



HEALTHCARE
REAL ESTATE
ADVISORS



Real Estate Strategy and Solutions for FQHC Leaders

Maximizing Value in Uncertain Times



Four key questions for maximizing value in capital projects

- 1. Do you have a sustainable vision?
- 2. Do you have a systematic process?
- 3. Does your CHC have the skill sets to maximize value
- 4. How can you use time as an ally?

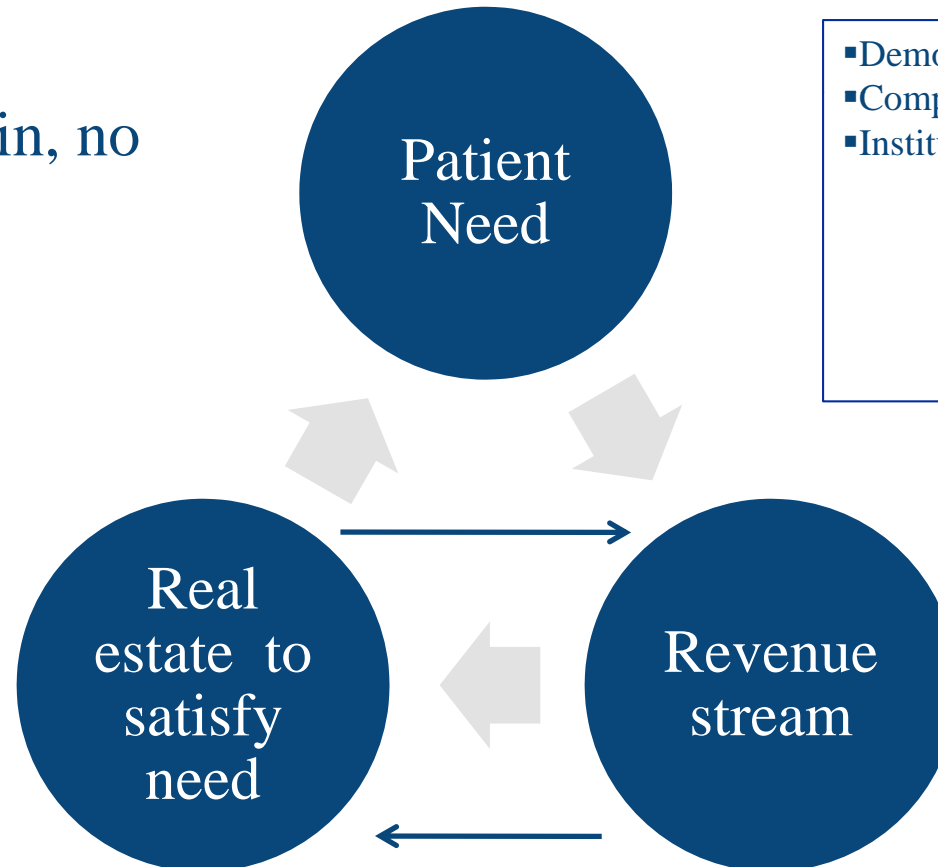


Do you have a sustainable vision?



Is your real estate vision based on a sustainable business plan?

No margin, no mission



- Demographics
- Competition
- Institutional infrastructure
 - Hospitals
 - ACO's
 - Insurers
 - Federal regs/grants
 - State regs/grants



Do you have a systematic process?



Planning tip

- Project schedule boosts your control
 - Relationships among key project phases
 - Resources needed
 - Time
 - Personnel
 - Cost



