition regulation, and the DOSAR, the Department of State Acquisition Regulations, are mandatory acquisition regulations that are required to be checked and compiled, first and foremost, for each acquisition.

The DOSAM, Department of State Acquisition Manual, is the department's comprehensive manual of acquisition policies and procedures that implement and supplement the FAR and the DOSAR. All Department of State contracting personnel must follow the requirements of DOSAM. FAR part 12 and 15 is what we will be using to acquire the real estate appraisals and brokerage services. Next.

The acquisition of services plays a vital role in advancing and maintaining the mission capability of the Department of State. Services acquisitions covers a broad spectrum of requirements from advisory and assistance services, information technology support to maintain an equipment and facilities, and of course, real estate. Next.

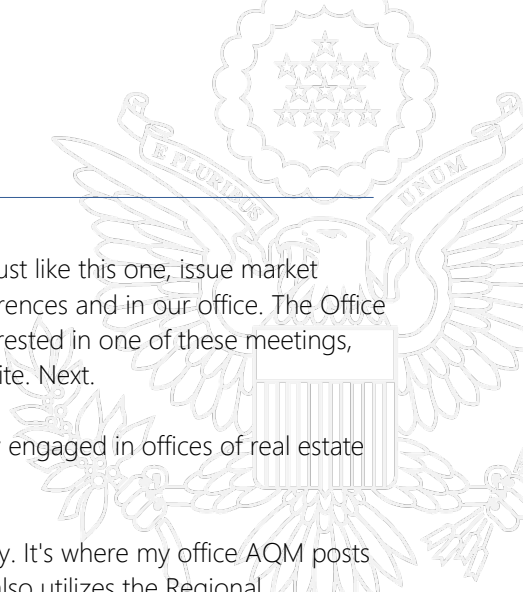
The ability to uniquely negotiate terms and conditions and pricing arrangements enables improved mission outcomes. Use of competitive range or multi-step process provides time-saving mechanisms to negotiate with only the highest rated vendor offers. Use of change orders enables flexibility to adjust to urgent and unforeseen circumstances. It also provides opportunities to design and negotiate solutions that meet mission requirements from basic to large scale, complex acquisitions. No funding thresholds exist, providing maximum flexibility in acquiring capabilities for major acquisition programs. Next.

Our contracts follow the uniform contract format, utilizing sections A to M for RFPs. It is imperative to follow these guidelines of each section to ensure you submit a proposal that conforms to the requirements. Next.

So section H is very important when filling out all the requirements and following it to the T and following all of the clauses and making sure that everything is in your contract that your acts to provide. Next.

Changes to the contract. Now, this is super important. If there's any change requested by anyone other than the CO, which would be me, the contractor shall immediately bring this to the attention of the CO. If different site conditions arise, the contractor shall notify the COR and the CO. Next. Next.

Selecting the right strategy will also be based on constraints and desired outcomes. What are we contracting for? We need to figure out how we narrow the potential contract strategies, and we have several to choose from. There are several contract types. There's fixed price, time and materials, labor hours, and so forth. Next.



We're committed to broadening the contractor pool by holding outreach meetings just like this one, issue market research, and pre-solicitation notice on sam.gov, and meet with contractors at conferences and in our office. The Office of External Affairs and OBO hold capability meetings with industry. And if you're interested in one of these meetings, please check out their website and complete the form at their BUILD with OBO website. Next.

The industry for a business NAICS code 531210 comprises of establishments primarily engaged in offices of real estate agents and brokers. Next.

Sam.gov is the one-stop source for the U.S. Federal government contract opportunity. It's where my office AQM posts our contract opportunities for all major capital projects and IDIQ competition. OBO also utilizes the Regional Procurement Service Office located in Frankfurt, Germany. They have opportunities for projects below 10 million and for non-diplomatic facilities that exceed the \$10 million threshold.

Thanks, everyone, for listening. And do have a great rest of your day. Next, I will pass it off to Victoria Hartke, who's the managing director for Planning and Real Estate in OBO.


MS. VICTORIA HARTKE: Thank you so much, Blondell. Good afternoon, everybody. Delighted you're here with us. I hope after you have a chance to hear from me, you've already heard from Ambassador Moser, our four office directors in Planning and Real Estate, you'll really start to gain a little bit more insight into what makes us tick, our philosophy, our approach, which I like to think of as predominantly entrepreneurial. But we've also got a lot of folks watching what we do. And I think PRE is really critical because it sits at the intersection of so many different groups. So next slide, please.

Just a little bit about who we are, what we do. Our responsibility, as the director said, really, is to plan and deliver our safe, secure, functional, resilient facilities. Those facilities tailored to help each and every mission be effective at delivering diplomacy overseas. Now we do that both by being the preeminent provider of services, but also working with you, working with industry to understand markets, to understand what's driving behavior in each of those markets. And it's going to be different from place to place because we're in 288 locations with responsibility for a portfolio of 25,000 assets with a replacement value of over \$80 billion.

And we have this immense and incredible responsibility. There's a group of about, I'm going to say, 125 of us, give or take. And we really feel this mission. It's compelling, it's incredible, because like I said, we're at the intersection of so many different specialties, so many different groups, so many different organizations. And we interact with all of these, not just the tenant agencies that sit in our house, in our office buildings overseas, but those staff members for whom we provide housing because we're responsible for providing housing, whether it's purchased or leased. We provide all the housing for our staff overseas. And it's about, I want to say, 16,000 units roughly, right now. Next slide, please.

And how we look at this fiduciary obligation is because we've got such broad authority. If you look at the right hand side of the slide, we've got really incredibly broad latitude to manage our portfolio. And we've got the ability to retain the proceeds of sale. So we're going to be thinking, what would the taxpayers want us to do? What would our stakeholders on the hill, what decisions are they looking to us to make? What kind of stewardship do they see? And so almost everything that we're doing these days, both on the transactional side and on the planning side, really has to do with leveraging data.

What kind of data do we need to make the best decisions? For example, let me just dig in a little bit. If you're looking at housing, for example, we have the interagency housing board at the post to be concerned with. We've got the families to be concerned with. We've got policy. What are the residential housing standards? We've got funding issues. What is



our annual leasehold budget? I think Mike Lash is going to be sharing that with you in a little bit.

