H.A.M.E.

Housing Assistance Management Enterprise

Meeting Location: 1776 S. West Temple, Salt Lake City, Utah or
Electronic Video or Phone Conference

REGULAR MEETING:

Monday, October 30, 2023

11:00 am – 2:00 pm

WEB OPTIONS:

https://housingauthorityofsaltlakecity.webex.com/housingauthorityofsaltlakecity/j.php?MTID=m45d5191ce6bc1f66c0fde94ef747283f

OR

https://signin.webex.com/join Then enter
Meeting number: 2662 034 2646
Password: 1776

PHONE OPTION:

Dial 1-650-479-3208 Access Code: 2662 034 2646 Password: 1776

If you need assistance connecting to the meeting remotely call 801-608-3394 during the scheduled time. Please call 801-428-0600 for more information or to request a meeting recording

BOARD MEMBERS

Palmer DePaulis, Board Chair

Mike Pazzi, Vice Chair
Brenda Koga Board Member
Bill Davis, Board Member
Dave Mansell, Board Member
Phil Bernal, Board Member
Cindy Gust-Jenson Board Member
Amy J. Hawkins, Board Member
Tess Clark, Board Member

One or more Board Members of HAME may participate via telephonic conference originated by the President and within the meanings accorded by Utah law, the Meeting may be an Electronic Meeting, and the Anchor Location shall be located at 1776 S. West Temple, Salt Lake City, Utah. In compliance with the Americans with Disabilities Act, persons requesting special accommodations during the meeting should notify HASLC not less than 24 hours prior to the meeting. If language assistance is needed, please call 801.428.0600.

BOARD MEETING AGENDA

1) Roll Call

2) Public Comment – *each participant will be allowed 3 minutes for comment.*

3) Motion to Approve HAME Open Meeting Minutes of October 30, 2023 (attachment)
Board Chair / 3 minutes.

4) New Business

5) **APPROVE SELECTION AND CONTRACTING WITH PRIMARY LENDERS ENTERPRISE COMMUNITY, GOLDMAN SACHS, AND JLL CAPITAL FOR THE DEVELOPMENT OF THE BOOK CLIFFS LODGE.** (attachments) *President, Daniel Nackerman; Deputy Executive Director, Kim Wilford; VP Real Estate Development, Jonathan Olson / 20 minutes*

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6) **APPROVE SELECTION AND CONTRACTING WITH PRIMARY LENDERS JLL AND NATIONAL AFFORDABLE HOUSING TRUST FOR THE DEVELOPMENT OF THE PHAROS APARTMENTS.** (attachments) *President, Daniel Nackerman; Deputy Executive Director, Kim Wilford; VP Real Estate Development, Jonathan Olson / 20 minutes*

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7) **AUTHORIZE THE PRESIDENT TO EXECUTE INSRUANCE RENEWALS** with the HAI Group for insurance in the areas of liability, property, worker's compensation, automobile, etc... (attachments) *In House General Counsel, Paul Edwards/ 15 minutes*

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8) **AUTHORIZE WRITE-OFFS OF CERTAIN ACCOUNTS AND BAD DEBT THRU JULY 2023.** (attachments) *Deputy Executive Director, Kim Wilford; Finance Director, Joe Regan/ 20 minutes.*

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9) **CONSIDER AND ACCEPT FINANCIAL REPORTS THROUGH OCTOBER 2023.** (attachments) *Finance Director, Joe Reagan / 15 minutes*

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Reports

A) Key Performance Indicator Report, Property Mgmt.: Deputy Director, Zac Pau'u

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B) Utah Housing Corporation (UHC) Report, President: Daniel Nackerman *Page 82*

7) Tentative Closed Session

The Board will consider a motion to enter into Closed Session. A closed meeting may be held for specific purposes including, but not limited to:

a) Discuss Strategy with Respect to Purchase/Sale of Real Property

b) Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual

c) Discuss Strategy with Respect to Pending or Reasonably Imminent Litigation

A closed meeting may also be held for attorney-client matters that are privilege pursuant to Utah Code § 78B-1-137, and for other lawful purposes that satisfy the pertinent requirements of the Utah Open and Public Meetings Act.

8) Adjournment

Housing Assistance Management Enterprise Report Provided by: Board Chair Department: Commission **Item: Meeting Minutes of October 30, 2023** November 27, 2023	H.A.M.E. Housing Assistance Management Enterprise

BACKGROUND:
Review and revise/approve meeting minutes from Open Meeting of October 30, 2023.
(Attached)

RECOMMENDATION:
Approve the meeting minutes of October 30, 2023.

DRAFT

HOUSING ASSISTANCE MANAGEMENT ENTERPRISE
(HAME)
REGULAR BOARD MEETING MINUTES
Housing Authority of Salt Lake City
Salt Lake City, UT

Monday, October 30, 2023
11:06 a.m. – 12:07 p.m.

The annual meeting of the Board of Directors of the Housing Assistance Management Enterprise was held from 11:06 a.m. – 12:07 p.m.

Board Members in Attendance
Palmer DePaulis, Chair
Michael Pazzi, Vice Chair
Brenda Koga, Board Member
Tess Clark, Resident Board Member
Bill Davis, Board Member

Board Members Excused
Phil Bernal, Board Member
Dave Mansell, Board Member
Cindy Gust-Jenson, Board Member
Amy Hawkins, Board Member

Staff in Attendance
Daniel Nackerman, President, HAME
Kim Wilford, Deputy Executive Director
Paul Edwards, Agency Attorney
Joe Regan, Finance Director
Jonathan Olson, Vice President, Development
Zac Pau'u, Deputy Director
Kelly Walsh, Senior Housing Analyst (via WebEx)
Angel Myers, Administrative Executive

Legal Counsel in Attendance
Ryan Warburton, Gilmore & Bell

Chair DePaulis convened the regular meeting of the Housing Assistance Management Enterprise (HAME) of Salt Lake City.

Roll Call of the Board Members present.

MOTION FOR APPROVAL OF THE HAME OPEN MEETING MINUTES OF SEPTEMBER 25, 2023

The President of HAME has provided each Board Member with a copy of the written minutes of the September 25, 2023, HAME Board Meeting. The Board Members acknowledged they had sufficient time to review these minutes.

Chair DePaulis called for a motion.

Motion

Board Member Koga made a motion to approve HAME Meeting Minutes of September 25, 2023. Board member Clark seconded. The motion passed unanimously with Board Members DePaulis, Pazzi, Koga, Clark and Davis all voting in favor. There were no objections or abstentions.

1) **RESOULTION 831-2023 APPROVING THE FY23 BUDGET AMENDMENTS** (attachments) *Finance Director Joe Regan/ 15 minutes*

Dan: Board members the 2023 budget that we're in now was technically prepared in September 2022. That's how long ago our adoption starting January 1st. We came to the board in June 2023 with our first amendment of this budget, and we thought it was prudent to bring a budget amendment number two. Even though we're still in the same fiscal year because a few things have changed even since the last budget. With that, I'll turn it over to Joe and Kim. This is on page 24 of your board package.

Joe: So, as interest rates continue to climb, we continue to make more revenue. Awful thing. But we're raising the revenue again because of the increase in rates since we did the last revision. We're increasing our rental income because for lots of reasons it's going up from occupancy and, less vacancies. We're raising our bad debt because next month we're going to bring another bad debt write-off. It's continually climbing over what we project. We're adjusting the maintenance for salaries, benefits, and overtime. In the original budget back in '22 we didn't budget enough positions or full positions at that time. Contract costs aren't affected in HAME-, sorry. Then it's included. Then insurance went up because of workman's comp premium. So, with all that affecting the bottom line is going down 259,000 net. But still at a surplus of $394,000 projected.

Palmer: And then, you said you'll be bringing another amendment at our next-, is it the next.

Joe: Yeah, I'm going to bring a write-off next month.

Palmer: Write offs next months, okay. And some of that problem are still the meth issue.

Joe: Yes.

Palmer: Okay. Any questions?

Brenda: Just out of curiosity, the planned staff attrition. Was that people that you thought were going to retire and didn't?

Joe: Mm-hmm.

Brenda: Ha. Okay, imagine.

Motion

Vice Chair Pazzi made the motion to **APPROVE RESOULTION 831-2023 APPROVING THE FY23 BUDGET AMENDMENTS.** Board member Koga seconded. The motion passed unanimously with Board Members DePaulis, Pazzi, Koga, Clark and Davis all voting in favor. There were no objections or abstentions.

2) **CONSIDER AND ACCEPT FINANCIAL REPORTS THROUGH AUGUST 2023.** (attachments) *Finance Director, Joe Reagan / 15 minutes*

Dan: This will be for this fiscal year that we're in through September, a snapshot of where we are now.

Joe: Anyways, financials. So, this is for HAME., for the period ending September. We are presently at a $1,247,000 surplus. Which is greater than the projection by over $400,000. Our owned is-, has residual receipts of $1,000,000, but it's 200,000 ahead of budget. Most of this overall has to do with the fact that we're generating more interest income than planned. So, our management fund is $57,000 in residual receipts and our homeless property is 183,000 in residual receipts. All of them are operating ahead of schedule or ahead of planned budgeted amounts. Any questions? Anybody?

Motion

No Vote needed. Review and accept the report.

REPORTS

A) Key Performance Indicator Report, Property Mgmt.: Deputy Director, Zac Pau'u

Dan: This first one are the key performance indicators for the 964 units of HAME. We focus, of course, on occupancy, the average number of days vacant, and tenant accounts receivable. As you can see, I've highlighted the occupancies right even higher than it should be. Well, on page 32. Next page, the number of days vacant, we're still about double what we'd like to see. We did point out that one unit has 165 days of delay in releasing at Sunrise. There's another unit at Taylor Springs which had 126 days. Those are two of the kind of, offset. Then, tenant accounts receivable, our goal is 4%. We're actually at an 8% for the HAME. properties. Is there anything you want to add, Zachary?

Zac: No. You hit all of those points.

Palmer: The 8%-, I didn't get the-, you, you said the goal was 4%?

Dan: Yeah. we'd, like to have about at least a 96% collection rate. It's what we call-, it's really called tenant accounts receivable, not tenant aged. And for this month of September, we collected 90%. Which is not bad.

Palmer: Any questions for Zac?

Mike: It's a proud moment, Zach. You should really revel in this moment.

Zac: I know.

B) President Report, President: Daniel Nackerman

Dan: We have-, a reminder we have three 9% applications into the state of Utah to a housing corporation who allocates tax credits. Those would be Atkinson Stacks 115 new units, plus 100 units to be renovated. Sunrise Metro who also have a 35-unit application in for Pharos Apartments at the entry to the Fair Park. Those would be permanent supportive housing for the previously homeless. Then finally, we have 55 units at Book Cliffs, which probably sounds familiar over the past six years. So, bad joke. We did-, first we got some verbal feedback from UHC a month or so ago. We now have been issued letters on all three. We have, sort of, a self-scoring with our application and UHC lowered our self-score by an average of approximately 10-, 12%. That's not unusual that they scrutinize and lower scores. We appealed one of the three scores, and we are-, or two of the three and we've successfully appealed one of those so far.

Jonathan: Yes.

Dan: Okay, two. Back to-, back to the regular score.

Jonathan: Not all the way but several of the items that they refused; we were able to get those points back.

Dan: So, the long and short of it is, err, we'll know the results probably the first or second week of November. This is just totally conjecture on our part, even though this is a public meeting. That it appears likely Atkinson Stacks will be funded. Again, that's 115 units of new construction, plus the rehab of 100 units. And it would all be toward the previously homeless. Second item, as an example of business support to HAME., Morgan Stanley contributed 15,000 on October 17th for the general fiscal support of HAME. This one we're going to take a little bit of time with because this is the HAME.-, this is a development project. ' Oh, I'm going to pass some of these out or around. At very much the last minute, the City has a surplus property right in the middle of downtown or pretty close to downtown. It's, 2.4 acres and it does have a historic building on it, which is the cover of this. It's called the Northwest Pipeline Building. It was a public safety building in its history as well, I think primarily the Fire Department administration.

Palmer: Police.

Dan: Police administration. A developer called Cowboy took a run at this seven or eight years ago, and they were unsuccessful except for one piece of this total site, which was the Magnolia Apartments, 65 units. We were a part of that project, from its inception. We did supply the 65 units of vouchers and we were, involved a little bit in the design, etc. So, this went out on the street for requests for qualifications or requests for qualification statement technically, RFUS. Within that request they were looking for certain traits, in any kind of qualification team. Things like community engagement, historic renovation, experience, kind of, mixed-use experience. Meaning not just housing, but also commercial and public space. But primarily, it was, the scoring is presumed to be historical preservation experience which we stressed in our response. Also, low-income housing, multi-family density, sustainability elements, arts, and public access, which I already remembered. And actually, even a home-ownership component, which we construe to mean likely, like, like, dents on a small scale likely something like condos. However, we don't have to do any of that yet, we just have to submit a qualification. So, we assembled a team quickly and it was, err, pretty powerful team we think. We found a co-developer in New York, Xylem Properties. They've been in business for four or five years. The principal of that business has actually been the director of some big East Coast development companies. One called George Town. And, so, we did-, I told Dave Mansell, we did make it clear that we're still in charge. But in this preliminary qualification, we are co-developers. There was an architect out of Minneapolis who has an Ogden office that was, kind of, part of this team, err, and they've done a great job. They actually assembled the package you're leafing through. There's a Ben McAdams who used to be, first of all, he was actually, I think, chief of staff to a city Mayor. But he also was-,

Palmer: Yes, county mayor. He was the county mayor.

