

**CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS**  
**Sitting/Acting as:**  
**Board of Commissioners of the Housing Authority of Clackamas County**

**Study Session Worksheet**

**Presentation Date:** 8/19/14 **Approximate Start Time:** 1:30 PM

**Approximate Length:** 1 Hour

**Presentation Title:** Easton Ridge Apartment Status

**Department:** Health, Housing & Human Services

**Presenters:** Cindy Becker, Chuck Robbins

**Other Invitees:** Rich Cronk, Mary Bradshaw

**WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

We are not seeking any action from the Board. This is intended as an informational meeting reporting on the status of the Easton Ridge Apartment Rehabilitation Project.

**EXECUTIVE SUMMARY:**

**Property Description**

Easton Ridge is located at SE 90<sup>th</sup> Avenue and SE Causey Avenue approximately one-quarter mile north of Clackamas Town Center. The property is within a short walk of the region's transportation system including the Clackamas Town Center Max Station. The close proximity to the Town Center area also provides ready access for residents to a wide range of goods and services, as well as education and employment opportunities.

Easton Ridge was constructed in 1989 by Bowen Hunt Development, and purchased by the Housing Authority of Clackamas County (HACC) in 1996. The property is sited on 8.8 acres and consists of 264 units in 11 three-story buildings and a single-story community building with an on-site property management office.

**Prior Board Actions**

**Executive and Study Session - September 20, 2011**

Staff presented to the HACC Commissioners a briefing on the physical conditions at the Easton Ridge Apartments and potential financing strategies. Subsequently, on October 20, 2011, HACC Commissioners approved Resolution No. 1886 authorizing the Housing Authority to proceed with Pre-Development. The Pre-Development Phase allowed for:

- Procurement and selection of an Architecture and Engineering team.
- Procurement and selection of a Construction Manager/General Contractor.
- Procurement and selection of a Low Income Housing Tax Credit Investor.
- Procurement and selection of outside private legal counsel to represent HACC.
- Submittal of financing applications for Low Income Housing Tax Credits, Clackamas County HOME funds and an allocation of Private Activity Bond Volume Cap from the Office of the State Treasurer.

- Comprehensive assessments of the building envelope and site.
- Submittal for building permits.

#### BCC Study Session – July, 10, 2012

The purpose of this Study Session was to:

1. Update the HACC Board on the progress to date of the refinance and renovation of Easton Ridge Apartments; and
2. Seek approval to move from the predevelopment phase to financial closing and construction.

Topic areas for the Study Session are:

- Renovation Scope of Work
- Project Financing
- Low Income Housing Tax Credit Overview & Ownership Structure

#### BCC Study Session – January 15, 2013

Staff presented to the HACC Commissioners an update on the pre-development and discussed the steps and documents needed to transition from the pre-development phase to the construction phase. The Housing Authority Board of Commissioners was asked to consider and approve three resolutions:

1. “Omnibus” Resolution – Authorizing the Chair of the Board and the Authority’s Executive Director, to execute required legal and financial documents.
  - Tax Credit Documents;
  - Loan Documents;
  - Construction Contract Documents;
  - Real Estate Documents;
  - And other Ancillary Documents in connection with the acquisition and rehabilitation of the Project.
2. Series A Bond Resolution – Authorizing the issuance and public offer and sale of revenue bonds of HACC not to exceed \$17,000,000, and the use of proceeds as permanent finance to pay off existing property debt and construction and related project costs.
3. Series B Bond Resolution – Authorizing the issuance and sale of revenue bonds of HACC not to exceed \$7,000,000, and the use of proceeds as short-term finance primarily to pay for construction and related project costs.

*These resolutions were approved at the January 17, 2013 HACC Board Meeting.*

#### **Scope of Work**

Based on all of the due diligence completed prior to the start of construction and funder based requirements, the scope of work for the renovation was as follows:

- The building envelope was completely replaced with new hardi-board siding, new windows and exterior doors.
- Rain screen venting was installed behind the siding to insure air and water tightness of the buildings.
- Any water damaged stairwell or deck areas was repaired or replaced.

- Interior ventilation was upgraded by replacing re-circulating kitchen range hoods with exterior-vented fans, and installation of a whole house ventilation system with heat recovery. This increased fresh air in the units while decreasing moisture build-up.
- Replacement of all existing cabinetry, appliances, lighting and flooring in 100% of the kitchens.
- Replacement of bathroom cabinets, fixtures, flooring and lighting in 25% of the units.
- Site excavation of areas where dirt had previously been pushed against the buildings, re-grading, installation of new drains, and repair of any damage or clogged storm drains.
- Six newly designated units received upgrades to ADA compliance;
- Construction of wheelchair accessible routes throughout the property.
- Landscaping and courtyard improvements, new exterior lighting, demolition of existing garages and carports, and resurfacing the parking lot areas.

### Financing Structure

The financing plan involved using Short-Term and Long-Term tax-exempt bonds and Low Income Housing Tax Credits (LIHTC) to generate sufficient funds for renovations. The property was originally income-restricted to households earning 80% area median income (AMI) and below. Use of LIHTC will further restrict 80% (211) of the units to households earning 60% of area median income or below. The balance of the units, 20%, would remain restricted to households earning 80% of area median income or below.