How are we making the best decisions about where to identify housing? Do we need to upgrade the housing stock? This is what the director referred to when he said options to lease and/or build to lease program. So how do we develop programs that really address in a systemic way some of the challenges that we see across our housing portfolio? From the capital planning perspective, how do we make sure that we've got a robust pipeline of projects to feed our capital construction? We have, in the past, been the beneficiaries of about 2.2 billion each year in capital construction programs, 1.8 of it was for construction, 400 million of it for renovation. We've now harmonized that a little bit, so we're looking at all our major capital reinvestment in the same way and delivering one six-year capital plan that really addresses all of these things. But as you're doing that, you've got space planning, you've got program requirements, you've got, again, all the tenant agencies who are giving you those requirements of which spaces they need overseas. We've got ESG concerns, environmental, social governance, social justice. When we're looking at where we might go to build a new building, how can we be respectful and responsive to community needs? So we've got a lot of leeway and latitude in how we do that, which is really exciting because what I hope you'll take away from this presentation is that we can be innovative, we can be agile, we can be creative. We're always looking to see what else we can do, how we can deliver things more effectively, more streamlined.

You'll see on this slide things like joint ventures, things like share purchase, things like exchange. We don't yet have an ESG use leasing authority. That may be something we proceed to seek. But we've also begun to leverage relationships that we have with our allied partners, the Australians, the United Kingdom, Canadians, New Zealand. This partnership, we've really begun to explore locating either with them in their facilities overseas or hosting them in our facilities. And this is just one way that we have been working on trying to get into new posts quicker because rather than reiterating or duplicating our unique requirements, if we could be co-hosted or hosted by one of our allied partners might really provide a way to get in much more quickly, get on the ground to counter those malign influences that the director was discussing. And really being on the ground, having our diplomats on the ground to do those people to people ties and really be in sync with the host government.

One of the critical pieces of information that we learned in talking with our UK counterparts was that the host country, when the UK had representation in country, voted on critical votes and in referenda so much more, I want to say, 90% of the time with them when they had an in-person presence on the ground as opposed to 50% when there was an ambassador was coming from a mission someplace else and just coming on a temporary duty into that country.

So we see the importance in very real terms of getting a presence on the ground, but doing so in a way that satisfies stakeholders who are concerned about how much money we're spending and some of the pressures that we're seeing. If you look over here on the left side of the slide, new legislation, climate resilience, data and technology, and budget challenges, these are all things that we're responding to.

And we're changing fundamentally how we do business. We've moved away, for example, from the way that we prioritize site acquisitions for new embassy compounds or new consulate compounds, really, in response to our new Secure Embassy Construction Counterterrorism Act legislation. We have sought some legislation related to co-location with our allied partners, so that would give us some greater flexibility.

We've got much more data now in terms of climate and resilience. And we're leveraging that as we look at where we deliver our new facilities. What do the existing facilities face in terms of climate threats? What's their facility condition? And as we're getting better and more data, we're able to be much more predictive instead of having to just respond to an infrastructure failure or to some other kind of constraint, a natural hazard that happens. So we're being much more

readily able to be proactive.

Some of the things that we're continuing to do, and you'll see them on the bottom left hand part of the slide here, in terms of developing new programs, capital planning process that I mentioned, developing dashboards so that people in the field can also see where their facilities rank out of, for example, about 1,000 facilities that we've been evaluating for capital reinvestment, where those facilities sit, so they can be more engaged with us, more informed about their facilities, and then really help us help them in terms of developing the broadest possible spectrum of solutions.

As the director mentioned, accessibility is critical, not just for compliance with the Architectural Barriers Act, but also because DEIA is an administration's priority. And so accessibility on the facilities side, we've really been in our new buildings, specifically, have absolutely been leaders in this space. On the housing side, we developed an Adaptable, Accessible Housing Acquisition program. This is the one the director was describing, where we acquired seven units just last year.

This doesn't mean that we only have seven adaptable, accessible units in our portfolio. It just means that we, for the first time in 2023, got new funding to go out and make sure that we started to have at least one unit across every single one of our posts.

Now we know it's going to take some time if we've only got five million a year to do it, but we're committed to doing that. We also are committed to looking really hard at the policy to change, for example, the policy that says, a unit can only be vacant for 90 days. The commitment we want to make to the Disability Action Group, other groups in the Office of Accommodations at the department is that we understand the needs of a group of the Foreign Service officers that have specific requirements. We want you to be able to get to post, be effective from the minute you get there, not staying in a hotel, waiting for a leased residence to be ready for you. So we're taking a lot of these environmental factors into consideration and developing new programs to respond to them.

And so I hope that you'll hear a little bit of something that's intriguing to you, to figure out a way to spark an idea that you can connect with us, that you can reach out and maybe suggest some ideas, the traditional methods of leasing while we rely on them, and that's our absolute bread and butter. Always interested in hearing some new ideas. So if you feel like you've got some new ideas, looking forward to your coming in for a capabilities conversation or any kind of demonstration of an idea that you have that we could, perhaps, use to really drive the benefits both from a fiscal perspective and an ingenuity and creativity perspective for those Foreign Service officers serving overseas.

And with that broad introduction, I'd like to turn it over to Courtney McCunney, who's the acting officer-- oh, I'm sorry. It's to Jason Dallara. There we go. Our office director for Acquisitions and Disposals at OBO. And thank you so much. Looking forward to engaging with you in Q&A.

MR. JASON DALLARA: All right, everybody. So Jason Dallara. I'm the Office Director for Real Estate Acquisitions and Disposals. So this is all of our buying and selling on the real estate side. It's primarily a transactional office. We got 25 real estate professionals. We've done everything that you can imagine. We obviously buy, we sell. We've done exchanges. We've done government to government transactions. We've done 999 year leases, treaties, restrictive covenants, joint ventures, assemblages. Victoria talked about a broad authority, so we use all of them to get the best real estate that we can.

So let me talk about my group a little bit and highlight how we use party vendors and the kind of services we need. So the first part of our office is site acquisition. So that's what you see on the screen here. So this is primarily buying land to

support our new embassy and consulate construction programs.

So new embassies are OBO's maybe the highest profile projects, certainly, probably our most expensive. And you can think about them like any major real estate development, a shopping center or an office building, some big mixed use development.

The image you see on the screen is Jakarta. So this is a new embassy that we just completed. And in the bottom right, you can see the multi-parcel assemblage that we put together. So it took us almost a decade, but we have an amazing location right on their main square, basically, the equivalent of their national mall in Downtown Jakarta.

So we're pursuing probably as many as 25 different site acquisitions at different stages with land costs of somewhere around \$1 billion, and of course, spread out all over the world, every timezone, every continent. So next slide.