Dan: Well, he was the county mayor I guess in his early days. And, of course, he was a congressional member and state senator and he's got a company called Common Ground Institute. So, he's on board as a senior advisor and he really helped us assemble this team. CSG Advisors is another, it's a financial analyst firm that specializes in working with housing authorities. We've actually had them under contract to help with some of our other developments. So, they were, kind of, a natural fit. Ryan knows them pretty well. Neighbor Works, who we've been trying to partner with for several years, is part of the team so far. That's, kind of, a west side home ownership and community engagement, non-profit or-, yeah, non-profit. EHT Traceries is a small historic consultant out of British Columbia or-, sorry, the of Columbia. Gray Impact Consulting, Lily Gray used to work for the city for about a year. I'm familiar with her work on the peninsula in the Bay area of San Francisco. Then Folks Capital is a small organization in Chicago that specializes in home ownership. Especially, kind of, shared equity home ownership. We also received letters of support from many financial institutions and fairly quickly. Again, this all had a very quick, , I'll just run through those for a second. U.S. Bank, who is our primary bank. The National Black Bank Foundation, KeyBank Real Estate Capital, who we've used before. SHIFT, which our partner Xylem has used-, I shouldn't say used. Has utilized before. Rocky Mountain CRC, who you've met with recently. National Trust Community Investment Corporation. Blackstone, Nnenna Lynch who is the principal from Xylem is actually on the Blackstone board in New York. JLL have-, who you know we've used before and, Enterprise, who we've utilized before. Then finally, Sustain Energy Finance, who, Common Ground Institute has some experience with. What you have is a full copy of our response. The next step would be to win this round of a shortlist presumably of people who can submit a request for proposals. Only then would we have business plans, financing strategies, project programming, number of units, that kind of thing. So, we're very proud that staff pulled this together so fast. Brittnee, Jonathon, Kim, Zac. Were you involved, Zac? Just kidding. But we think it, it helped us. By the way, there's a whole separate issue here. I don't want this to gather some of our marketing information and some of our past project information and put it in one spot. Oh, Kelly helped quite a bit, she's up there in the lower right-hand corner. With that are there-, well, I guess I can't really ask for questions as part of the executive director report.

Palmer: Yeah. Yeah, we can if there are questions. Just as a little bit more background and let's see, Dave isn't here yet. But he would probably remember this. Um, as a board member, when I first came on, this was an area that we were really excited about and the City looked like it was going to move forward, to put a project together. It was kind of disappointing that it, kind of fizzled. This property has sat vacant. I don't know if you've been by it downtown. Um, that Northwest Energy building is right on the corner. It was the police station for a long time.

Tess: Oh, yeah. Yeah, yeah, yeah.

Plamer: It's a multi-story building. It's-, it, kind of, is a bit of a historic building architecture like, and anyway. The Fire Department was there as well down-, they had a community, neighborhood group, use part of the building. They were trying to utilize that whole corner and, err, the property next to it. It just didn't get off the ground, it just-, it seemed like every time they tried to put a proposal together, nothing really came together. Finally, I think it was Cowboy Partners, and we were part of that to get the Magnolia piece of it. So, the one little area, we got some housing on. So, this is really the first time that the City has managed to come back to it and get re-energized and coordinated and get it off the ground and going again. So, I just want to thank staff publicly, for putting this together. It just, kind of, came at us,, drinking-, like you're drinking out of the fire hose. They, they really wanted to move quickly on it, and it started coming together and we did a proposal. It looks like it could be a really good project. So, more to come but this was, sort of, the initial response, and we've made a good one and we'll see. See what happens.

Mike: So, how long has it been just lying around?

Palmer: Oh, it's been years.

Dan: Yeah.

Mike: And all of a sudden now it's like a-,

Palmer: All of a sudden it's just started to come together. I don't know what precipitated to be honest with you.

Bill: Why did it fall apart? It seemed like if everybody-, Palmer: Well, Dan knows somebody..

Dan: There was an RFP seven or eight years ago and Cowboy Partners won that proposal process. It was called Violins School Commons. They had a fairly high-end market rate, mid-rise. Then more of a little bit lower rent with 15 units of Section 8 vouchers. Then Magnolia was 65 units of previously homeless housing. Then restoration of the historic building. They-, and this is just my view. They wanted to do, kind of, the juicier parts of the project first and the City said, 'Wait a minute, we want to see the homeless response site first.' Then secondly, they did say they were surprised at the amount of hazmat, hazardous materials in the historical building.

Palmer: That was one issue.

Dan: Along with some structural issues to restore it properly. So, after lots of starts and stops, they kind of bowed out, and the City was happy that Magnolia got built. But they always planned to put it back on the street. So, the redevelopment director called me and said, 'It's finally-,' because we ask about it every six months or so. He called me and said, 'It's finally back out.' we're not really supposed to talk to the City and lobby them at this point. But that's just a warning for everybody. but-,

Palmer: Because we're being considered.

Dan: Yeah. But it would be somewhere roughly between 40 and 150 million. So, we have talked with our team about maybe adding another development partner of a, kind of, mid to small size. Just to spread out some of the risk. Although that's, of course, very preliminary, talk.

Palmer: Yeah. So, Jonathon, what, what, what do you think? What, what's-, where do you see it going?

Jonathan: Um, I mean, it's an exciting project. I think it's-, it was prudent on our part to get some partners because what the City wants here is a little bit outside of our wheelhouse. It's, like, I mean, they want public art, they want retail to activate the streetscape. They want, housing across all the economic-, they have everything from very low income, which is already at Magnolia to high-end luxury. You know, they want, kind of, everything in there. As Dan mentioned, it's gonna be a very expensive project likely, depending on what the proposal actually comes out at. I wouldn't want in open session probably want to talk too much about we plan. But I think it's, it's the kind of project that would definitely help the Housing Authority. I think it would give-, it would open up additional opportunities, for other development. It would definitely show that we can do pretty much anything. I think overall, you know, the key being that we would get some much-needed housing for the folks that we serve directly, so I think overall it looks very promising. I think with the team that we've started and, and probably with some additional, we have the capacity to make it actually happen.

Palmer: So, we're just at the proposal stage and we've thrown our hat in the ring to see what, what, what will happen.

Brenda: Because it's a historic-, is it considered a historic site, so you have to-,

Dan: Yeah.

Jonathan: Yeah, the one building. Yeah. It's the old…

Dan: Yeah, there's a fair amount of land and parking lot area around this which we're just as excited about, that's where we would build. But most buildings are eligible to be listed on the historic register after they're 50 years old. Then this one goes on to be an excellent example of mid-century modern architecture from that particular era. Relatively unchanged, which, I love that.

Bill: Did it end up on the national register?

Palmer: Yeah.

Bill: Because I was on the Historic Landmarks Commission, and it came up.

Palmer: Yeah, yeah.

Jonathan: It was designed by a couple of famous architects when it was built in the 1950s. Which is the reason it finds itself so (inaudible).

Palmer: For a lot of years, it was just Northwest Pipeline. They were the only owners and when it came up for sale, the City-, I think it was back in the '80s. I, I just have recollections of it. The, the police they-, the block that has the new library with the old library, used to be the police jail and police station. That was in terrible-, it was terrible shape and they needed to really build a new building. While the compromise at that time was to, I think it was to if I'm remembering it right, Sam Skaggs. Sam Skaggs that ended up owning and donating some of that building or some of that property to the City. So, the City decided to do this middle-of-the-road, kind of, proposal and rehab the building enough so the police could make it their headquarters. They didn't do much to it. I mean, they didn't do anything to the historicity of the building. It was mostly to upgrade the elevators and, you know, things like some interior work. It worked out fine for a number of years and-, until it didn't. They did have asbestos and there's a lot of problems with the building environmentally. It's, it's an old building.

Bill: I'm just-, it's been a while since I've been involved on the historic (inaudible 30.45). I'm way more familiar with residential stuff. But aren't there tax credits?

Dan: Yeah. There-,

Palmer: Yeah.

Dan: There would be-, Historic tax credits.

Bill: Historic tax credits.

Dan: Which some of us have experience with. And that's another, you know, exciting part of it. They used to be a lot more lucrative before the big tax law changes in the '80s. That's how old I am.

Bill: So, I have another question. What does the advisory and design team get out of this? Like,

Dan: 'Oh, there's no contract.' So-,

Bill: I mean I'm sure they're not doing it out of the goodness of their hearts.

Dan: Well, we had to, kind of, urge them to become more part of this. I really think that they were doing that just to be-, you know, they-, Ben McAdams has worked directly in this area and was just trying to-, but we, we purposefully had them be a bigger part of this.

Bill: So, they have consulting contracts and stuff like that?

Dan: They, they are doing-, I don't know under which business, but they're doing some consulting for the city of Atlanta to try to have them loosen up the assets that they sit on. That's one of the businesses they're in, is going to public agencies and saying, 'Why are you sitting on vacant land at a time like this? We'll help you get it out there.' Not to themselves. And then, they have a couple other initiatives. They're working on the, you know, the Black Wall Street issue in Missouri. There was a whole town-,

Bill: I thought it was Oklahoma.

Dan: Oklahoma, sorry. Whole town that was burned down. They're working on that as, kind of, a consultant and-, so it's not a very big company yet, by any means.

Bill: So, which is-, which company? Cause it's, like, four different entities it looked like. Are they-, have they all come together under another, um, bolting company that they're-, Dan: Well, so far, they're all, kind of, under us, along with Xylem, as you can see from that ORG chart. What page is that?

Jonathan: Twelve. They're, they're separate companies, Bill.

Dan: Yeah.

Jonathan: And they, they all fill, kind of, a piece that we need for this particular project and some of the expertise that we don't have in-house, right now because we're just at the RFQ stage. We don't have formal contracts with them. If we move onto an RFP that would likely change and be more solidified.

Dan: And there'd be some more members of the team, you know, maybe, a, a general contractor perhaps or some, sort of, construction project expertise, probably a law firm. But there's no real commitments. I put in the email to the-, some of the board leaders, the only contract that exists is with CSG Advisors and with a very small contract with Gray Impact Consulting, partly just to give us-, put this together and we're talking, like, a couple thousand dollars . But we don't know how much national competition there will be with this. If there is, you know, that could change. And we don't know how many city-, what amount the city resources committed will be as well. That wasn't really handled in the RFQ.

Bill: So, another general question is I've been reading a fair amount about people doing-, you know, in cities like San Francisco, New York, where, you know, remote work and the huge vacancies in commercial buildings and they're doing commercial to residential conversions. And that's actually, um, very difficult to do because, like, they do the plumbing and a whole bunch of stuff different in a commercial building than they do in a residential. So, has that aspect been looked at on this? Or is that what-,

Dan: Yeah. It, it was looked at by Cowboy and, and it is a big trend in the US. We've been looking for properties that are vacant offices that could be converted. They quite often have to have a, a large floor to ceiling height, interestingly, that is to fit in all the plumbing that residential things cost. Also, the structure obviously is important for an office to a residential conversion. But, coincidentally, Britnee found a new source in the federal government to actually help fund, office to residential now. Two sources actually. One is to help create the capacity to do that, and the other is to help fund the brand-new sources. So, I would imagine that this building might have one or two first stories of some kind of, mixed use. They have to do what they call adaptive reuse. You work with the State Historic Preservation Office, who is technically run by the Park Service, interestingly. And then, you have to propose how your plans are not going to ruin the historic nature of the building and that's very subjective.

Bill: Yeah. And that's mainly just the façade.

Dan: Well, you never know. You, you never know. A lot of it has to do with the state historic preservation officer in each state. I mean I've seen-, I've been involved in projects where somebody famous lived in a unit, you know, it's-, in other words, it's not just physical or aesthetic. A lot of it's the history of the building.

Bill: When was this building built?

Jonathan: 1952.

Bill: So, a question that goes along with that is Salt Lake City in Utah I think overall did not implement any seismic standards until the '70s when they realized that 'Oh, yes. We're sitting on a huge fault and a big wind can come.' So, I'm assuming there would be, sort of, a seismic retrofit in this building.

Dan: Yes. And that's one of the things that scared Cowboy away, the structural-, existing structural.

Bill: But do we-, do we have any feel for, like, what that would look like?

Dan: No. But we'll be jumping into that now if we're-, you know, as we get to the RFP portion. Err, there is McNeil Engineering or that's the civil I guess.

Bill: Yeah. Okay.

Dan: But there was an engineer that's already done some work and we'll have access to all that if we make it through this round.

Ryan: And can I jam in on his question-,

Dan: Sure.

Ryan: To your point, it's probably what Britnee's looking at, the White House just released Friday, so over the weekend, a big announcement about the use of CBTG funds to convert, um, in fact I've got the notice right here, commercial to residential space. They've also allowed for 35 billion of the interest reduction act funds to help facilitate the conversion cause I think everyone's seen that there's a lot of commercial space going empty. They see a train wreck on the future and so they're trying to get ahead of it and saying, 'Well, let's convert some of this to housing.' So, yeah, this-, it's new but there's a whole guidebook on it that we haven't even looked at yet-,

Dan: Yeah.

Ryan: On the-, sources that are available. So, this may be a good source.

