

Request for Proposal – Webster Road Redevelopment

**Low Income Housing Tax Credit Investor
Construction Lender
Permanent Lender**



Housing Authority of Clackamas County

**Solicitation for a LIHTC investor,
construction and permanent lender
for a 48-unit affordable housing community in
Gladstone, OR.**

Issue Date:	September 16, 2020
Information Meeting:	September 24, 2020, 10:30AM https://clackamascounty.zoom.us/j/93375044955 1 (253) 215-8782 US (Tacoma) Mobile: +14086380968,,93375044955# US Meeting ID: 933 7504 4955
Closing Date:	October 16, 2020 at 4:00PM PST

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Note: Due to large file sizes, exhibits are not attached. Exhibits available upon request, please reach out to dellin@clackamas.us

EXECUTIVE SUMMARY

Housing Authority of Clackamas County (“HACC”) seeks proposals to finance the rehabilitation of an existing building located at 18000 Webster Road in Gladstone, OR, which will include 48 units of affordable housing, from financial partners wishing to serve in one or more of the following roles:

- An investor/limited partner for \$541,456 in annual 4% Low Income Housing Tax Credits (LIHTCs) for the 48 affordable rental housing units.
- A construction lender for a tax-exempt construction loan of approximately \$7,400,000 for the 48 affordable rental housing units.
- A permanent lender for a permanent loan of approximately \$3,220,000.

The Webster Road Redevelopment is the rehabilitation of a former congregate care facility into a mix of 48 studio and SRO housing units. The rehabilitated building will provide affordable housing to households earning less than 60% of the area median income (AMI) will be programmed for households at or below 30% AMI. The marketing plan will target households age 55 or older, who are currently experiencing homelessness or at risk of becoming unhoused. HACC will provide project-based vouchers (PBVs) for all 48 units.

In June of 2019, HACC acquired the property using Phase 1 Metro Affordable Housing Bonds. A 30 year affordability restriction was placed on the property upon sale to HACC in accordance with the Metro Affordable Housing Bond IGA. Upon construction closing, the property will be owned by a to-be-created Limited Partnership, of which HACC will serve as general partner. HACC will manage design, construction and financing for the development.

Financing for the project will consist of 4% Low Income Housing Tax Credits, tax exempt construction and permanent financing, Metro Affordable Housing Bonds, County HOME funds, and development subsidy committed by the Oregon Housing and Community Services (OHCS) Permanent Supportive Housing pilot program. A Project Based Voucher (PBV) contract will support all 48 units.

HACC will contract with a third-party property management and service provider to operate the facility under a permanent supportive housing model.

HACC plans to close on its construction financing in the 1st quarter of 2021. Construction is scheduled to occur over 12 months and conclude in March 2022.

DEVELOPMENT ECONOMICS

INCOME

All 48 units will have a project based operating subsidy. Rent assumptions for these units reflect HACC’s Payment Standards. Forty (40) of the 48 total units, as designed, qualify as “Efficiency” bedroom types under HUD standards. These units include a private bathroom and a food prep area that includes a kitchen sink and microwave in each unit. However, under OHCS guidelines, 38 of the units do not meet CDM Housing Development & Preservation Standards to qualify as Studios. For the OHCS rent calculations HACC is assuming 10 Studios and 38 SROs. For the PBV subsidy calculation HACC assumes HUD’s “Efficiency” payment standard for 40 units and the SRO standard (.75 of Efficiency, or 0 Bedroom, FMRs) for 8 units.

REVENUE				
Unit Distribution and Gross Rents				
Unit Type	# of Units	TC Rent Restriction (60% AMI)	PBV	Utility Allowance
SRO	8	\$725	840	\$0
Efficiency	30	\$725	1120	\$0
Studio	10	\$967	1120	\$0

The building will pay all utilities.

Vacancy is factored at 5% and rent escalation is 2%.

EXPENSES

Operating expenses are based upon comparable expenses at other HACC properties plus expenses resulting from LITHC and tax exempt bond financing. Additionally, replacement reserves are set at \$450 PUPY.

Expenses escalate at 3%.

OPERATING METRICS

Permanent loan debt service and deferred developer fee are included in the calculation of debt cover ratio. The DCR in year one is 1.32 and stays above 1.20 through a 20 year permanent loan term. Developer fee is fully paid within 15 years.

TIMING

All units are assumed placed-in-service 16 months after construction starts.