So a little more detail about site acquisitions. I won't go through the whole slide, but you see London on the right, which is one of our signature new embassies. And then down on the bottom right is another site acquisition we just recently acquired. So it's obviously a complicated effort. These are huge investments, big decisions, millions of dollars on both the site and the building. And our main goal is to be near the city center right, near where other embassies are, where the host government is.

I think Secretary Blinken said diplomacy is a contact sport. And I think we all agree with that. We need to be where the action is. And so the kind of services that we need to support that are the kinds of things that you would think of. So real estate searches, brokerage services, A&E services, due diligence support. And where we really need that expertise is on the ground all over the world.

We have great real estate people in DC on our team. What we're looking for is local experts, people that have experience in all of these markets in every continent. That's what we need, great experts on the ground. Next slide. So the next office is asset management. So this is the other part of my office that focuses on all of our other purchases, other than sites and our disposals. And Victoria mentioned the asset management account. We have unique authority. We get to retain our proceeds of sale and reinvest them. So we are obviously trying to be the best stewards we can of the taxpayer dollars here.

And what we primarily do on the purchase side here, which is highlighted a little bit on this slide, is we buy housing. So if you think about we just talked about new embassies, we typically construct those and own those, that's the end game we want with our new embassies. They're very specialized, unique kind of things, whereas our housing tends to be much simpler. It is diplomatic housing, so nice housing, high end housing, but in the end, that's what it is, it's just housing. So when we buy housing, we typically look to the local market to provide it for us. So we buy it on the ground and we buy everything from simple single family homes or townhouses. It's shown on the left. This was a purchase in Santiago. Or on the bottom right, you see, these were some condos we bought in Vilnius.

And the support services we need are very similar. Again, searching. So real estate searches, real estate brokerage, A&N services, and inspections, and due diligence, and again, with our focus really being experts on the ground in these various markets. Next slide.

This is just a quick snapshot of our Staff Housing Opportunity to Purchase program, give you, again, the worldwide reach. This is just a sampling of what we pursued over the last 12 months or so. And you can see touching all of the continents, everywhere from Manila to Guayaquil to Yerevan. These are the places that we're doing our transactions.

Next slide.

On the disposal side, things are relatively straightforward. We obviously dispose of any excess properties that we have. And our goal for this is really just to get the highest price possible. It's not really different than anybody else's goal. And we're pursuing it on behalf of the government.

On the right, you see, these are some former embassies and consulates that we've sold when we built new ones. So we have Oslo up at the top and then Hamburg down in the bottom right corner, both of those, I think we did closed bids on both of those, did multiple rounds, got really good prices, above what we thought was appraised value. So really happy. We've been very, very successful on our sales side.

And for third party vendors, we typically get real estate brokers. So we get the best local brokers in these markets to represent us. And again, we've had a great track record of success in doing that.

And then finally, I mentioned, in the bottom left, so of special disposals or out leases, occasionally, we do unique transactions. So one of the ones we're doing right now is we have an RFI on the street for a property in Karachi, Pakistan.

So this is a former con general residence out in Karachi. And we're looking for partners to either we're going to dispose of it or we'll redevelop with a partner.

So probably, the best partners here for us would be someone that's got a Pakistan connection, someone who's willing to invest money in Karachi to redevelop this property. Probably, millions of dollars is what we're talking about. But we have an RFI on the street right now. And sam.gov, if you're interested in that unique opportunity. So next slide.

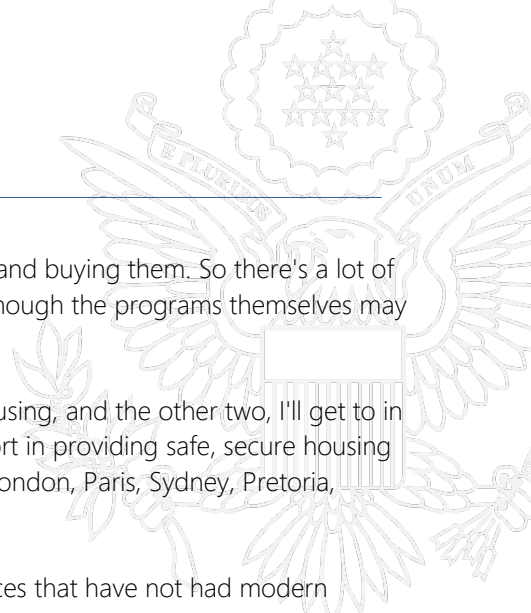
Let me just close out, just a quick description focus in on our IDIQs. Blondell touched them earlier. So we have IDIQs. We have one for acquisitions and one for disposals. We're renewing them in the end of this year or in 2025, so either late 2024 or early 2025. They're five-year contracts or one-year contract with five renewal periods.

And as I mentioned, probably, to be the most competitive is you want to have a global reach with your firm. And if you don't have it, if you could partner with somebody and have it, and then submit a proposal as part of that IDIQ. But that's what we're looking for. Again, we're looking for experts on the ground in all of these markets all over the world. We're in 275 locations, so we need the experts there. And that's what we're seeking for with our ideal IDIQ partner. So the volume that we've had just over the last 12 months, just to give you a flavor, we've done about 20 task orders and about 4.5 million in services that we acquire.

All right. With that, let me pass it to Michael Lash, who's the Director over in Real Property Leasing.

MR. MICHAEL LASH: Thank you, Jason. Both Jason and Victoria have touched on the extent of our portfolio, but just here are some more data. It's 17,000 leases, and we're in over 270 cities. We have an annual rent roll, actually, of about \$800 million. As you see on the screen, my office delivers 500 million of that. The other 300 million comes from agencies themselves directly to posts overseas.

For the audience today, the contract opportunities are the IDIQs that we've been discussing. So I don't need to go much into details about that because Jason's office and my office often use the same companies for different real estate services. And I didn't count the number of service orders, but it's annually worth several million dollars. That often goes in spurts where, for example, this year we've launched a program to acquire replaced homes at the executive level,



larger, wealthier neighborhood kinds of residences. All this year, we're both leasing and buying them. So there's a lot of searching going on, a lot of brokerage going on. And that's a repeating pattern, although the programs themselves may differ from year to year. Next.

In terms of opportunities, there's really three kinds of opportunities-- one is staff housing, and the other two, I'll get to in a moment. You can see what-- I gave you some brief outlines here. We need support in providing safe, secure housing in all of the places listed on the right. We don't really need help finding housing in London, Paris, Sydney, Pretoria, Singapore.