The table below outlines the project's Fund Sources and Uses:

Sources	Permanent
LIHTC Equity	\$8,508,000
Tax-Exempt Bonds – Long Term*	\$16,210,000
HACC Seller "equity" loan	\$14,493,000
HACC contribution (income from operations)	\$650,000
Clackamas County HOME Loan	\$660,000
Reinvested Developer Fee	\$1,300,000
<b>Total</b>	<b>\$41,821,000</b>

\* The short terms bonds are not shown in the sources and uses budget because it is not a permanent source of financing. The short terms bonds will be drawn down during the construction period and will be repaid following construction completion at project stabilization with tax credit equity.

<b>Uses of Funds</b>	<b>Amount</b>
Acquisition – Refunding Existing Bonds	\$6,637,000
Acquisition – HACC Equity	\$14,493,000
Construction (Hard Costs & Contingency)	\$12,491,000
Development Costs (A&E, Permits, Surveys, inspections)	\$960,500
Closing Costs (Financing Fees)	\$965,000
Construction Interest	\$1,139,000
Relocation + Tenant Coordination	\$250,000
Replacement Reserve (Initial Deposit)	\$400,000
Debt Service Reserve	\$925,500
Owners Representative & Consultant Fees	\$325,000
Payable Developer Fee	\$1,935,000
Reinvested Developer Fee	\$1,300,000
<b>Total</b>	<b>\$41,821,000.00</b>

Attached is the most current Draw Schedule for the project; these include the acquisition, development, and interest costs, as well as the soft and hard costs for construction.

### Highlights

- Construction is complete with a few minor punch list items remaining.
- We have expended 82% of the funds included in the Original Estimate. The remaining funds will be used to pay the Short-Term Bond, fund the developer fee, fund the replacement and operating reserves, and a few smaller items noted in the draw schedule.
- The total project cost was increased by \$310,072 to rehabilitate additional bathrooms. These funds came from additional OID Interest funds, Energy Trust of Oregon Funds and additional HOME Funds. The original construction estimate included rehabilitation of 15% of the bathrooms. The additional HOME Funds were used to rehabilitate an additional 10% of the unit bathrooms.
- All other revisions to the original estimates are noted in the Revised Column in the draw schedule and were cost neutral except for the \$310,072 noted above.
- Actual vacancy rate during construction was less than had been projected in the Pro Forma. The result is approximately \$150,000 of excess operating revenue that will be used to fund underfunded portions of HACC operations.
- Residents received food vouchers while their kitchens were being remodeled. The total amount expended on the vouchers was \$20,825. These vouchers were purchased through the script program at Lewelling Elementary. The school was able to keep 5% of the proceeds.
- Working with Community Solutions and their job partners, 13 low-income individuals were employed at the construction site. Of this group 6 were offered full-time employment after completion of the Easton Ridge project.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Easton Ridge Apartments will generate excess cash flow – after meeting all expenses and fund the deferred maintenance reserve account - which will be used to pay the HACC developers fee. The table below estimates the proceeds which will be paid to HACC. These funds will use used to fund HACC operations.

Regular Developers Fee - \$ received at the beginning of the project

OHCS Holdback – Funder requirement to ensure that we completed the bathrooms

Deferred Fee – Remaining developer’s fees generated from project cash flow

Date	Regular Developers Fee	Release of OR Housing & Community Services Holdback	Deferred Fee	Total Developers Fee Paid to HACC
Feb-13	\$400,000			\$400,000
Jan-15	\$456,000			\$456,000
Jan-16		\$189,000	\$119,498	\$305,498
Jan-17		\$189,000	\$133,236	\$319,236
Jan-18		\$189,000	\$147,396	\$333,396
Jan-19		\$189,000	\$161,976	\$347,976
Jan-20		\$189,000	\$176,353	\$362,353
Jan-21		\$189,000	\$189,309	\$375,309
Jan-22			\$205,465	\$205,465
Jan-23			\$176,353	\$176,353
Jan-24			\$166,767	\$166,767
<b>TOTAL</b>	<b>\$856,000</b>	<b>\$1,134,000</b>	<b>\$1,300,000</b>	<b>\$3,290,000</b>

**LEGAL/POLICY REQUIREMENTS:**

N/A : Update only

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

N/A: Update only

**OPTIONS:**

N/A: Update only

**RECOMMENDATION:**

N/A: Update only

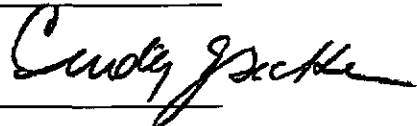
**ATTACHMENTS:**

- August 2014 Draw Schedule
- Easton Ridge Questions and Answers
- List of third party consultants involved in monitoring Easton Ridge during construction

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Cindy Jacke", written over a horizontal line.

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Chuck Robbins @ 503-650-5666

## **Easton Ridge Project Monitoring**

*Organizations monitoring Easton Ridge construction are selected by the following:*

- Housing Authority, the managing member of the Easton Ridge LLC, and approved by Enterprise, the tax credit investor and majority owner of the Easton Ridge LLC;
- Enterprise, the majority owner;
- the State of Oregon, through Oregon Housing and Community Services, unless otherwise noted;
- Clackamas County – through permitting process.

Below is the list of third party consultants involved in monitoring Easton Ridge construction. Their role is to ensure that the project is executed correctly and that all funder based requirements are met.