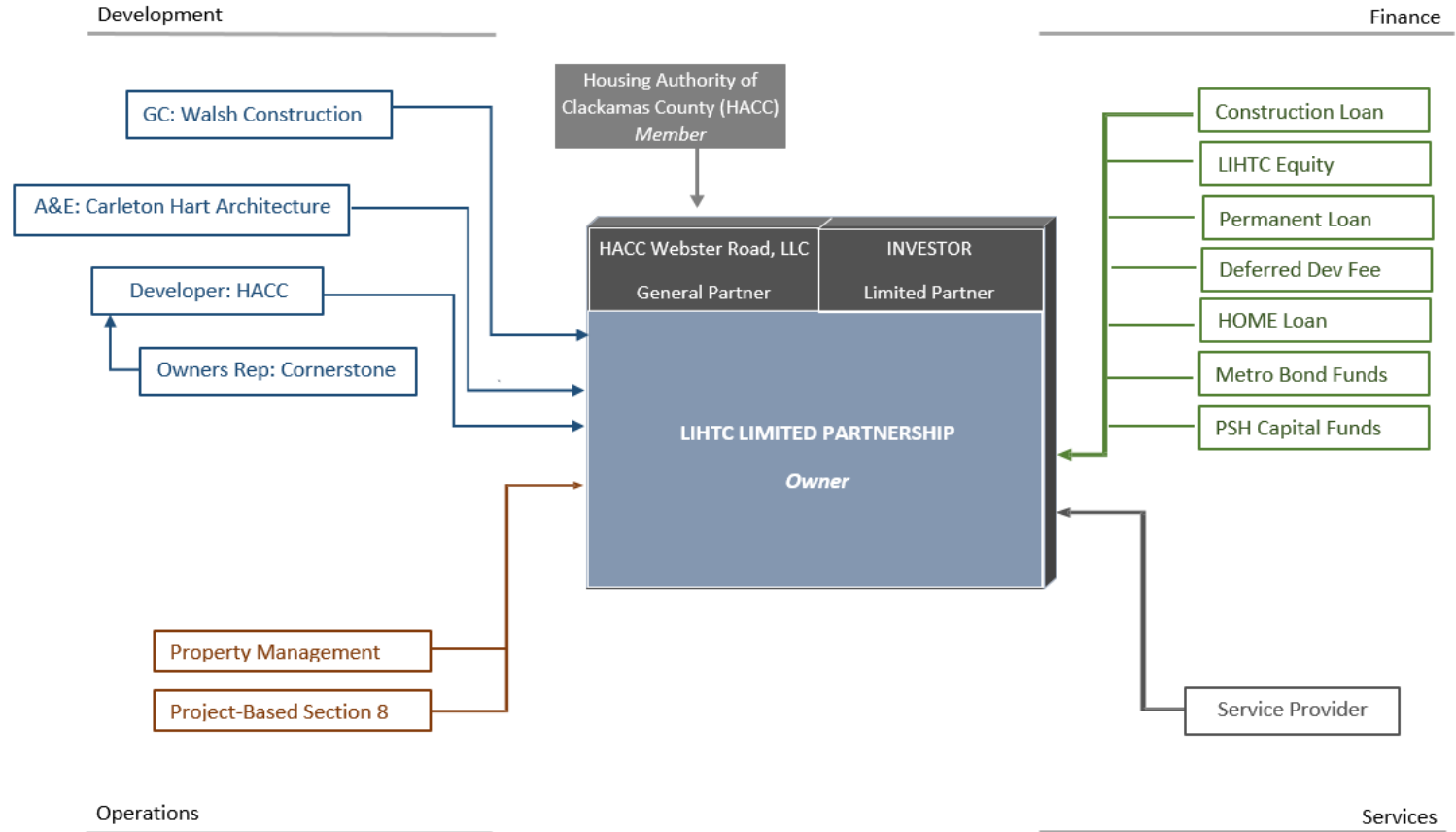
DEVELOPMENT STRUCTURE

The project is currently owned by HACC. The sale of the asset will occur when the Housing Authority of Clackamas County as the sole managing member of HACC Webster Road, LLC, sells the building to a Limited Partnership at construction closing.

An allocation of approximately \$541,456 in annual 4% credits is expected from Oregon Housing and Community Services (“OHCS”).

A tax exempt construction loan of approximately \$7,400,000 paid down to a permanent loan of \$3,220,000 is assumed.

Deferred developer fee of approximately \$838,000 is fully paid within 15 years of operations.



BUILDING & REHABILITATION SUMMARY

Webster Road is a rehabilitation project of a single-story wood-framed building originally constructed in the early 1960's. It was previously used as a nursing facility and most recently as a teen rehabilitation facility. The building has been vacant since 2017 and will be converted into permanent supportive housing for low income residents age 55 and older. The program consists of a mix of studios, efficiencies, and SRO units, as well as shared kitchen and laundry facilities, offices and other support spaces. The site generally slopes toward the southeast corner, and is currently developed with vehicle access, parking, sidewalks, wooded surroundings, and several ancillary storage structures. As much as possible, existing trees and asphalt paving areas shall be retained and protected.

The project scope includes site demolition, earthwork, extensive landscaping, and parking lot modifications; the full abatement of hazardous materials including removal of all asbestos-containing materials; replacement of antiquated building systems such as the plumbing and heating systems; electrical and lighting upgrades to improve performance and energy efficiency; building code and accessibility upgrades; envelope upgrades including new insulation, weatherproofing, windows, doors, and exterior cladding; interior upgrades including new flooring, wall and ceiling finishes, plumbing fixtures, and lighting; upgrades to residential units including the addition of full bathrooms in every unit and full kitchens or kitchenettes in most units; and renovation and redesign of common areas to best suit the proposed population.

Work in the public right-of-way will include replacing the sidewalk and drive pans along the Webster Rd street frontage to comply with ADA requirements, and potential street lighting upgrades pending a photometric assessment of the existing conditions. The scope also includes any demolition that will be necessary for the extents of the building rehabilitation.

- Site area: 95,830 SF (2.2 acres)
- Gross floor area: 28,672 SF
- Zoning: R-7.2 – Low Density Residential
- Building type: V-B construction, NFPA 13 Sprinklers
- Occupancies: R-2, A-3, and S-1
- Bicycle parking: 4 short-term spaces, 8 long-term spaces
- Vehicle parking: 26 spaces - 2 accessible, 16 standard, 7 compact, and 1 loading
- Units: 48
- OHCS Sustainability Path: Earth Advantage Multi-family Home (2012), Gold Certification

SITE & NEIGHBORHOOD OVERVIEW

SITE OVERVIEW

The existing building is situated on a 2.21 acre parcel located at 1800 Webster Road in the City of Gladstone. Originally constructed in 1967 as a nursing home, the facility was most-recently a juvenile rehabilitation facility owned and operated by Northwest Behavioral Healthcare Services.

The existing building is 28,672 square feet, and includes three wings. One wing was dedicated to female occupancy suites and restrooms, another wing was dedicated to male occupancy suites and restrooms, and a central wing housed doctors and nurses' offices, treatment rooms, meeting rooms, private offices, a fully equipped commercial kitchen, dining room, and conference rooms.