If you look at the list here, you can see they're all either developing countries or places that have not had modern development in a long time. So we like walled compounds. We're working on one in Africa now that'll have 78 units within a compound. We've completed a couple of others with 90 units, 65 units. The larger the post, obviously, the more units we need. And so that varies from project to project.

We tried to do options to lease, which is finding developers who are already in the market and working on something without us. And we get involved and we say, oh, we like what you're building. We'd like an option on 30, 40, 60 units. And we'd like you to make some slight justifications for safety and security, but it's still the developer's design and project.

The build to lease projects are competitively bid as opposed to the option to lease, where we just go into the market where someone has a project. Build to lease projects don't exist without us. We issue a request for proposals and list a great number of requirements. And the bidders need to be able to meet all those requirements. Next.

This is the second area of opportunity, what I call the executive residences. Here, we are looking at selected properties around the world or selected posts that have been identified as needing replacement properties for a variety of reasons. It's not always security. We've been in some of these properties that we own or lease for 60, 70 years. They obviously age, and they don't all age well, or they're very obsolete, or they have seismic deficiencies, or the neighborhood around them has just changed, it's no longer suitable for an American ambassador to be living in that location.

So these are usually very high end properties, \$5 to \$10 million to buy. We try to get purchasing when we can. We also are open to long term leases. When I say long term, a 10-year lease with two or three or four 10-year renewals. We think long term for these properties.

And you can see here on the lower left, there's locations where we need property. CGR is Consulate General Residence. CMR is Chief of Mission Residence, that's the ambassador's home. And you can see one on this slide in Hanoi, which we own and we've been in for, I've lost track, five or six decades. Next slide.

A more common need that people may not associate with embassies and consulates is warehouse space and storage. The embassies and consulates are office buildings. And of course, they have some internal storage in them. But when you have a post with 100, 200, 400 Americans there, the volume of material you need, whether it's appliances, replacement tires, mattresses, it far exceeds what we could store in one of these office buildings. And that's not the right place to store them anyway. So we do need warehouses.

And we have developed a new model, which we have done and tested already, and I'd like to be able to use again, where we have a scope of work already settled. We try to find low-cost land, undeveloped land, and we get a long term lease on it. The developer comes along and just does a build to suit. So you build it for us, we pay for the construction,

and we own the building. And it has worked once already. And we're trying to find other locations such as Lomé and Kampala, where we could do that.

We also would pursue option to lease and build to lease properties here as well. They're a little bit less exacting than an office or residences, just basic life safety security measures. And offices present a particular challenge for us. We don't always have a difficult time finding office space to lease, but we may find that the landlords don't want to lease to us. Maybe the tenants don't want us in their building because of the perception of long visa lines, et cetera. So it's actually a bit more challenging than most people may think.

But the hardest part is actually doing the fit out. So if there are developers with operations around the world that can handle this kind of construction on existing buildings, we'd like to talk to you. This is a real challenge. It's something that OBO has worked hard to figure out. Every country is different. Every city has different quality developers, contractors, materials, et cetera. Even basic buildings can present tremendous leasing challenges. And it's not even about the money, it's about getting it done right. So we need a stable full of qualified builders and developers outside of the IDIQ companies that we can turn to for these houses in somewhat remote or out of the way locations. Next.

Now, it's my pleasure to turn this over to Erin Crudden, the Office Director for the Office of Strategic Planning.

MS. ERIN CRUDDEN: Thank you, Mike. Good afternoon. My name is Erin Crudden. I'm the Director for OBO's Office of Strategic Planning, which manages the department's overseas real property data and provides short and long-range planning and scheduling to support our diplomatic mission.

The office consists of two divisions, knowledge management and long range planning. [CLEAR THROAT] Excuse me. What you're viewing now is a snapshot summary of the department's overseas assets in the European region. This is what we reported last year in the federal real property portfolio submission.

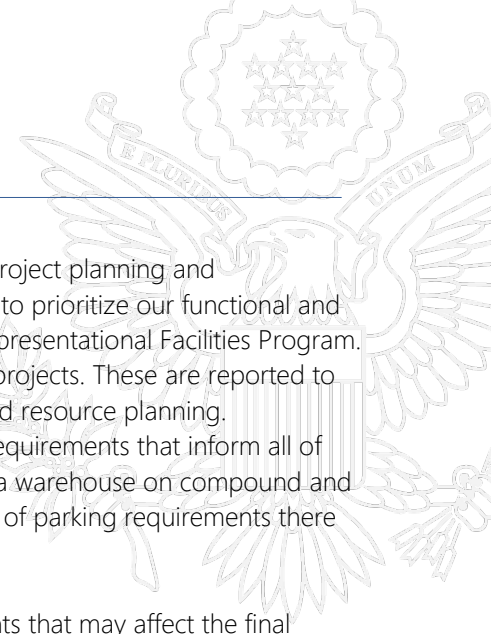
The knowledge management division manages the database that contains OBO's overseas real property, both functional and residential. You heard a little bit about the system from Director Moser, known in OBO as RTA. The database is an internal application that contains all the data relevant to any building, land, or structure, both owned and leased overseas.

Over the next two years, OBO is replacing this system with the new integrated workplace management system, which is Archibus in the real property module. So our team will be working on that.

The knowledge management team also develops tools that OBO subject matter experts and hosts both used in order to make informed decisions regarding planning, real estate transactions, project scope, and asset prioritization. The team has a very active Geographic Information System, GIS program, which serves as a primary component for validating and visualizing geospatial data associated with real property.

They also produce the Housing Network Dashboard, which is used by embassies and consulates to see the extent of their post staff housing portfolio. So they can use this to analyze drive time, see schools, hospital locations, and get critical security information.

We also have a small archives team and knowledge management. They conduct research and manage the intake and filing of both physical and electronic records of transactions and agreements. Next slide, please.



The long range planning division works on a variety of efforts related to program and project planning and requirements. The team is responsible for collecting asset data and establishing metrics to prioritize our functional and residential properties for reinvestment through our capital planning process and the Representational Facilities Program. They also develop and manage long-range schedules for both capital and non-capital projects. These are reported to Congress every year. And they're also used throughout OBO to determine workload and resource planning. We have a separate team that does high-level data analysis and recommends project requirements that inform all of OBO's capital project costs and design. So these are things like staffing levels, if there's a warehouse on compound and what size it is, if there's housing on compound or if that's off compound, and what kind of parking requirements there are for a project.