Dan: Yeah. She-, you were just in Washington DC-,

Ryan: That was probably what you were looking at, talking about.

Dan: What? Two weeks ago?

Britnee: Yeah.

Dan: And then, we, we have consultants-, lobbyists in DC who reported that to us or to Britnee last Thursday or Friday. But, yeah, that other piece is interesting too. They're, sort of, organization building towards this piece that's much more our scale.

Bill: Well, there's-, commercial to residential is a big thing in San Francisco and New York-,

Dan: Sure.

Bill: And a bunch of places but I don't think it's-, at least right now, it's not a big thing in Salt Lake cause where we have recovered from the pandemic-,

Dan: Yeah. Well-,

Bill: And, and the vacancy rate for commercial properties-,

Dan: Some-, there are some under construction right now. And some of the really good ones have already been snatched up right as Covid ended.

Bill: Mmm.

Dan: And the economy of Salt Lake City, we did a presentation on our full staff meeting last week. There's some hot off the press studies. One on housing, by the University of Utah Kem Gardner Institute. We presented it to the whole staff. And another was just the downtown, that came out about six months ago, all of the downtown economics. But clearly, err, even without Covid it sounds like office was waning while residential was waxing. Did I get those right? Yeah. in other words, people were working more from home before the pandemic. The downtown Salt Lake, which if you think about just the Salt Lake Housing Authority, we do, kind of, focus on the city itself versus Draper or somewhere. And it's really converting to much more nighttime activities, much more hotels, more convention space, more tourism. And away from, you know, Goldman Sachs, building buildings, lemmings. Did I say that?

Mike: Does anybody know currently what the office space vacancy is in Salt Lake?

Bill: I think under 5%.

Palner: Yeah. I don't know.

Mike: No. It's, it's a ticking time bomb.

Palmer: Oh, yeah.

Mike: All the leases that are coming up in the next five years.

Dan: Exactly.

Mike: So, within the next five years they might-, I can't even imagine-,

Dan: I think it's-, it might be (talking over each other).

Mike: Burning it off and going to housing.

Bill: Well, I can imagine if you were doing luxury housing. Cause then you could do it really-, begin it so the plumbing, as an example, isn't-, like, you might have a big electric unit in the bathroom suite in the corner, in the center of the building.

Palmer: But part of the issue is we've had an enormous amount of housing come on the market in the last ten years.

Mike: Mmhmm.

Palmer: I mean we're, we're-, I, I keep thinking when is this going to dip? And yet it's-,

Mike: Oh, we've been breaking the bubble for probably the last decade.

Palmer: Yeah.

Mike: So, you know, the, the bubble's gonna burst.

Palmer: Yeah.

Mike: And it has not.

Palmer: And it has not.

Mike: It keeps on growing.

Palmer: Yeah.

Mike: At a pretty fast pace. I'd love to see just, you know, who's pulled permits and who's coming out of the ground.

Dan: We have all of that.

Mike: Yeah.

Dan: I presented all of that to the staff and they-, the whole staff. And I noticed half the staff were sleeping. But I found it-, but I found it scintillating.

Mike: Would be very interested.

Dam: Alright. I have a condensed version that we'll present at (talking over each other).

Palmer: But do you have-, I mean what Mike was saying-,

Dan: We have-,

Palmer: Do you have that information?

Dan: Yeah. We-, yeah. We have a lot of (talking over each other).

Palmer: Because I think that would be very interesting for this debate.

Mike: Well, it's just how many units are coming out of the ground or are planned to be built and have permits.

Dan: Yeah. We have that.

Mike: To do so. But, anyway, my comment on this would be that it's an elephant.

Dan: Mmhmm.

Mike: So, whatever you do, do it thoughtfully and carefully.

Dan: Yeah.

Mike: Cause if you're thinking about 150 million then I would endorse or embrace, you know, the addition of another partner. It may help Jonathan with some of the mixed-use cause that's probably not our forte and looking at retail, you know or-, So-, but it-, how many units do you think you could put on this piece?

Dan: We haven't really studied it. It'd be hundreds. You know, it'd be 200 or 300.

Jonathan: They're asking for some family units (audio distorts). So, it, it really is gonna take some more study. But, to your point, um, I think we understand how big this is and that it needs to be handled carefully.

Mike: Yeah.

Bill: Well, I would disagree with you that we're in a bubble, like, 2000, 2009 was a bubble. So, what was making it a bubble was the wire loans and the securitizing. They had mortgages and some prime mortgages inside. None of that's really going on. it's just-,

Mike: We don't have any fraud today but at least for the last, I'll say for myself, for the last decade I just keep thinking every year that that is gonna blow. You know, and that all of these, you know, vacancies will be created and that they've got too much stuff coming out of the ground and it won't have the absorption that they're looking for. But I've been wrong and most of us have been wrong. Cause it keeps on tracking and-,

Bill: Yes. Because you're, you're a banker, right?

Mike: Oh, yeah.

Bill: Yeah. And see, I used to be a banker and I remember, like-, so the philosophy is as a banker I'm not paid to take risk. I'm paid to-,

Mike: And that's not-, no. We take risk.

Bill: Right. But it's very managed risk.

Mike: Yeah.

Bill: You know, you're always-, whenever you're doing loans you're always-, or I would have in the back of my mind, 'If this goes bad how am I going to explain it to the loan committee or my boss?' And so, you were always covering your ass and if it was, like, yeah, on the fence it was, like-,

Mike: Well, that's not very flattering.

Bill: You'd take-, you'd take-,

Mike: I think I've just been attacked here.

Bill: It's nothing personal. But you'd take-, but you'd take it up seriously with somebody with more authority than you to sign on it.

Mike: Whenever you underwrite you underwrite it to a standard where you feel comfortable about the deal going forward, absolutely, and always. I would put it that way. I still have my hands here and not my hands here.

Bill: I think that's-, we're gonna (talking over each other).

Palmer: Let the record show (inaudible) were made.

Bill: I think that's the difference without the distinction but, but it's, sort of, the same concept.

Dan: You know, the stats-, the stats will show that there's some things, like net migration, that have stayed-, that people are suddenly more willing to live downtown, even with the homeless situations. But it's very predictable from a two to three year, and in fact here's a good example, we're-, we've made an offer on a property and maybe another one coming where there's developers half way through their projects and they're bailing out because of the interest rates. You know, their pro-formas that they created a year and a half ago as an apartment developer are now worthless. So, they're having to just bail with plans and specs in place with most of the approvals in place. I'd say there's five or ten of those floating around. So, it is a-, and we're, we're, as nervous as you are about the size of the project. But we do think, you know, we're the homegrown developer, and that we'll take it one step at a time with the board and we would never stick our neck out to have any, kind of, you know, super financial risk that could-,

Bill: Yeah. And speaking to the point-,

Dan: That cripple, cripple the agency.

Bill: Speaking to the, um, I think one thing the development community has in common is they have a herd mentality. Like, when the-, it's becoming-, starts getting good then, like, everybody's just piling on but-, as if this will never end.

Dan: Yeah.

Bill: Which is why, from a banker's standpoint, like, if Roger Boyer comes in, like, your much more comfortable with that. Because if you build your 100 unit building and the economy tanks and you've gotta make payments on it for four years to an empty building he can do it.

Dan: Mmhmm.

bill: And all these other herd people just, like, have to be very careful.

Mike What's funny when I think about it, you know, you could do these conversions, you know, office to, you know, residential you might be just running into a burning building. Because if this bubble does ever burst, you know, that's not gonna be the answer.

Palmer: Right.

Mike: So, I, I mean it's got some-, a lot of complexity. But, anyway, my comment would be that's, that's one big whopping project.

Dan: Mmhmm.

Mike: So, if you do it, do it right.

Dan: Just one final comment, err, the, err, the team we've assembled, I'd say 60% to 70% of the team, is either a woman owned business, or a minority owned business which, in fact the, the partner, the developer, co-developer partner, is-, has, has quite a-, quite a resume. I think she was the chair of the New York City Housing Authority. She is on Blackstone's board and has been on some other Wall Street boards. She coincidentally-, I think her master's degree is from Oxford. She coincidentally was an NCA Champion in running. Not that that matters.

Brenda: I saw that.

Bill: Well, out of curiosity, how does-, Xylem Projects get involved? I mean they're in New York City and how do they get involved in this little, medium sized market?

Dan: Well, I think-, I think they either-, I think, Ben McAdam's knew of her-, and her previous companies, Georgetown-, she was the director at Georgetown Development, doing some, some huge mixed-use projects, and some big historic renovations. But we made it clear from day one that we will stay in charge at least 51%, per the board's directive. And, again, we're in a super early stage. I know that we-, it's always so tempting to say, 'How many units?' And 'Will the historic building work?' And we just want it to be able to play in the game for now. And, you know, the other thing, I've been in development so many years, you never fall in love with your project. You have to always be willing to say, 'Nope. Something went wrong. Time to walk away.' You can't get emotionally invested in your project.

Bill: Although at some point you, you pass-,

Dan: The point where-,

Bill: At some point you can't go back.

Dan: Yeah.

Bill: You-, bailing out is no longer.

Dan: Yeah. That's right.

Palmer: Well, this is step one. We wanted to take a little extra time to present this to the board and, err, again, thanks to the staff for pulling it together. So, we'll see where it goes. So-,

Dan: The last item on the exec director's report, we, we made a preliminary offer on a ballpark site adjacent to Bookcliffs And we'd like to not talk about it much in open session but it's 0.66 acres. You know, it would accommodate between 70 and 120 new units.

C) Brief Update on Methamphetamine Issues, Property Mgmt.: Deputy Director, Zac Pau'u

Zac: Yeah. As, as demonstrated in our last report on methamphetamine, there is a timeline that breaks out how we're, approaching these units and getting the units turned. And looking back on that report you, you can see where we made marked improvements in getting the vendor out and getting the Salt Lake County Health Department to release that but there's still a lot of room to improve. Like, that first batch, I think it was a 30-day margin and got reduced to 17 or better than that. So, we're engaging with our property management and our maintenance team to work with our vendors to shorten that time frame, so that we can expedite those terms. We're also looking at the units. And if, for example, you know you're gonna be having to replace the entire carpeting there, rather than waiting for everything to be cleared, let's start scheduling that vendor in anticipation of that clear. On the prevention front, under Dan's leadership, we've ordered twenty meth detection alarms that we're gonna be putting out into some of our properties and hopefully that will work as a prevention front. So, if I tell the resident, (a), 'There's no smoking meth in your unit.' And 'Yeah. Okay. Whatever.' That's different than if I-, 'If you smoke meth in your unit, we have this detection system, we're gonna know immediately.' So, we're hoping to get that rolling fairly-, Dan: It's a brand new, state-of-the-art-, product from New Zealand. So, we're taking a gamble that it works.

Zac: Yes.

Dan: Which is why we only ordered twenty.

Palmer: From New Zealand?

Dan: Well, they sell-, they sell 'em here now too but that's who developed them. And they actually-, it'd show a prompt to somebody's phone or computer when there's meth being-,

Mike: So, how do you have to disengage it?

Dan: Oh, I don't think it's an alarm that goes off. It's more, like, a-,

Palmer: No. I think he's saying that can they defeat the (talking over each other)?

Dan: Oh. That, I'm sure that could happen.

Mike: Cause does it just plug in?

Dan: Well, we're assuming we might do some things like, like, if somebody has had been-, like, in their lease it might say-, 'If we suspect-,' 'You're using meth-,' 'We're gonna put one of these in your unit and you agree.' So, it's gonna be more like a preventative. Because we, we have too many units. It's also fairly expensive.

Palmer: Yeah. And they're probably hardwired and not, err, unpluggable.

Zac: We did meet with the company and its run off of a SIM card, like your cell phone. So, if-, once something is detected or tampered with-,

Palmer: Oh. There you go.

Zac: As Dan called out, it sends a message to whoever you put as the administrator there- That there's, there's detected meth or the unit's been tampered with.

Palmer Okay. would you also just say a word about our meeting with the VA and the boot camp?

Zac: Yes. Um-,

Bill: But I want to know, do you really have that conversation with people? Like, 'Would you not do meth in your apartment?'

Dan: They do.

Bill: Although I, guess the, the-, I'm, I'm just thinking about liability is, is that you can't say, 'Don't do meth in your apartment. You need to go out 25 feet from the front door.'

Dan: That's-, there's been lots of conversation around that. Not just here but even nationally we're finding.

Zac: So, myself, Jackie and our-, one of senior housing analysts were able to attend the HUD-VASH boot camp in Colorado this-, well, 17th and were able to meet with VA leaders and HUD leaders to, kind of, discuss some of the issues and challenges associated with the PHA and VA relationship. And a, a big topic of conversation there was methamphetamine and how we address that. One of the things that was called out there is that we're able to increase our payment standards to 120% of FMRs and we're meeting with the VA again on 6th November to see if we can work something out to provide some ancillary services, some additional substance use disorder counseling. Dan has proposed some ideas on some MOUs to help with the recruitment. And they also came up with some ideas on some issues that we talked about, Palmer, when we met, where they were having some challenges hiring as an institution. And nationally they're looking at different disciplines to build those spaces, so that we can get those services that are supposed to be prescribed to these veterans. As we looked at our meth numbers, roughly half of all of our meth cases are from veterans. So, that's a challenge that we're trying to address head on.