HACC acquired the property in June of 2019 using Metro Affordable Housing Bond funds. Upon acquisition the property was encumbered with a 30 year Affordable Housing Land Use Restrictive Covenant. For the term of this covenant, the property may only be developed and used primarily as "Affordable Housing", which is defined as improvements for residential units occupied by low-income households making 80% or less of area median income.

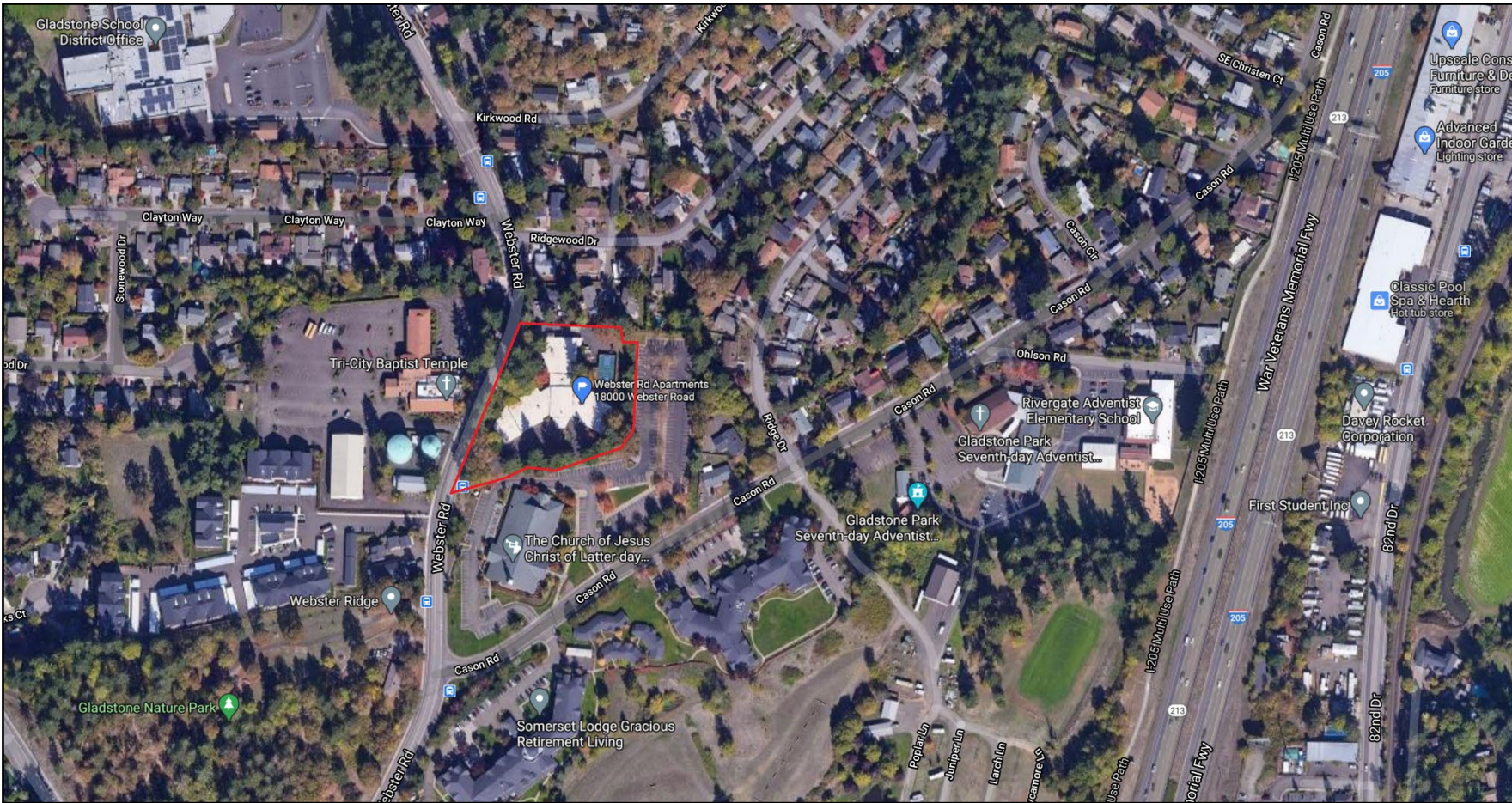
The property is zoned R-7.2, a low-density residential zoning district. Within the R-7.2 zoning district "Nursing Homes and Homes for the Aged" are an allowed Conditional Use. On May 19, 2020 the City of Gladstone Planning Commission approved HACC's Authorization of Similar Use and Conditional Use application. (City of Gladstone Planning Decision File No: Z0071-20-C).

NEIGHBORHOOD OVERVIEW

The property is located in a predominately residential neighborhood east of I-205 within the heart of Clackamas County's commercial and industrial corridor, approximately 10 miles south of Portland. The site is located on a regular bus line providing direct access to the Oregon City Transit Center to the south and the Clackamas Town Center and the Max Green Line to the northeast. In addition, a bus stop for Line 32 is located about 50 yards from the site providing direct access to downtown Milwaukie and the Orange Max line to the north and Clackamas Community College to the South.

The image below reflects the larger vicinity and surrounding area of Webster Road Redevelopment.

Housing Authority of Clackamas County



POPULATION & DEMAND OVERVIEW

POPULATION

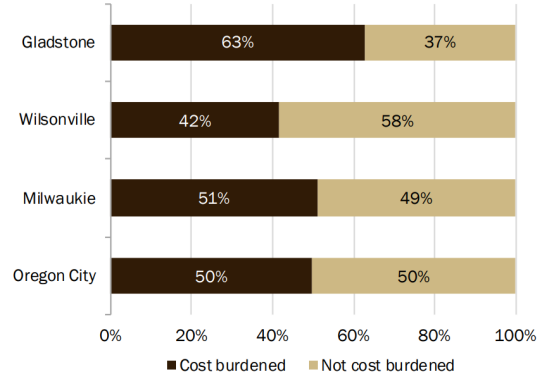
Gladstone is a city of approximately 12,000 people, within a region of nearly 2.4 MM.

