



Charlotte Housing Authority

BOARD OF COMMISSIONERS

SPECIAL

BOARD MEETING

May 5, 2010

Charlotte Housing Authority

Central Office

1301 South Boulevard

Charlotte, NC 28203

Mission Statement

“To lead, develop, and execute community-wide strategies that meet the broad range of housing needs for families who cannot otherwise attain conventional housing”

Joel Ford - Chairman

Will Miller - Vice Chairman

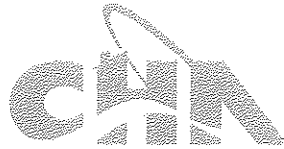
Lucille Puckett

Benjamin Hill

Geraldine Sumter

Rodney Moore

David Jones



**HOUSING AUTHORITY OF THE CITY OF
CHARLOTTE**

SPECIAL

**NOTICE
BOARD MEETING**

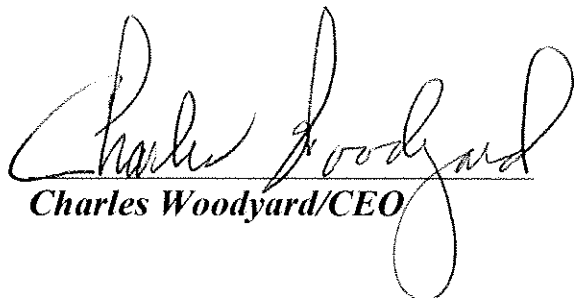
BOARD OF COMMISSIONERS' MEETING

May 5, 2010

NOTICE is hereby given that a *Special* Board meeting of the Board of Commissioners of the Housing Authority of the City of Charlotte will be held on *May 5, 2010* as follows:

TIME/Date: *10:00 A.M.*
 May 5, 2010

LOCATION: *1301 South Boulevard*
 Charlotte, NC 28203


Charles Woodyard/CEO

Housing Authority of the City of Charlotte Special Meeting of the Board of Commissioners

Central Office
1301 South Boulevard
Charlotte, NC 28203

May 5, 2010

10:00 a.m. - Special Board Meeting Convenes:

Special Meeting Agenda:

1. Additions to the Agenda
2. Public Hearing: Second Amendment to the MTW Agreement & First Amendment to the Fiscal Year 2010-2011 Moving Forward Annual Plan
3. **Business Agenda Action Items:**
 - A. Second Amendment of the MTW Agreement (1827) **(p.1)**
 - B. First Amendment of the FY 2010-2011 Moving Forward Annual Plan (1828) **(p.2)**
 - C. The Lofts at Seigle Point (1836) **(p.4)**
Budget Amendment: MTW Funds (1839)
 - D. Approve Procurement Contract – J.M. Wilkerson Construction Co. Inc./Sovereign Construction & Development Joint Venture **(p.7)**

Business Agenda:

Business Agenda items for the May 5, 2010 Special Meeting for the Charlotte Housing Authority Board of Commissioners.

3. A Second Amendment to the MTW Agreement

Action: Approve Resolution No. 1827 to authorize CHA to approve the Second Amendment of the Moving To Work Agreement.

Staff Resource: Shaunté Evans and Gwenarda Isley-Boykin

Strategic Business: Executive

Strategic Goal: Provide affordable housing solutions from homelessness to permanent housing through sustainable strategic partnerships.

Explanation:

CHA signed an MTW Agreement with the Department of Housing and Urban Development in December 2007. An Amended and Restated MTW Agreement was executed in April 2008. The first amendment to the Amended and Restated Agreement was executed in June 2009. HUD has issued a Second Amendment to the Moving To Work Agreement (see attachment). The Second Amendment establishes a new attachment to the MTW Agreement titled Attachment D, Community-Specific Authorizations. Attachment D describes and authorizes activities which may be implemented by the Charlotte Housing Authority (see attachment).

Attachment D repeals the restriction of the use of Moving To Work funds to Section 8 and 9 as provided by the original MTW Agreement. Through this attachment, HUD has authorized CHA to use MTW funds to provide housing assistance and services to facilitate the transition to work for low-income families, regardless of Section 8 or 9 status.

Committee Discussion:

This agenda item was discussed during the April 7th Client Relations meeting. Commissioner Will Miller commented that he does not want CHA to use a lot of funds for workforce housing when there are so many other people who need our help. The item was forwarded to the May 5, 2010 Board of Commissioners meeting for approval.