They also coordinate with Diplomatic Security on any non-standard security requirements that may affect the final project scope and cost. One of the often overlooked but extremely critical programs this team executes is OBO's cost-sharing program. This program collects over \$2 billion annually from agencies who use embassy space overseas to fund facility replacements or upgrades for the facilities that are most at risk of not meeting safety or functional standards. Due to a limited budget this year, this office does not have any contracting opportunities at this time. But thank you for the opportunity to present the hard work that the office does for the department. And next up is Courtney McCunney, who will tell you a little bit about the Master Planning and Evaluations office. Thank you.

MR. COURTNEY MCCUNNEY: Yeah, thank you, Erin. Excuse me. I am Courtney McCunney, Acting Office Director for the Office of Master Planning and Evaluations, also known as MPE.

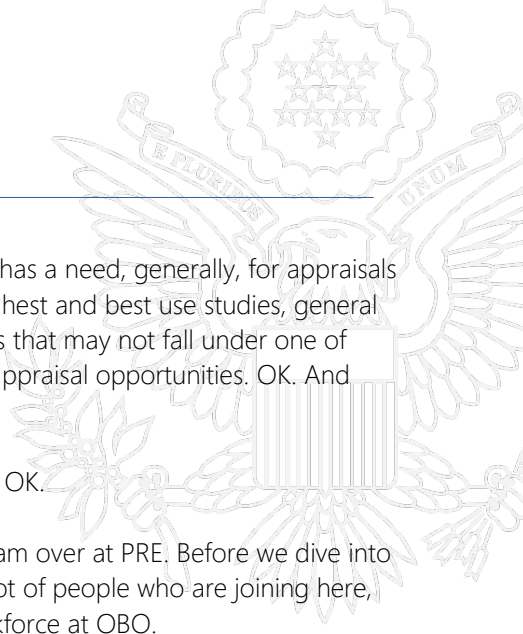
Our office is comprised of two divisions-- the first is the master planning division, which does a number of broad range of planning studies for diplomatic facilities overseas in an effort to create an optimal real estate property portfolio. Those planning studies analyzes always look at the near medium and long-term outlook for the facility. And we attempt to come up with a roadmap for development for each one of those facilities.

What that looks like in practice is we do a number of business case evaluations and validations that are used to inform our Capital Expenditures program, which is the CPP. Department initiatives, there are always a number of miscellaneous initiatives going on within the department, responding to political and diplomatic events abroad globally. And so we will be pulled in to do special one off analyzes to address those department initiatives.

We also do traditional planning products like facility analyzes and master plans. And then we do general OBO support for other planning activities within the department that can be residential facilities or can be other support facilities or facilities in support of the chanceries and consulates overseas. Next slide, please.

So master planning's sister division is the evaluations division. It's comprised primarily of real estate appraisers and realty specialists. The evaluation division informs leasing, acquisition, disposal, and planning decisions through market value and market rent analyzes, business case analysis, feasibility analysis, and negotiation support.

They also provide direct support to our Representational Facilities Program known as RepFac, and our Capital Planning Process, which, as I mentioned before, is our program to prioritize and define our capital program. Additionally, they provide support to our Adaptable, Accessible Housing Program and then just general planning support. The EV, the evaluation division is pulled in for other miscellaneous tasks, including supporting other OBO directorates outside of PRE, supporting directly to posts overseas, the Department of State's A bureau, which is a domestic focused real estate office, and then occasionally, other U.S. government agencies, especially if there's a tie to our diplomatic facilities overseas. Next slide, please.



And in terms of services need for real estate services, the evaluations division always has a need, generally, for appraisals and other advisory reports, notional values, rent studies, real estate trend studies, highest and best use studies, general feasibility studies, property searches, and general other real estate consulting services that may not fall under one of those categories. And there's, out there right now, due on July 30, some real estate appraisal opportunities. OK. And next.

Lauren, I'll pass it off to you here, I guess, to remind them about the build with OBO. OK.

MS. LAUREN LUCKETT: Great. Thank you very much, Courtney and the rest of the team over at PRE. Before we dive into the Q&A section of the presentations, I just wanted to use this moment. We have a lot of people who are joining here, not just learning about opportunities for work, but also opportunities to join the workforce at OBO.

So we're looking constantly for some great members to join our team. And we hire Civil Service, personal service contractors, Foreign Service specialists, and we also have some internships that we offer as well. So if anybody is interested in pursuing that avenue, you can scan that QR code for the careers, and that'll take you to our careers page on our OBO website.

And also, we've mentioned capability conversations a couple of times throughout the presentations. And the top QR code here, that will take you to the form that you can fill out and get all your information over to us so we can put you in front of one of our subject matter experts, and get you one of those 20 minute meetings where you can present your capabilities.

And also to the left, you will see all of our social media handles. So please feel free to join us and stay up to date and current with everything that we are doing.

So with that said, I'd like to invite everyone to put their cameras back on and join me for the Q&A section portion of this.

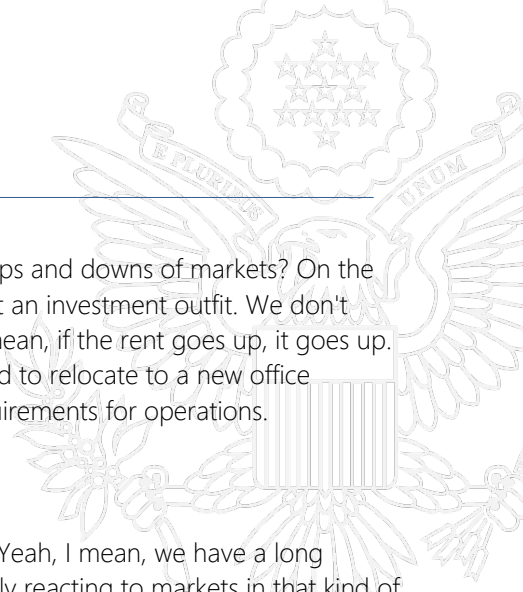
So we've got a couple of questions that have come in that we've been moderating on the back end. And I'm inviting everyone to just jump in. There are a couple that may cross over for more than one office.

So the first one that I'm going to put out there, we've got that came in, our government real estate buildouts, subject to the ups and downs of the private market. Would anyone like to-- anyone from the PRE team jump in?

MS. HARTKE: I can start. And then I'll turn it over to Mike and Jason, who might have some of the transactional perspective. To the extent that we're talking about lease fit outs, I think that's different from our capital construction projects. So I think you've got to be really super careful.