According to the 2019 Clackamas County Regional Housing Needs Analysis (HNA), 58 percent of the total households in Gladstone are considered low income with Median Family Incomes (MFI) of 80 percent and below. Nearly 20 percent of Gladstone households have a MFI of 30 percent and below.

There are 4,577 households in the City, of which 39% or 1,782 households are renters. Citywide, about 63% of Gladstone renters are rent-burdened, needing to spend more than 30% of their gross income on housing, and over 37% of rental households are severely rent-burdened, needing to spend more than 50% of their gross income on housing.

This trend shows a need for deeply affordable rental units in Gladstone.

Renter Housing Cost Burden, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012-2016
Source: U.S. Census Bureau, 2000 Census Table H069, 2012-2016 ACS Tables B25091 and B25070.



DEMAND

Clackamas County currently has a deficit of housing units affordable to households earning less than \$35,000 (about 45% AMI).

Analysis of housing affordability shows that about 42% of Gladstone’s new households will be low income, earning 50% or less of the region’s median family income.

DEVELOPMENT DESCRIPTION

BUILDING

The Webster Road project will consist of a single-story building that opens to a central parking lot with 26 parking spaces.

Units will be outfitted with Energy Star appliances and light fixtures. Toilets and faucets will be low-flow to further reduce consumption. Durable materials will be used throughout.

Common area amenities include a community kitchen, a dining hall, a spacious community living room, a wellness room, a laundry room and various meeting and conferences spaces.

The site will include a landscaped courtyard and a community garden for resident use. Landscaping will be drought resistant plants.

Preliminary plans and elevations are available upon request.

COST

The total development cost for Webster Road, including acquisition, is \$18,514,225 or \$385,713 per unit. The construction budget is \$11,223,275 or \$233,818 per unit. A 5% owners' contingency is included within the construction budget.

Construction will be bid by Walsh Construction using AIA 133 and 201 construction documents. The resulting bids will be used to establish a Guaranteed Maximum Price Contract.

PROPERTY MANAGEMENT & RESIDENT SERVICES

On August 12, 2020, HACC released a competitive RFP seeking proposals from qualified operators of Permanent Support Housing to provide property management, resident services, and case management for the residents of Webster Road. Proposals are due on October 9, 2020.

SCHEDULE

Schematic Design	November 2019
Design Development	April 2020
Construction Drawings	August 2020
Permit	February 2020
Bids/GMP	February 2021
Construction Start	March 2021
Construction Complete	March 2022

DEVELOPMENT TEAM

DEVELOPER & GENERAL PARTNER:

HOUSING AUTHORITY OF CLACKAMAS COUNTY

HACC is the first housing authority in Oregon. It was formed on May 4, 1938. It was formed because county officials saw they had many of the same issues we're facing today – that there was simply not enough safe rental housing to meet the needs of low income Oregonians.

HACC is a division of the Clackamas County Department of Health, Housing and Human Services and is governed by a Board of Commissioners made up of the Clackamas County Board of Commissioners plus one Housing Authority Resident Commissioner. With an annual operating budget of approximately \$18 million, HACC maintains (545) public housing units, (1,651) Housing Choice Vouchers, and (357) units of affordable and special needs housing.

HACC is an independent public corporation authorized by the State of Oregon under the Oregon Revised Statutes §456.055 to §456.235.

HACC served as the developer for the recapitalization of Easton Ridge— a 264 units LIHTC property, Hillside Manor—a 100 unit public housing RAD conversion and is a partner in the development of Rosewood Station—a 212 unit new construction project.

ARCHITECT:

CARLETON HART ARCHITECTS

CHA has completed over 100 affordable housing projects throughout the Pacific Northwest. CHA brings 25 years of experience in affordable and supportive housing.

GENERAL CONTRACTOR:

WALSH CONSTRUCTION CO.

WALSH has extensive experience with renovation work on occupied multi-family residential buildings. Throughout our 58-year history we have been engaged in the construction and rehabilitation of affordable and special needs housing. In the last 10 years alone, we've completed 19 occupied renovation projects. We have a strong understanding of the environmental, operational and budgetary requirements of projects designed and constructed for sensitive populations.

LEGAL:

ROBERT J. SULLIVAN, PC

Clackamas County based law firm, provides creative legal counsel to businesses and organizations in complex real estate development and finance transactions with an emphasis on affordable housing, community facilities and other economic development.

DEVELOPMENT CONSULTANT:

CORNERSTONE MANAGEMENT

Cornerstone Management Group, Inc. has a well-established history of successfully advocating on behalf of public agencies throughout Oregon and Washington on small and large projects of all types: renovation, addition and new construction. The Cornerstone team has successfully managed over 600 new-construction/renovation projects in Oregon.

PROPERTY MANAGEMENT & SERVICE PROVISION:

To be selected through competitive process.

PROPOSAL PROCESS

SELECTION PROCESS AND CRITERIA

HACC will evaluate each proposal based on the criteria and scoring set forth in the following sections. HACC will determine which are the most competitive proposals received.

After determination of the competitive range, only those firms that scored within the competitive range will advance. Interviews may be held at the discretion of HACC. At the interviews, each firm may be asked to clarify specific aspects of their proposal and to answer any questions on the proposal’s content. HACC may provide a set of questions in advance of the interview to be answered by each firm at the interview.