Checkpoints

ID	Task Name	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
1	Strategic planning	■																			
2	Develop preliminary space program	■																			
3	Prepare market surveys		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
4	Conduct site evaluations and inspections			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
5	Submit offers on preferred locations; simultaneous negotiations with competing alternatives									■	■	■	■	■	■	■	■	■	■	■	■
6	Submit offers on preferred locations; simultaneous negotiations with competing alternatives									■	■	■	■	■	■	■	■	■	■	■	■
7	Analyze counteroffers and issue counter-counteroffers										■	■	■	■	■	■	■	■	■	■	■
8	Qualify architects, develop RFP, interview, select and negotiate agreement						■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
9	Agree on final economic term sheet for lease																				
10	Negotiate lease or purchase agreement to maximize value																				
11	Determine availability of incentives, if any; negotiate terms (applies to selected projects)																				
12	Qualify general contractors, develop RFP, interview, select and negotiate agreement																				
13	Assist in coordinating information needed for issuance of building permits. (May occur before or after execution of final lease or purchase agreement)																				
14	Begin construction of tenant improvements																				
15	Monitor architect, general contractor and landlord performance during build-out																				
16	Move-in																				
17	Conduct project debriefing and present tenant handbook																				

Document needs;
identify the team

Prove alternatives
and ability to manage
risk

Document
financial
terms



HEALTHCARE
REAL ESTATE
ADVISORS



Does your CHC have the skill sets
needed to maximize value



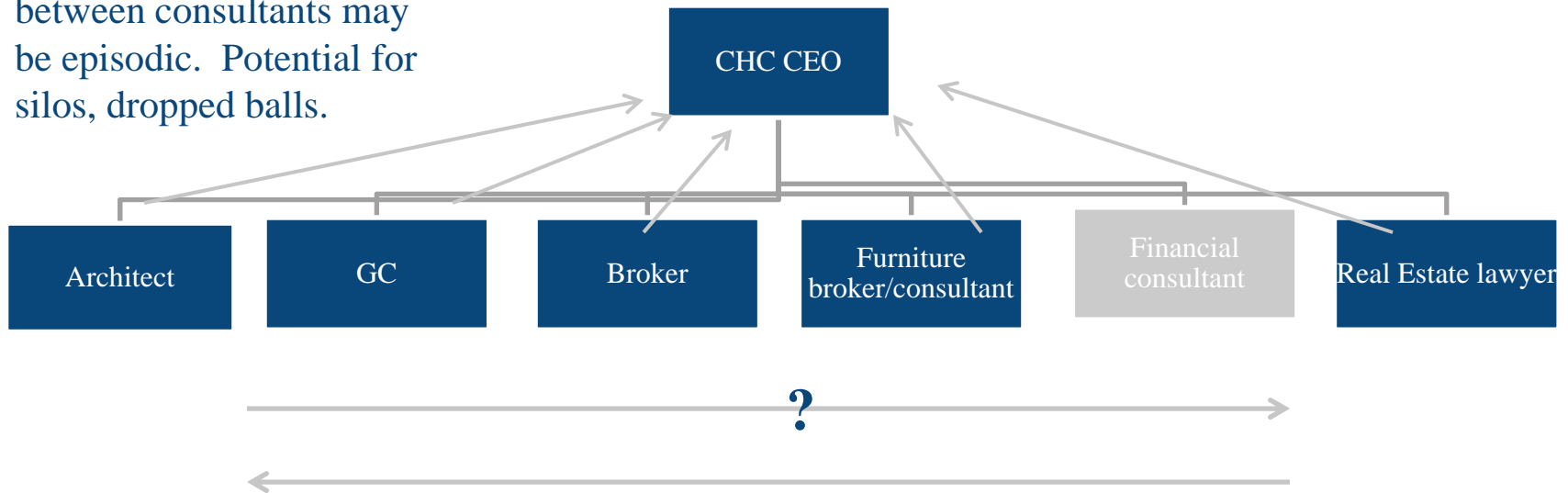
Real estate specific skills

- Real estate market knowledge
 - Financing options (loans, grants, bonds, NMTC, lease with option, build-to-suit, lease)
 - Location knowledge
 - Building knowledge
 - Current deal terms
- Real estate negotiating skill
 - Money (deal terms)
 - Operational terms
- Real estate contracting skill
 - Architect
 - General contractor
 - CM/GMP
 - Stipulated sum
- Real estate project management



Go-it-alone communications flow

All communications directed at CEO.
Communications between consultants may be episodic. Potential for silos, dropped balls.