Community Input:

The public review period began March 19, 2010 and will conclude May 3, 2010. The Public Hearing is scheduled for May 5, 2010.

Summary of Bids:

N/A

MWBD Consideration:

N/A

Funding:

None

Attachments:

Second Amendment to Moving To Work Agreement (Tab 1)

Attachment D – Community Specific Authorizations (Tab 1)

Resolution No. 1827 (Tab 1)

3. B First Amendment to the FY 2010-2011 Moving Forward Annual Plan

Action: Approve Resolution No. 1828 to authorize CHA to amend the FY 2010-2011 Moving Forward Annual Plan (1st Amendment) for Broader Use of Funds Authority.

Staff Resource: Shaunté Evans and Gwenarda Isley-Boykin

Strategic Business: Executive

Strategic Goal: Provide affordable housing solutions from homelessness to permanent housing through sustainable strategic partnerships.

Explanation:

Since late fall 2008, the Charlotte Housing Authority has been requesting approval from HUD to amend its MTW agreement to permit the agency to implement creative development strategies that address the growing affordable housing needs in our community. After several attempts via letters and phone calls, HUD notified CHA that they had fully considered the request and agreed that all MTW authorities should have the flexibility to use their funds outside of Section 8 and 9 providing the activities continue to serve those 80% and below area median income and meet one of the three statutory objectives. CHA submitted a proposal for Broader Use of Funds Authority in December 2009 and received approval in March 2009.

CHA plans to use the Broader Use of Funds authority granted by HUD to provide housing assistance for families whose income does not exceed 80% of the median income for the area and services to facilitate the transition to work on such terms and conditions as the agency may propose and the Secretary of HUD may approve.

CHA was approved to use the Broader Use of Funds authority for a local rental subsidy as described below and had subsequently distributed the activity for public review with the requested projects also listed below; however, modifications were made to the local

rental subsidy program during the public review period. This action resulted in the re-distribution of this initiative for a public review comment period to take place April 2 – May 17, 2010. It will be placed on the public hearing agenda for May 18, 2010 at 5:00 pm.

- Create a local rental subsidy program where CHA will use MTW funds to provide funds to local supportive service agencies to pay a portion of rent for housing for working families earning less than 30% of AMI who are situationally or transitionally homeless.

The current requested projects are:

- Use MTW funds to acquire, renovate and/or construct project-based voucher units. CHA will immediately pursue four projects: Little Rock Apartments, Lofts at Seigle Point, Mill Pond and Woodlawn House.
- Provide MTW funds to McCreesh Place, a transitional housing facility, to construct new project-based voucher units and renovate existing units, which will be converted to public housing.

Committee Discussion:

There were no questions or comments by Committee members; however, the CEO announced that HUD approved the McCreesh project and it is moving forward.

Community Input:

The public review period began March 19, 2010 and will conclude May 3, 2010. The Public Hearing is scheduled for May 5, 2010.

Summary of Bids:

N/A

MWBD Consideration:

N/A

Funding:

None

Attachments:

First Amendment to the 2010-2011 Moving Forward Annual Plan (**Tab 1**)
Resolution No. **1828** (**Tab 1**)

**3. C The Lofts at Seigle Point
Budget Amendment: MTW Funds**

Action: 1. To approve Resolution No. 1836 for the commitment of up to \$5,000,000 in CHA MTW Funds for the development of The Lofts at Seigle Point and to Make a Loan to Horizon Development, Inc. for that Purpose.

2. To approve Resolution No. 1839 to Amend Resolution No. 1834 which amended the Moving To Work Project Budget for the fiscal year ending March 31, 2011

Staff Resource: Jeff Meadows and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Project Status: Project Budget Approval

Background:

In September 2009 a pre-development budget in the amount of \$500,000 was adopted. At the April 2010 Board Meeting the project budget approval was deferred to a Special Board Meeting to be held May 5, 2010.

The rents for all 190 units will be set at 80% Area Median Income (AMI) with 38 units available through Community Based Rental Assistance (CBRA). All residents will be income qualified. However, the incomes range from \$37,500 to \$57,450 for one person to 5 person households, respectively. These incomes should not disqualify most applicants from renting. The rents are conservatively underwritten relative to their competition during perhaps the bottom of the market. Rents have been underwritten at \$67 to \$100 below the maximum 80% AMI rent, depending on bedroom size, resulting in a conservative rent schedule.