Following interviews, HACC will re-score proposals based on both the written proposal and the interview. Prior to re-scoring, the Committee may request that Proposers submit written statements amending their proposals in the form of a best and final offer. Following re-scoring, the Committee will identify the highest scoring proposal and make a recommendation to enter negotiations with the Selected Investor and Selected Lender(s).

SCHEDULE

A schedule for the selection of an investor and lender is included here. Please review and provide comment about your ability to meet the proposed schedule.

Task	Date
Publish Debt & LIHTC Equity RFP	9/16/20
Pre-Proposal call with prospective lenders and investors	9/24/20
Questions due from interested lenders and investors	9/30/20
Addendum published	10/6/20
Proposals due	10/16/20
Analysis of responses complete	10/27/20
Interviews with selected lender and investor	11/4/20
Best and final offer due	11/11/20
Select lender and investor	11/14/20
Sign Letter of Intent	11/21/20

Housing Authority of Clackamas County

Evaluation Criteria for Investor Proposals

Tax Credit Investor Criteria	Points
1. Price and Pricing Considerations Amount of equity to be invested, anticipated pay-in schedule, credit amounts assumed, adjusters, and fees and expenses	40
2. Non-Pricing Considerations Terms and conditions of the investment including guarantee provisions, operating and other reserve requirements, insurance requirements, back-end taxes, terms of purchase option and right of first refusal	20
3. Closing Considerations Reasonability of due diligence requirements, process for getting approvals to close, demonstrated track record of the Respondent and its team members in closing in a timely and effective manner, comprehensiveness of proposal	20
4. Relevant Experience Experience in syndication or placement of low-income housing tax credits including, without limitation, experience and interest in the ownership of housing for the benefit of very low income residents; experience in Oregon and with similar developments	10
5. Commitment to Equity and Cultural Awareness Please provide a detailed corporate equity plan for your firm. Please explain how your corporate hiring practices further the opportunities and advancement of people of color within your organization. Please also explain how those practices are reflected at the regional and local levels. How does working with your firm provide the best opportunity for bettering the lives of historically marginalized populations in HACC's portfolio?	10
Total	100

Evaluation Criteria for Lender Proposals

Lender Criteria	Points
1. Upfront and Ongoing Borrowing Costs Application, origination, commitment, extension, and any other fees; expenses including legal costs, third-party reports, and credit enhancement and rating costs; loan interest rate and corresponding ongoing borrowing cost	40
2. Loan Amount and Terms Loan amount, loan sizing parameters such as LTV and coverage ratios, underwriting requirements, security provisions, guarantee provisions, operating and other reserve requirements, prepayment provisions; insurance requirements	20
3. Closing Considerations Reasonability of due diligence requirements, process for getting approvals to close, demonstrated track record of the Respondent and its team members in closing in a timely and effective manner, comprehensiveness of proposal	20

**Housing Authority of
Clackamas County**

<p>4. Relevant Experience Experience making affordable multi-family housing loans involving public housing authorities or non-profit developers including, without limitation, experience in Oregon and similar developments</p>	10
<p>5. Commitment to Equity and Cultural Awareness Please provide a detailed corporate equity plan for your firm. Please explain how your corporate hiring practices further the opportunities and advancement of people of color within your organization. Please also explain how those practices are reflected at the regional and local levels. How does working with your firm provide the best opportunity for bettering the lives of historically marginalized populations in HACC's portfolio?</p>	10
<p>Total</p>	100

PROPOSAL CONTENT FOR LIHTC INVESTORS

Proposals from tax credit investors must address each of the items below as Section A - O. Please follow the order shown below or, less preferably, use a different order but provide an index cross-referencing the order below to that of your letter. Respondents should set out any assumptions that differ from those included in this Solicitation.

A. PAY-IN AMOUNT

State your total proposed capital contribution, quoted as both a total dollar amount and a price per tax credit assuming the following credit amounts:

\$541,456 total / \$536,041 investor's 99.99% share of annual 4% credits

The pro-forma, available upon request, reflects conservative dollar amounts of tax credit equity to be raised. HACC anticipates receiving offers in excess of those shown in the pro-forma, and will use any additional equity to create contingency within the construction budget.

B. CREDIT DELIVERY ASSUMPTIONS

State your assumptions for the amounts of credits delivered to the limited partner for each year prior to full annual credit delivery. Construction is anticipated to end in March 2022. Please discuss any potential early credit delivery adjusters, upward timing adjusters and equity caps.

C. PAY-IN SCHEDULE

Please provide your proposed pay-in schedule by stating the percentage of total equity that each payment represents, the calendar date you have assumed for each pay-in, and all conditions (including any administrative ones) precedent to each pay-in. Describe also the purposes to which you would restrict the spending of each pay-in, if any (e.g. construction costs, reserves, developer fee, etc.).

Please note HACC is assuming a "base case" pay-in schedule of 10% at closing, 15% at construction completion and 75% at stabilized occupancy (expected to be June 2022). Respondents are welcome to provide additional pay-in scenarios as alternates to the base case.

D. ADJUSTERS

Describe any capital contribution adjustment provisions if there is an increase or reduction in credits and/or acceleration or delay in credit delivery. Note whether there are limits on any adjustments.

E. FEES AND EXPENSES

Describe the amount and type of any upfront or ongoing fees to the investor such as an annual asset management fee. Note whether any fees would escalate over time and, if so, by what amount. For ongoing fees, if the payment source and/or priority are not described in the cash flow distribution provided elsewhere in your proposal, describe the relevant provisions here.

Describe also the amount and character of any upfront or ongoing expenses for which you would require reimbursement. Assume that your legal counsel will provide the tax opinion.

F. GUARANTEES AND NET WORTH REQUIREMENTS

Describe the terms of each guarantee that you will require. State the name of the guarantor, guarantee amount (including any cap), timing and conditions for reduction and/or termination of the guarantee, and any reimbursement provisions for payments made on the guarantee.