### **Construction Monitoring**

#### **Carleton Hart Architecture - Project Architect**

*They are responsible for construction administration through project completion. This includes: approval of all design changes and clarifications, weekly field walks and reporting and review and approval of monthly construction draws from the general contractor.*

#### **Professional Roofing Consultants - Envelope Consultant**

*Company reviews and approves the envelope (windows, doors and siding) installation. This includes: approval of the initial install of all the envelope components, participation in monthly construction meetings and comprehensive field observation and reporting.*

#### **Housing Development Center - Owner's Representative (HACC)**

*Review of all consultant contracts, weekly construction observation, approval of all change orders and construction draws and coordination with the tax credit investor on all construction related matters.*

#### **PBS Engineering + Environmental - Industrial Hygienist**

*They conduct oversight of all organic matter remediation activities. This includes: daily observation and documentation of remediation work, monthly reporting with certification and photo documentation.*

#### **Mayes Engineering - Special Testing**

*The special testing consultant was required by Clackamas County as part of the building permit process. They are responsible for the review and approval of the structural components of the project including all concrete work and seismic upgrades.*

#### **QED Lab - Window Testing**

*Testing of the windows to ensure that they meet the architect's specifications. The initial test was performed on the two windows installed in the on-site mock-up. Follow-up tests will be performed at random locations specified by the architect in Phases 1 and 4.*

#### **Clackamas County Building Department - Building Official**

*Inspection and approval of electrical, mechanical, plumbing and structural project components as required per the building permits.*

**GTG Associates, Inc. - Assigned by Enterprise**

Third party construction observation. Responsibilities include: review and approval of all construction contracts including: the architecture and engineering team, general contractor, and industrial hygienist, review of all project reporting by Housing Authority consultants, approval of all changes and construction draws and monthly on-site observation.

**Western Architectural - Assigned by Oregon Housing and Community Services**

Third party construction observation focused on the envelope. Responsibilities include: review of all project reporting by Housing Authority consultants, participation in end of the month construction draw meetings and monthly reporting on construction activities.

**Financial Oversight**

**Enterprise - Tax Credit Investor and Majority Owner in Easton Ridge LLC**

Overseas and approves through their asset management division, all project related expenditures and the operation of the property.

**Bjorkland & Montplaisir - Certified Public Accountant – assigned by HACC**

Hired to provide annual audits of the property to ensure that we are compliant with the financing requirements as it relates to federal tax code.

**Foster Pepper – Attorney – assigned by HACC**

Available on an as-needed basis should the need arise. They were responsible for the drafting or review and approval of all legal documents relating to the re-finance of the property.

**Sound Community Ventures - Development and Financial Consultant – assigned by HACC**

Responsible for completing all financial obligations through the completion of construction as agreed upon with the investor.



## EASTON RIDGE QUESTIONS AND ANSWERS

### How much did the LIHTC loan cost to acquire and how much does it save?

The fees for the LIHTC equity totaled \$63,633.49. This is not a loan but equity that HACC raised by selling the LIHTCs to Enterprise, a tax credit syndicator, who assembled a pool of investors who would utilize the credits over a 10-year period in exchange for the equity investment.

### How much did Easton Ridge LLC pay for 99% ownership?

The LIHTC equity is \$8,309,000.

### How much will ER be worth when the work is complete?

Based on the Kidder Mathews appraisal dated August 27, 2013 the property is estimated to be worth \$23,970,000 post renovation.

### Is the County required to buy ER back? If not what happens?

No. If HACC does not exercise its Right of First refusal within 2 years of the end of the Compliance Period, the Investor member has the right to find a buyer for the property. HACC could also choose to sell the property as well.

### How much will it cost the County to buy ER back in 15 years?

This info is from our financial advisor:

- **Background**

Although tax credits are received over a 10-year period, there is a 15-year recapture period. This initial 15-year period is referred to as the "Compliance Period", after which time ownership of the property can revert back to the managing member. HACC's rights to acquire sole control of the property at the end of the Compliance Period include:

- **Option to Purchase**

At the end of the 15-year Compliance Period, HACC will have an option to purchase the property *or Enterprise's interest at the greater of Fair Market Value or the minimum price allowed by the Federal Internal Revenue Code Section 42(i)(7)(B)*. This formula price is for outstanding indebtedness and any taxes attributable to the sale that exceeds the originally projected "Exit Tax" as defined in the Operating Agreement. The Option to Purchase may be exercised at any time during the two-year period following the end of the Compliance Period.

Fair Market Value is typically determined by appraisal and must take into account the restrictive covenants imposed by the low-income housing tax credits. Based on projections of future Net Operating Income and using a 5.5% capitalization rate, the property is estimated to have a Rent Restricted Fair Market Value of roughly \$22,500,000 at the end of the Compliance Period.

However, the outstanding debt and accrued interest exceeds the Fair Market Value. Under the Section 42 formula price (Debt Plus Taxes), the debt would be assumable by HACC and no additional tax liabilities are forecast for the Investor. Formula Price to Enterprise: \$0. Any cost associated with transfer would be limited to actual legal fees and transaction costs.

**Projected Option Price at End of Compliance Period:**

Projected Debt Balance:

Tax-Exempt Bonds	\$12,420,000
Subordinate Debt & Accrued Interest	<u>\$17,461,500</u>
Total Outstanding Debt	\$29,881,500

Fair Market Value (5.5% cap rate)	<u>\$22,500,000</u>
Value of Property after Debt	-7,381,500
FMV PRICE:	\$0

Exit Tax Liability:

Projected Exit Tax	\$1,282,154
Projected Excess Exit Tax	<u>\$0</u>

EXIT TAX LIABILITY \$0

- **Right of First Refusal**

Following the end of the 15-year compliance period, if the Partnership receive a bona-fide third party offer, HACC would be entitled to exercise a right of first refusal to purchase the property at the minimum purchase price defined in Section 52 (i)(7)(B) of the Code, which is outstanding indebtedness and any taxes attributable to the sale. Under the Right of First Refusal, HACC would be responsible to pay the projected EXIT TAX of \$1,282,154.