The property ownership and rent structure have been designed to retain and create tax exemption. The land will remain under the ownership of CHA and be placed into the deal through a long term land lease. The property (structures) will be owned by the non-profit CHA subsidiary, Horizon Development Properties, Inc. (Horizon) and will not be subject to income tax. The entire project will be income restricted at 80% AMI with 38 housing opportunities offered through CBRA. This restriction will permit the project structures to be exempt from property taxes. These exemptions reduce the operating expenses for the property.

The break even analysis indicates that the property can operate at 84% occupancy (sustain a 16% vacancy) and still pay the operating expenses and make the debt service payments without tapping reserves. The project underwriting assumes 93% occupancy (maintains a 7% vacancy) at stabilization. The gross potential income is projected to be \$2,313,258. The expenses are estimated at \$605,114 with the debt service estimated at \$1,336,404 for a total annual obligation of \$1,941,518. (Break Even: $\$1,941,518/\$2,313,258=83.93\%$) Note: The D4 reserves are available and the developer's fee of \$1,000,000 is also available to cover operating shortfalls until stabilized occupancy is reached.

Development Objectives

The following indicates the development objectives:

1. Create an additional mixed income layer in the Seigle Point community to create an optimal economic balance.

Area Median Income Served	Units at 30%	Units at 50%	Units at 60%	Units at 80%
The Lofts at Seigle Point– 190 Units	38	0	0	152
Seigle Point Apartments – 204 Units	102	16	86	0
Seigle Point Towns (TH) – 50 Units*	0	2	18	30
Total – 444 Units	140	18	104	182
Percentage of Unit Total	31%	4%	24%	41%
*50 TH are planned. 19 are not built. 31 are built and 12 are sold. As a result the AMI categories are estimated.				

2. Complete the master plan for the Seigle Point Community.
3. Promote Horizon/CHA's financial sustainability.
4. Utilize a lower risk loan product by using the 221 (d) 4 program.
5. Support the prior investment along Seigle Avenue as outlined in the Piedmont HOPE VI Grant Application.
6. Maintain commitments to the community made during the Piedmont Courts HOPE VI Application.

Market Analysis

The market analysis conducted by Fred Beck & Associates indicates the following points:

1. The projects that are now under construction will be leased-up or substantially leased-up by the time The Lofts at Seigle Point will deliver units. The Lofts is anticipated to lease up in a market that will have little or no lease-up competition.
2. Market conditions and lack of financing have depleted the number of proposed new multi-family developments. Household formation is projected to continue to trend upward creating demand for multi-family units.
3. Construction costs have decreased from 2008 pricing, creating very attractive pricing.

Risk Analysis

The risk analysis has been split into two sections. The first considers the project ending now and the second considers the potential impacts if the project moves forward and defaults in the future. The following outlines the risk analysis for the project:

A. Project Ends Now:

1. MTW Funds: If the project does not move forward the invested MTW funds (approximately \$500,000) may have to be repaid to HUD with non-HUD funds from Horizon or the Central Office Cost Center (COCC). Staff would have to explore options with HUD to address the issue.
2. HUD 221 (D) (4) Program: The project has received an invitation to submit a final application for firm commitment. HUD is currently only inviting 1 out of every 2 preliminary applications. We also understand that HUD is not accepting additional applications from Charlotte, NC at this time. Since we have carried the project this far into the process, withdrawing our application could negatively impact future applications as a sponsor with HUD and our lender. Furthermore, HUD is currently changing the underwriting standards which will require increased equity and escrows for future projects. Allowances are being considered for affordable projects. However, how an affordable project is defined and what the concession in the program will be are not certain.