No guarantee of “projected losses” upon acquisition of the property at the end of the compliance period will be provided.

G. RESERVES

Describe your required reserves, indicating the amount of each reserve, the timing of funding each reserve, any escalator in any annual funding requirement, any conditions for reducing or eliminating the reserve, who holds the reserve, and to whom the reserve is released at liquidation and at sale or refinancing.

Note that the reserves reflected in the financial projections are intended to be conservative initial assumptions; proposals for lower amounts will be viewed favorably in the evaluation process to respondents are encouraged to propose their minimum requirements.

Note also that HACC strongly desires that any reserves be either fully released through the cash flow waterfall prior to the end of the compliance period or clearly excluded from any calculation of the fair market value of the development for the purposes of determining any purchase option price.

H. CASH FLOW

HACC prefers to retain as much of the net cash flow after obligations as possible. Please indicate your proposed split of remaining cash flow between HACC and the Investor, both during the compliance period and upon sale or refinancing.

I. BACK-END TAX PROJECTION

Along with your assumptions for depreciation, capital accounts and capital reserves. Please explain your projected back-end tax liability and resulting forecast of exit tax. Indicate if you will require or prefer the Seller Financing be disaffiliated.

Note that HACC strongly desires to have no back-end tax liability and is open to alternative structures to maximize yield while still having no liability.

J. INSURANCE REQUIREMENTS

Describe your insurance requirements and, specifically, whether any special (e.g., earthquake, mold, terrorism) insurance coverage will be required.

K. PROPERTY MANAGEMENT REQUIREMENTS

Please indicate any requirements related to the property management firm.

L. END OF COMPLIANCE PERIOD

State whether you are willing to provide HACC or any potential 501(c)(3) nonprofit affiliate with a purchase option and right of first refusal and, if so, the terms of each. Please include both the prices and the timing limits on exercise, and state what if anything would happen to the purchase option and right of first refusal if HACC were removed as general partner.

The desired purchase option price is the balance of debt. A specific purchase option price is negotiable. However, in no instance will HACC pay more than the property's fair market value assuming ongoing affordability restrictions and deducting customary brokerage commissions. HACC will not accept any purchase option provisions that would require it to pay for projected losses.

HACC desires an option to purchase the property that continues for at least three years, beginning in year 15, and a right of first refusal at any time following the end of the 15-year initial compliance period.

HACC prefers there not be a put option requiring the sale of the property if the option to purchase is not exercised, and will not accept a put option with a trigger date before the expiration of the HACC purchase option.

For public policy reasons, HACC or its affiliate retain its purchase option and right of first refusal even in the extremely unlikely event they are removed as general partner. HACC would be willing to consider a proposal that required them to reimburse an investor's direct costs of removing HACC as general partner in order to retain the purchase option and right of first refusal.

Please include as an attachment to your response, your option and right of first refusal agreement and standard LPA repurchase provisions.

M. REPORTING AND AUDIT REQUIREMENTS

Provide a detailed summary of your reporting requirements, including due dates and penalty provisions, if any. Please note that our desired cycle times for recurring reports are: quarterly reports within 30 days from the end of the quarter and annual audits within 75 days from the end of the calendar year. HACC accounting for the limited partnerships will be performed on accrual basis only.

N. DUE DILIGENCE AND CLOSING REQUIREMENTS

HACC intends to close the financing on the date noted in the Schedule section above. Please indicate your ability and willingness to meet these projected closing dates.

Describe your internal approval process, due diligence requirements and all other requirements or processes that HACC should anticipate as a requisite to closing.

Describe any limiting conditions on your proposal such as time required to obtain approvals from the ultimate investor or internal committees.

HACC prefers that no investor be included in the limited partnership that has a separate review and approval of deal terms beyond those of the syndicator. If you are proposing such an investor for this transaction, please name them and describe that investor's review and approval rights.

O. INVESTOR COUNSEL

Provide the name of the firm(s) and the individual lawyer(s) that would be used to represent the investor. Include a detailed summary of the individual lawyer's experience relevant to this project.

P. DISAFFILIATION

Please indicate if your investment will require the ownership entity to be disaffiliated from the seller. If so, what is the maximum amount of interest HACC could retain in the sole managing member entity.

PROPOSAL CONTENT FOR LENDERS

As further described in the Proposal Submittal Details in this Solicitation, proposals from lenders must address each of the items below. To facilitate evaluation, proposals should be organized in the order of the outlines set forth below. Please identify the issue being addressed in the introduction to each of your responses. Respondents should set out any assumptions that differ from those included in this Solicitation. Note that there are separate requirements for direct lenders and bond underwriters.

Construction Lenders

The following items pertain to prospective Construction Lenders.

A. FIRM EXPERIENCE

Describe your firm's recent experience making similar loans. In CY2018, what was the number and dollar volume of multifamily rental loans your firm made? Indicate your experience with other Oregon borrowers.

B. INDIVIDUAL EXPERIENCE

Indicate the individual who would serve as loan officer and describe their relevant experience. Also, indicate who would serve as your legal counsel and include a detailed summary of the individual lawyer's experience relevant to this project.

C. FINANCING STRUCTURE AND FEES AND COSTS

Please provide a Term Sheet including, but not limited to:

- a. Description of the proposed loan
- b. Loan amount proposed, and maximum potential loan amount that could be underwritten
- c. Indicative rate as of October 2020, and describe the index and spread used for the rate
- d. Term
- e. Amortization Period
- f. For a construction loan, term and any extension provisions and related fees
- g. Any interest rate reset terms
- h. Security and/or collateral requirements
- i. All applicable underwriting ratios and requirements for the project and borrower
- j. A description of the underwriting process, including approximate time needed to complete the financing and key approvals required
- k. Prepayment provisions
- l. Fees and expenses, including the fees of your legal counsel

D. REFERENCES

Please list at least three clients for whom your firm has recently served as Lender. Provide contact information including name, title, affiliation, phone number and e-mail address.

