



Terry McKee, IT & Procurement Director

901 N. Broadway • Knoxville, TN 37917-6699
 865.403.1133 • Fax 865.594.8858
 purchasinginfo@kcdc.org
 www.kcdc.org

Addendum

This addendum answers questions raised about this solicitation and it provides additional information about the RFPs. To aid in readability, the questions are in black, the answers are in **bolded blue**, and the answers follow immediately below.

SOLICITATION NAME	Equity Investor C18004	ADDENDUM NUMBER	1	DATE	10-19-17
--------------------------	------------------------	------------------------	---	-------------	----------

The originally issued RFPs (Equity Investor C18004 and CITC C18005) have errors in them and new versions are now posted. Only use the versions whose titles include “101917.”

Q1	In the Equity Investor Proposal I did not note any operational data (i.e. income and expenses) only the Development Cost and Sources. Is it possible for us to obtain this, the market study, and/or the tax credit application?
	KCDC has posted the market study to its webpage.
Q2	Do you have historical expense data (recent financial statements at the Phase I property or historical financials at the Subject) or what you expect the per unit cost to be?
	The Residences at Five Points (Phase 1) began operations in August so there is no substantive historical data yet. It also is an elderly disabled high rise, so expense data is not the best comparable. Our budget for Phase 3 has an annual per unit operating cost at this property of \$4,784 including RFR at 300/unit
Q3	Can we assume a fixed costs or maximum cost contract for construction?
	KCDC will release a competitive bid for the construction contract over the next month using our Standard HUD contract, which will fix the price.
Q4	Can we assume 18 months construction completion, 18 months lease up to stabilization?
	15 months construction completion. Phased unit delivery is planned.
Q5	In your construction sources, you have your deferred development fee \$686,523, Public Housing Reserves (PH) \$1,000,000 and replacement housing funds \$677,484. I understand the deferred development fee. Is the \$1,000,000 and \$677,484 coming from other sources outside of this development, i.e., KCDC? I assume the \$1,485,000 is coming from the purchase of the LIHTC, correct? Please see attached funds flow
	Please ignore specific funding source data contained In Appendix A of the original CITC Lending proposal. The sources have been corrected to agree with equity proposal. This information was very preliminary in our analysis. KCDC seeks the best proposals in equity and debt funding and will use additional internal sources as needed to fund any gaps in our overall financing strategy.
Q6	Could a detailed schedule of operating income and expenses be provided for Five Points Phase 3?
	Pro forma provided.



Q7	Have you completed a five-year forecast for this project?
	Pro forma provided.
Q8	On the assumed pay-in schedule and given a scheduled close date of February 2018 and a completion date of July 2019, what is the significance of January 1, 2019 for the 82.5% equity pay-in?
	The date should have been stated as January 1, 2020. For the 82.5% equity pay-in. KCDC believes that a slower pay-in should lead to higher equity payouts based on the time value of money. In addition, this schedule works well when combining the CITC loan.
Q9	Could an expected lease-up schedule be provided?
	Based on the closing date of February, estimated full lease up by August 2019.
Q10	Will there be a PILOT? If so, what is the term of the PILOT?
	Yes, we expect a 25-year PILOT.
Q11	Will you provide the LIHTC credit calculations?
	Provided calculation from THDA application for total credits
Q12	Will you provide the Pro Forma / Cash Flow?
	Pro forma provided.
Q13	Will you provide the tax credit application?
	The THDA application was completely on-line with no available report feature. This is a voluminous document derived from individual screenshots of every on-line page. Any specific questions not addressed in this addendum and initial request can be answered.
Q14	Can you please provide the expected loan terms?
	Loan terms page 3 of CITC lending proposal (18 year term with 35 year amortization period) with capped construction term interest rate and capped permanent interest rate.
Q15	Please provide the credit calc, projected allocation and requested pricing.
	Provided calculation from THDA application for total credits.
Q16	Can you please provide the line item break out for OpEx?
	Pro forma provided.
Q17	What is the source labeled "PH Reserve"?
	Please reference Q5.
Q18	Please provide the terms for the Replacement Housing Funds.
	Please reference Q5.
Q19	We bid on the Phase 2 project last year and the attached was included. Is this type of proforma available at this time? If not, we can use the information you have already provided and make a bid based upon it, but if this type of proforma is available it would help considerably.
	Pro forma provided.
Q20	Are there any shared uses between phase III and the prior phases?
	Phases share staff and administrative expenses prorated by per/unit cost.
Q21	Is there flexibility in the terms of the PHA funds and RHF funds? If not, please provide maturity date, interest rate, whether deferred or paid from cash flow, and if these funds are available during construction.
	Please reference Q5.

Q22	Please provide an operating expense proforma if available. Are there any required supportive services that will be provided? If so, please provide details of services provided and whether it's inside the budget or outside.
	Pro forma provided.
Q23	Please confirm whether the units are subsidized with RAD or Section 8.
	Multi-Family Housing Project Based Rental Assistance (PBRA) Contract Rents under a Housing Assistance Payment (HAP) contract with an initial 20 year term and an automatic additional 20 year term.
Q24	Please confirm equity installment timing. Page 3 of RFP lists 82.5% at Jan 1, 2019 but page 5 of RFP says anticipated completion is July 2019. Should the 82.5% equity be at Jan 1, 2020 – please confirm.
	Correct, this date should have been Jan 1, 2020.
Q25	Please confirm if the CITC loan structure will be used for both the construction loan and the perm loan.
	Correct.