I think the phrase was government build out. So I'm not sure if the person was talking about a new construction project, because often, these are planned. Our capital plan is six years looking out. And so we're very methodical, we're very purposeful. And we're able to build in-- we're able to understand and estimate escalations and economic price adjustment and all sorts of other things. So we can track these and we can adjust a little bit. But once you have a contract, you bid on the contract, and so we're going to be looking to folks on the construction side to really adhere to that.

I'll turn it over to Mike and Jason to talk about lease fit outs or any other types of construction contracts for housing.



MR. LASH: Thanks, Victoria. I think the question that I heard was, is it subject to the ups and downs of markets? On the leasing side, the answer, actually, is no. We lease because of requirements. We're not an investment outfit. We don't make money. There's no revenue. We try to pay rent according to market values. I mean, if the rent goes up, it goes up. If we can get it to go down, we do. But if a post needs a new warehouse or they need to relocate to a new office building, that's usually not driven by any sort of market conditions, it's driven by requirements for operations.

MS. LUCKETT: Thanks, Mike. Jason, did you want to add anything?

MR. DALLARA: No, I don't really have much to add. I mean, they've both covered it. Yeah, I mean, we have a long planning process, so we're pretty methodical on how we do things. We're not typically reacting to markets in that kind of way. And when we sign a contract, whether it's to deliver housing or to build an embassy, I mean, it's ultimately, typically, fixed contract. And so there might be some adjustments that are built into the contract. But for that, then that risk is on the developer or the contractor side of things. So probably worthy to go to the next question, I think.

MS. HARTKE: Or Lauren, let me just jump in with one more thing. I know the person wasn't probably asking about housing per se, but the way we've grouped our programs on the housing acquisition side, Jason may have talked about Staff Housing Opportunity Purchase program. This is really one that's focused on capitalizing on markets where there are really some good economic opportunities, maybe not so much, for example, the Adaptable, Accessible Housing Acquisition program, where our focus is not so much on the internal rate of return or on the value proposition, but it's more, can we find something that to meet a particular need? So I don't know if that was where-- if the questioner was thinking about that, but go ahead, Jason.

MR. DALLARA: Yeah, I can touch on that. Yeah, I mean, Victoria did highlight something. I'm not sure if it was the question or not, but it is an interesting part of our program. So on the housing side, so if you step back and think about it, so we have a requirement. We have to provide 200 housing units, let's say, in a particular market. And we typically lease and own some percentage of that in any one market.

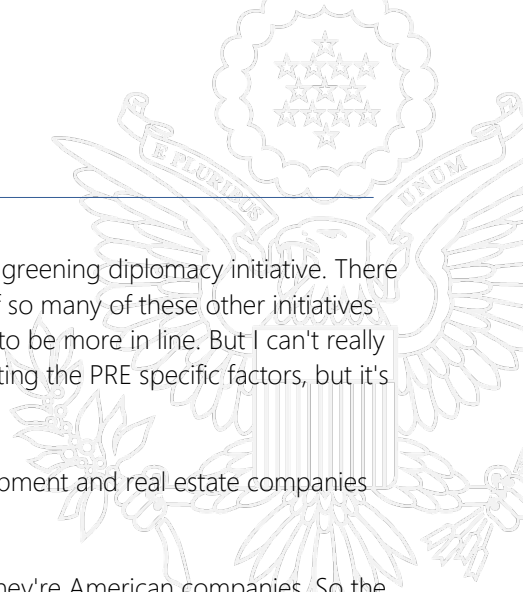
But as we look to buy housing, I mean, we're effectively not buying for a new requirement, we're replacing leased units. So if you think about that, we're in all these markets, 275 markets, and we often talk that we don't need to time the market, we just need to look at the market. I mean, we don't have to own or lease in a particular market, we don't have to do either one, we can decide. But we have to be in these markets, that is the thing for sure.

So we can usually look at the board. If we're in a particular situation where property values have gone down, we're still in those markets. So it might be a good opportunity for us to buy. Or if currency has changed significantly, where the U.S. dollar is a lot stronger to the local currency, that might be an opportunity for us to buy.

So again, we don't have to time it, we just have to look at the board, and see what's going on in the world because we're in those markets now, and our time horizon is basically forever. I mean, we're going to likely be in these markets forever. So if now is a good opportunity to increase our owned position in market x, then we might step in to do that.

MS. LUCKETT: Great. Thanks. That's all very interesting. And we got another interesting question that just came in from Kristin F. She was wondering, does OBO consider the embodied carbon impact of your planning and real estate decision making, like leaning towards adaptive reuse instead of new construction?

MS. HARTKE: This is a great question. And I would love that you had asked it during our, let's see, Program Development Coordination Support Industry Day. No, I'm kidding.



I think we aren't quite there yet, but I will say, absolutely, there are folks working, the greening diplomacy initiative. There are so many things that we're doing, net zero when it comes to fleet. We're aware of so many of these other initiatives across the department and absolutely, taking judicial notice or notice that we've got to be more in line. But I can't really say that we have a calculator or we have any kind of framework right now for estimating the PRE specific factors, but it's a great suggestion.

MS. LUCKETT: OK so the next one that we have in here from Andrea, can the development and real estate companies OBO engages with be owned by non-U.S. entities?

MR. LASH: I'll start by saying, everything we do is overseas. So it's very unlikely that they're American companies. So the answer is absolutely yes. There are some countries where you might imagine we'd be a little bit more thorough in our background checks or are a little more selective, but we can do business with any company anywhere in the world if they aren't on any sanctions list and their legitimate operating company.

MR. DALLARA: Just to build on that. So yeah, so there are some rules on the contracting side. So for our traditional government, for our contracts that require us to use American contractors for particularly, our large scale projects like our new embassies and things like that. And Mike was referring to the portion that we're primarily focused on, which is the real estate side. His office does leasing. I do the buy-sell part of things. So these are all real estate transactions. They're exempt from the FAR.

And if you think about it, it makes sense for the very reasons Mike just talked about. So we're talking about leasing property, buying property, selling property over there, in 275 different places around the world. I mean, the vast, vast majority of people were doing those real estate transactions with, whether leasing from someone, or buying or selling to someone or from someone, these are going to be very likely foreign individuals, foreign companies, foreign governments. So yeah, the vast, vast majority of people that we do real estate transactions with, as Mike was talking about, are not going to be U.S. persons or U.S. companies.