E. INDIVIDUAL EXPERIENCE

Indicate the name of the person that would be the primary contact for the financing, and describe their relevant experience. Describe any other team members who would work on this transaction such as other banking staff and the underwriter, indicating their roles, relevant experience, and office locations. Also, who would serve as your underwriter's counsel?

F. FINANCING APPROACH

Based upon the information provided herein, please provide a description of your recommended financial structure for the transaction and any notable alternatives.

This section should include, but not be limited to:

- a. A description of the proposed structure
- b. Loan amount proposed, and maximum potential bond amount that could be underwritten
- c. Indicative rate as of October 2020 and describe the index and spread used for the rate
- d. Term
- e. Amortization period
- f. Any interest rate reset terms
- g. Security and/or collateral requirements
- h. All applicable underwriting ratios and requirements for the development and borrower
- i. A description of the underwriting process, including approximate time needed to complete the financing and key approvals required
- j. Prepayment provisions
- k. Serial and term bond structure

G. FEES AND EXPENSES

Clearly indicate all fees and expenses related to your participation and that of your underwriter's counsel. For each item, include both the calculation basis, if applicable, and the dollar amount assuming the financing amounts described herein. Provide a breakdown of your proposed underwriter's discount into management fee, takedown, and expenses. Indicate whether expenses are capped and, if so, at what level. Include a quote for remarketing fees in the event the financing includes variable rate bonds.

H. REFERENCES

Please list at least three clients for whom your firm has recently provided construction or permanent financing. Provide contact information including name, title, affiliation, phone number and e-mail address.

SUBMISSION REQUIREMENTS

A. Solicitation

This Solicitation sets forth the minimum requirements that all proposals shall meet. Failure to submit proposals in accordance with this request may render the proposal unacceptable. HACC reserves the right to analyze, examine and interpret any proposal for a period of not more than 60 days, commencing from the proposal due date and time noted herein.

B. Content of Proposals

Proposals shall be prepared simply and economically, providing a straightforward, concise description of Proposer's capabilities to satisfy the requirements of the Solicitation. Submission of technical literature, charts or other supplemental materials is within the discretion of the Proposer, and should directly address the Evaluation Criteria. Responses to the submittal items listed below should not exceed 20 single-sided pages for investor proposals and 20 single-sided pages for lender proposals. Attachments, resumes, and pro-forma financials are not counted within the 20 page maximum.

Proposal contents shall conform to the following required sections:

A. Introductory Email

This email subject line must state *Webster Road Lender Investor Proposal*. The body of the email should summarize what specific financing role(s) the proposal is for, indicate whether the proposal is from multiple firms working jointly and, if so, the nature and previous collaboration efforts of that team, and state that the proposal is valid for a minimum of 90 days. The email must also acknowledge receipt of any addenda, if any. Respondents may also wish to provide a concise summary of the Proposer's organization and generally introduce HACC to the capabilities of the firm.

B. Letter of Intent (Investors) or Term Sheet (Lenders)

For potential LIHTC investors, the Letter of Intent must fully respond to the items described in the section called, *Proposal Content for LIHTC Investors*. The LOI format should follow the order set forth in this section.

For potential lenders, the Term Sheet must fully respond to the items described in the section called, *Proposal Content for Lenders*.

C. Submission of Proposals

Proposals shall be submitted by October 16, 2020 at 4:00PM Pacific Daylight Time.

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Proposers should email one electronic file in a PDF format containing all submission materials. Submit proposal via email to Devin Ellin at dellin@clackamas.us. A reply acknowledging receipt of the proposal will be sent.

To ensure proper identification and receipt, state *Webster Road Lender Investor Proposal* in the subject line of the email.

D. Changes to the Solicitation

HACC reserves the right to make changes to this Solicitation. Any changes to the Solicitation shall be made by written addendum.

A prospective proposer may request clarification to this Solicitation at any time before the deadline for written questions, on September 30, 2020. HACC will answer these questions in the form of one or more written addenda to this Solicitation.

Any addenda shall have the same binding effect as though contained in the main body of this Solicitation. Verbal instructions or information concerning this Solicitation or the development given out by HACC managers, employees, or agents to prospective proposers shall not be binding.

Addenda, if any, will be emailed to the same list of potential investors and lenders that receive the initial Solicitation and posted on HACC's website. Please email Devin Ellin at dellin@clackamas.us to be added to the distribution list.

E. Cost of the Proposals

Costs incurred by any proposer in the preparation of its response to the Solicitation are the responsibility of the proposer and will not be reimbursed by HACC. Proposers shall not include any such expenses as part of their proposals.

Moreover, HACC may at any time in its sole discretion, prior to the financial closing, cancel the selection of the Selected Investor and/or Selected Lender. In such event, HACC and the Selected Investor and/or Lender shall bear their own costs and expenses incurred prior to such termination or cancellation, including, without limitation, legal fees, to the extent not explicitly agreed to in advance and funded through a deposit by HACC prior to any such termination or cancellation.

F. Form of Solicitation

For tax credit investors, acceptance of the Selected Investor's proposal for the investment specified herein will be initially evidenced by a Letter of Intent ("LOI") to be finalized within 30 days of the date that the Selected Investor is notified of its selection. Upon execution of a LOI, the parties will work in good faith to finalize the partnership agreement and other documents effecting the terms of the investment, all in form and content satisfactory to HACC and the Selected Investor (collectively, the "Partnership Documentation").

