



ADDENDUM #1
Construction to Permanent Financing
and/or Limited Equity Partner(s)
Tungsten Village 9% Federal LIHTC
Affordable Housing Project in the Town of
Nederland, Colorado
RFP # 6900-18

October 26, 2018

The attached addendum supersedes the original Information and Specifications regarding RFP # 6900-18 where it adds to, deletes from, clarifies or otherwise modifies. All other conditions and any previous addendums shall remain unchanged.

1. Question: Who is the General Contractor and Architect on the project?

ANSWER: The general contractor is Milender White. BCHA worked with Milender White on Kestrel, a 200-unit 4% Federal and State Low Income Housing Tax Credit (LIHTC) development in Louisville, Colorado, completed in 2018. Kestrel was completed ahead of schedule and on budget. Milender White was also the General Contractor for Josephine Commons, a 72-unit 9% LIHTC senior housing project in Lafayette, Colorado, completed in 2012. This project was completed on schedule and on budget. Milender White will provide a 100% Payment and Performance bond.

The Architect is Coburn Architecture. BCHA selected Coburn Architecture because they have completed several projects in mountain communities such as Nederland, Crested Butte, and Breckenridge. Coburn has numerous years of experience with Low-Income Housing Tax Credit (LIHTC) tax credit projects throughout the Boulder County. Additional information about the General Contractor and the Architect are in the response to question 12 below.

2. Question: Do you plan to obtain flood insurance given a portion of the property is in a flood zone?

ANSWER: BCHA is planning on purchasing flood insurance and it is included in the operating budget.

3. Question: Will you have a cost segregation study prepared to support site improvement and personal property amounts included in the development budget? Is there potential to increase amounts allocated to personal property?

ANSWER: A cost segregation study is not anticipated at this time. BCHA will work with the selected investor to review the budget and the amounts allocated to personal property. To the extent assumptions are made on the amount of personal property that vary from the solicitation model, please outline such assumptions in the proposal.

4. Question: Is there potential to increase interest rates on the subordinate financing?

ANSWER: BCHA is open to the investor proposing different interest rates and terms on the subordinate debt so long as such does not have a negative impact on the capital account analysis. Please clearly state the subordinate debt assumptions in the proposal.

5. Question: Is the seller carryback note and the \$150,000 BCHA note from a disaffiliated entity? Will you please confirm the terms?

ANSWER: The seller carryback note and the \$150,000 subordinate note are from the Housing Authority of the County of Boulder, Colorado, a public body, corporate and politic ("BCHA"). The solicitation model assumed a 3% interest rate and a 30-year term on the seller carryback loan. Note, however, that the rates and terms of the subordinate loans are to be negotiated with the selected investor partner. Please clearly state the subordinate debt assumptions in the proposal.

6. Question: Is the \$50,000 included in the development budget as "Syndication Legal and DD Fees" set aside for the investor limited partner to cover a portion of our costs?

ANSWER: This line item is an estimate of the expenses to be incurred by the investor limited partner for its due diligence review, third party reports, syndication and legal costs.

7. Question: Will there be a GP Fee or IMF paid from cash flow after debt service and LP fees? Or will all cash flow to the Seller Carryback?

ANSWER: To the extent that a GP Fee or IMF is included, it is anticipated that this fee would be payable after all subordinate debt in the waterfall. The structure of the fee is to be confirmed by tax counsel.

8. Question: Could you please provide the funding priority and funding terms of the subordinate loans? Do any subordinate loans have payments deferred until maturity? What percent of available cash flow does each loan receive?

ANSWER: The waterfall and financing terms for the subordinate debt will be confirmed during the due diligence process with BCHA, its counsel, and the selected investor. None of the subordinate loans have payments deferred until maturity. All of the subordinate loans are cash flow notes, in the case that they are state or local funds, the funds will or have been granted to BCHA and will be loaned into the tax credit partnership from BCHA. Pages 11 and 12 of the solicitation model depict the projected cash flow paydown for each loan. It is currently modeled that cash will pay-off the deferred fee and then flow to repay the seller carryback loan which would adsorb all remaining cash flow during the 15-year compliance period.

9. Question: It appears that the Project will pay for all of the tenants' utility usage. Could you please explain how the water and sewer estimates were derived?

ANSWER: BCHA conducted a utility study of its three properties, totaling 24 homes, in the Town of Nederland. The average of age of the properties is 30 years old. BCHA utilized the average operating expense of its 24 existing units in Nederland for the Tungsten Village operating expenses, adjusting for age. As a new build with high efficiency mechanical systems, solar panels and Energy Star appliances, BCHA anticipates Tungsten Village to operate more efficiently than its other units in Nederland.