As currently forecast, the Buyout Option would be the more advantageous choice for HACC to exercise at the End of the Compliance Period.

**What is the Average Medium Income for prospective tenants at ER? This question was asked by Chair Ludlow at the study session and he was never given an answer. Mr. Potter said only that tenants could only make 80% of AMI. This was true until Easton Ridge LLC's purchase. Now only 20% can make the 80%. The rest can only make 60%.**

Before the refinance of the property, prospective tenants needed to make 80% median family income or below. With the addition of the LIHTC equity, the majority (80%) of the units will now be available to households earning 60% median family income and below. The remaining units are market rate with no income restrictions so that current residents earning over 60% median family income would not be displaced by the new income restrictions.

**How many residents made 60% or less of the Average Medium Income at the time of sale to ER LLC? What is the count now?**

At the time of the financial closing on March 6, 2013 approximately 80% of the current tenants made 60% median family income and below. We will not have a new count until the certification process is complete on January 31, 2014.

**Is there a revised 30 year replacement schedule? One that shows all of the bathrooms and adds up at the end of the term.**

A revised 30-Year Replacement Plan will be completed at the end of renovation in May 2014. It will reflect the total number of bathrooms completed as part of the renovation and the balance that will be renovated over a 6 year period.

**What exactly did the \$150,000 to \$500,000 in previous annual revenue from ER pay for?**

Here's a summary of the use of two funds and cash flow from Easton Ridge:

- From 1997 through 2003, Excess Revenue from the property was used to accelerate the repayment of the property's Series B Bond; payments totaling \$1,158,668. During this same time, a total of \$360,000 was paid from the property to HACC in Asset Management Fees.
- Also during this time frame, \$278,470 was paid from the property Replacement Reserve to replace the upper level siding. Repairs to the lower level siding and other maintenance items were paid from the property's operating expenses.
- In 2004 HACC made a \$650,000 capital contribution from the Agency's Local Project Reserve fund (with the expectation of repayment from the property), to retire the property's Series B Bond early, saving the property \$80,000 in interest.
- From 2004 through 2006 the roofs (except for the garages) were replaced (\$151,177), using the property's Replacement Reserve funds.
- From 2004 through 2007 the property paid HACC \$95,000 per year in Asset Management Fee (\$380,000).
- In 2008 and 2009 interior water lines were replaced at a cost of \$1,151,158. At the beginning of that project, the replacement reserve stood at \$436,545. Excess Revenue totaling \$762,150 was used to complete necessary work, \$190,000 was paid from the property to HACC in Asset Management Fees.
- From 2010 through 2011 Excess Revenue was paid from the property to HACC to pay back the \$650,000 of the Agency's Local Project Reserve fund. Anticipating a refinance of the property, a total of \$973,286 in accumulated Excess Revenue from 2009 through 2011 was transferred to HACC's Local Project Reserve fund.
- When transferred from the property to HACC, the funds are held in the Agency's Local Project Reserve fund. Since 2008 the Local Project Reserve has been used as revenue to support the administration of the Housing Choice Voucher program, development, central administration (cost center) including County indirect costs.

**On one of the budget documents there is a Payable Developer Fee of \$1,990,000 and a Reinvested Developer Fee of \$1,300,000. What are these and what is the difference? Are they both paid to HACC?**

The Payable Developer Fee includes payments made to HACC at the start of the project and those funds held back by OHCS. These Hold Back funds will be paid to HACC annually based on the

percentage of bathroom remodels completed each year. It is expected that all of these funds will be paid to HACC in 6 years. The Reinvested Developer Fee reflects the portion of the total developer fee that HACC could have received but chose to reinvest in the property; these are commonly referred to as the Deferred Developers fee. These funds will be paid out annually over the next 9 years.

**We were all told that with all of the years and all of the studies by architects, engineers, contractors and consultants there was nothing unknown. If this is true and there is a Guaranteed Maximum Price why is there a change order clause in the Contractor's contract.**

The Guaranteed Maximum Price is for the work covered in the Construction Documents and Specifications. Any work outside of those documents would require a Change Order. This can include but is not limited to, unforeseen conditions and/or owner driven changes such as add-back items.