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For lenders, acceptance of the Selected Lender’s proposal for the loan specified herein will be initially evidenced by execution of a loan commitment letter to be finalized within 30 days of the date that the Selected Lender is notified of its selection. Upon execution of the loan commitment, the parties will work in good faith to finalize the loan documentation, in form and content satisfactory to HACC and the Selected Lender (collectively, the “Loan Documentation”).

G. Assignment or Transfer

The successful respondent shall not assign or transfer any interest in the Partnership Documentation or Loan Documentation in whole or in part, without prior written approval of HACC.

H. Late Proposals

All proposals that are not received by the deadline stated in this Solicitation will be deemed late and will not be considered.

I. Clarifications to Proposals

HACC reserves the right to obtain clarification of any point in a firm’s proposal or to obtain additional information necessary to properly evaluate a proposal. Failure of a proposer to respond to such a request for additional information or clarification could result in rejection of that firm’s proposal.

J. Solicitor Options

HACC reserves the right at any time without liability, in its sole discretion and for any reason, to do any or all the following:

1. Cancel and/or reissue the Solicitation, in whole or part, and/or reject all proposals;
2. Reject, in whole or in part, any or all proposals received in response to this Solicitation that are incomplete and/or non-responsive;
3. Waive or correct any immaterial defect or technical error in any response, proposal or proposal procedure, as part of the Solicitation or any subsequent negotiation process;
4. Request that certain or all respondents to this Solicitation clarify, supplement or modify certain aspects of the information or proposals submitted; and/or
5. Extend deadlines for accepting proposals, request amendments to proposals after expiration deadlines or negotiate or approve final agreements.

The determination of the criteria and process whereby responses are evaluated, the decision as to who shall be selected, or whether or not a selection shall be made as a result of this Solicitation, shall be at the sole and absolute discretion of HACC.

HACC shall not select any entity that is determined not responsible to perform or that has been suspended, debarred or otherwise determined ineligible to receive an award.

K. Requirements and Conditions

A tax credit investor will be required to develop a partnership agreement, purchase option and right of first refusal, and other ancillary agreements to govern the operation of the proposed partnership and investment of the investor's capital contributions. The investor will work in conjunction with HACC, and their legal and financial advisors in doing so, and will assist in providing review and comment on other parts of the overall financing. The tax credit investor will coordinate with its own counsel in preparing the tax opinion for the transaction. The tax credit investor shall share third-party reports with the lender(s) to streamline due diligence and minimize related costs.

The Selected Investor must be able to represent the following at closing:

- The Selected Investor will certify they have not been barred from investing in this development by any federal department or agency.
- The Selected Investor (has conducted its own financial and legal analysis of the investment. The Selected Investor understands the risks of the investment, has evaluated the merits and risks of making the investment and has determined that the investment is a suitable for the Investor. The Selected Investor acknowledges that no representations or commitments of any kind (except those expressly contained in the limited partnership agreement and related documents) relating to the investment have been made by HACC or any person acting on their behalf or have been relied upon by the Selected Investor.
- The Selected Investor can bear the economic risk of losing the entire investment.
- The Selected Investor understands that the investment will not be registered under the Securities Act of 1933, as amended (the "Act"), or the securities laws of any state, and the investment will be offered and sold in reliance upon an exemption to such registration, subject to substantial restrictions on transfer.
- The Selected Investor understands that no public or private market for the investment is likely to develop. The Selected Investor further understands that:
 - HACC nor related limited partnerships have any obligation or intention to register the investment for resale under any federal or state securities laws or to take any action (including the filing of reports or the publication of information required by Rule 144 under the Act) that would make available any exemption from the registration requirements of such laws; and
 - The Selected Investor may be precluded from selling or otherwise transferring or disposing of any of the investment for an indefinite period of time or at any particular time and may be required to bear the economic risk of the investment for an indefinite period of time.
- The Selected Investor further acknowledges that the investment may not be sold without compliance with all relevant provisions of the limited partnership agreement. The Selected Investor also acknowledges that it will be responsible for compliance with all conditions on transfer imposed by any blue sky or state securities law administrator and will hold the limited partnership and HACC harmless from any breach thereof by the Selected Investor.
- If the Selected Investor is a corporation, partnership, trust or other entity, it is authorized and qualified to become a limited partner in, and authorized to make its capital contribution to, the limited partnership and it has not been formed solely for the purpose of making

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the investment, or if it has been formed solely for the purpose of making the investment, then all of the beneficial interests in such entity are owned by entities that otherwise would be able to satisfy the representations required herein of the Selected Investor.

- The Selected Investor has had the opportunity to examine all material books and records and all material documents relating to the proposed transaction and to ask questions of, and receive answers from, the officers and other representatives of HACC concerning its operations, the terms and conditions of the investment and any other matter relating to the limited partnership or the investment, and to obtain any additional information which HACC possesses or can acquire without unreasonable effort or expense.
- The Selected Investor has such knowledge and experience in financial and business matters, and specifically in tax credit syndications and low income housing tax credits, that it can evaluate the merits and risks of its investment in the Partnership and of making an informed investment decision, and the Selected Investor has obtained, in its judgment, sufficient information to evaluate the merits and risks of such investment.
- The Selected Investor acknowledges that, if it is making the investment in a fiduciary capacity, the above representations and warranties shall be deemed to have been made on behalf of the person or persons for whom the Selected Investor is so purchasing.

Lenders providing construction financing will have the following responsibilities, without limitation:

- Working in conjunction with the HACC's development consultant, advise and assist HACC in formulating and executing a construction financing plan that best accomplishes the purposes of the financing at the lowest possible upfront and ongoing cost and most favorable terms for the borrower.
- Assist lender's counsel in preparing documentation for the financing.
- Share third-party reports with the tax credit investor to streamline due diligence and minimize related costs.

- END OF SOLICITATION MATERIALS -