Palmer: Right.

Dan: Wasn't there one more element where we can actually plug in different service providers than the VA?

Zac: Yes. It's called a designated service provider. So, if they're having challenges there with getting there, their positions filled they can assign a designated service provider. I've reached out to First Step House, for example, to see if they would be interested in doing something like that and they very much are and that's a conversation that will be continuing.

Palmer: So, part, part of this whole thing, in terms of just a quick, chair report on this, um, we have been trying to arrange meetings with the partners that we work with, and, in fact, we have one with Claudia O'Grady, the Utah Housing Corporation coming up. These meetings have been very effective to, kind of, move these issues along and, I was on a call-, actually I couldn't make the in-person part of it but Zoomed in with the VA.

That was our meeting with the VA., And I think a lot of good things have come from your relationships, which you've been building there, Zac, and, also, the new team that's on board with the VA. Err, things look pretty promising I think going forward, if we can just get our arms around some of the, , the issues that were-, are issues for us. So, anyway, just to add that back in.

Bill: Last question I promise, does New Zealand have a meth problem?

Dan: Not anymore.

BillI find it odd that this piece of equipment would come out of New Zealand. You'd think, like, maybe Chicago or something.

.

Dan: I don't-, it's probably just, kind of, a high-tech or smoke detector company that merged. I know we had about six of our staff meet with them. Are they-, how did they stumble into it?

Zac: I didn't ask that.

Dan: Patent maybe.

Paul: I didn't-, I didn't pick up on that either, how exactly they got into it. But it's-, I mean they're one of the only companies that are doing 'em so far. you know, they're-, and they are in the United States and they're big in New Zealand, Australia., I think where I originally heard about 'I think it was the LA Housing Authority at a conference-, And so, it's not like we're the only ones, you know, that are trying it fresh. But it, it is new technology that's-, you know, it's not broad based yet. And, again, that's why we ordered-,

Dan: Which is why we just-, we discussed (talking over each other 01.00.06).

Paul: Right. Just ordered a sample.

Dan: samples, you know.

Palmer: It's, it's worth a try.

Bill: So, how much are they each?

Dan: Kim knows. How much are they each?

Kim: Oh, they reduced the price, err, for social work businesses to 599 per unit from 890

Dan: And then, there is a monthly or yearly monitoring subscription or something. Yeah. It's not very high but it does all add up. So, five-, you know, $300 to $600, we could spend that on some cupboard doors that get ruined.

Palmer: Yeah. It's worth a try. We have nothing for closed session so unless there is any other business I will adjourn the HAME meeting and move onto HDC.

Board Chair DePaulis adjourned the HAME meeting at 12:07 p.m.

Palmer DePaulis, Board Chair	Daniel Nackerman, President

Housing Assistance Management Enterprise

Report Provided by: Daniel Nackerman, Kim Wilford, Jonathan Olson
Department: Executive

Item: Approve Selection and Contracting with Primary Lenders Enterprise Community, Goldman Sachs, and JLL Capital for the Development of the Book Cliffs Lodge

Date: November 27, 2023

BACKGROUND:
HAME, in partnership with Ethos Real Estate Book Cliffs Lodge, has begun the development process for the Book Cliffs Lodge development, a new construction 55-unit property located at 1159 S W Temple St, Salt Lake City, Utah 84101. The development will consist of 55 one-bedroom units. The project will provide 20 units at 25% AMI, with the remaining 35 units restricted to 60% AMI and 27 of the units will be supported by Project-based vouchers. As such, HASLC prepared and released a Request for Proposals (RFP) seeking the three (3) types of primary financing needed: an **equity** financing partner, a **construction** lending partner, and a **permanent** financing partner.

PROCESS:
The RFP was published for an Equity Investor and Debt Provider – Book Cliffs Lodge (RFP #23-006) on July 3, 2023. This RFP was publicly posted on the Utah Public Procurement website (U3P), the HASLC website, and was directly solicited to 20 firms and organizations. The RFP was initially released using the LIHTC 4% proforma model and was later shifted to include the LIHTC 9% proforma model with an updated RFP due date of November 6, 2023. All bid holders were notified of the extension and the public posts of the RFP were updated accordingly.

At the close of the RFP period, four qualified and unique firms submitted proposals. Two (2) agencies submitted proposals for Tax Credit Equity financing: Boston Financial and Enterprise Community Partners. One (1) agency submitted a proposal for Construction Financing: Goldman Sachs. Two (2) agencies submitted proposals for Permanent financing: CPC Mortgage Company and JLL.

A selection committee that included two Ethos Real Estate employees and two HASLC employees reviewed all the applications individually and scored them according to the criteria outlined in the RFP (see below). All scoring was tabulated, and the scoring committee met to discuss the strengths and weaknesses of the individual applicants.

ANALYSIS:
After a careful review of the proposals received, the 'selection team' unanimously selected firms for all the areas of financing: Equity, Construction, and Permanent financing. Applicants were judged on the following criteria:

<u>Tax Credit Equity Proposal Scoring:</u>
1) Pricing (40%)
2) Non-Pricing Considerations (20%)
3) Closing Considerations (20%)

4) Relevant Experience (20%)
5) DBE/MBE/WBE Preferences (2% Additional)

Construction and/or Permanent Financing Proposals Scoring:

1) Upfront and Ongoing Borrowing Costs (40%)
2) Loan Type and Terms (25%)
3) Closing Considerations (10%)
4) Relevant Experience (25%)
5) DBE/MBE/WBE Preferences (2% Additional)

RESULTS:
Based on the scoring criteria and the scores rendered by each individual committee member, the selection was unanimous in recommending the highest scoring applicant ranking in each category:

Equity: Enterprise Community Partners
Construction: Goldman Sachs
Permanent: JLL Capital

It should be noted that several of the applications contained multiple scenarios, loan products and some assumptions on terms that might vary with time and market fluctuations. The Selection Committee weighed these factors in making their selections, both on the individual level and in aggregate. Some additional narrowing and selection of financing products and some negotiation of terms is expected prior to the final award of financing.

RECOMMENDATION:
Authorize the HASLC to preliminarily select, negotiate and retain Enterprise Community Partners for Equity Financing, Goldman Sachs for Construction Financing and JLL Capital for Permanent financing of the Book Cliffs Lodge development. If favorable terms cannot be negotiated with the highest ranked partner, authorize the Executive Director to negotiate and retain the second-ranked firm(s) respectively.

H.A.M.E.
Housing Assistance Management Enterprise

ETHOS

Request for Proposal

EQUITY INVESTOR AND DEBT PROVIDER
BOOK CLIFFS LODGE

RFP #23-006

Issued by:

Housing Assistance Management Enterprise
in partnership with
Ethos Real Estate

Publication Date:
June 30, 2023

Housing Authority of Salt Lake City
Procurement and Contracts Manager
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1. PROPOSAL TIMELINE

Bid Publication Date	June 30, 2023
Questions Due – Round 1	July 7, 2023, by 5:00 pm MDT
Question Responses – Round 1	July 11, 2023, by 5:00 pm MDT
Issue Addendum *(if necessary)*	July 11, 2023, by 5:00 pm MDT
Bid Submission Due Date	July 21, 2023, by 5:00 pm MDT
Bid Republished and Extended	July 28, 2023
Questions Due – Round 2	September 15, 2023, by 5:00 pm MDT
Question Responses – Round 2	September 22, 2023, by 5:00 pm MDT
Issue Addendum *(if necessary)*	September 25, 2023, by 5:00 pm MDT
Questions Due – Round 3	October 13, 2023, by 5:00 pm MDT
Question Responses – Round 3	October 18, 2023, by 5:00 pm MDT
Bid Submission Due Date	Monday, November 6, 2023, by 5:00 pm MDT

Enterprise Community

LIHTC INVESTMENT

Book Cliffs Lodge

PRICING AND CONTRIBUTIONS		
Price per credit	$0.8625	
Depreciation Assumption	30 years	
Credit Delivery	Starting 01/01/2026	
Total Equity	$11,621,000.00	
First Contribution	20%	at Partnership and Construction Loan Closing
Second Contribution	60%	33% @ 25% completion - 33% @ 50% completion - 33% @ 75% Completion
Third Contribution	5.00%	at Construction Completion
Fourth Contribution	10.88%	at Stabilization/Conversion
Fifth Contribution	1.47%	at 8609
Fifth Contribution	2.65%	Reserves Funding
OTHER TERMS		
Sale or Refinance Proceeds	90% to General Partner	
Upward adjuster	$0.42 for timing/1st yr & credit price for overall credits	
Downward adjuster	$0.42 for timing/1st yr & credit price for overall credits	
Replacement & Operating Reserves	$300 Replacement Reserves & 6 months of operating expenses, reserves, and debt service	estimated operating deficit reserve is $368,700
Closing Costs	$75,000	Investor Legal
LP Asset Management Fee	$5,000	Annual
Guarantees and Ownership	TBD - We expect HASLC to be the lead developer and decision maker	
CASH FLOW WATERFALL		
1st paid	Perm Loan	
2nd paid	Investor Services Fee	
3rd paid	Deferred Developers Fee	
4th paid	Partnership Administration Fee	
5th paid	OWHLF	
6th paid	SLC RDA	
7th paid	RDA Loan	
8th paid	Sellers Note	
9th paid	Gross Income Allocation to GP	

EXHIBIT A

SUMMARY OF INDICATIVE TERMS
CONSTRUCTION LOAN

The following Term Sheet is provided for convenience only and does not constitute a commitment to lend or borrow or an agreement to issue or accept a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation. The terms contained herein are of a summary nature and are not all inclusive. This Term Sheet outlines certain terms of the Financing referred to in the Letter of Interest of which this Exhibit A is a part. Defined terms used in this Exhibit A are as set forth in this Exhibit A or the Letter of Interest to which this Exhibit A is annexed.

1. Developer: A to-be-formed joint venture (the "Developer") between Housing Assistance Management Enterprise ("HAME"), a non-profit organization wholly-owned by the Housing Authority of Salt Lake City ("HASLC"), and Ethos Real Estate ("Ethos").

2. Project Location: 1159 S W Temple St, Salt Lake City, Utah 84101

3. Project: Book Cliffs Lodge (the "Project") will involve the new construction of a 55-unit affordable housing project in Salt Lake City. The development will consist of 55 one-bedroom units, 17 of which will be affordable to families and individuals earning up to 25% of Area Median Income ("AMI"), 17 of which will be restricted up to 40% of AMI, and the remaining 21 units will be restricted up to 60% of AMI. The Project will be supported by project-based vouchers. The Project will be held by a single asset LIHTC investment partnership.

   The residential unit mix for the Project shall reflect the details below and shall conform to any other set-asides as required by Utah Housing Corporation ("UHC"). The means for such conformance shall be reviewed by and acceptable to GS.

Book Cliffs Lodge

Unit Type	# Units
25% of AMI	
1 Bedroom	17
40% of AMI	
1 Bedroom	17
60% of AMI	
1 Bedroom	21

4. Financing: Goldman Sachs Bank USA ("GS" or "GS Bank") or an affiliate will provide the GS Construction Loan (as defined below and otherwise referred to herein as the "Financing") to finance the Project.

5. Ownership: The Project will be owned by a to-be-formed Utah limited liability company (the "Project Owner"). HAME and Ethos, as co-managing members, will have a 0.01%

ownership interest in the Project Owner (the "Managing Member"). A low income housing tax credit investor will have a 99.99% ownership interest in the Project Owner (the "Investor" or "Investor Member"). The Managing Member and Investor Member will enter into an operating agreement in a form acceptable to Sponsor and GS, as lender (the "Operating Agreement").

6. Project Financing: Managing Member contemplates that the Project Owner will obtain the financing set forth below to develop the Project; in GS Bank's proposals to finance the development of the Project, GS Bank has assumed that the Project Owner will obtain such financing from third parties:

   A. Permanent Loans: The following permanent loans (the "Permanent Loans") are expected to be made to the Project Owner by a third party lender:

      i. First Mortgage: A loan of up to $4,344,000 will be provided by Freddie Mac through CPC Mortgage Company as a permanent lender. The loan is expected to bear a fixed interest rate of approximately 7.52% per annum (to be fixed at closing) and an amortization period of 40 years. The funding of the loan will be subject to a minimum 1.15x debt service coverage ratio. Further details are included in the attached letter of interest issued by CPC Mortgage Company

      ii. OWHLF Subordinate Loan: A loan in the approximate amount of $500,000 will be provided by the Olene Walker Housing Loan Fund ("OWHLF") at closing. This loan is expected to be secured by a subordinate mortgage on the Project and bear an interest rate of up to 3.0% per annum (interest-only during construction), and a term and amortization period of 40 years.

      iii. SLC RDA Subordinate Loan: A loan in the approximate amount of $540,000 will be provided by the Redevelopment Agency of Salt Lake City ("SLC RDA") at closing. This loan is expected to be secured by a subordinate mortgage on the Project and bear an interest rate of up to 2.0% per annum (interest-only during construction), and a term and amortization period of 40 years.

      iv. RDA Loan: An additional loan in the approximate amount of $1,000,000 will be provided by the Redevelopment Agency of Salt Lake City at closing. This loan is expected to be secured by a subordinate mortgage on the Project and bear an interest rate of up to 1.0% per annum (interest-only during construction), and a term and amortization period of 30 years. The loan is expected to be repaid through 75% of available operating cash flow from the Project

   B. Seller's Note: A seller's note of up to $1,700,000 will be provided which will finance the acquisition of the site. The seller's note shall be subject to satisfactory tax review.