**DRAW SCHEDULE**

Project Name: Easton Ridge  
 Owner/Borrower : Easton Ridge LLC

Requisition No. 18  
 Date: 8/7/2014

Description	Original Estimate	Revised	Revised Estimate	Draw #1	Draw #2	Draw#3	Draw#4	Draw#5	Draw#6	Draw#7	Draw#8	Draw#9	Draw#10
USES				Mar-13	Apr-13	May-13	Jun-13						
<b>ACQUISITION COSTS</b>													
1 Acquisition: Refunding Existing Bonds	\$7,440,000		\$7,440,000	\$7,440,000.00									
2 Acquisition: Refunding Existing Bonds Accrued Intere	\$140,997		\$140,997	\$140,997.00									
3 Acquisition: HACC Equity	\$12,237,301	0.00	\$12,237,301	\$12,237,301.00									
4 Title and Escrow Costs	\$80,122	1,476.00	\$81,598	\$81,598.00									
<b>CONSTRUCTION COSTS</b>													
5 Construction Contract	\$11,373,123	1,318,369.00	\$12,691,492		\$413,160.00	\$670,804.00	\$601,597.00	\$936,977.00	\$701,050.00	\$923,584.00	\$1,119,239.00	\$802,644.00	\$917,842.00
6 Builders Risk	\$50,811	(1,499.00)	\$49,312	\$49,312.00									
7 Construction Contingency (10%)	\$1,137,312	(939,129.20)	\$198,183				\$2,800.00		\$40.00				
<b>DEVELOPMENT COSTS</b>													
8 Building Permits/Fees	\$102,353		\$102,353	\$102,352.73									
9 Appraisals	\$14,500		\$14,500	\$14,500.00									
10 Market Study	\$6,000		\$6,000	\$6,000.00									
11 Environmental Report (Level 1)	\$6,800	(2,316.25)	\$4,484	\$4,483.75									
12 Special Inspections/Testing	\$40,000	(11,707.54)	\$28,292			\$0.00	\$1,429.00	\$1,951.00	\$2,739.00	\$925.00	\$1,357.00	\$4,575.00	\$912.00
13 OHCS Inspections	\$26,139	0.44	\$26,139	\$26,139.44									
14 Environmental Abatement/Industrial Hygenist	\$139,500	55,906.04	\$195,406	\$14,967.19		\$3,556.79	\$24,765.68	\$24,475.23	\$16,703.13	\$9,832.24	\$13,220.40	\$11,974.20	\$13,770.75
15 Soils Report (Geotechnical)	\$13,625	(6,067.50)	\$7,558	\$7,557.50									
16 Survey	\$25,000	(2,775.00)	\$22,225	\$13,650.00		\$350.00							
17 Marketing/Advertising	\$66,200	(48,909.00)	\$17,291							\$6,437.00		\$1,974.00	\$369.00
18 Tenant Relocation (relocation cost+consultant)	\$170,000	45,671.67	\$215,672	\$29,382.66	\$746.25	\$6,054.45	\$3,366.72	\$1,526.92	\$7,197.80	\$2,416.36	\$3,044.24	\$10,456.51	\$3,652.90
19 Tenant/Construction Liaison staff	\$105,000	566.48	\$105,566	\$17,590.44	\$537.04	\$15,399.92	\$379.68	\$9,202.41	\$4,327.17	\$6,605.78	\$4,737.84	\$4,594.21	\$4,437.76
20 Property Management Liaison w/ Contractor	\$23,800	20,000.00	\$43,800										
21 Deposit to Replacement Reserves	\$400,000		\$400,000										
22 Debt Service Reserve	\$866,375		\$866,375	\$866,375.00									
23 Operating Reserves	\$624,000		\$624,000										
<b>FEES</b>													
24 Architectural	\$628,765		\$628,765	\$308,011.43	\$1,322.51	\$72,000.46	\$26,956.52	\$22,617.47	\$13,707.81	\$15,417.37	\$28,574.10	\$13,001.52	\$14,150.96
25 Pre-Construction Services - Walsh	\$101,197	(215.00)	\$100,982	\$0.00	\$100,982.00								
26 Landscape Architect/Arborist	\$2,078	(1.86)	\$2,076	\$2,076.14									
27 Borrower-Project Legal	\$54,565	876.55	\$55,442	\$49,565.80		\$447.20		\$1,351.35		\$1,248.50		\$607.50	
28 Borrower-Organizational Legal	\$15,000		\$15,000	\$15,000.00									
29 Construction Period Insurance	\$30,000	(1,493.00)	\$28,507	\$28,507.00									
30 Bridge Loan Legal	\$11,500		\$11,500	\$11,500.00									
31 Bridge Loan Fee	\$75,000	(1,500.00)	\$73,500	\$73,500.00									
32 Bond Underwriter Fees - Perm Bonds	\$132,400		\$132,400	\$132,400.00									
33 Trustee Annual Fee (due @ closing)	\$1,750		\$1,750	\$1,750.00									
34 Issuer Finance Charge-long-term Bond (.25%)	\$41,375		\$41,375	\$41,375.00									
35 Issuer Finance Charge-Short Term Bond (.25%)	\$10,000		\$10,000	\$10,000.00									
36 Bond Counsel	\$95,000		\$95,000	\$95,000.00									
37 Bond Rating (moody's)	\$14,800		\$14,800	\$14,800.00									
38 State Treasurer	\$10,200		\$10,200	\$10,200.00									
39 Issuer's Counsel (disclosure legal)	\$10,000		\$10,000	\$10,000.00									
40 TEFRA Notice	\$448	(0.08)	\$448	\$447.92									
41 Bond Cost Certification	\$2,500	(2,500.00)	\$0	\$0.00									
42 LIHTC Cost Certification/Audits	\$15,000		\$15,000	\$1,500.00									
43 LIHTC Application Fee	\$5,275		\$5,275	\$5,275.00									
44 LIHTC Reservation Fee (6.5%)	\$56,859	(0.51)	\$56,858	\$56,858.49									
45 Tax Credit Compliance Contractor	\$10,000	1,793.03	\$11,793							\$2,924.93	\$403.37	\$637.39	\$1,669.48
46 Tax Credit Legal	\$30,000	(17,280.95)	\$12,719	\$12,719.05									
47 Developer Fee - Holdback Account	\$1,134,000		\$1,134,000	\$667,000.00									
48 Developer Fee	\$2,156,000		\$2,156,000	\$400,000.00									
49 Consultant Fee	\$150,000	237.30	\$150,237	\$95,000.00								\$15,237.30	
50 Owners Rep	\$150,161		\$150,161	\$35,105.37	\$1,983.73	\$5,003.24	\$5,435.80	\$4,159.30	\$6,791.50	\$0.00	\$3,299.80	\$4,313.54	\$3,804.80
51 Development Contingency (Soft Cost)	\$135,125	(54,430.04)	\$80,695	\$3,303.30	\$1,883.12		\$0.00		\$107.35		\$2,016.00	\$2,619.42	\$2,403.99
<b>INTEREST</b>													
52 Const. Period Interest	\$932,683		\$932,683							\$305,353.00			
53 Bridge Loan Interest	\$165,000	(45,000.00)	\$120,000			\$478.96	\$260.49	\$252.08	\$260.49	\$294.10	\$252.08	\$260.49	\$252.08
54 <b>Series B Bonds Maturity</b>	\$4,000,000		\$4,000,000										
<b>Sub-Total</b>													
	\$45,265,639	310,071.58	\$45,575,711	\$23,033,101.21	\$520,614.65	\$774,095.02	\$666,990.89	\$1,002,512.76	\$752,924.25	\$1,275,038.28	\$1,176,143.83	\$872,895.08	\$963,265.72
55 <b>Minus/Plus: Retainage</b>					-\$20,658.00	-\$33,540.00	-\$30,080.00	-\$46,849.00	-\$35,052.00	-\$46,179.00	-\$55,963.00	-\$40,131.00	-\$45,893.00
<b>TOTAL PROJECT COSTS</b>	<b>\$45,265,639</b>	<b>\$310,072</b>	<b>\$45,575,711</b>	<b>\$23,033,101.21</b>	<b>\$499,956.65</b>	<b>\$740,555.02</b>	<b>\$636,910.89</b>	<b>\$955,663.76</b>	<b>\$717,872.25</b>	<b>\$1,228,859.28</b>	<b>\$1,120,180.83</b>	<b>\$832,764.08</b>	<b>\$917,372.72</b>

