



ADDENDUM #2
Boulder County Housing Authority
Construction to Permanent Financing and/or Limited Equity Partner(s) Coffman 4%
Federal LIHTC and Colorado State Affordable Housing Tax Credit (AHTC) Project in
Longmont, Colorado
RFP # 7060-19

September 20, 2019

The attached addendum supersedes the original Information and Specifications regarding RFP # 7060-19 where it adds to, deletes from, clarifies or otherwise modifies. All other conditions and any previous addendums shall remain unchanged.

As noted by email on September 12th, BCHA has requested a private activity bond (PAB) volume cap exchange with CHFA. The request was approved and BCHA's 2016 bond cap will be exchanged with CHFA for more recent bond cap that does not expire in 2019. This removes the need to close on the bonds in 2019. The updated closing date is anticipated to be in April 2020. The building permit will be in hand prior to the April 2020 closing. In April, construction on the parking garage would begin first followed by the residential building and construction is anticipated to be completed by September 2021. Below are the responses to questions received.

1. Question: Can you please provide details/resumes for the entire development team (architect, consultants, etc.)?

ANSWER: Please find attached resumes for the architect, general contractor and financial advisor.

2. Question: Closing is planned for 12/12/2019 so a portion of the bonds don't expire. Residential construction is expected to begin on 4/1/2020?

ANSWER: As noted above, BCHA will no longer be closing in December 2019 due to exchanging the 2019 bond cap with CHFA for more recent bond cap. Construction will begin after closing in April 2020, beginning with the parking garage.

The City Planning Department has indicated that due to timing and staff capacity, they prefer to focus their staff review on Phase 1 of the construction which is the parking garage and then shift focus to the second phase of construction, which is the residential unit construction. All permits will be in hand prior to closing in April 2020.

3. Question: Can you confirm that only the portion of parking for LIHTC residents is included in the Hard Costs? If this includes the cost for the overall parking structure, basis would have to be adjusted accordingly.

ANSWER: Yes, the hard cost line item includes only the portion of the parking garage for the LIHTC tenants. The proforma does not include eligible basis on the non-LIHTC portion of the parking garage.

4. Question: The commercial space and overall parking garage is outside of the TC partnership. Confirming that no costs or uses are associated with the recent proforma.

ANSWER: The cost of commercial space and the non-LIHTC portion of the parking garage were not included in the development costs or financing presented in the proforma. A separate commercial sources and uses was included on page 2 of the proforma. All commercial sources will be available at closing.

5. Question: Are any social services being offered to the tenants? If so, will the cost of these services be included in the project operating budget or will the costs be covered by third party agencies?

ANSWER: The project's operating budget is not funding tenant services. Coffman residents will have access to services provided and funded centrally through BCHA and Boulder County, including a range of services provided at the Boulder County St. Vrain Hub building adjacent to the site and in the community-serving commercial space on the ground floor of the building.

6. Question: If the section 8 contract is lost, can the 30% AMI rent levels be increased to 60% AMI levels?

ANSWER: The Colorado Housing and Finance Authority has indicated in the past that they are willing to work with projects to raise AMI levels should this occur.

7. Question: Who is the anticipated general contractor?

ANSWER: The general contractor is Pinkard Construction. Pinkard's resume is attached for reference.

8. Question: Can you confirm that the first year of state credit delivery will be 2021?

ANSWER: Yes, the first year of the State AHTC is 2021 when the building will place in service.

9. Question: Is 15% of the equity a requirement for the bond closing? If not, what is the minimum amount of equity that could be contributed at the December closing?

ANSWER: The 15% equity contribution is not a requirement. If the respondent is proposing an alternative equity pay-in schedule, please clearly note such in the RFP response. Note that BCHA no longer needs to close on the bonds in December 2019. The closing date has shifted to April 2020 and the building permit will be in hand prior to closing.

Question: What portion of the taxable tail is attributable to the affordable housing?

ANSWER: The entire taxable tail is attributable to the affordable housing and is necessary due to CHFA's requirement that all projects limit their PAB volume cap needs to not more than is necessary for the 50% test for the tax credits. CHFA currently expects projects to be at 52% for the 50% test in order to preserve PAB volume cap for other projects in the state. Therefore, the construction loan needs in excess of the 52% limit will be structured as a taxable tail to the tax exempt series. A separate commercial sources and uses was provided on page 2 of the proforma. The commercial sources and uses includes the financing outside of the LIHTC for the commercial condo, there is no taxable tail in that financing.