C. Sponsor Equity: The Sponsor or an affiliate thereof shall provide the equity necessary (if any) to balance the budget.

D. Federal Tax Credit Equity: Federal tax credit equity shall be made available and advanced to the Project.

E. Construction Loan: A construction loan will be made available to the Project by GS Bank (the "GS Construction Loan") pursuant to the terms set forth herein.

The parties agree that, in addition to the other considerations and requirements set forth herein, the Managing Member shall be obligated to balance the projected sources and uses and provide evidence of firm written commitments acceptable to GS.

7. Other Parties:

A. Guarantors: Jointly and severally, Housing Assistance Management Enterprise (HAME), the Housing Authority of Salt Lake City (HASLC), and Ethos and/or other entities or individuals required by and acceptable to GS in its sole discretion (collectively, jointly and severally, the "Guarantors"), subject to full review and diligence of Guarantors' financials

B. Property Manager: HASLC and/or another entity subject to GS approval.

C. General Contractor: TBD, subject to GS approval

8. Key Dates:

A. Closing Date: May 1, 2024 ("Closing Date").

B. Construction Commencement: May 1, 2024 ("Construction Commencement").

C. Completion Date: Currently estimated 18 months from Closing Date ("Completion Date").

D. Stabilization Date and Permanent Loan Conversion: Currently estimated 26 months from Closing Date ("Stabilization Date").

Book Cliffs Lodge – GS Construction Loan

1. GS Construction Loan Amount: The amount of the construction loan made by GS is currently estimated to be up to $11,400,000.

2. Lender: GS Bank or an affiliate thereof.

3. Origination Fee: 1.0% payable on the Closing Date (the "Origination Fee"), which Origination Fee shall be deemed earned in full upon the occurrence of the Closing Date.

4. Interest Rate: One-month SOFR or an alternative benchmark rate reasonably determined by GS (which shall have a floor of 1.00%) plus 2.00%, payable monthly in arrears.

5. Term: 30 months plus one 6-month extension, which extension shall be in GS' sole discretion and require construction completion and no defaults, among other things.

6. Interest Reserve: The budget for the Project will include an interest line item to be advanced on a monthly basis and in an amount sufficient to pay interest on the GS Construction Loan and any other loans funded during the anticipated construction period, which amount shall be approved by GS. An insufficient interest line items will not relieve the Project Owner from its obligation to pay interest on the GS Construction as and when same is due.

7. Security: Senior mortgage and leases, rents, construction contract, architect's agreement, developer fees and similar fees and contracts.

8. GS Construction Loan Repayment: Prior to closing, the Project Owner will obtain a commitment from a permanent lender to provide a loan that, together with the projected capital contribution from the Investor Member, will be sufficient to repay the GS Construction Loan upon no later than the maturity date of GS Construction Loan. The permanent loan commitment shall be satisfactory to GS in its sole discretion, and shall include a rate-lock. In no event shall proceeds from the capital contribution of the Investor Member or Permanent Loan be distributed to the Project Owner or any direct or indirect member of the Project Owner, including payment of developer fee, prior to full repayment of the GS Construction Loan.

9. Construction Loan Administration / Servicing: GS shall administer and service the GS Construction Loan, including, but not limited to the review and approval of construction requisitions during the construction of the Project. Disbursements will be limited to one draw per month. Disbursement requests will be accompanied by necessary documentation including, but not limited to, sworn contractor and owner's statements, mechanic lien waivers for prior draws, and property inspection reports. In addition to the conditions precedent to the occurrence of the closing of the Project transactions set forth below under "Conditions Precedent to Closing," the obligation of GS to fund each disbursement of the GS Construction Loan will be subject to satisfaction of conditions precedent that are usual and customary for financings similar to the GS Construction Loan and will include requirements relating to prior written notice of borrowing, the accuracy of representations and warranties and, prior to and after giving effect to such disbursement, the absence of any default or event of default. A construction consultant acceptable to GS will perform property inspections. Expenses associated with said inspections will be the responsibility of the Project Owner. If, at any time prior to final disbursement, GS determines that the remaining balance of the GS Construction Loan, together with any remaining Project Owner equity to be contributed to the Project prior to construction completion, is, or will be, insufficient to complete construction of the Project pursuant to the approved plans and specifications for the Project, the Project Owner will deposit within 10 days of notification from GS additional sums, in the form of cash, sufficient to complete the Project.

10. Covenants: In addition to other usual and customary affirmative and negative covenants to be included in the definitive documents for the transaction contemplated hereby, such documents shall provide that:

    A. Any interim income from the Project which is not utilized to pay fees, expenses and carrying costs associated with the Project shall not be distributed to the Project Owner or any direct or indirect member of the Project Owner while the GS Construction Loan is outstanding and shall be deposited into an account with GS and held as collateral for the GS Construction Loan; and

    B. All guarantors collectively meet and maintain a minimum net worth and liquidity that is acceptable to GS.

11. Defaults: Usual and customary defaults to be included in the definitive documents for the transaction contemplated hereby.

12. Retainage: Retainage of 5% shall be withheld.

13. Hard Cost Contingency: A minimum of 5% is required, or such other greater amount as may be deemed necessary by GS following its due diligence review.

14. Soft Cost Contingency: A minimum of 5% is required.

15. Guaranties / Indemnities: The Guarantors shall provide the following guarantees:

    A. A fixed amount in an amount equal to 25% of the amount of the Loan as a limited repayment guaranty[1];

    B. Carry guaranty;

    C. Completion and Cost Overrun;

    D. Non-recourse Carve Out; and

    E. Environmental indemnity.

    The definitive documentation for the GS Construction Loan (the "Loan Documents") will provide customary and appropriate provisions relating to indemnity and expense reimbursement and related matters in a form reasonably satisfactory to GS.

16. Insurance: The Project Owner will carry insurance acceptable to GS.

17. Conditions Precedent to Closing:

    A. Payment of the Origination Fee;

[1] Subject to further discussions

Mortgage Company
A PARTNERSHIP OF IMPACT-DRIVEN NONPROFIT LENDERS AND INVESTORS

LETTER OF INTEREST

October 24, 2023

Ethos Real Estate
1230 Rosecrans Ave, Suite #405
Manhattan Beach, CA 90266

Re: **Book Cliffs Lodge**
1159 S W Temple St, Salt Lake City, Utah 84101 (**"Subject"**)
The CPC Mortgage Company LLC ("Lender" or "CPC") would recommend a Freddie Mac 9% LIHTC Forward Commitment ("Loan") of **$4,344,000** with a 30-month unfunded forward commitment period for the New Construction of Book Cliffs Lodge, a 55-unit multifamily development located in Salt Lake City, Salt Lake County, Utah.

This Letter of Interest ("LOI") will serve as indicative terms between TBD Entity ("Borrower") and CPC Mortgage Company LLC for a Freddie Mac 9% LIHTC Forward Commitment for the Subject Property's permanent financing. This Letter of Interest is not a commitment to provide a loan.

This expression of interest is intended only to be indicative of certain terms and conditions for which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Borrower, Lender, and Freddie Mac.

The Lender's preliminary underwriting is subject to Freddie Mac's full underwriting and approval, along with an acceptable appraisal, environmental and engineering reports, as well as the following terms and conditions:

Product Type:	Freddie Mac 9% LIHTC Forward Commitment
Collateral:	1159 S W Temple St, Salt Lake City, Utah 84101
Guarantor(s):	Housing Assistance Management Enterprise ("HAME") and Ethos Real Estate ("Ethos")
Recourse:	Non-recourse with standard carve-outs

BUSINESS TERMS

Loan Amount:	The lesser of: **$4,344,000** or an amount constrained by the final underwritten maximum LTV and minimum Debt Service Coverage thresholds indicated below. **There is a proceeds tolerance of +/- 10% at delivery**
Loan Type:	Fixed Rate
Loan Term:	17 Years

Amortization Period:	40 years
Forward Period:	30-months i. Option for 6-month extension at a cost of 80 bps ii. Option for 2nd 6-month extension at Freddie Mac's discretion for a cost of 110 bps of final loan amount;
Interest Only:	N/A
Accrual Basis:	Actual/360
Index:	10-Year UST
Estimated Index:	**4.82%** as of **October 24, 2023**; the U.S. Treasury Rate will float until the Loan is index locked or rate locked.
Spread Pricing:	**<u>270 basis points*</u>**; the spread is subject to approval from Freddie Mac and subject to change until the Loan is rate locked. ***This is an indicative spread**
Estimated All-In Rate:	**7.52%**; the spread is held until the "**Rate Lock Expiration Date**" which will be outlined on the quote and subject to change thereafter.
Rate Lock Expiration Period:	Freddie Mac will hold the spread for 150 days. The spread hold period starts on the "**Quote Expiration Date**" and is held until the "**Rate Lock Expiration Date**" which will be outlined on the quote.
Index Lock:	Borrower may choose to lock the underlying index at any point during the underwriting stage for an additional 5-10 basis points of annual debt service by paying the Freddie Mac application fee and depositing the 2% GFD with Lender.
Minimum Debt Service Coverage:	**1.15x**
Maximum Loan to Value:	**90%**
Prepayment Structure:	Standard Yield Maintenance. The loan is open at par for the last 90 days.
Minimum Net Worth:	If the guarantor is an individual, the minimum net worth requirement is $5,000,000. If the guarantor is an entity, the minimum net worth will be 2x the requirement if financial covenants and material adverse change clause is not included.

Minimum Liquidity:	If the guarantor is an individual, the minimum liquidity requirement is 10% of the loan amount. If the guarantor is an entity, the minimum liquidity will be 2x the requirement if financial covenants and material adverse change clause is not included.
Escrow:	Monthly escrows required for real estate taxes, insurance and replacement reserves. The amount of each reserve is determined in underwriting but it is based on the annual insurance premium, the annual tax liability, and the annual replacement reserve determined by the PCNA report. Upon the payment in full of the Indebtedness, Lender will pay to Borrower all funds remaining in any Reserve Funds.
Conversion Conditions:	90% occupancy for 90 days, actual T3 Collections greater than or equal to underwritten Net Rental Income (NRI), T3 DSC greater than or equal to underwritten DSC.
Delivery Tolerance:	The final funded loan amount may be 10% less to 10% greater than the original unfunded commitment amount. A new appraisal will be required to support any increased loan amount.

CLOSING COSTS AND COMMITMENT DEPOSITS

Fees:

Freddie Application Fee greater of **0.10%** of loan amount **or $3,000** due at time of submission of the loan package to Freddie Mac.

Due Diligence Fee in an amount estimated to be **$15,000** based on the information CPC currently has, to cover the Lender's costs related for all third parties, credit reports and processing fees, including travel costs, if applicable. **Due diligence fee is conditioned upon professional vendors for third party reports utilized by the construction lender being acceptable to CPC and Freddie Mac.** *Exact due diligence cost will be determined during loan underwriting.*

Lender Origination Fee of **1.00%** due at construction loan closing; minimum based on loan size.

Lender Legal Fees deposit of **$10,000** due with an executed Application. Lender Legal Fees are estimated to be approximately **$25,000.** The remaining balance of Lender Legal Fees will be collected at closing. All costs associated with title insurance, survey, recording, Borrower legal fees, UCC and other searches, tax setup/monitoring and other standard closing costs will be the Borrower's responsibility. An additional **$10,000** will be collected at conversion for Freddie Mac permanent loan documentation. *Exact legal cost will be determined during loan underwriting.*

Construction Monitoring Fees of approximately **$250-$500** per month contingent upon reliance on construction lender's monthly monitoring report will be incurred prior to conversion for on-going construction monitoring and reporting as required by Freddie Mac. This assumes that CPC is able to rely on reporting from construction lender's construction draw inspection vendor and that vendor is acceptable to Freddie Mac. *Exact construction monitoring cost will be determined during loan underwriting.*

Conversion Related Fees: Approximately **$10,000** to cover the cost of a new environmental report, property construction report.

Commitment Deposits:

Good Faith Deposit (GFD) equal to **2.00%** of final loan amount in the form of cash or letter of credit. The Borrower will deposit this with CPC prior to Rate Lock. Upon successful purchase of the Loan by Freddie Mac – approximately 30 days after permanent loan funding – the GFD will be refunded to the Borrower.

Freddie Mac Delivery Assurance Note (DAN): equal to **5.00%** of the final loan amount. Upon acceptance of the Commitment, a 5% refundable Delivery Assurance Note will be required. The DAN will be refunded to the Borrower if the Mortgage is delivered to Freddie Mac in accordance with the Commitment. The DAN may be provided in the form of a demand promissory note, executed by the Borrower in favor of the Lender and secured by the Property and subordinate to the construction lender.