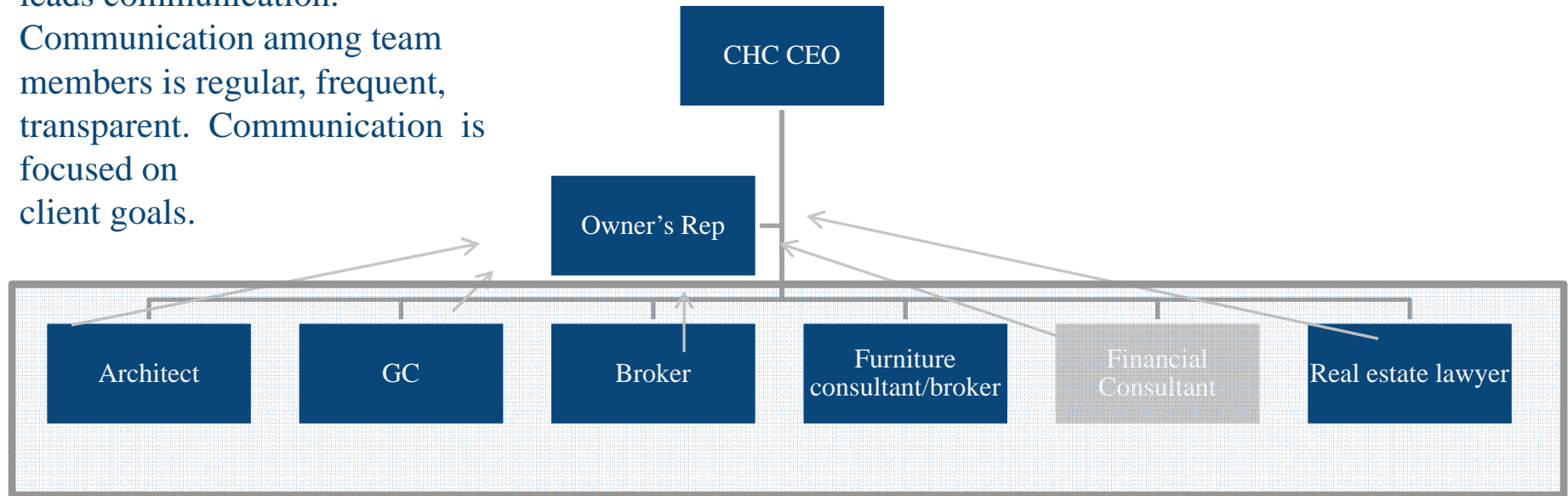




Structured project communications flows

Project lead qualifies consultants, assembles team, structures tasks, leads communication.

Communication among team members is regular, frequent, transparent. Communication is focused on client goals.