B. Project Risk Prior to Closing and Potential Default in the Future:

1. Interest Rates: Current rates are in the 5 - 5.25% range. We have used 5.5% in the underwriting. If project assumptions do not hold true, we could have a funding gap. We are carrying a contingency and could consider using a portion of the developer fee to buy the rate down or increase the equity amount and still potentially meet HUD underwriting guidelines.
2. Rents: The rents will be restricted to 80% AMI, which is below the market rent indicated in the market study. If rents are not achieved the project would be in danger of default. A default would place at risk the CHA investment of up to \$5,000,000. Operating reserves are required in the 221 d 4 program to address potential short falls (\$390,000 is required for the Lofts).
3. Lease Up: The project anticipates a 12 month lease up period to reach stabilization. This would require 15-16 leases per month to achieve stabilization. The construction delivery schedule will directly impact the lease up schedule. An advantage the project will have is the CBRA units tend to lease quickly given the need for units in the community. If the lease up does not perform as scheduled a default could occur placing the CHA investment at risk. Again the reserves are available to cover these expenses for a period of time. The amount of the operating shortfalls will dictate how long the reserves will last. Given that all the units serve 80% of AMI and we have the Broader Use of Funds approval additional funding could be used to fund shortfalls if the situation indicated it was appropriate to do so.

Note: In the event of a default, the CBRA units would be lost in this particular property. The HAP contract would not survive a foreclosure as we hoped could be

the case. However, the underlying land would be protected by the Land Lease and the CHA would still have the vouchers for other customers. HUD-FHA would take over the improvements and dispose of the asset to repay the outstanding debt. The insurance pays the debt obligation until the disposition occurs and the debt is settled. The debt is typically held by bond holders of Government National Mortgage Association (GNMA/Ginnie Mae).

Budget:

The MTW budget is being amended in the amount of \$4,500,000. Funds in the amount of \$500,000 were approved for pre-development costs. Exhibit A reflects funds moved from Capital Projects – Real Estate to Loans to Others in the amount of \$4,500,000.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Board meeting. Subsequently, the item has been deferred to a Special Board Meeting on May 5, 2010.

Community Input:

This project required rezoning and as part of that process a community meeting and public hearing were held. No concerns were raised at either of these meetings.

Funding:

HUD's 221(d)(4) Loan Insurance Program.
MTW Funds

Attachment

Resolution No. **1836 (Tab 2)**
Resolution No. **1839 (Tab 2)**
Exhibit A for Resolution 1839 (**Tab 2**)

3.D Approve Procurement Contract - J. M. Wilkerson Construction Co., Inc. / Sovereign Construction & Development Joint Venture

Action: Authorize the CEO to Negotiate and Award a contract to J. M. Wilkerson Construction Co., Inc. / Sovereign Construction & Development, as Construction Manager at Risk for Charlottetown Terrace.

Staff Resource: Ralph Staley/Steve Lamphere/J. Daniels

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

On November 17, 2009 the CHA Board of Commissioners approved a change to the CHA Procurement Policy that requires a review and approval by the Board for Procurement actions that exceed the dollar threshold set for that individual classification of material or service as set below:

<u>Dollar Threshold</u>	<u>Procurement Classification</u>
\$100,000	Construction, Maintenance or Repair contracts.
\$50,000	Purchase of apparatus, supplies, materials and equipment. Also including service contracts, consultants, architects and engineers.

Additionally, any procurement that will cause a single vendor to exceed the above amounts during a rolling twelve (12) month period will require prior approval from the CHA Board of Commissioners before additional contracts are awarded to the vendor.

On February 21, 2010 the CHA developed and broadcast a Request for Proposal (RFP) for an experienced Construction Manager at Risk (CM at Risk) for Charlottetown Terrace. The \$6,200,000 CFRC grant awarded to Charlottetown must be fully obligated by September 2010. The Construction Manager at Risk and a Guaranteed Maximum Price ("GMP") construction contract will obligate these grant funds. This RFP was reviewed by two CHA Commissioners. The CM at Risk will be working as part of a team that also includes an architect along with mechanical, electrical, plumbing, and structural and civil engineering. The CM at Risk will also be required to follow the Federal Procurement Regulations of 24 CFR 85.36.

The CM at Risk provides planning, estimating, scheduling and other consulting services to the CHA and Architect during the design phase. When the design is near completion, the CM at Risk and the CHA negotiate a Guaranteed Maximum Price ("GMP") and schedule. The CM at Risk then acts as the general contractor during the construction of the project and prequalifies and procures all of the construction trade contractors that will perform the work. The CM at Risk is required to share all cost information with the CHA so that it will only pay for the Cost of the Work plus an agreed fee for the CM at Risk up to the GMP. Once negotiation with the Vendor is completed it is anticipated that the final agreement will be approximately \$10,000,000.