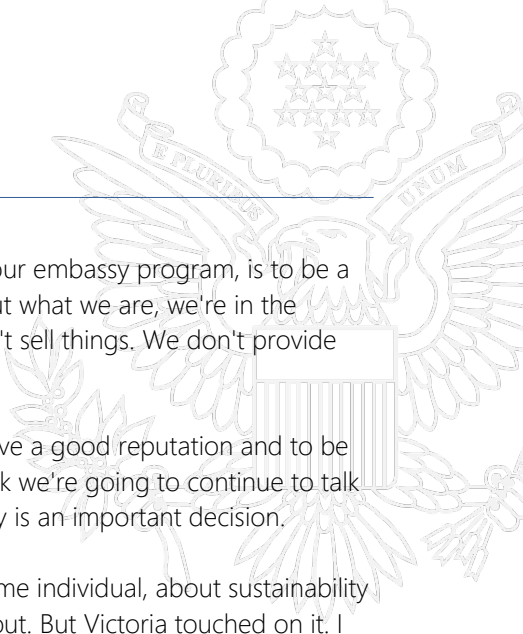
MS. LUCKETT: Thank you. The next question that we got came in also from Kristin F, how are you factoring in the impact of your local community's social capital with your master planning and siting decisions-- I'm sorry, siting decisions?

MS. HARTKE: Listen, this is a great question. So we did an industry advisory roundtable, I want to say, a couple of years ago on ESG, social value, the role of our assets in communities, the impact of our assets. We've studied what happens when an embassy is located in a particular location. Over time, what the impacts and the changes in the demographics, traffic patterns. I mean, we've done a lot of research on it.

We're starting to also include communities more broadly in those siting discussions before we begin a site acquisition, where we're really intent on ensuring that we're good neighbors and good partners, any place that we choose to locate. And we want to make sure we're partnering with the local authorities and municipal authorities.

Jason, maybe you want to say-- I don't know if you want to jump in any more about where that fits in the site acquisition process, but we're trying to maybe take it out of-- we're trying to make sure that it's at the beginning as opposed to further along.

MR. DALLARA: It's a huge decision that involves all kinds of folks from the operational side, the security side, to every part of, again, the government and local community on the ground. So huge decisions that involve lots of folks.



Now, as Victoria said, one of our primary goals, not only in sites, but just largely for our embassy program, is to be a good, responsible neighbor. I mean, that's what our goal is. I mean, if you think about what we are, we're in the diplomacy business. I mean, that's our core business. We don't make things. We don't sell things. We don't provide services. We're a government.

So diplomacy is our core business. So people's perception of us and our ability to have a good reputation and to be successful in diplomacy, it's important for us to be a good corporate citizen. So I think we're going to continue to talk about this issue that you've raised and lots of other issues, because siting an embassy is an important decision.

And I just want to follow up a little bit on the last question, I guess it was from the same individual, about sustainability and talked about adaptive reuse. So it is, I think, a newer area that we are talking about. But Victoria touched on it. I mean, we are hugely into sustainability. This is a big part of what we do corporately as a bureau.

One of the things that we talk about sometimes, because we just talked about our core business of diplomacy, we have this whole initiative called green embassies and things like this. And the point about it is that sustainability, we know it's good for the planet.

But it's also good business. We're running embassies. They use energy. If we can do things that are more sustainable, that's good for us. But it's also good for diplomacy. It's good for our reputation around the world to be a good, responsible steward of energy. And so that's hugely important for us. We've won lots of national awards and international awards on the topic of sustainability.

And the only other thing I would mention, just the last thing on sustainability, because it's interesting, if you think about sustainability in our portfolio, the interesting thing about our portfolio is it's spread out all over the world. So that has lots of challenges, all kinds of challenges because we're in 275 locations.

But the opposite is also true. It also provides opportunities for us. We're in some places around the world where the sun is just beating down on our embassy 350 days a year. And we're in other places that it rains virtually every day. So these provide us to leverage our kind of diversity in our locations to our advantage and do interesting things on the sustainability side, like solar, like water retention. So it's really interesting.

So we have some advantages that we try to take advantage of. And we're doing a lot in the sustainability space. So--

MS. HARTKE: And Lauren, if I could elaborate a little bit on the locational issues, one of the aspects that prompted us to change from the top 80 and the way we used to undertake our prioritization for site acquisition was because we got so much better data, not just about facility condition index, but also about climate natural hazards. There's an incredible database that our natural hazards team, climate security and resilience have worked on.

And we've realigned our analysis and prioritization effort based on data to include not just security, physical security, all the aspects of security that are important, but to include facility condition index, natural hazards, and something that we've termed mission effectiveness. And mission effectiveness really includes the type of locational factors that Courtney was referring to. How easy, how effective, how operationally appropriate is it for a particular mission for the people who are doing their work there to get their job done?

And so the construct or the concept of these site locations and other factors absolutely coming into play more and more as we undertake this prioritization, this effort. And we were prompted to undertake this change because of OMB

guidance that we needed to be a bit more in line with what all the other federal agencies are doing. So we think we're coming into conformance, but also taking a really good look at the metrics around mission effectiveness and what that means. And we'll take ESG into consideration as we do that.

MS. LUCKETT: Great. Thank you. That's some very interesting information that you guys just passed on. Sure, everyone's probably got a bunch of follow up questions, but we will move on to the next topic. And this one is regarding bidding opportunities. So the question is, are build to lease bidding opportunities handled in the same way as other A&E opportunities with RFQ/RFP processes? Where are the opportunities posted?

So I don't know

MR. LASH: I think I'll take that.

MS. LUCKETT: --if anyone wants to jump in.

MR. LASH: Sure. Sure. Build to lease are definitely competitive bidding projects, but they are not like the A&E firms, which I believe, you pick the most qualified firm and then you negotiate a price with them.

We put out the RFP. The bidders have to submit a pretty comprehensive packages, including a sample or their projected lease structure and rent. I mean, it's a heavy undertaking to really do a build to lease project for us. It takes a lot of time and effort by the developers. They have a lot of questions, particularly, if they've never done something like this before. It is housing, but our standards, our codes, our requirements are almost always well above the market.

So we really rely on the developers directly in the contracting environment. They hire A&Es or they may have their own that handle that end of the business, but the selection of the bidders is just done morally on a best technically qualified, lowest price approach. I hope that answers the question.