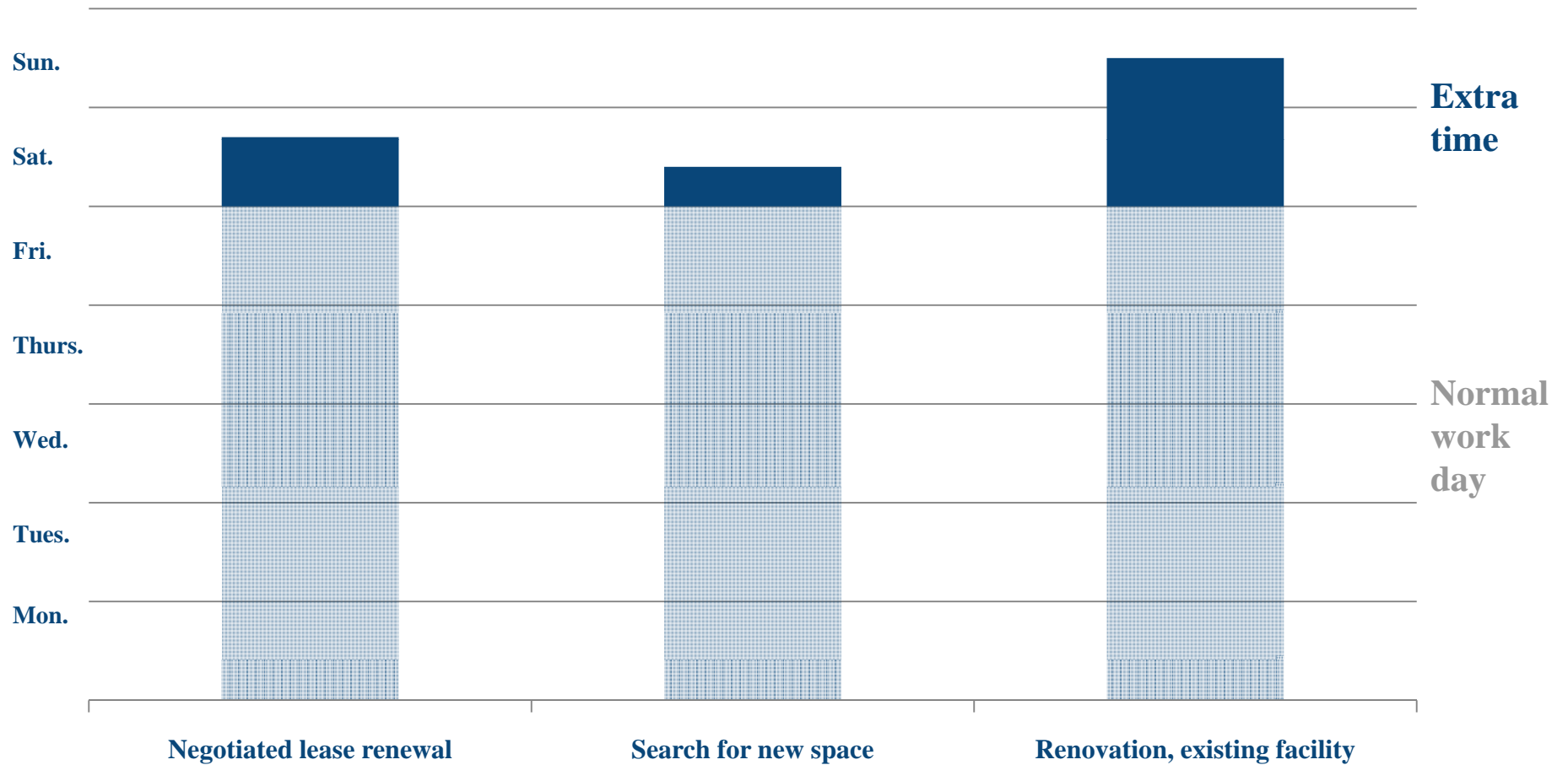


Leadership time for select projects

Project Type	Negotiated market-rate lease renewal	Search for space to lease; lease, build-out	Renovation of existing facility (15,000 sq. ft)
Duration (weeks)	52	135	26
Hours /project leadership	288	402	310
Increase in hrs/wk for CHC leadership	5.5	3	11.9
Increase in days/wk for CHC leadership	.7	.4	1.5



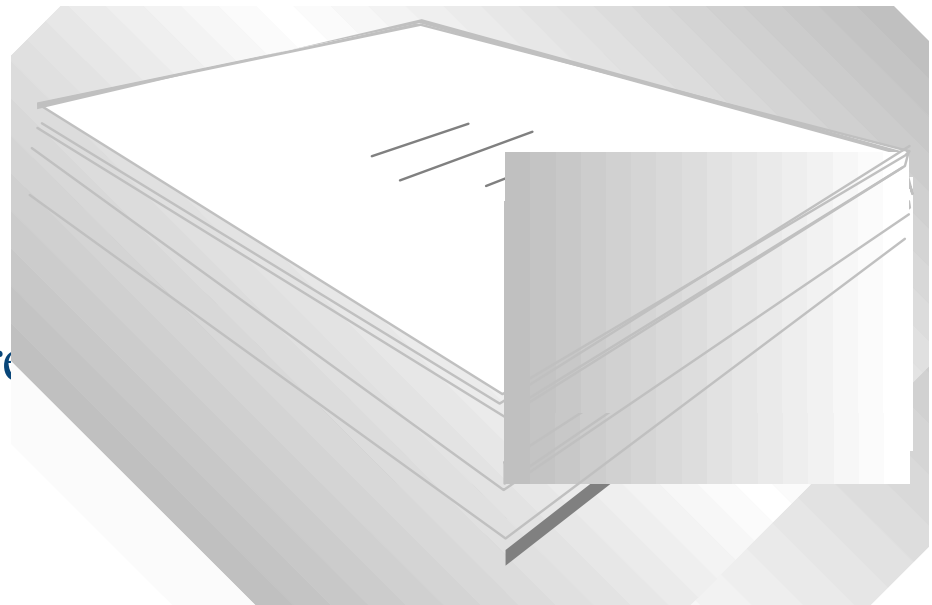
Additional days/week for the practice leader