CONDITIONS OF QUOTE

Standard Stipulations:

1. Full due-diligence on Borrower, Key Principal(s), and/or Guarantor(s).
2. Review of final organizational chart and borrowing structure. Final underwriting package to include a policy compliant org chart reflecting final level ownership/control.
3. Appraisal to support underwritten value and cap rate.
4. Underwritten vacancy and expenses, including management fee, must be supported by the appraisal, market comparables, and Sponsor's current portfolio.
5. Freddie Mac satisfactory review of LIHTC syndicator documentation including Borrower Principal Certification Form 1115 and summary of track record, experience and recapture history over the past 5 years.
6. Satisfactory review of construction documents prior to loan funding.
7. Satisfactory Freddie Mac site inspection prior to rate lock.
8. Due Diligence should include discussion of crime in the primary market area over the last two years.
9. Third party reports: 1) PCA, Environmental (Phase I), Wood-Damaging Insect, and Appraisal dated less than six months prior to construction loan closing. 2) Flood Zone, O&M Plans, and Seismic.
10. Material changes from assumptions noted herein may impact pricing.
11. Pricing assumes standard loan documentation to be used; any document modifications or deviations from standard requirements, unless stated herein, may affect pricing.
12. Should the borrower elect an alternate interest rate type and/or loan term, revised terms can be provided.

Underwriting Stipulations:

1. This LOI is subject to pre-screen approval, final underwriting, and passing the Freddie Mac Refinance Test.
2. Estimated Stabilized NOI: **$395,414**
3. Estimated Stabilized Value: **$6,083,000 ($110,600/unit)**
4. Estimated Cap Rate: **6.50%**

Quote Approval Process:

1. Borrower confirms loan terms and loan structure
2. Borrower provides the necessary due diligence requested by CPC.
3. CPC puts together a prescreen loan package, as required by Freddie Mac, and submits the deal for quote.
4. Freddie Mac reviews the prescreen loan package (typically within 5-10 business days) and issues CPC a quote.
5. A formal, executable application is sent to the Borrower which outlines all of the terms of the quote.
6. The application is active for 5 business days.

Book Cliffs Lodge
October 24, 2023

Loan Approval Timeline:

1. Borrower executes Freddie Mac Application on or before the "Quote Expiration Date" and wires the Due Diligence fee and Legal Deposit fee to CPC. This starts the 150-day clock to the "Rate Lock Expiration Date".
2. Borrower provides due diligence documents requested for the Full Underwriting Loan package submission to Freddie Mac.
3. CPC submits full loan package to Freddie Mac by the underwriting submission deadline outlined in the Quote Approval.
4. Freddie Mac will review the Loan underwriting package and will issue a Commitment to CPC upon final loan approval. CPC then issues a Commitment to the Borrower with any applicable Rate Lock Conditions.
5. Upon receipt of the Commitment, the Borrower until the Rate Lock Expiration Date, to remediate any outstanding Rate Lock Conditions, accept the Commitment, provide the 2% GFD and lock the all-in coupon on the permanent loan. It is recommended that the Borrower locks the interest rate on the permanent loan no earlier than two weeks prior to construction loan closing.

An actual rate cannot be locked until CPC receives loan approval from Freddie Mac. Freddie Mac will consider the recommended loan after CPC has submitted a full underwriting package to Freddie Mac.

THIS IS INDICATIVE TERMS ONLY AND NOT EXECUTABLE.

Please let me know if you have any questions. I hope to work with you on this transaction.

Sincerely,

Steve Getz

Steven Getz
Managing Director Head of Affordable Lending; Agency Originations | CPC Mortgage Company LLC

Permanent Loan Term Sheet

03

October 18, 2023

Ms. Madelynn Ries
Housing Authority of Salt Lake City
1776 S West Temple
Salt Lake City, UT 84115

RE: Book Cliffs Lodge – Lender Request for Proposal – 9% LIHTC

Project: Book Cliffs Lodge (the "Property")
Location: Salt Lake City, UT

Dear Ms. Ries:

JLL Capital Markets ("JLL") is pleased to provide you with this Forward Commitment proposal for a 9% LIHTC unfunded permanent non-recourse Loan on the Property. It is our understanding that the Property received an award of 9% low-income housing tax credits. Subject to final review and approval by Freddie Mac, the terms of the proposed loan will be as follows:

__Permanent Loan__

Proposed Loan Amount:	$4,380,000 fixed rate tax-exempt Loan (the "Loan")
Net Operating Income:	The Loan amount is based on a preliminary underwritten as-completed/as-stabilized Net Operating Income ("NOI") of $383,784 which is based on a 5% vacancy rate, a contractual management fee of 4% of EGI per unit per month, and annual replacement reserve in the amount of $300 per unit per year. To the extent that any of these Loan sizing parameters change the Loan amount could change.
Loan Term:	15 years commencing at Conversion
Amortization:	40 years commencing at Conversion
Loan to Value Limitation:	Not to exceed 50% of as-completed/as-restricted value utilizing a market capitalization rate, as determined by Freddie Mac's underwriting guidelines.
Minimum Loan DSCR:	1.15x DSCR which will be derived by an amortizing debt service constant calculated at the final locked rate, as noted below.

Current Estimated Loan Rate:	The current estimated all-in note rate on the Loan as of the date herein would be 7.18% built-up as follows:

10-year treasury:	4.80%
Freddie Mac Spread:	2.38%
All-in Rate:	**7.18%**

The Loan Rate includes a 150-day spread hold period.

Interest Only:	24 months interest-only is permitted and increases the Freddie Mac Spread by 0.02%.
Index Lock:	An Index Lock increases the Freddie Mac Spread by 0.10%.
Treasury Rate Floor:	The Loan rate and spread are subject to a 10-year treasury floor of 4.33% ("Treasury Floor"). If the Treasury goes below the Treasury Floor, the Loan rate will be determined by applying the spread to the Treasury Floor. If the Treasury is at or above the Treasury Floor, the Loan rate will be determined by applying the spread to the actual treasury.
Prepayment:	The Loan will have standard yield maintenance for one hundred and seventy-four (174) months. Thereafter, the loan is prepayable at 1% for three (3) months and is open at par for the final three (3) months prior to maturity.
Forward Commitment Period:	36 months.
Extension Option:	One 6-month extension option at 0.80% fee. Any extensions require Freddie Mac approval no later than 30 days prior to the Forward Commitment term maturity date.
Conditions for Loan Funding/Conversion:	The Forward Commitment will have conditions relating to satisfactory completion of improvements, occupancy of 90% for at least 90 consecutive days, apartment leases for initial terms of not less than six months, collected income at or above levels used in underwriting, and adequate debt coverage of 1.15x at the final locked permanent interest rate amortizing constant.

The Forward Commitment will allow for a 10% tolerance in loan amount reduction without penalty at Conversion should the NOI at the time of conversion be less than what was projected at the time of construction loan closing. At the time of Loan Conversion, if the final underwritten NOI exceeds the preliminary underwritten NOI at construction loan closing, the Borrower will have the ability to increase the Loan amount at a blended rate between the actual rate locked at construction closing and the prevailing rate on the increased amount of the Loan at the time of Conversion.

Subordinate Financing:

Subordinate financing will be permitted and must be subordinated to the first mortgage using a standard Freddie Mac Subordination Agreement which includes a standstill provision whereby the subordinate lender cannot foreclose without the consent of Freddie Mac. Unsecured subordinate financing shall be permitted which is not secured by any interest in the Property or any of the members' interest in the borrowing entity. Notwithstanding the foregoing, any secondary financing is subject to prior written approval by Freddie Mac.

Freddie Mac requires that payments on any Subordinate financing must be made out of not more than 75% underwritten available cash flow and that the term of any Subordinate Loan must be at least 15 years plus 180 days from the date of Conversion. Subordinate financing which has interest accrual features can only accrue on a simple basis as interest compounding is not allowed. Subordinate financing which has a "hard pay" requirement cannot exceed an amount which would generate a combined DSCR of 1.10x or a combined LTV of 90% (when combining the DSCR and LTV of the first mortgage and Subordinate financing).

Replacement Reserves:

To be determined based on JLL's plan & cost engineering review (estimated to be $300/unit per year). In no event will the Replacement Reserve amount be less than what is required by the Limited Partnership Agreement, JLL's plan & cost engineering review, or the Regulatory Agreement.

	JLL will make best efforts to coordinate with the tax credit limited partner and construction lender to utilize the same firm to prepare the plan & cost engineering review and to use the same firm to inspect, review, and approve monthly draw requests.
Insurance Requirements:	The terms and conditions outlined herein assume that the Borrower will be able to comply with the insurance requirements of Freddie Mac and provide insurance coverage accordingly. The Borrower will be required to provide a written insurance quote for permanent coverage as a component of JLL's underwriting and permanent Loan sizing.
Permanent Loan Security:	The Permanent Loan will be evidenced by a promissory note executed by Borrower and secured by a first deed of trust, mortgage or deed to secure debt, as applicable, covering the land, together with the improvements and fixtures constructed thereon and related personal property and leases of the Property.
Non-Recourse Carveouts:	Non-recourse Loan except for standard Freddie Mac non-recourse carve-outs to be executed by HASLC (the "Guarantor"). Additional carve-outs will apply if the Property contains aluminum wiring, polybutylene piping, property tax exemptions, and non-conforming zoning. JLL acknowledges that the tax-credit syndicator is not required to execute the non-recourse carveouts.
Assumption/Transfer:	The Loan is assumable or transferable at the sole discretion of Freddie Mac with payment of 1% transfer fee and a non-refundable $5,000 transfer processing fee.
Escrows:	The Borrower shall make monthly deposits into escrow accounts established for annual real estate taxes and insurance costs to insure adequate accrual of funds to pay real estate taxes and insurance obligations one month prior to their respective due dates provided that all taxes, special assessments, and insurance.

Loan Brokerage/Indemnification:	Borrower and JLL acknowledge that there are no Loan brokers or Loan placement agents of record in this transaction. Borrower agrees to indemnify and hold JLL and its principals, officers, affiliates, agents, successors and their assigns harmless from and against any loss, expense, damage, attorney's fees, costs, claims or judgments arising out of or connected with any claims of any nature whatsoever made against JLL in connection with this term sheet.
Exclusive Right:	JLL is hereby granted the exclusive right to procure a written Loan commitment from Freddie Mac for the Property for a period of sixty (60) days from the date of execution of this financing proposal by the Borrower. Borrower shall not apply for or accept such a Loan from any other lender during such period. By signing this financing proposal, borrower acknowledges that JLL will be registering the proposed transaction with Freddie Mac. Borrower acknowledges further that, subject to agreement between JLL and Borrower on the terms of this proposal, it has made a choice of JLL for a Freddie Mac Loan for this transaction.
Special Conditions:	1) Freddie Mac will require review and approval of current financial statements and financial condition of the Guarantor(s). 2) Freddie Mac must review and approve the final Appraisal, Phase I Environmental Site Assessment, and Plan & Cost Engineering Review. 3) Freddie Mac approval of all requested waivers and a satisfactory Freddie Mac site visit will be required. 4) The Freddie Mac spread quoted herein assumes that the Subordinate Financing encumbering the Property includes Olene Walker Housing Loan Fund (OWHLF), SLC RDA, and RDA loan will comply with Freddie Mac Requirements. 5) JLL must receive an acceptable Title Commitment and any title encumbrances such as Regulatory Agreements or Deed Restrictions must be in a form(s) that are acceptable to JLL and Freddie Mac in their sole discretion. 6) The interest rate spread proposed herein will be held through October 10, 2023 and thereafter is subject to re-pricing.

Other Fees and Deposits

Fees paid and returned upon acceptance of this term sheet:

Due Diligence Costs:	$25,000 to be applied to the Appraisal, Phase I Environmental Site Assessment, Plan & Cost Engineering Review, and underwriting/Loan processing/site inspection costs. Any costs for due diligence in excess of the collected deposit are the responsibility of the Borrower and will be collected at initial Loan closing and any cost savings will be credited to the Borrower at closing. Third party reports will be shared with other transaction financing participants as a means of reducing time and cost.
JLL Loan Processing Fee:	$3,500 non-refundable processing fee
JLL Legal Fee Deposit:	$5,000 to be applied toward legal fees as counsel will need to be involved in conference calls and preparing legal documents, etc. The legal fee deposit will be applied toward and credited against the total legal fees due at closing.
Freddie Mac Application Fee:	0.10% of the Loan amount paid upon acceptance of this term sheet.

Fees paid at closing of the Forward Commitment:

Permanent Loan Commitment Fee:	1.0% of the Loan amount with a $50,000 minimum fee, payable at closing.
Freddie Mac Refundable Good Faith Deposit:	2.0% of the Loan amount of which 1.0% of the deposit to be posted in cash or a letter of credit and the other 1.0% to be posted in the form of a promissory note. The Rate Lock Deposit is returned to the Borrower at conversion of the Permanent Loan.

Delivery Assurance Fee:	5.0% of the Loan amount, payable by cash, letter of credit or in the form of a promissory note. Seller shall deliver the Delivery Assurance Fee to Freddie Mac no later than the first Business Day immediately after the Construction Loan closing. The Delivery Assurance Fee shall be refunded to Borrower upon Conversion. The Delivery Assurance Fee shall be held by Freddie Mac and retained by Freddie Mac if Conversion fails to occur and/or the Mortgage is not delivered to Freddie Mac, unless otherwise refunded to Borrower in accordance with the terms of the Final Commitment.
Construction Monitoring Fee:	$30,000 estimated payable at closing to cover costs associated with construction monitoring site visits and reports. <u>Any costs in excess of the above estimate will be the responsibility of the Borrower and paid upon request by JLL. Third party inspections and reports will be shared with other transaction financing participants as a means of reducing costs.</u>
Conversion Fee:	$15,000 estimated and payable prior to Permanent Loan Conversion to cover costs of an updated Phase I ESA, Construction Closeout Report, zoning, Seismic PML (if applicable) and Appraisal (if additional Loan proceeds are requested).
JLL and Freddie Mac Legal Counsel:	$45,000 plus costs, estimated, at initial closing. The foregoing estimate for legal costs assumes that the JLL and Freddie Mac form loan documents are accepted without substantial negotiation and that JLL's due diligence will not reveal conditions warranting additional legal work. The Borrower agrees and acknowledges that JLL's and Freddie Mac's counsel will be involved in preparing documentation, reviewing diligence items, and attending conference calls prior to Loan closing. Legal fees will be payable regardless of whether or not the Loan closes and upon acceptance of this proposal the Borrower and Guarantors acknowledge that their obligation to pay all reasonable legal fees incurred by JLL and Freddie Mac counsel is unconditional.