10. Question: What are the sources of funds to pay off taxable tail?

ANSWER: The taxable tail will be drawn during construction and paid off at conversion to permanent financing with tax credit equity.

11. Question: Will there be two separate construction budgets? And clarify the allocation of CBDR-Dr, Boulder County Home, and City of Longmont funds to the overall project – only the commercial parking, office space, and taxable tail payoff?

ANSWER: BCHA will have one GMP contract with Pinkard Construction. The GMP contract will separate out the residential, commercial and parking with parking allocations clearly delineated between the LIHTC and non-LIHTC portions. Pinkard Construction has experience with this type of condominium financing structure and understands the importance of allocating costs between condominium units.

The proforma provided covers the residential financing. A separate sources and uses for the commercial portion was provided on page 2 of the proforma. Below is a summary of how the sources are allocated to the residential and commercial condo units:

<u>LIHTC residential and LIHTC Parking Sources (LIHTC GMP Contract)</u>	
Permanent Loan	9,200,000
LIHTC Equity	7,374,070
State Credit Equity	3,905,609
Deferred Developer Fee	535,200
Acquisition Carryback Loan	575,000
City of Longmont	320,000
Boulder County HOME	1,050,000
CDOH CDBR-DR	3,730,000
Total Residential Sources	\$26,690,782
<u>Commercial and Non-LIHTC Parking Sources (Parking Condo GMP Contract)</u>	
Boulder County	\$1,600,000
BCHA Worthy Cause	1,644,187
BCHA Funds	800,000
BCHA Invested Developer Fee	753,749
RLET Contribution	1,600,000
LDDA Contribution	2,000,000
LDDA Permit Fee Reinvestment	300,000
City of Longmont Funds	180,000
Total Commercial Sources	\$8,877,936
Total Project Sources	\$35,568,718

12. Question: What are the lease terms for BCHA offices?

ANSWER: The lease term will not be less than the LIHTC compliance period.

13. Question: Has a builder been selected? Will they be bonded?

ANSWER: Pinkard Construction has been selected as the general contractor. Pinkard will be bonded and will provide a payment and performance bond. Pinkard has experience with this type of condominium financing structure and understands the importance of allocating costs between condominium units.

14. Question: What will the structure of the construction budget/contract be? Cost Plus, GMP?

ANSWER: BCHA will have one GMP contract with Pinkard Construction. The GMP contract will separate out the residential, commercial and parking with parking allocations clearly delineated between the LIHTC and non-LIHTC portions.

15. Question: Is Boulder County a direct obligor on the loans? Or does BCHA have it's own financial statements for underwriting analysis?

ANSWER: BCHA has its own financial statements available and BCHA will be the guarantor. The 2016-2018 BCHA financial statements were provided with this RFP.

16. Question: What are the details of the deed restrictions? Can they be foreclosed out?

ANSWER: CHFA's sample land use restriction is attached and includes a provision to be foreclosed out. Covenants for the other sources would survive foreclosure. BCHA intends to use PBVs in Coffman, which come with Uniform Relocation Act requirements to be met in the event of foreclosure.

17. Question: What are the terms of the seller carry financing?

ANSWER: As currently modeled, the seller carryback note has a 2.5% interest rate and a 30-year term. The subordinate loan interest rate cannot be less than the published applicable federal rate in the month the project closes. If a different interest rate is modeled, please clearly note such in the RFP response.

18. Question: Has bond council been selected? If so, who is it?

ANSWER: Kutak Rock LLP has been selected as bond council on the Coffman project.

19. Question: Can you please elaborate more on the PAB expiring and the necessity of closing by year end 2019? What does BCHA lose (\$) if they don't close by the end of 2019?

ANSWER: As noted above, BCHA will be exchanging the 2016 bond cap with more recent cap, removing the need to close in 2019 when the 2016 bond cap expires.

20. Can you further explain why BCHA can't get the residential permit in December, but can get the site development and garage permit? What additional items does BCHA need to do to secure permit between December and April 2020?

ANSWER: As noted, the closing has been shifted to April 2020. The building permit will be in hand prior to closing. Construction of the parking garage will begin first, followed by the residential building, with completion anticipated in September 2021. The parking garage includes the major systems that will support the residential building.

21. I understand that the permit for the LIHTC project won't be available until April 2020, but will BCHA have complete plans, a budget and all other items needed to complete the underwriting process by December? Since there would not be a permit for the LIHTC project until April, I assume that BCHA does not anticipate drawing for the project aside from the \$50,001 until April 2020?