Avoid the pitfall of hidden costs

- For a lease
 - Negotiate the non-rent terms
- For a purchase, beware of existing conditions
 - Asbestos, easements, title
- For new construction, beware of context issues
 - Utility availability and costs
 - Non-obvious site conditions
 - Community demands





How can you use time as an ally?



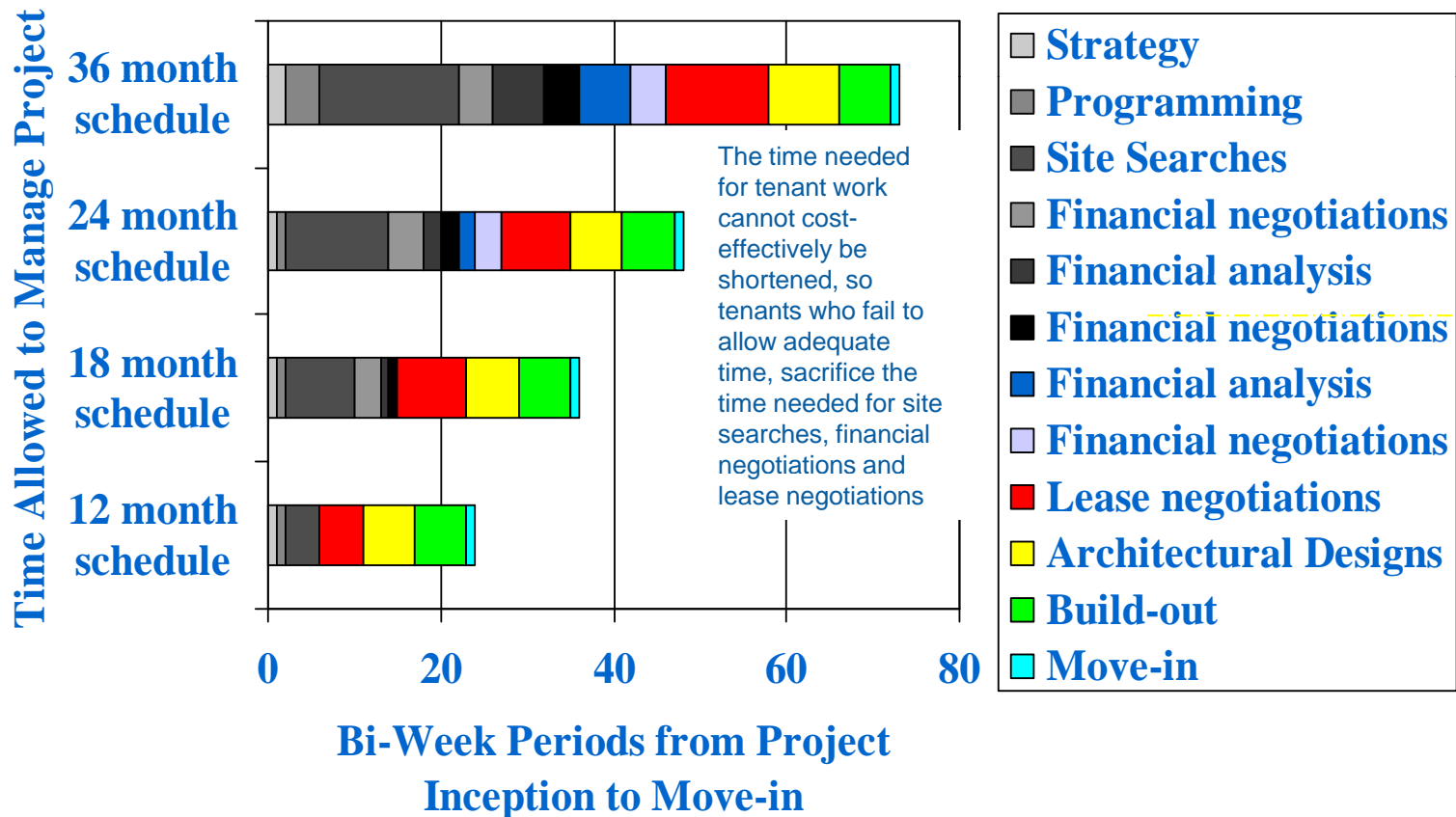
Start early. Allow more time than you think you need