**DRAW SCHEDULE**

Project Name: Easton Ridge  
 Owner/Borrower: Easton Ridge LLC

Description	Original Estimate	Draw#11	Draw#12	Draw#13	Draw#14	Draw#15	Draw#16	Draw#17	Draw#18	Completed To Date	%	Balance to Complete
<b>USES</b>												
<b>ACQUISITION COSTS</b>												
Acquisition: Refunding Existing Bonds	\$7,440,000									\$7,440,000.00	100.0%	\$0.00
Acquisition: Refunding Existing Bonds Accrued Intere	\$140,997									\$140,997.00	100.0%	\$0.00
Acquisition: HACC Equity	\$12,237,301									\$12,237,301.00	100.0%	\$0.00
Title and Escrow Costs	\$80,122									\$81,598.00	100.0%	\$0.00
<b>CONSTRUCTION COSTS</b>												
Construction Contract	\$11,373,123	\$993,078.00	\$968,852.00	\$759,730.00	\$751,157.00	\$814,308.00	\$709,919.00	\$408,138.00	\$247,987.00	\$12,740,066.00	100.4%	-\$48,574.00
Builders Risk	\$50,811									\$49,312.00	100.0%	\$0.00
Construction Contingency (10%)	\$1,137,312	\$26,752.03	\$10,868.25	\$6,603.61	\$4,517.76	\$12,116.36	\$975.00	\$4,073.38	\$19,026.24	\$87,772.63	44.3%	\$110,410.17
<b>DEVELOPMENT COSTS</b>												
Building Permits/Fees	\$102,353									\$102,352.73	100.0%	\$0.27
Appraisals	\$14,500									\$14,500.00	100.0%	\$0.00
Market Study	\$6,000									\$6,000.00	100.0%	\$0.00
Environmental Report (Level 1)	\$6,800									\$4,483.75	100.0%	\$0.00
Special Inspections/Testing	\$40,000	\$840.00	\$384.00	\$2,533.00	\$4,414.46	\$1,447.00	\$1,921.00	\$910.50	\$954.50	\$27,292.46	96.5%	\$1,000.00
OHCS Inspections	\$26,139			-\$7,738.00						\$18,401.44	70.4%	\$7,738.00
Environmental Abatement/Industrial Hygenist	\$139,500	\$13,801.54	\$10,047.60	\$12,122.85	\$9,134.20	\$13,553.74	\$3,480.50			\$195,406.04	100.0%	\$0.00
Soils Report (Geotechnical)	\$13,625									\$7,557.50	100.0%	\$0.00
Survey	\$25,000					\$1,275.00		\$450.00		\$15,725.00	70.8%	\$6,500.00
Marketing/Advertising	\$66,200	\$1,605.00	\$987.00	\$987.00	\$369.00	\$1,605.00	\$986.00	\$348.00	\$1,624.00	\$17,291.00	100.0%	\$0.00
Tenant Relocation (relocation cost+consultant)	\$170,000	\$1,882.07	\$1,120.01	\$5,873.01	\$5,920.65	\$51,496.31	\$37,180.92	\$19,267.38	\$25,086.31	\$215,671.67	100.0%	\$0.00
Tenant/Construction Liaison staff	\$105,000	\$4,552.13	\$6,319.82	\$4,651.16	\$4,679.25	\$4,608.41	\$4,645.39	\$8,298.07	\$0.00	\$105,566.48	100.0%	\$0.00
Property Management Liaison w/ Contractor	\$23,800	\$19,903.91	\$2,932.35	\$5,933.09	\$4,324.88	\$2,922.01	\$3,106.82	\$1,729.83	\$1,594.81	\$42,447.70	98.9%	\$1,352.30
Deposit to Replacement Reserves	\$400,000									\$0.00	0.0%	\$400,000.00
Debt Service Reserve	\$866,375									\$866,375.00	100.0%	\$0.00
Operating Reserves	\$624,000									\$0.00	0.0%	\$624,000.00
<b>FEES</b>												
Architectural	\$628,765	\$10,567.05	\$10,380.77	\$13,256.85	\$9,280.24	\$15,796.33	\$20,948.72	\$9,841.36	\$9,665.19	\$615,496.88	97.9%	\$13,268.34
Pre-Construction Services - Walsh	\$101,197									\$100,982.00	100.0%	\$0.00
Landscape Architect/Arborist	\$2,078									\$2,076.14	100.0%	\$0.00
Borrower-Project Legal	\$54,565	\$954.45	\$578.25				\$688.50			\$55,441.55	100.0%	\$0.00
