



DEPARTMENT
OF GENERAL
SERVICES

CENTER FOR
INNOVATIVE
TECHNOLOGY
DISPOSITION

Quarterly Report
January 1, 2017



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Introduction

This quarterly report is an addendum to the initial Department of General Services (DGS) report, dated October 1, 2016 (Initial Report), to the Chairmen of the House Appropriations and Senate Finance Committees and to the Governor on the Department's progress identifying disposal options of real property located in Loudoun and Fairfax Counties owned by the Innovative and Entrepreneurship Investment Authority (IEIA) and improved with the Center for Innovative Technology (CIT) complex, as required by Item 428 U.1. of Chapter 780, 2016 Acts of Assembly. This report provides supplemental property information, an updated survey, and an updated accounting of the rents collected by CIT in November 2016.

Background

The Initial Report provided background on the IEIA and CIT complex, including the financial and ownership history regarding the "Midrise" and "Tower" buildings constructed on an underground parking facility. DGS committed to further review of the property title search, survey and zoning to determine what else may impact the surplus disposition of the property.

Leased Occupancy

An accounting of the November rents collected from the current tenants, as provided by CIT, is attached. Since the initial report, CIT has not entered into any new leasing agreements. DGS is working with CIT and the Office of the Attorney General (OAG) to possibly execute the Third Lease Amendment expanding Honeywell's premises to include Midrise Suite 380. Additionally, DGS is working with CIT and the OAG to execute lease amendments to extend the rental terms of tower suites P1-010, 110, and 200.

Usable Acreage

As detailed in the attached survey, the property is made up of three tracts which total approximately 25.882 acres. The actual remaining usable/developable acreage on the three tracts is 14.096 acres.

Tract 1, located in Loudoun County, contains 4.916 acres of which 3.92 acres are usable for potential development on the eastern side of the CIT Complex. Tract 2, located in Fairfax County, contains 7.509 acres of which 2.64 acres remain available for potential development on the western side of the CIT Complex and access road. Tracts 1 and 2 contain 6.56 acres of development area surrounding the CIT complex.

Tract 3, an unimproved parcel located in Fairfax County, contains 13.501 acres of which 7.536 acres is usable for potential development west of the CIT complex and Rock Hill Road. Tract 3 has been divided into four segments (identified as tracts 3A, 3B, 3C, and 3D) through the conveyance of 8.52 acres land to the Fairfax Board of County Supervisors in 2010 for the relocation of Innovation Ave, and the 2013 public dedication of 1.23 acres to the Commonwealth of Virginia Department of Transportation for further development of the metro line.

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Tract 3A consists of 2.830 acres of which .44 usable acres of land available for future development. The remaining acreage on tract 3A is impacted by a flood plain/stormwater management easement and is also potentially protected by the Chesapeake Bay Preservation Act of 1988, which restricts the development to protect water quality and improve the health of the natural resources in that area.

Tract 3B contains 5.229 acres of which 4.981 are usable acres available for potential development. The remaining acreage on tract 3B is restricted by the stormwater management easement.

Tract 3C consists of 3.209 acres of which 1.819 are usable acres available for potential development. The remaining acreage on tract 3C is encumbered by easements granted to the Fairfax Board of Supervisors for permanent ingress and egress purposes. Additionally, tract 3C will be subject to a stormwater management easement which will be granted to the Board of Supervisors of Fairfax County, subsequently fulfilling the last condition of Dulles Corridor Metrorail Project.

Tract 3D consists of 2.233 acres of which .296 are usable acres available for potential development. The remaining acreage of tract 3D is restricted by a storm water management easement granted to Dulles Greene, LP in 1998.

Title Work

In preparation for surplus sale, we are investigating resolutions with the title company concerning anticipated encumbrances that may affect the marketability of title. We anticipate having the title concerns resolved by the end of February 2017.

Permitted Zoning and Density

The 4.916 acres of tract one located in Loudoun County is currently zoned for a planned development research and development park (PDRDP) and the remaining acreage located in Fairfax County is zoned a medium intensity industrial district (I-4). Based on Fairfax County's Comprehensive Plan, 2013 Edition, there are various re-zoning options, which could be positively affected by the existing zoning of neighboring parcels which could be potentially beneficial to the marketability of the CIT Complex. Adjacent parcels have been identified as possible hotel, office and research use.

Additionally, as a condition of the 2016 public dedication of land to the Board of Supervisors for Fairfax County, the County approved density/intensity credits as consideration for the 1.1 acres of land dedicated for public use. It is unclear the impact the credits made on the current density of the parcel and is being investigated by DGS; however, the presence of these density credits should be favorable in marketing and the sale of this land.