On March 16, 2010 the CHA received eight (8) proposals for the Construction Manager at Risk. An evaluation Committee was selected from within the CHA and included a CHA Commissioner. The following lists of respondents were evaluated in accordance with the provisions of the RFP and interviews were conducted with the three (3) competitive firms. Evaluations and interviews were conducted. Based upon the recommendation from the evaluation committee, it is recommended that the CEO be authorized to Negotiate and Award a contract to J.M. Wilkerson Construction Co., Inc. / Sovereign Construction & Development. In the event that negotiations with the top ranked firm are unsuccessful, the Board authorizes the CEO to enter into discussions and award a contract to the second ranked firm. Once again, if negotiations are unsuccessful

the CEO may move on to the next ranked firm and so on until an agreement can be negotiated.

EVALUATION SCORING SUMMARY	
Ranking	Respondents
1	J. M. Wilkerson Construction Co. Inc. / Sovereign Construction & Development
2	Miles McClellan Construction Company / Wallick Companies
3	Bovis Lend Lease

Committee Discussion:

None.

Funding:

Charlottetown Terrace Project Budget

Attachment

None.

Horizon Development Properties, Inc.
Special Meeting of the Board of Directors

*Central Office
1301 South Boulevard
Charlotte, NC 28203*

May 5, 2010

Meeting Convenes after the CHA Special Board Meeting:

Special Meeting Agenda:

1. Additions to the Agenda
2. **Business Agenda Action Items:**
 - A. Budget Amendment: The Lofts at Seigle Point **(p.1)**
 - B. Approve Procurement Contract-Bovis Lend Lease **(p.5)**

Business Agenda

Business Agenda items for the May 5, 2010 Special Board Meeting of the Horizon Development Properties, Inc. Board of Directors.

2. A Horizon Development Properties, Inc. (Horizon) Budget Amendment: The Lofts at Seigle Point

Action: Resolution to Authorize Horizon to Incur Expenses Related to the Development of The Lofts at Seigle Point, to Amend the Budget to \$25,200,000 to include a \$5,000,000 MTW Loan and \$20,200,000 in HUD 221(d)(4) Loan Proceeds, and Accept Said Loans for that Purpose.

Staff Resource: Jeff Meadows and Ralph Staley

Strategic Business: Real Estate and Finance Administration

Strategic Goal: Maximize Economic, Physical, and Social Value of our Real Estate Portfolio; Attain Long-Term Financial Viability

Explanation:

Project Status: Project Budget Approval

Background:

In September 2009 a pre-development budget in the amount of \$500,000 was adopted. At the April 2010 Board Meeting the project budget approval was deferred to a Special Board Meeting to be held May 5, 2010.

The rents for all 190 units will be set at 80% Area Median Income (AMI) with 38 units available through Community Based Rental Assistance (CBRA). All residents will be income qualified. However, the incomes range from \$37,500 to \$57,450 for one person to 5 person households, respectively. These incomes should not disqualify most applicants from renting. The rents are conservatively underwritten relative to their competition during perhaps the bottom of the market. Rents have been underwritten at \$67 to \$100 below the maximum 80% AMI rent, depending on bedroom size, resulting in a conservative rent schedule.

The property ownership and rent structure have been designed to retain and create tax exemption. The land will remain under the ownership of CHA and be placed into the deal through a long term land lease. The property (structures) will be owned by the non-profit CHA subsidiary, Horizon Development Properties, Inc. (Horizon) and will not be subject to income tax. The entire project will be income restricted at 80% AMI with 38 housing opportunities offered through CBRA. This restriction will permit the project structures to be exempt from property taxes. These exemptions reduce the operating expenses for the property.

The break even analysis indicates that the property can operate at 84% occupancy (sustain a 16% vacancy) and still pay the operating expenses and make the debt service payments without tapping reserves. The project underwriting assumes 93% occupancy (maintains a 7% vacancy) at stabilization. The gross potential income is projected to be \$2,313,258. The expenses are estimated at \$605,114 with the debt service estimated at \$1,336,404 for a total annual obligation of \$1,941,518. (Break Even: $\$1,941,518/\$2,313,258=83.93\%$) Note: The D4 reserves are available and the developer's fee of \$1,000,000 is also available to cover operating shortfalls until stabilized occupancy is reached.