Borrower-Organizational Legal	\$15,000									\$15,000.00	100.0%	\$0.00
Construction Period Insurance	\$30,000									\$28,507.00	100.0%	\$0.00
Bridge Loan Legal	\$11,500									\$11,500.00	100.0%	\$0.00
Bridge Loan Fee	\$75,000									\$73,500.00	100.0%	\$0.00
Bond Underwriter Fees - Perm Bonds	\$132,400									\$132,400.00	100.0%	\$0.00
Trustee Annual Fee (due @ closing)	\$1,750									\$1,750.00	100.0%	\$0.00
Issuer Finance Charge-long-term Bond (.25%)	\$41,375									\$41,375.00	100.0%	\$0.00
Issuer Finance Charge-Short Term Bond (.25%)	\$10,000									\$10,000.00	100.0%	\$0.00
Bond Counsel	\$95,000									\$95,000.00	100.0%	\$0.00
Bond Rating (moody's)	\$14,800									\$14,800.00	100.0%	\$0.00
State Treasurer	\$10,200									\$10,200.00	100.0%	\$0.00
Issuer's Counsel (disclosure legal)	\$10,000									\$10,000.00	100.0%	\$0.00
TEFRA Notice	\$448									\$447.92	100.0%	\$0.00
Bond Cost Certification	\$2,500									\$0.00	0.0%	\$0.00
LIHTC Cost Certification/Audits	\$15,000								\$7,500.00	\$9,000.00	60.0%	\$6,000.00
LIHTC Application Fee	\$5,275									\$5,275.00	100.0%	\$0.00
LIHTC Reservation Fee (6.5%)	\$56,859									\$56,858.49	100.0%	\$0.00
Tax Credit Compliance Contractor	\$10,000	\$1,982.17	\$827.74	\$1,793.49	\$36.67	\$273.36	\$757.06	-\$36.67	\$524.04	\$11,793.03	100.0%	\$0.00
Tax Credit Legal	\$30,000									\$12,719.05	100.0%	\$0.00
Developer Fee - Holdback Account	\$1,134,000									\$567,000.00	50.0%	\$567,000.00
Developer Fee	\$2,156,000									\$400,000.00	18.6%	\$1,756,000.00
Consultant Fee	\$150,000			\$10,000.00					\$10,000.00	\$130,237.30	86.7%	\$20,000.00
Owners Rep	\$150,161	\$2,097.52	\$3,323.18	\$3,501.20	\$2,281.33	\$3,671.25	\$9,066.60	\$10,178.38	\$9,586.55	\$113,603.19	75.7%	\$36,557.81
Development Contingency (Soft Cost)	\$135,125	\$866.53	\$496.03	\$841.72	\$18,908.10	\$6,792.71	\$1,225.88		\$0.00	\$41,464.15	51.4%	\$39,230.81
<b>INTEREST</b>												
Const. Period Interest	\$932,883			\$313,800.00						\$619,153.00	66.4%	\$313,530.00
Bridge Loan Interest	\$165,000	\$260.49	\$260.49	\$235.28	\$1,411.18	\$4,453.96	\$6,320.77	\$13,102.62	\$13,866.28	\$42,221.84	35.2%	\$77,778.16
<b>Series B Bonds Maturity</b>	<b>\$4,000,000</b>						\$0.00			\$0.00	0.0%	\$4,000,000.00
<b>Sub-Total</b>	<b>\$45,265,639</b>	<b>\$1,079,142.99</b>	<b>\$1,017,377.49</b>	<b>\$1,134,124.26</b>	<b>\$816,434.92</b>	<b>\$934,319.44</b>	<b>\$801,222.16</b>	<b>\$476,300.85</b>	<b>\$347,414.92</b>	<b>\$37,643,918.72</b>	<b>82.6%</b>	<b>7,931,791.86</b>
<b>Minus/Plus: Retainage</b>		<b>(\$49,654.00)</b>	<b>(\$48,442.00)</b>	<b>(\$37,987.00)</b>	<b>(\$37,557.00)</b>	<b>(\$40,716.00)</b>	<b>(\$35,496.00)</b>	<b>(\$20,407.00)</b>	<b>(\$12,399.00)</b>	<b>\$637,003.00</b>		<b>\$637,003.00</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$45,265,639</b>	<b>\$1,029,488.99</b>	<b>\$968,935.49</b>	<b>\$1,096,137.26</b>	<b>\$778,877.92</b>	<b>\$893,603.44</b>	<b>\$765,726.16</b>	<b>\$455,893.85</b>	<b>\$335,015.92</b>	<b>\$37,006,915.72</b>	<b>82.6%</b>	<b>\$8,568,794.86</b>