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Value Information

As stated in the October report, DGS has determined through preliminary due diligence investigation that the value of the three parcels and infrastructure could be substantial depending upon what can be developed on the remaining smaller usable tracts. In 2016, the County of Fairfax and the County of Loudoun assessed the parcels of land at \$30,801,140 and \$5,075,710, respectively, for a total of \$35,876,850 as currently improved, but not adjusted for easements or recent out conveyances. DGS has supplied the appraiser with the updated survey based on the findings from title report to obtain the market value of the property.

Conclusion

DGS requires additional time to investigate with the title company concerning anticipated encumbrances that may affect the marketability of the title.

Attachments

- A. November 2016 Rent Rolls for:
 - 1. Tower Building
 - 2. Midrise Building
- B. Survey Depicting Usable Acreage
- C. Maps Depicting Potential Zoning and Density based on Fairfax County's Comprehensive Plan, 2013 Edition

Attachment A
November 2016 Rent Rolls
Tower Building

Suite No.	Tenant	Start Date	End Date	RSF	Monthly Rent	PSF Rate
100	Intelligence Consulting Enterprise Solutions, Inc.	04/28/2016	05/31/2019	3,539	\$ 6,636.00	\$ 22.50
110	International Electronic Manufacturing Initiative, Inc.*	07/01/2005	06/30/2017	1,800	\$ 3,975.00	\$ 26.50
200	BNL, Inc.	12/01/2011	11/30/2016	3,300	\$ 6,000.00	\$ 21.82
201	Foreground Security	01/09/2012	08/31/2017	3,446	\$ 7,414.00	\$ 25.82
300	Northern VA Technology Council	12/01/1997	06/30/2022	7,406	\$ 8,899.20	\$ 14.42
400	Vacant			8,093		\$ -
500	BNL, Inc.	05/01/2016	04/30/2019	3,063	\$ 5,568.00	\$ 21.81
501	Axios Systems, Inc.	03/03/2009	05/31/2018	3,506	\$ 7,614.00	\$ 26.06
501a	Vacant			774		\$ -
502	DHK Enterprises, Inc.**	01/02/2012	12/31/2017	1,205	\$ 2,709.00	\$ 26.98
600	Center for Innovative Technology	07/01/1988	06/30/2018	19,880	\$ -	\$ -
P1-010	Open Mind Systems, Inc.*	03/18/2014	07/31/2017	297	\$ 900.00	\$ 36.36
P2-020	US Data Forensics, LLC	05/01/2012	04/30/2017	850	\$ 1,382.00	\$ 19.51
P3-003	Vacant			664	\$ -	\$ -
P3-001	Better Engineering Services (Management office) ***			846	\$ 1,480.50	\$ 21.00
Cellar	Verizon	09/01/1988	08/31/2018	1,000	\$ 1,037.58	\$ 12.45
		Total Occupied SF		50,138		
		Total Rental Income CIT			\$ 53,615.28	
		Average PSF Rate				\$ 20.30
		Market PSF Rate				\$24 - \$26

* Amendment pending.

** Amendment pending will increase to 1979 RSF.

*** No lease.

Attachment A
November 2016 Rent Rolls
Midrise Building

Suite No.	Tenant	Start Date	End Date	RSF	Monthly Rent	PSF Rate
1st floor	Corridor common area			2,167		
150	Foreground Security	04/01/2014	07/31/2017	8,126	\$ 16,321.45	\$ 24.10
160	Vacant			3,680	\$ -	\$ -
165	Foreground Security	09/24/2012	07/31/2017	1,500	\$ 3,371.42	\$ 26.97
170	Vacant			1,173	\$ -	
180	ESTA International, LLC	09/01/2012	09/01/2018	1,300	\$ 2,549.52	\$ 23.53
190	Xavient	07/02/2012	07/01/2017	2,500	\$ 4,909.43	\$ 23.57
250	Edgeone, LLC	05/19/2014	05/31/2017	1,664	\$ 2,947.00	\$ 21.25
260	Vacant			4,177	\$ -	\$ -
265	ECIA, Inc.	02/14/2014	01/31/2017	1,674	\$ 3,661.45	\$ 26.25
270	Mach37 Cyber Accelerator	07/01/2013	06/30/2020	7,611	\$ 10,350.00	\$ 16.32
280	Vacant			5,320	\$ -	\$ -
350	Honeywell	05/15/2012	07/31/2019	7,515	\$ 19,740.93	\$ 31.52
355	Honeywell	08/20/2014	07/31/2019	5,362	\$ 9,573.18	\$ 21.42
360 & 370	Honeywell		07/31/2019	4,369	\$ 7,798.67	\$ 21.42
380	Vacant**	10/01/2016	07/31/2019	1,600	\$ -	\$ -
390	IT Vertex/Diligent Group	09/05/2014	08/31/2017	1,600	\$ 3,347.00	\$ 25.10
				48,501		
					\$ 84,570.05	
						\$ 20.92
						\$24 - \$26