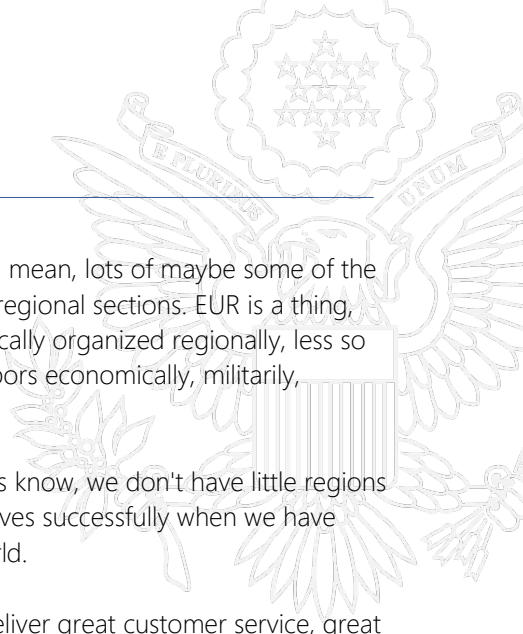
MS. LUCKETT: I think you got it. I don't know if there's anything else, anyone else wants to add to that, but if so, please feel free to jump in. Otherwise, I'm going to move to the next question.

We've got a question here. Does OBO take a task approach to each of the PRE division capabilities or a portfolio and asset management approach according to regional portfolio objectives?

MS. HARTKE: I'm hoping that the questioner can give us some additional insight into really where they're hoping to go. But let me just say that I feel as though we are always looking to evolve what's going to be most effective and efficient, because we've got customers at the other end. The director did not describe his four collective responsibilities across OBO, but the very foremost is customer service.

And so understanding the customer, that being the mission overseas, understanding their needs, reducing the amount of time that it can take to deliver what the product is, that's primary on his focus. And then also doing so in a way that that's appropriate from a fiscal stewardship perspective.

So we're going to try to marry up the-- we've got a whole bunch of tools in our arsenal to use. And so we're going to be trying to match those with the right need. Maybe there's more. Does anyone else have an insight into an aspect that the questioner is asking about that you want to chime in on?



MR. DALLARA: I didn't know if they were asking because they asked about regional. I mean, lots of maybe some of the folks on the line know that the department is divided into some regional bureaus or regional sections. EUR is a thing, Europe and Asia, in part, because diplomacy, if you think about it, tends to be historically organized regionally, less so these days, but it's still very, very true. People are closely connected with their neighbors economically, militarily, diplomatically.

But PRE, like many parts of the department has a worldwide view. So just so you guys know, we don't have little regions or regional bureaus. We do, obviously, organize ourselves and try to organize ourselves successfully when we have things that are close by to each other, because we're, again, working all over the world.

But generally speaking, we have a worldwide view. As Victoria said, we're trying to deliver great customer service, great real estate transactions, great for our customers, our diplomats out there, good for the U.S. taxpayer. I mean, this is our goal. So it's not really a regional focus per se, really a worldwide focus, I guess, I would say.

MR. LASH: I'd like to add a little bit to that. I mean, in principle, Jason's absolutely right. We operate all over the world. However, there are regional approaches. And in fact, I think in my presentation earlier, when I was talking about the housing, it's particularly focused in the less developed regions or areas.

So sometimes, the markets themselves make them regional targets, if you will. But the Department of State doesn't tell OBO, you shall now focus on the East Asia region for your main line of business. It's always global, but sometimes, the project requirement gets bunched up. We're doing a lot of these in Africa to provide housing where it's just not available in the market. Same thing in South Central Asia, Tashkent, Bishkek. The housing that's available there just doesn't meet our standards. So there's going to be a few of those in that region. And then when we've done those, we're done in that region. It's not a perpetual program.

MS. HARTKE: And to Mike's point a little bit further, we approached the Adaptable, Accessible Housing Acquisition program in the same way. We said, OK, first, we're going to look at AF, then we're going to look at East Asia and Pacific, and then we'll move on. Because it made so much sense from an effectiveness and efficiency. He's on the team. The team goes out. They're looking in the region so you can really capitalize and you can get some efficiencies in understanding of the different markets when you're on the ground in those regions. But that's, I would say-- and I guess this is where we're adaptable in a sense. We're trying to match up the right solution or the right tool with the need that we perceive.

MS. LUCKETT: Thank you, everyone. The next question, who is the best contact for conference invitations? We'd like to encourage OBO to participate alongside architects in an upcoming multi-state AIA event.

So this question would fall to our team over at External Affairs. I see Meghan just dropped in the chat, our e-mail address. And you would reach out directly to our team, and we would make sure that you got the appropriate subject matter experts. And feel free to e-mail us not only for AIA events, if anybody else has any follow up questions to this or any other engagements, we're more than happy to participate. OK.

And then the next question. Are there current or pending sustainability opportunities with OBO? Where do sustainability initiatives roll up within OBO?

MS. HARTKE: I think they'll probably be within our Directorate of Program Development, Coordination, and Support. That group is headed by Rick Sullivan, who's a Managing Director there. But I would suggest, you could figure that you

could get to that through an OBO capabilities conversation, highlighting interest in sustainability, and work it through that way.

MS. LUCKETT: Yup, exactly right. The capabilities conversations, reaching out to External Affairs. That e-mail address Meghan just dropped into the chat would be the best route. We know that under that umbrella of sustainability are a whole bunch of different pathways forward, so our team over in External Affairs will make sure that you are navigated down the right path and get in front of the right people. OK.

So that actually brings us to all of our questions. Now, I know that there are some of you on the call that there are some questions that came in that are not PRE specific, that are not just general OBO ones. So I just want to point out that we're going to be reaching out to you directly with those follow up answers. And thank you, Meghan, for dropping in that form. So we'll reach out directly to all of you and answer those questions that we didn't get to today.

And before we jump off, Meghan, I just want to pass the baton back over to you. And thank you to everyone in PRE and AQM.

MS. SEBOLD: Thank you, Lauren. And thank you so much for coordinating and executing these series of industry days where we've highlighted directorates within OBO. I think it will give our stakeholders a much better understanding of all the facets of OBO's work.

And thank you, Director Moser for the welcome message, Victoria Hartke, Managing Director of Planning and Real Estate, for hosting today, along with our office directors Michael Lash, Jason Dallara, Erin Crudden, and Courtney McCunney, and AQM, Blondell Taylor. You guys are great for always being here. For every event that we put on, you've been great partners.

And thanks on the back end to Meghan, External Affairs, for pulling this off, and for all of you for being here today. And we'll follow up with the presentation and a survey. Have a great day.

MS. HARTKE: Thanks, External Affairs and everybody for participating. Take care.

MS. SEBOLD: Take care.