ANSWER: There will no longer be a bond closing in December 2019. The closing date has shifted to April 2020 and all permits will be in hand.

22. You ask to explicitly address how the two-step close would be handled, but it would be helpful if BCHA could please outline how they see this working, and then the lender can evaluate if this structure/process/timetable would be acceptable.

ANSWER: There will no longer be a bond closing in December 2019. The closing date has shifted to April 2020 and all permits will be in hand.

23. Question: Will you have a separate construction contract and budget with the GC for the commercial/parking condo parking units? If not, how will you allocate costs? Please confirm that all sources for the commercial/parking condo units will be funded at closing and if the various agencies contributing funds will want authority to approve monthly draws.

ANSWER: BCHA will have one GMP contract with Pinkard Construction. The GMP contract will separate out the residential, commercial and parking with parking allocations clearly delineated between the LIHTC and non-LIHTC portions. Pinkard Construction has experience with this type of condominium financing structure and understands the importance of allocating costs between condominium units.

All sources for the commercial/parking condo unit will be funded at closing. BCHA will be the developer on behalf of the tax credit partnership entity and on behalf of the BCHA owned single-purpose entity that will be the owner of the commercial/parking condo. BCHA will review and approve all monthly draws on behalf of the City of Longmont LGID and Boulder County.

24. Will the tax credit partnership be responsible for the construction of the Commercial/Non-Residential Parking Unit? If so, will the Residential and Commercial/Non-Residential Parking Units' construction be financed with a single or multiple construction loans, and how and when will transfer of the Commercial/Non-Residential Parking Unit take place?

ANSWER: Using the Small Planned Community structure under the Colorado Common Interest Ownership Act allows the owner of each condominium unit to own, finance, and insure their units starting at financial close and as defined by the condominium map. Each condo unit owner will close with the financing necessary to build its unit and no bridging of financing or transferring of condo units will be necessary. BCHA will be responsible for the construction of the commercial/non-residential parking unit not the tax credit partnership. There is no construction loan necessary for the commercial/parking unit. The commercial sources and uses is on page 2 of the proforma.

25. Will the Residential and Commercial/Non-Residential Parking Units be covered under a single site and foundations permit?

ANSWER: One single site development permit will be issued for the full residential, parking and office construction. All of the parking is structured and will be under one permit, separate from the one single residential building permit for the residential units.

26. Can you please verify that permanent project sources will include a Seller Carryback Note in the amount of \$575,000? This source, while included in the project narrative and monthly proforma for construction, is not listed in elsewhere in the SBC numbers provided.

ANSWER: Yes, the permanent project sources includes a seller carryback notes of \$575,000. This was accidentally hidden on the cover page of the proforma and only shown on the financing page on page 7. This has been corrected in the updated model.

27. Can you specify who the lenders will be on each of the subordinate funding sources? Will all subordinate sources be "passed-through" BCHA and loaned into the tax credit partnership? If so, may interest rates on these subordinate loans be adjusted per industry standards in order to maximize tax credit pricing?

ANSWER: All subordinate financing sources will be passed-through BCHA and loaned into the tax credit partnership. If a different interest rate is modeled than the interest rates shown on page 7 of the proforma, please clearly note such in the RFP response.

28. Can you provide a more detailed operating expense budget for the Residential Condominium Unit inclusive of any expected common area maintenance charges?

ANSWER: The expense budget on page 3 of the proforma contemplates any shared operating costs outlined in a HOA agreement among the condo tenants. This detail will be further clarified during the closing due diligence process

29. May alternate equity pay-in schedules be proposed?

ANSWER: Yes, please clearly state the alternate equity pay-in schedule in the RFP response. As noted, there will no longer be a bond closing in 2019; the closing has shifted to April 2020.

Submittal Instructions:

Submittals are due at the Administrative Services Information Desk or email box (preferred) listed below, for time and date recording on or before **2:00 p.m. Mountain Time on Tuesday, October 15, 2019.**

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 50MB 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 # 7060-19** 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 # 7060-19**, 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 bid is received on time at the stated location(s). Any bid 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 bids, to waive any informalities or irregularities therein, and to accept the bid 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**

September 20, 2019

Dear Vendor:

This is an acknowledgment of receipt of Addendum #2 for RFP #7060-19, Construction to Permanent Financing and/or Limited Equity Partner(s) Coffman 4% Federal LIHTC and Colorado State Affordable Housing Tax Credit (AHTC) Project in Longmont, 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 _____

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