10. Question: Have the Partnership or General Partnership(s) entities been formed? If so, could those entity names be provided?

ANSWER: The Partnership entities have not yet been formed.

11. Question: While reviewing the market study, we noticed that many of the proforma 1BR units at the proposed Tungsten Village have rents which exceed average market rents. How did you get comfortable with the proposed 1BR proforma rents?

ANSWER: Many of the surveyed rental units in Nederland are older housing stock with inferior in-unit and property amenities in comparison to Tungsten Village. The average year built of the existing rental stock of Class B & C multifamily homes in Nederland is 1980. Tungsten Village is very well located in the Town with a walk score that is 36% above surveyed comparable properties, increasing its attractiveness. The project will be Nederland's first LIHTC property, and as noted in the market study, no new rental projects have come online within the primary market area (PMA) in the last three years and the PMA's vacancy rate is only two percent.

The surveyed LIHTC projects outside of the PMA have waitlists between 40 and 221 applicants and the market study anticipates Tungsten Village will attract renters from outside of the PMA as experienced in other locations where new LIHTC units become available. BCHA has approximately 60 households on the waitlist for its units in Nederland. For these reasons BCHA is confident with the proposed one-bedroom proforma rents.

12. Question: Can you please send resumes or statement of qualifications for the General Contractor and Architect?

ANSWER: The General Contractor is Milender White (www.milenderwhite.com), located in Arvada. BCHA's contact at Milender White is Rob Mireau. The Architect is Coburn Architecture (www.coburnpartners.com), located in Boulder. BCHA's contact at Colburn Architecture is Peter Weber. The resumes for the General Contractor and Architect are appended with this response.

13. Can you please advise whether all of the subordinate soft sources can be passed through BCHA and loaned into the Partnership at higher interest rates than are identified in your numbers?

ANSWER: It is anticipated that all of the soft sources will be granted to BCHA and loaned into the Partnership. BCHA is open to the investor proposing different interest rates and terms on the subordinate debt so long as such does not have a negative impact on the capital account analysis. Please clearly state the subordinate debt assumptions in the proposal.

Submittal Instructions:

Submittals are due at the Administrative Services Information Desk or the email box (preferred) listed below, for time and date recording on or before **2:00 p.m. Mountain Time on November 7, 2018.**

Your response can be submitted in the following ways. Please note that email responses to this solicitation are preferred, but are limited to a maximum of 25MB capacity. NO ZIP FILES ALLOWED. Electronic Submittals must be received in the email box listed below. Submittals sent to any other box will NOT be forwarded or accepted. This email box is only accessed on the due date of your questions or proposals. Please use the Delivery Receipt option to verify receipt of your email. It is the sole responsibility of the proposer to ensure their documents are received before the deadline specified above. Boulder County does not accept responsibility under any circumstance for delayed or failed email or mailed submittals.

Email purchasing@bouldercounty.org; identified as **RFP # 6900-18** in the subject line.

-OR-

US Mail **One (1)** unbound copy of your submittal, printed double-sided, 11 point, on at least 50% post-consumer, recycled paper must be submitted in a sealed envelope, clearly marked as **RFP # 6900-18**, to the **Administrative Services Information Desk located at 1325 Pearl Street, Boulder, CO 80302.**

All proposals must be received and time and date recorded at the Administrative Services Information Desk by the above due date and time. Sole responsibility rests with the Offeror to see that their proposal is received on time at the stated location(s). Any proposal received after due date and time will be returned to the bidder. No exceptions will be made.

The Board of County Commissioners reserve the right to reject any and all proposals, to waive any informalities or irregularities therein, and to accept the proposal that, in the opinion of the Board, is in the best interest of the Board and of the County of Boulder, State of Colorado.



**RECEIPT OF LETTER
ACKNOWLEDGMENT**

October 26, 2018

Dear Vendor:

This is an acknowledgment of receipt of Addendum #1 for RFP # 6900-18, Construction to Permanent Financing and/or Limited Equity Partner(s) Tungsten Village 9% Federal LIHTC Affordable Housing Project in the Town of Nederland, Colorado

In an effort to keep you informed, we would appreciate your acknowledgment of receipt of the preceding addendum. Please sign this acknowledgment and email it back to purchasing@bouldercounty.org as soon as possible. If you have any questions, or problems with transmittal, please call us at 303-441-3525.

Thank you for your cooperation in this matter. This information is time and date sensitive; an immediate response is requested.

Sincerely,

Boulder County Purchasing

Signed by: _____ **Date:** _____

Name of Company _____

End of Document