Development Objectives

The following indicates the development objectives:

1. Create an additional mixed income layer in the Seigle Point community to create an optimal economic balance.

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Seigle Point Towns (TH) – 50 Units*	0	2	18	30
Total – 444 Units	140	18	104	182
Percentage of Unit Total	31%	4%	24%	41%
*50 TH are planned. 19 are not built. 31 are built and 12 are sold. As a result the AMI categories are estimated.				

2. Complete the master plan for the Seigle Point Community.
3. Promote Horizon/CHA's financial sustainability.
4. Utilize a lower risk loan product by using the 221 (d) 4 program.
5. Support the prior investment along Seigle Avenue as outlined in the Piedmont HOPE VI Grant Application.
6. Maintain commitments to the community made during the Piedmont Courts HOPE VI Application.

Market Analysis

The market analysis conducted by Fred Beck & Associates indicates the following points:

1. The projects that are now under construction will be leased-up or substantially leased-up by the time The Lofts at Seigle Point will deliver units. The Lofts is anticipated to lease up in a market that will have little or no lease-up competition.
2. Market conditions and lack of financing have depleted the number of proposed new multi-family developments. Household formation is projected to continue to trend upward creating demand for multi-family units.
3. Construction costs have decreased from 2008 pricing, creating very attractive pricing.

Risk Analysis

The risk analysis has been split into two sections. The first considers the project ending now and the second considers the potential impacts if the project moves forward and defaults in the future. The following outlines the risk analysis for the project:

A. Project Ends Now:

1. MTW Funds: If the project does not move forward the invested MTW funds (approximately \$500,000) may have to be repaid to HUD with non-HUD funds from Horizon or the Central Office Cost Center (COCC). Staff would have to explore options with HUD to address the issue.
2. HUD 221 (D) (4) Program: The project has received an invitation to submit a final application for firm commitment. HUD is currently only inviting 1 out of every 2 preliminary applications. We also understand that HUD is not accepting additional applications from Charlotte, NC at this time. Since we have carried the project this far into the process, withdrawing our application could negatively impact future applications as a sponsor with HUD and our lender. Furthermore, HUD is currently changing the underwriting standards which will require increased equity and escrows for future projects. Allowances are being considered for affordable projects. However, how an affordable project is defined and what the concession in the program will be are not certain.

B. Project Risk Prior to Closing and Potential Default in the Future:

1. Interest Rates: Current rates are in the 5 - 5.25% range. We have used 5.5% in the underwriting. If project assumptions do not hold true, we could have a funding gap. We are carrying a contingency and could consider using a portion of the developer fee to buy the rate down or increase the equity amount and still potentially meet HUD underwriting guidelines.
2. Rents: The rents will be restricted to 80% AMI, which is below the market rent indicated in the market study. If rents are not achieved the project would be in danger of default. A default would place at risk the CHA investment of up to \$5,000,000. Operating reserves are required in the 221 d 4 program to address potential short falls (\$390,000 is required for the Lofts).
3. Lease Up: The project anticipates a 12 month lease up period to reach stabilization. This would require 15-16 leases per month to achieve stabilization. The construction delivery schedule will directly impact the lease up schedule. An advantage the project will have is the CBRA units tend to lease quickly given the need for units in the community. If the lease up does not perform as scheduled a default could occur placing the CHA investment at risk. Again the reserves are available to cover these expenses for a period of time. The amount of the operating shortfalls will dictate how long the reserves will last. Given that all the units serve 80% of AMI and we have the Broader Use of Funds approval additional funding could be used to fund shortfalls if the situation indicated it was appropriate to do so.
 - a. Note: In the event of a default, the CBRA units would be lost in this particular property. The HAP contract would not survive a foreclosure as we hoped could be the case. However, the underlying land would be protected by the Land Lease and the CHA would still have the vouchers for other customers.

HUD-FHA would take over the improvements and dispose of the asset to repay the outstanding debt. The insurance pays the debt obligation until the disposition occurs and the debt is settled. The debt is typically held by bond holders of Government National Mortgage Association (GNMA/Ginnie Mae).

Budget:

In Exhibit A, Proceeds from Loans Bonds Notes - MTW Funds is increased by \$4,500,000 and Capitalized Items is increased by \$4,500,000. Also included is the HUD 221(d)(4) loan in the amount of \$20,200,000 as revenue, with the corresponding expenditure in the Capitalized Line item. In September 2009 the CHA Board adopted a \$500,000 pre-development budget. Therefore, the amended total project budget is 25,200,000.