The above are the general terms and conditions of the proposed transaction. The Borrower and JLL hereby agree and acknowledge that proceeding with a closing of the proposed transaction is subject in all respects to the sole discretion of Freddie Mac and JLL's Loan committee approval after thorough review of the proposed financing and all applicable documentation and the above referenced summary of terms do not in any way constitute a commitment to provide financing on the part of JLL or Freddie Mac.

If the general terms and conditions outlined in this letter are acceptable, please execute this document below and return it to my office along with the requested $37,880 Due Diligence Costs, JLL Loan Processing Fee, and Freddie Mac Application Fee.

Please do not hesitate to contact Anson Snyder at (310) 407-2132 or anson.snyder@jll.com should you have any questions. We look forward to working with you on this transaction.

Sincerely,

JLL Real Estate Capital, LLC

Mary T. Davis

By: ______________________

Mary T. Davis

Its: Deputy Chief Underwriter

Signature page on following page

Cc: Anson Snyder, JLL Capital Markets

Housing Assistance Management Enterprise

Report Provided by: Daniel Nackerman, Kim Wilford, Jonathan Olson
Department: Executive

Item: Approve Selection and Contracting with Primary Lenders JLL and National Affordable Housing Trust for the Development of the Pharos Apartments

November 27, 2023

BACKGROUND:
HAME has begun the development process for the Pharos Apartments, a new construction 34-unit property located at 915 W 200 N, Salt Lake City, Utah 84116. The development will consist of 34 one-bedroom units, targeting low-income individuals. The project will provide all the units at a maximum of 60% AMI and supported by Project-based vouchers. As such, HASLC prepared and released a Request for Proposals (RFP) seeking the three (3) types of primary financing needed: an **equity** financing partner, a **construction** lending partner, and a **permanent** financing partner.

PROCESS:
The RFP was published for an Equity Investor and Debt Provider – Pharos Apartments (RFP #23-013) on July 31, 2023. This RFP was publicly posted on the Utah Public Procurement website (U3P), the HASLC website, and was directly solicited to 20 firms and organizations. The RFP was released using the LIHTC 9% proforma model with an initial RFP due date of October 8, 2023. The bid was later extended to November 6, 2023, to allow bidders additional time to prepare their proposals. All bidders were notified of the extension and the public posts of the RFP were updated.

At the close of the established RFP period, three qualified unique firms submitted proposals. Two (2) agencies submitted proposals for Tax Credit Equity financing: Boston Financial and National Affordable Housing Trust. One (1) agency submitted a proposal for Permanent Financing: JLL. No submissions were received for Construction Financing.

A selection committee of three HASLC employees reviewed the applications individually and scored them according to the criteria outlined in the RFP (see below). All scoring was tabulated, and the scoring committee met to discuss the strengths and weaknesses of the individual applicants prior to the final selection.

ANALYSIS:
After a careful review of the proposals received, the 'selection team' unanimously selected equity, and permanent financing partners from the applications received. Applicants were judged on the following criteria:

<u>Tax Credit Equity Proposal Scoring:</u>

1) Pricing (40%)
2) Non-Pricing Considerations (20%)
3) Closing Considerations (20%)
4) Relevant Experience (20%)
5) DBE/MBE/WBE Preferences (2% Additional)

Construction and/or Permanent Financing Proposals Scoring:

1) Upfront and Ongoing Borrowing Costs (40%)
2) Loan Type and Terms (25%)
3) Closing Considerations (10%)
4) Relevant Experience (25%)
5) DBE/MBE/WBE Preferences (2% Additional)

RESULTS:

Based on the scoring criteria and the scores rendered by each committee member, the selection was unanimous in recommending the highest scoring applicant ranking in each category:

Equity: NAHT
Construction: No submissions
Permanent: JLL

It should be noted that most of the applications contained several scenarios, loan products and some assumptions on terms that might vary with time and market fluctuations. The Selection Committee weighed all these factors in making their selections, both on the individual level and in aggregate. Some additional narrowing and selection of financing products and some negotiation of terms is expected prior to the final award of financing. Construction financing will be direct solicited with several comparable quotes since no submissions were received.

RECOMMENDATION:

Authorize the HASLC to preliminarily select and negotiate with NAHT for Equity financing and JLL for Permanent financing for the Pharos Apartments development. If favorable terms cannot be negotiated, authorize the Executive Director to negotiate and retain the second-ranked firm(s), as necessary.

"HELPING CREATE & PRESERVE HOMES FOR THOSE IN NEED"

NATIONAL AFFORDABLE HOUSING TRUST | 2245 NORTH BANK DRIVE, SUITE 200 | COLUMBUS, OHIO 43221

November 6, 2023

Mr. Daniel Nackerman
Housing Assistance Management Enterprise (HAME)
1776 SW Temple
Salt Lake City, UT 84115

Re: Pharos Apartments (the "Property")

Dear Mr. Nackerman:

This letter expresses the interest of National Affordable Housing Trust, Inc. (NAHT) through its investment entity NHT Equity, LLC and/or its affiliates ("Investor") in making an equity investment in a partnership for purposes of developing and owning the low-income housing development (the "Property") referenced above. By providing this letter, NHT Equity, LLC agrees to continue its underwriting and due diligence for investment in this Property. This letter is intended to describe the terms and conditions of the proposed equity investment. Please note that this letter is non-binding, has not been reviewed by an investor, and we will re-evaluate our pricing if the financial terms and conditions of the transaction change prior to closing, which is anticipated to occur in May of 2024, and such pricing will reflect our yield requirements at that point in time.

Based on the acquisition of 99.99% limited partnership interest and the amount of estimated Low Income Housing Tax Credits (LIHTC) below, the Investor would propose the following Capital Contribution amount and pricing as set forth in Section A herein:

A. Capital Contribution.

$7,321,574 or $0.89 per Federal LIHTC dollar

The Capital Contribution is based in part on an estimated annual Federal LIHTC of $822,731(the "Annual Tax Credit Amount") and will be adjusted in accordance with changes in the actual credits delivered. A reduction in the projected credits will result in a corresponding reduction of the Capital Contribution amount.

The Capital Contribution amount will be paid as follows:

(1) Twenty percent of the total capital contribution is to be paid upon admission of the Investor to the Property Partnership (the "Closing"); estimated to be May 1, 2024

(2) Fifty percent of the total capital contribution is to be paid upon the latest to occur of: a) 100% Lien free completion of construction as confirmed by G702/G703 signed by the Project Architect and contractor lien waivers; issuances of all temporary certificates of occupancy or equivalent in accordable with local building code ordinances; c.) receipt of certificates of substantial completion and d.) August 1, 2025

(3) Twenty-five percent of the total capital contribution is to be paid upon the latest to occur of a.) Stabilization and Conversion; b.) 100% qualification of Credit Units; and c.) February 1, 2026;

(4) Five percent of the total capital contribution is to be paid upon the latest to occur of; a.) receipt of IRS Forms 8609(s); b.) receipt of 2026 Tax Return; and c.) April 15, 2027.

B. Partnership Allocations. The form of the Property Partnership Agreement will be furnished by the Investor, subsequent to execution of this memorandum, and will include the following terms:

(1) Allocation of LIHTC, Losses and Profits. LIHTC and operating profits and losses will generally be allocated 99.99% to Investor and 0.01% to the General Partner. Profits on a sale or refinancing of the Property will be allocated 10.00% to Investor and 90.00% to the General Partner.

(2) Cash Flow Payments and Distributions. Operating cash flow (cash remaining after debt service payments on the first mortgage and any other must pay debt, reserve deposits, and all operating expenses are paid, including investor services fees for asset management services) will be paid 100% to any deferred developer fee and/or operating loans, made pursuant to Section C(1) below. Once the deferred developer fee and operating loans are paid in full, then operating cash flow will be payable to any subordinate debt and agreed upon fees, until paid in full. Any remaining operating cash flow will be distributed 10.00% to Investor, and 90.00% to the for-profit general partner. Distribution of proceeds from a sale or refinancing will be distributed 10.00% to Investor and 90.00% to the General Partner.

C. Guarantees and Reserves.

(1) Guarantees. The General Partner and/or entities with net worth satisfactory to the Investor (collectively the "Guarantors") will be required to execute and deliver certain guarantees associated with the construction, operations, and benefits delivery of the property. These guarantees include, but are not limited to, a Construction Completion Guaranty, an Operating Deficit Guaranty and Tax Credit delivery and recapture Guarantees. The Guarantors and the General Partner will also be obligated to make any cash contributions related to credit adjusters. Further terms and conditions may also be required for approval by the Investment Committee and included in the partnership agreement.

(2) Reserves. The Property will be required to fund an Operating Reserve equal to at least 4 months operating expenses, reserve deposits, and required debt service (to be fixed upon closing). The Property will also be required to fund a Replacement Reserve annually in an amount that is the greater of (i) $300 per unit per year, increased by 3% annually, or (ii) the amount required by the permanent lender. Upon due diligence review, additional reserves may be required by the Investor and included in the partnership agreement.

D. Legal Costs and Fees

(1) The Partnership will pay its attorneys, and the Limited Partner will pay its attorneys. The Limited Partner's attorneys will prepare an amended and restated partnership agreement (the "Partnership Agreement" as previously defined above), conduct the collection of relevant and necessary due diligence according to a due diligence checklist to be provided, and prepare the Limited Partner's tax opinion. The General Partner and the Partnership attorneys will prepare all other necessary documents, due diligence, legal opinions and other tasks necessary to complete the transaction.

(2) The Limited Partner will invoice the Partnership at closing the costs for the required tax opinion, third party construction monitoring and other third party review costs, the total of which is not to exceed $100,000.

(3) The Partnership will pay the Limited Partner an investor asset management fee of $7,500 annually (increasing 3% annually) from cash flow during the term of the Compliance Period. Payment of the asset management fee will be cash flow contingent, and paid before any deferred Developer Fee or soft loan repayments. Any unpaid asset management fee shall accrue and be payable as a priority from subsequent years' cash flow and sales proceeds.

D. Closing.

(1) Credit Allocation. The General Partner has obtained an allocation of Federal LIHTC from the appropriate agency in the amount of the Annual Tax Credit Amount, based on the assumptions that: (i) the Property will consist of 34 residential units (ii) tenants in all 34 (100%) of the units will comply with the tests promulgated under Section 42(g) of the Internal Revenue Code (i.e. qualify for the Tax Credits). In addition, all of the units are expected to receive project based rental subsidy through the Salt Lake City Housing Authority as well.

(2) Closing Date. Closing will occur on a date (the "Closing Date") agreed upon by both parties, currently projected to occur in May of 2024.

(3) Conditions to Closing. Investor's obligations to enter into the Property Partnership Agreement, becoming a limited partner in doing so, and the Documents will be contingent upon: (a) Investor's receipt and written approval of; (i) a satisfactory appraisal of the estimated value of the Property, (ii) a satisfactory market study of the area in which the Property is located, (iii) a satisfactory phase one environmental study prepared by a qualified environmental consulting firm, (iv) a completed certificate and tax opinion of the General Partner regarding the Tax Credits, (v) Investor's review and approval that specified processes and procedures are in place to be in accordance and compliant with the Average Income Test and provision, and (vi) other materials reasonably required by Investor as part of its customary financial and legal due diligence review set forth in NHT Equity LLC's standard due diligence checklist; (b) receipt of the credit allocation; and (c) approval from NHT Equity, LLC's Investment Committee.

E. Conditions of Interest.

The proposed equity investment is based on the terms and conditions as provided for this transaction. This Letter of Interest will expire on November 20, 2023.

We look forward to working with you on this transaction.

Sincerely,

NHT Equity, LLC

By: Paul Cummings
Paul Cummings/SG
Senior Vice President

Permanent Loan Term Sheet

03

JLL

JLL

October 18, 2023

Ms. Madelynn Ries
Housing Authority of Salt Lake City
1776 S West Temple
Salt Lake City, UT 84115

RE: Pharos Apartments – Lender Request for Proposal – 9% LIHTC

Project: Pharos Apartments (the "Property")
Location: Salt Lake City, UT

Dear Ms. Ries:

JLL Capital Markets ("JLL") is pleased to provide you with this Forward Commitment proposal for a 9% LIHTC unfunded permanent non-recourse Loan on the Property. It is our understanding that the Property received an award of 9% low-income housing tax credits. Subject to final review and approval by Freddie Mac, the terms of the proposed loan will be as follows:

Permanent Loan

Proposed Loan Amount:	$1,210,000 fixed rate tax-exempt Loan (the "Loan")
Net Operating Income:	The Loan amount is based on a preliminary underwritten as-completed/as-stabilized Net Operating Income ("NOI") of $111,211 which is based on a 5% vacancy rate, a contractual management fee of 7.2% of EGI per unit per month, and annual replacement reserve in the amount of $300 per unit per year. To the extent that any of these Loan sizing parameters change the Loan amount could change.
Loan Term:	15 years commencing at Conversion
Amortization:	35 years commencing at Conversion
Loan to Value Limitation:	Not to exceed 50% of as-completed/as-restricted value utilizing a market capitalization rate, as determined by Freddie Mac's underwriting guidelines.
Minimum Loan DSCR:	1.15x DSCR which will be derived by an amortizing debt service constant calculated at the final locked rate, as noted below.