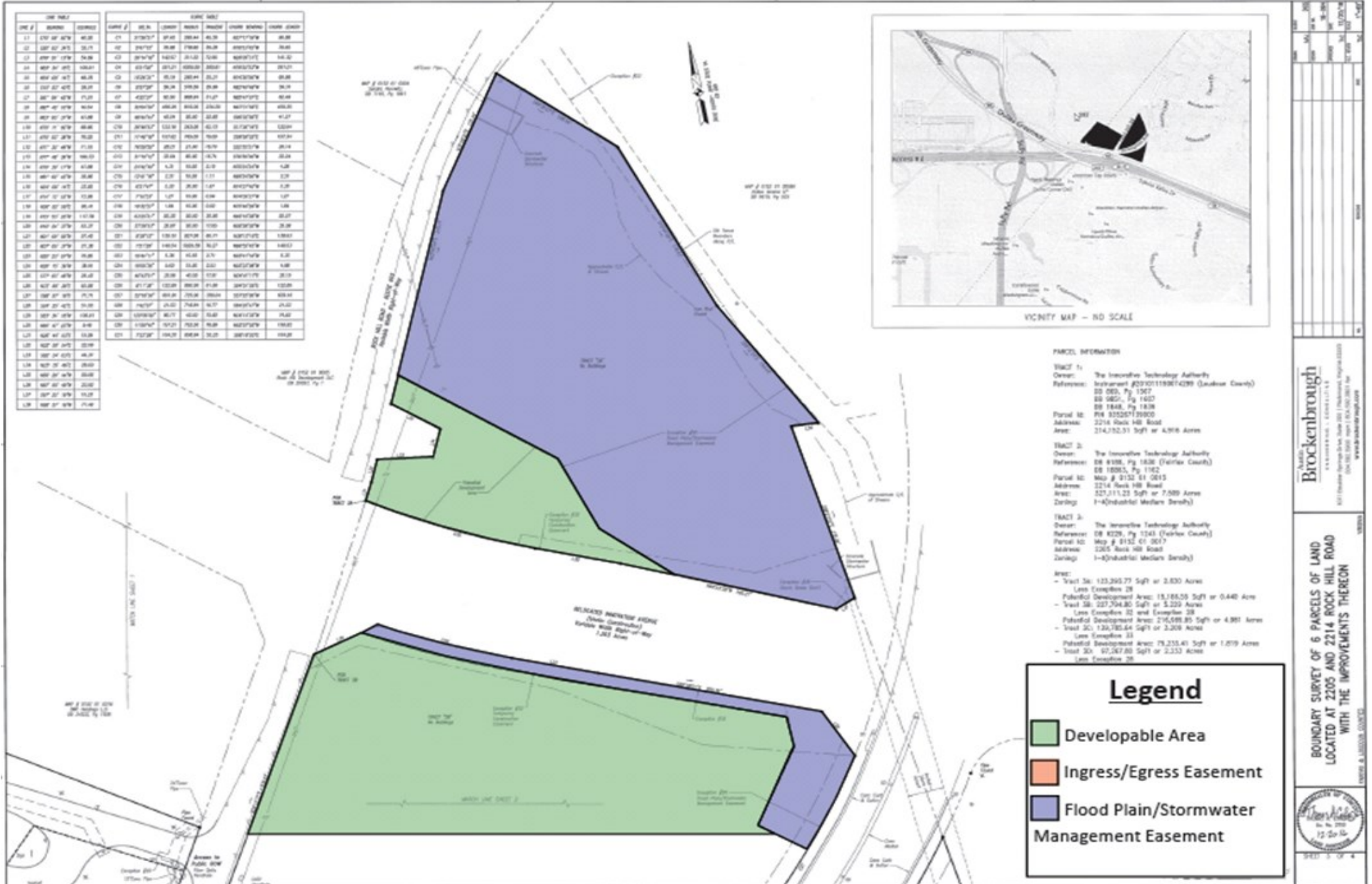
* Rent collected from Cyperpath to satisfy delinquent rent payments.

** Amendment is circulating for Honeywell to expand occupy to suite 380.

Attachment B
 Survey Depicting Usable Acreage
 Tracts 1 and 2



Attachment B Survey Depicting Usable Acreage Tracts 3A and partial 3B



Attachment B
 Survey Depicting Usable Acreage
 Tracts 3B, 3C and 3D



Attachment C
 Maps Depicting Potential Zoning and Density
 (based on Fairfax County's Comprehensive
 Plan, 2013 Edition)