- **18 – 24 months**
 - Standard clinical projects 10,000 sq. ft. – 100,000 sq. ft., existing structure; smaller facilities: 12 months
- **18 – 60 months**
 - Greenfield development, depending on condition of site, nature of building and developer experience
- **3 - 6 months**
 - Lease of swing space for gap needs; assumes as-is or nearly as-is use; almost always a distraction
- Early start favors you; rushed decisions favor seller/landlord
- Allow time to walk





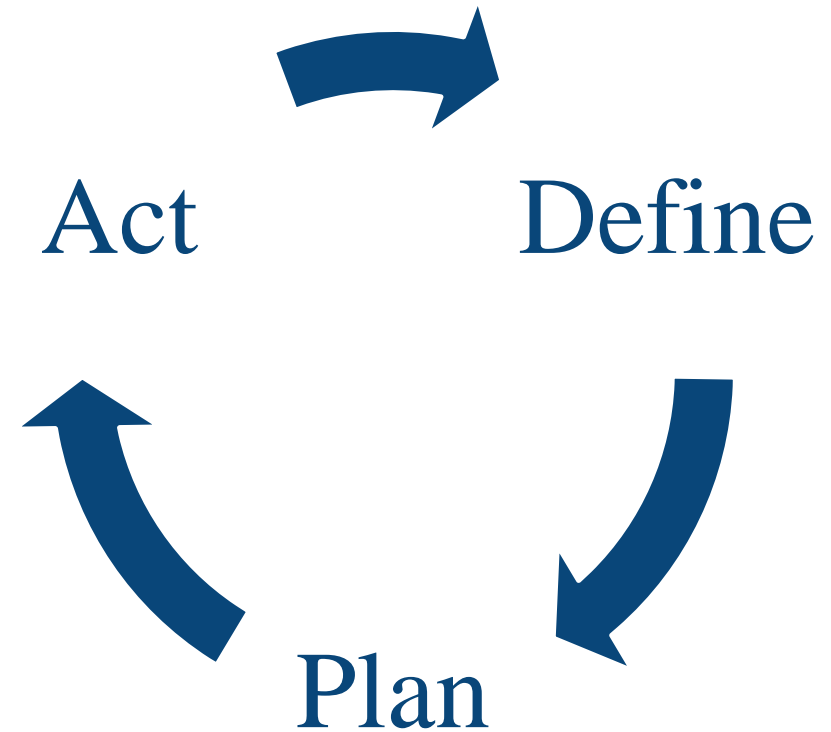
Critical project phases are sacrificed when projects are fast-tracked





Manage the process for maximum results

- **Define your needs; create a sustainable plan**
- **Assemble an effective team**
 - Skill sets
 - Alignment
 - Time
 - Communication
- **Follow a systematic process**
 - Transparency
 - Manage expectations
 - Goals in view
 - Controls
- **Use time as an ally**





Results

- Control of the real estate process
- Transparent to leadership team, Board and funding sources
 - Buy-in from all constituents
 - No surprises
- Superior transactions
 - Reduced risk
 - Lower costs
 - Better fit for CHC needs

