

Resolution Approving Conifer Realty, LLC as Developer for the Rental Assistance Demonstration Program

WHEREAS, the Salem Housing Authority (SHA), a public body created and organized pursuant to and in accordance with the Laws of the State of New Jersey advertised a Request for Qualifications and Preliminary Proposal for an Affordable Housing Developer to assist the SHA with their Rental Assistance Demonstration Program (RAD) application;

AND WHEREAS, all responses to the Request for Qualifications and Preliminary Proposal were due on or before September 18, 2013 at 10:00 a.m. the SHA opened all responses to the Request for Qualifications and Preliminary Proposal.

AND WHEREAS, the SHA received two responses to the Request for Qualifications and Preliminary Proposal;



AND WHEREAS, the SHA would like to award a contract to Conifer Realty, LLC, subject to the review and approval of the Executive Director and Solicitor;

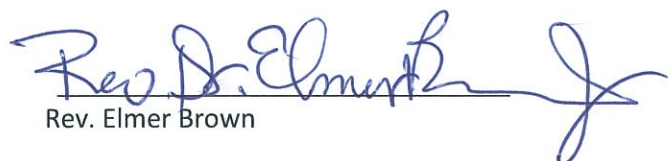
NOW THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SALEM THAT the Executive Director is authorized to enter into and execute a contract with Conifer Realty, LLC, of Mt. Laurel, NJ, as the developer for the RAD program.

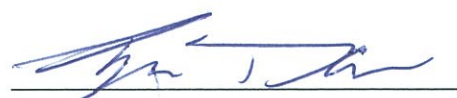
BE IT FURTHER RESOLVED that the contract is subject to review and approval by the Executive Director and Solicitor.

BE IT FURTHER RESOLVED that in accordance with N.J.A.C. 5:30-5.4. funds shall be encumbered for this contract by the SHA Finance Officer.

BE IT FURTHER RESOLVED that this contract has been awarded pursuant to the Fair and Open Process, N.J.S.A. 19:44A-20.4 et seq.



June Moore


Rev. Elmer Brown


Tyrus Davis


Rev. Holland H. Fields

Juan Rosario

Date:

9/26/2013

Attest:



Paul F. Dice, Secretary



EMAIL MEMORANDUM

TO: Paul Dice
FROM: Jerry Velazquez
CC: Heather Santoro, Mike Zumpino and Robert Totaro
DATE: September 23, 2013
SUBJECT: Request for Proposals for Rental Assistance Demonstration (RAD) Applications

Pursuant to your request, Triad has reviewed the responses to the RFP noted above. Due to the timeframe associated with your meeting schedule, the following is a summary of the most pertinent business and development/ownership issues that the HA needs to consider when making its selection.

Capacity and Experience: Triad would give a very slight edge to Conifer

Both entities responding to the RFP have significant development and finance experience. Conifer's experience with the State of NJ funding cycles and personnel are significantly better than those of Recap/TCB. Although Recap/TCB have substantial LIHTC experience in NJ, they do not have the direct knowledge and relationships of Conifer in NJ. On the other hand, the Recap/TCB team has more experience with HUD and its staff. Triad would suggest that the NJ experience outweighs the Federal experience in this case. This determination is made based upon what we currently know about the RAD process. Currently, HUD has indicated that RAD applications are a priority and are processing the applications expeditiously upon receipt. While it is important that the applicants know the RAD process, the familiarity with HUD staff can satisfactorily be dealt with through the existing relationships held by the Housing Authority Staff.

Personnel Assigned to the Task: Conifer

While the Recap/TCB staff is extremely competent, nothing is better than the local NJ familiarity and the direct knowledge and working relationship with Conifer. Conifer's close proximity to the proposed locations is extremely helpful to the success of the applications.

Developer Role: Conifer

Recap/TCB indicates that it is open to discussion and evaluation of alternate strategies for HA involvement in the ownership entity. Conifer indicates that the HA will be 51% owner of Limited Liability Company. Both entities have indicated that they will provide all guarantees for completion, operating deficits and related investor guarantees. Conifer's commitment allows the HA to be directly involved in the decision making process, with consent from Conifer, while Recap/TCB provide the

oversight and allows the HA to be involved in the decision making process. The Conifer model allows for a more direct involvement by the HA.

Both entities also indicate a shared role in property management. The Recap/TCB model sets up a separate management oversight committee, but does indicate that it will allow the HA to take over property management along with TCB asset management. The proposal does not clearly stipulate what the formal relationship of each entity would be at that time. As mentioned earlier, both entities will provide operational guarantees required by investor. Conifer provides for joint management, but does not clearly stipulate the terms of that arrangement either.

Both applications provide the opportunity for the HA to acquire the property for \$1, plus exit fees upon the end of the 15 year LIHTC compliance period. Conifer's model provides for more HA involvement in the structuring of the exit fees and costs. The current agreement (Holly Berry) provides for a \$1 buyout plus exit taxes at the end of the compliance period.

Developer Fee: Conifer

Conifer provides the HA with 30% of the Developer Fee, plus 30% of the net cash flow as rent under the ground lease. Conifer proposes a 60-year lease. Conifer also agrees to share 30% of the sale or refinancing proceeds, although it indicates that these proceeds would be highly unlikely. Conifer is silent with regard to the deferred fee that would be retained by the HA. However, you should note that any deferred fee revenue is highly unlikely in this scenario particularly in light of the fact that 30% of the net cash flow will be included as a lease payment to the HA.

Recap/TCB provides no allowance for sharing of the developer fee, while providing the HA to receive 100% of the deferred fee (please see note above regarding the likelihood that this fee is collected). Recap/TCB provides no allowance for a lease payment. This proposal also includes a long term lease (no term included).

Application Fee: Conifer

Conifer proposes to prepare all applications, building, financial and related evaluations for the RAD and LIHTC applications. Conifer also agrees to hire and pay for all professionals required to complete the application. Conifer has already demonstrated their commitment to provide these services. Both entities agree to provide construction estimates. Conifer has a related construction company that can provide those estimates based upon other similar projects in its portfolio. Recap/TCB do not provide that same familiarity and expertise.

Recap/TCB team proposes a fee (To Be Determined) for the financial analysis and perhaps the preparation of the RAD application. Please note that the application does not clarify whether or not the full application will be paid for by the HA. However, it is clear that an additional fee will be paid to Recap for the initial analysis and financial feasibility modeling needed to prepare the RAD application.