**DRAW SCHEDULE**

Project Name: Easton Ridge  
 Owner/Borrower: Easton Ridge LLC

Requisition No. 18  
 Date: 8/7/2014

Description	Original Estimate	Revised	Revised Estimate	Draw #1	Draw #2	Draw#3	Draw#4	Draw#5	Draw#6	Draw#7	Draw#8	Draw#9	Draw#10
\$310,072													
<b>Sources:</b>													
1 Series A Bonds	\$16,550,000		\$16,550,000	\$7,471,700.00	\$479,302.86	\$218,676.06	\$639,650.40	\$952,411.68	\$717,611.76	\$923,212.18	\$1,119,928.75	\$832,503.59	\$917,120.64
2 DID+ Interest	\$53,341	2,027.56	\$55,369										
3 Existing Debt Service Reserve	\$827,301		\$827,301	\$827,301.00									
4 Existing P&I Account	\$200,643		\$200,643	\$200,643.00									
5 Existing Revenue Account	\$138,053		\$138,053	\$138,053.00									
6 Series B Bonds	\$4,000,000		\$4,000,000	\$55,000.00									
7 LIHTC Equity	\$8,309,000		\$8,309,000	\$2,123,757.00									
8 HACC Seller Note	\$12,237,301		\$12,237,301	\$12,237,301.00									
9 County HOME Loan	\$660,000	200,000.00	\$860,000			\$521,400.00	\$0.00						
10 Deferred Developer Fee Loan	\$1,300,000		\$1,300,000										
11 Cash from Operations	\$990,000		\$990,000			\$478.96	\$260.49	\$252.08	\$260.49	\$305,647.10	\$252.08	\$260.49	\$252.08
12 Energy Trust	\$0	108,044.00	\$108,044										
<b>TOTAL SOURCES</b>	<b>\$45,265,639</b>	<b>\$310,072</b>	<b>\$45,575,711</b>	<b>\$23,053,755.00</b>	<b>\$479,302.86</b>	<b>\$740,555.02</b>	<b>\$639,910.89</b>	<b>\$952,663.76</b>	<b>\$717,872.25</b>	<b>\$1,228,859.28</b>	<b>\$1,120,180.83</b>	<b>\$832,764.08</b>	<b>\$917,372.72</b>

**DRAW SCHEDULE**

Project Name: Easton Ridge  
 Owner/Borrower : Easton Ridge LL

Description	Original Estimate	Draw#11	Draw#12	Draw#13	Draw#14	Draw#15	Draw#16	Draw#17	Draw#18	Completed To Date	%	Balance to Complete
<b>Sources</b>												
Series A Bonds	\$16,550,000	\$1,029,228.50	\$968,675.00	\$279,978.58	\$0.00					\$16,550,000.00	100.0%	\$0
OID+ Interest	\$53,341			\$0.00		\$55,367.21		\$1.37		\$55,368.58	100.0%	\$0
Existing Debt Service Reserve	\$827,301									\$827,301.00	100.0%	\$0
Existing P&I Account	\$200,643									\$200,643.00	100.0%	\$0
Existing Revenue Account	\$138,053									\$138,053.00	100.0%	\$0
Series B Bonds	\$4,000,000			\$502,123.40	\$777,466.74	\$833,782.27	\$759,405.39	\$442,789.86	\$25,549.64	\$3,396,117.30	84.9%	\$603,883
LIHTC Equity	\$8,309,000									\$2,123,757.00	25.6%	\$6,185,243
HACC Seller Note	\$12,237,301									\$12,237,301.00	100.0%	\$0
County HOME Loan	\$650,000								\$295,500.00	\$817,000.00	95.0%	\$43,000
Deferred Developer Fee Loan	\$1,300,000									\$0.00	0.0%	\$1,300,000
Cash from Operations	\$990,000	\$260.49	\$260.49	\$314,035.28	\$1,411.18	\$4,453.96	\$6,320.77	\$13,102.62	\$13,866.28	\$661,374.84		\$328,625
Energy Trust	\$0									\$0.00	0.0%	\$108,044
<b>TOTAL SOURCES</b>	<b>\$45,265,639</b>	<b>\$1,029,488.99</b>	<b>\$968,935.49</b>	<b>\$1,096,137.26</b>	<b>\$778,877.92</b>	<b>\$893,603.44</b>	<b>\$765,726.16</b>	<b>\$455,893.85</b>	<b>\$335,015.92</b>	<b>\$37,006,915.72</b>	<b>81.2%</b>	<b>\$8,568,794.86</b>



# **EASTON RIDGE APARTMENT RENOVATION PROJECT**

**BOARD OF COUNTY COMMISSIONERS  
PRESENTATION  
AUGUST 19, 2014**



# Pre-Construction



Easton Ridge BCC Presentation 8/14



# Building C





Construction just underway.



Structural repairs and remediation work underway.



Structural repairs, seismic upgrades and remediation work complete.



Building weather-proofed.



Siding getting underway.





Siding in progress.



Building C complete.

## BEFORE



Building C complete.

## AFTER





## Interior Improvements

- New kitchens (100% of the units).
- New energy efficient appliances – refrigerator, stove and dishwasher.
- New bathrooms (15% of the units).
- New bath fans in renovated units.
- Energy recovery ventilation (ERV) units for indoor air quality (all units).



New foundation drainage



New site drainage



## New South Courtyard Playground



## Easton Ridge Today