Committee Discussion:

This item was pulled and not discussed at the Development or Finance & Audit committee meeting on April 7, 2010 and rescheduled as a Business Item at the April 20, 2010 Board meeting.

Community Input:

This project required rezoning and as part of that process a community meeting and public hearing were held. No concerns were raised at either of these meetings.

Funding:

This project will require financing through HUD's 221(d)(4) program. The preliminary application was approved. Final application will be submitted in 2nd Quarter 2010.
MTW Funds

Attachment

Resolution for Acceptance of Loans
Lofts at Seigle Point Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed secretary of the Horizon Development Properties, Inc., do hereby certify the above item was properly adopted at a regular meeting held May 5, 2010.

(SEAL)

BY: _____
Barbara Porter/Secretary

2. B Approve Procurement Contract - Bovis Lend Lease

Action: Authorize the CEO to Negotiate and Award a contract to Bovis Lend Lease, as Construction Manager at Risk for Horizon Development Properties, Inc (The Lofts at Seigle Point).

Staff Resource: Ralph Staley/Steve Lamphere/Jeff Meadows

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

On November 17, 2009 the CHA Board of Commissioners approved a change to the CHA Procurement Policy that requires a review and approval by the Board for Procurement actions that exceed the dollar threshold set for that individual classification of material or service as set below:

Dollar Threshold Procurement Classification

\$100,000 Construction, Maintenance or Repair contracts.

\$50,000 Purchase of apparatus, supplies, materials and equipment. Also including service contracts, consultants, architects and engineers.

Additionally, any procurement that will cause a single vendor to exceed the above amounts during a rolling twelve (12) month period will require prior approval from the CHA Board of Commissioners before additional contracts are awarded to the vendor.

On December 20, 2009 the CHA developed and broadcast a Request for Proposal (RFP) for an experienced Construction Manager (CM) at Risk for a Class A multifamily development to be located at Seigle Avenue and 10th Street, The Lofts at Seigle Point. The CM at Risk will be working as part of a team that also includes an architect along with mechanical, electrical, plumbing, and structural and civil engineering. The CM at Risk will also be required to follow the Federal Procurement Regulations of 24 CFR 85.36.

The CM at Risk provides planning, estimating, scheduling and other consulting services to the CHA and Architect during the design phase. When the design is near completion, the CM at Risk and the CHA negotiate a Guaranteed Maximum Price ("GMP") and schedule. The CM then acts as the general contractor during the construction of the project and prequalifies and procures all of the construction trade contractors that will perform the work. The CM at Risk is required to share all cost information with the CHA so that it will only pay for the Cost of the Work plus an agreed fee for the CM at Risk up to the GMP. Once negotiation with the Vendor is completed it is anticipated that the final agreement will be approximately \$19,000,000.

On January 15, 2010 the CHA received seven (7) proposals for the Construction Manager at Risk. An evaluation Committee was selected from within the CHA and included a CHA Commissioner. The following respondents were evaluated in accordance with the provisions of the RFP and interviews were conducted with these four firms as they were the most qualified. Once the evaluations and interviews were concluded, a second round of interviews were scheduled with the top two (2) scoring firms. Based upon the recommendation from the evaluation committee, it is recommended that the CEO be authorized to Negotiate and Award a contract to Bovis Lend Lease. In the event that negotiations with the top ranked firm are unsuccessful, the Board authorizes the CEO to enter into discussions and award a contract to the second ranked firm. Once again, if negotiations are unsuccessful the CEO may move on to the next ranked firm and so on until an agreement can be negotiated.

EVALUATION SCORING SUMMARY			
	Respondents	Total Points	Ranking
1	Bovis Lend Lease	264	1
2	Cox-Schepp Construction Inc & R J Leeper Construction LLC	241	2
3	Carocon	222	3
4	C F Evans Construction	204	4

Committee Discussion:

This item was tabled at the April 20, 2010 Board Meeting and deferred to the Special Meeting on May 5, 2010.

Funding:

The Lofts at Seigle Project budget

Attachment

None

RECORDING OFFICER’S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Development Properties, Inc., do hereby certify that the above item was properly adopted at a regular meeting held May 5, 2010.

(SEAL)

BY: _____
Barbara Porter, Secretary