

PORTFOLIO AND ASSET MANAGEMENT FOR RCI EXECUTIVE SUMMARY April 2003

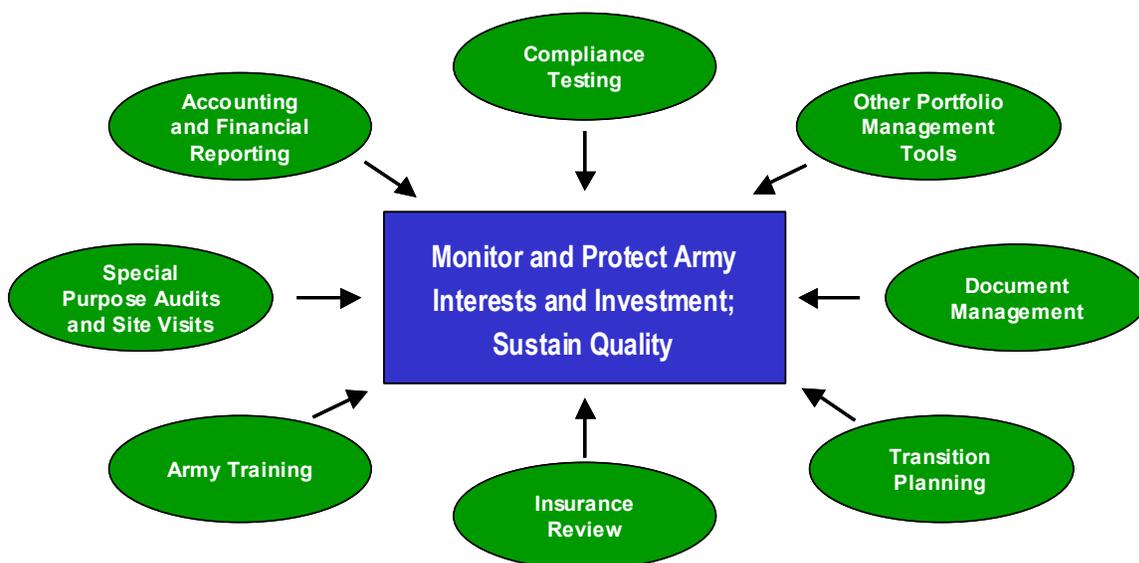
The Department of the Army's Residential Communities Initiative (RCI) office has defined and initiated implementation of the portfolio and asset management program, giving due consideration to private sector definitions and models within the unique strategic limits posed by the array of limited liability companies or limited partnerships that will be created by RCI. The function of a Portfolio Manager is to proactively and systematically oversee the risks associated with ownership of diverse real estate assets, and maximize the combined value / utility of the portfolio to meet the objectives of the client over any time horizon.

One distinctive aspect of Portfolio Management for Department of the Army is the primacy of the military mission. Rather than financial return, performance will be measured on the service members' satisfaction with family housing, minimal waiting lists, the continuous enhancement and preservation of the housing assets over the life of the project, the mitigation of project risk, and the successful completion of the housing development scope of work. Many private sector principals, strategies, approaches and tools all can be applied to this unique Army program.

Although the Installation Asset Manager is the front line of ensuring program execution, the portfolio manager will be the fulcrum of risk management as the program progresses over the long-term future. Due to the fixed nature of the portfolio, the portfolio manager's relationships with individual Asset Managers at the installation level will be critical to the success of the program. As in the private sector, the Army's Portfolio Managers typically should not engage directly in project execution or have responsibility for oversight of property management. The Portfolio Manager acts principally in a programmatic oversight, monitoring and guidance role on behalf of the Army, focusing especially on long-range and program-wide trends. At the national level, the Portfolio Manager has available both reporting information and network resources to spread success stories, techniques, approaches and solutions from one project to another. The Portfolio Manager's observation perspective enables him or her to provide leadership and guidance to Installation Asset Managers, and to provide program evaluation data to higher echelons of Army leadership.

Services for Army Portfolio Management

The chart below shows the scope of PAM functions:



Additional information on PAM will be provided in the near future.