Current Estimated Loan Rate: follows:	The current estimated all-in note rate on the Loan as of the date herein would be 7.31% built-up as

10-year treasury:	4.80%
Freddie Mac Spread:	2.51%
All-in Rate:	**7.31%**

The Loan Rate includes a 150-day spread hold period.

Interest Only: 24 months interest-only is permitted and increases the Freddie Mac Spread by 0.02%.

Index Lock: An Index Lock increases the Freddie Mac Spread by 0.10%.

Treasury Rate Floor: The Loan rate and spread are subject to a 10-year treasury floor of 4.33% ("Treasury Floor"). If the Treasury goes below the Treasury Floor, the Loan rate will be determined by applying the spread to the Treasury Floor. If the Treasury is at or above the Treasury Floor, the Loan rate will be determined by applying the spread to the actual treasury.

Prepayment: The Loan will have standard yield maintenance for one hundred and seventy-four (174) months. Thereafter, the loan is prepayable at 1% for three (3) months and is open at par for the final three (3) months prior to maturity.

Forward Commitment Period: 36 months.

Extension Option: One 6-month extension option at 0.80% fee. Any extensions require Freddie Mac approval no later than 30 days prior to the Forward Commitment term maturity date.

Conditions for Loan Funding/Conversion: The Forward Commitment will have conditions relating to satisfactory completion of improvements, occupancy of 90% for at least 90 consecutive days, apartment leases for initial terms of not less than six months, collected income at or above levels used in underwriting, and adequate debt coverage of 1.15x at the final locked permanent interest rate amortizing constant.

The Forward Commitment will allow for a 10% tolerance in loan amount reduction without penalty at Conversion should the NOI at the time of conversion be less than what was projected at the time of construction loan closing. At the time of Loan Conversion, if the final underwritten NOI exceeds the preliminary underwritten NOI at construction loan closing, the Borrower will have the ability to increase the Loan amount at a blended rate between the actual rate locked at construction closing and the prevailing rate on the increased amount of the Loan at the time of Conversion.

Subordinate Financing:

Subordinate financing will be permitted and must be subordinated to the first mortgage using a standard Freddie Mac Subordination Agreement which includes a standstill provision whereby the subordinate lender cannot foreclose without the consent of Freddie Mac. Unsecured subordinate financing shall be permitted which is not secured by any interest in the Property or any of the members' interest in the borrowing entity. Notwithstanding the foregoing, any secondary financing is subject to prior written approval by Freddie Mac.

Freddie Mac requires that payments on any Subordinate financing must be made out of not more than 75% underwritten available cash flow and that the term of any Subordinate Loan must be at least 15 years plus 180 days from the date of Conversion. Subordinate financing which has interest accrual features can only accrue on a simple basis as interest compounding is not allowed. Subordinate financing which has a "hard pay" requirement cannot exceed an amount which would generate a combined DSCR of 1.10x or a combined LTV of 90% (when combining the DSCR and LTV of the first mortgage and Subordinate financing).

Replacement Reserves:

To be determined based on JLL's plan & cost engineering review (estimated to be $300/unit per year). In no event will the Replacement Reserve amount be less than what is required by the Limited Partnership Agreement, JLL's plan & cost engineering review, or the Regulatory Agreement.

JLL will make best efforts to coordinate with the tax credit limited partner and construction lender to utilize the same firm to prepare the plan & cost engineering review and to use the same firm to inspect, review, and approve monthly draw requests.

Insurance Requirements:	The terms and conditions outlined herein assume that the Borrower will be able to comply with the insurance requirements of Freddie Mac and provide insurance coverage accordingly. The Borrower will be required to provide a written insurance quote for permanent coverage as a component of JLL's underwriting and permanent Loan sizing.
Permanent Loan Security:	The Permanent Loan will be evidenced by a promissory note executed by Borrower and secured by a first deed of trust, mortgage or deed to secure debt, as applicable, covering the land, together with the improvements and fixtures constructed thereon and related personal property and leases of the Property.
Non-Recourse Carveouts:	Non-recourse Loan except for standard Freddie Mac non-recourse carve-outs to be executed by HASLC (the "Guarantor"). Additional carve-outs will apply if the Property contains aluminum wiring, polybutylene piping, property tax exemptions, and non-conforming zoning. JLL acknowledges that the tax-credit syndicator is not required to execute the non-recourse carveouts.
Assumption/Transfer:	The Loan is assumable or transferable at the sole discretion of Freddie Mac with payment of 1% transfer fee and a non-refundable $5,000 transfer processing fee.
Escrows:	The Borrower shall make monthly deposits into escrow accounts established for annual real estate taxes and insurance costs to insure adequate accrual of funds to pay real estate taxes and insurance obligations one month prior to their respective due dates provided that all taxes, special assessments, and insurance.

Loan Brokerage/Indemnification:	Borrower and JLL acknowledge that there are no Loan brokers or Loan placement agents of record in this transaction. Borrower agrees to indemnify and hold JLL and its principals, officers, affiliates, agents, successors and their assigns harmless from and against any loss, expense, damage, attorney's fees, costs, claims or judgments arising out of or connected with any claims of any nature whatsoever made against JLL in connection with this term sheet.
Exclusive Right:	JLL is hereby granted the exclusive right to procure a written Loan commitment from Freddie Mac for the Property for a period of sixty (60) days from the date of execution of this financing proposal by the Borrower. Borrower shall not apply for or accept such a Loan from any other lender during such period. By signing this financing proposal, borrower acknowledges that JLL will be registering the proposed transaction with Freddie Mac. Borrower acknowledges further that, subject to agreement between JLL and Borrower on the terms of this proposal, it has made a choice of JLL for a Freddie Mac Loan for this transaction.
Special Conditions:	1) Freddie Mac will require review and approval of current financial statements and financial condition of the Guarantor(s). 2) Freddie Mac must review and approve the final Appraisal, Phase I Environmental Site Assessment, and Plan & Cost Engineering Review. 3) Freddie Mac approval of all requested waivers and a satisfactory Freddie Mac site visit will be required. 4) The Freddie Mac spread quoted herein assumes that the Subordinate Financing encumbering the Property includes Olene Walker Housing Loan Fund (OWHLF) and will comply with Freddie Mac Requirements. 5) JLL must receive an acceptable Title Commitment and any title encumbrances such as Regulatory Agreements or Deed Restrictions must be in a form(s) that are acceptable to JLL and Freddie Mac in their sole discretion. 6) The interest rate spread proposed herein will be held through October 10, 2023 and thereafter is subject to re-pricing.

Other Fees and Deposits

Fees paid and returned upon acceptance of this term sheet:

Due Diligence Costs: $25,000 to be applied to the Appraisal, Phase I Environmental Site Assessment, Plan & Cost Engineering Review, and underwriting/Loan processing/site inspection costs. Any costs for due diligence in excess of the collected deposit are the responsibility of the Borrower and will be collected at initial Loan closing and any cost savings will be credited to the Borrower at closing. Third party reports will be shared with other transaction financing participants as a means of reducing time and cost.

JLL Loan Processing Fee: $3,500 non-refundable processing fee

JLL Legal Fee Deposit: $5,000 to be applied toward legal fees as counsel will need to be involved in conference calls and preparing legal documents, etc. The legal fee deposit will be applied toward and credited against the total legal fees due at closing.

Freddie Mac Application Fee: 0.10% of the Loan amount paid upon acceptance of this term sheet.

Fees paid at closing of the Forward Commitment:

Permanent Loan Commitment Fee: 1.0% of the Loan amount.

Freddie Mac Refundable Good Faith Deposit: 2.0% of the Loan amount of which 1.0% of the deposit to be posted in cash or a letter of credit and the other 1.0% to be posted in the form of a promissory note. The Rate Lock Deposit is returned to the Borrower at conversion of the Permanent Loan.

Delivery Assurance Fee:	5.0% of the Loan amount, payable by cash, letter of credit or in the form of a promissory note. Seller shall deliver the Delivery Assurance Fee to Freddie Mac no later than the first Business Day immediately after the Construction Loan closing. The Delivery Assurance Fee shall be refunded to Borrower upon Conversion. The Delivery Assurance Fee shall be held by Freddie Mac and retained by Freddie Mac if Conversion fails to occur and/or the Mortgage is not delivered to Freddie Mac, unless otherwise refunded to Borrower in accordance with the terms of the Final Commitment.
Construction Monitoring Fee:	$30,000 estimated payable at closing to cover costs associated with construction monitoring site visits and reports. Any costs in excess of the above estimate will be the responsibility of the Borrower and paid upon request by JLL. Third party inspections and reports will be shared with other transaction financing participants as a means of reducing costs.
Conversion Fee:	$15,000 estimated and payable prior to Permanent Loan Conversion to cover costs of an updated Phase I ESA, Construction Closeout Report, zoning, Seismic PML (if applicable) and Appraisal (if additional Loan proceeds are requested).
JLL and Freddie Mac Legal Counsel:	$45,000 plus costs, estimated, at initial closing. The foregoing estimate for legal costs assumes that the JLL and Freddie Mac form loan documents are accepted without substantial negotiation and that JLL's due diligence will not reveal conditions warranting additional legal work. The Borrower agrees and acknowledges that JLL's and Freddie Mac's counsel will be involved in preparing documentation, reviewing diligence items, and attending conference calls prior to Loan closing. Legal fees will be payable regardless of whether or not the Loan closes and upon acceptance of this proposal the Borrower and Guarantors acknowledge that their obligation to pay all reasonable legal fees incurred by JLL and Freddie Mac counsel is unconditional.

The above are the general terms and conditions of the proposed transaction. The Borrower and JLL hereby agree and acknowledge that proceeding with a closing of the proposed transaction is subject in all respects to the sole discretion of Freddie Mac and JLL's Loan committee approval after thorough review of the proposed financing and all applicable documentation and the above referenced summary of terms do not in any way constitute a commitment to provide financing on the part of JLL or Freddie Mac.

If the general terms and conditions outlined in this letter are acceptable, please execute this document below and return it to my office along with the requested $34,710 Due Diligence Costs, JLL Loan Processing Fee, and Freddie Mac Application Fee.

Please do not hesitate to contact Anson Snyder at (310) 407-2132 or anson.snyder@jll.com should you have any questions. We look forward to working with you on this transaction.

Sincerely,

JLL Real Estate Capital, LLC

Mary T. Davis

By: ____________________________
Mary T. Davis
Its: Deputy Chief Underwriter

Signature page on following page

Cc: Anson Snyder, JLL Capital Markets

Housing Assistance Management Enterprises **Staff Report** Report Provided by: Paul Edwards Department: Executive **HAME 2023 Insurance Renewals** November 27, 2023	H.A.M.E. Housing Assistance Management Enterprise

BACKGROUND:

HAME maintains a variety of insurance policies – commercial liability, commercial property, and excess (umbrella) liability – to mitigate the risk of liability and loss to its properties and programs. These policies are renewed annually. Staff has obtained quotes to renew for the 2024 fiscal year. It requests approval to renew all policies for 2024, with authority to make periodic adjustments, as needed.

ANALISYS:

Since 2019, HAME has purchased insurance primarily through HAI Group, a national and member-owned insurance broker and provider based in Cheshire, Connecticut. HAI Group specializes in insuring public and affordable housing communities. It is a highly rated insurance provider. HAI Group has a "positive" outlook from the AM Best rating agency, which also affirmed HAI Group's Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of "a+" (Excellent).

HAME INSURANCE POLICIES

HAME owns and/or operates the majority of the properties in HASLC's real estate portfolio, either directly or through affiliate limited liability companies. Some properties are managed by third-party property management companies. HAME carries commercial general liability, commercial property, and excess liability/umbrella coverage on those properties. Those policies are summarized in the tables below, and the original proposals are available for inspection upon request.

Commercial Liability	**Limits**	**Deductibles**	**2024 Premium**	2023 Premium*	2022 Premium*
Commercial Liability	2,000.000	5,000	**84,203**	82,758	77,762
Non-Owned and Hired Auto	1,000,000	10,000	**106**	99	100
Terrorism			**1,054**	1,037	973
Additional Endorsement			**766**	756	N/A
Total Premium			**$86,131**	$84,751	$78,835

* For Comparison Only

Notes/Highlights

- HAME's commercial liability policy is subject to an 8.29% increase in premium due to market conditions and recent loss history.
- 2023 losses include kitchen fires at Ben Albert Apartments and Taylor Springs Apartments, a sewer leak and a separate equipment room flood due to an equipment failure at Ben Albert, and a ceiling leak/failure at Canterbury.

Property	**Limits**	**Deductibles**	**2024 Premium**	2023 Premium*	2022* Premium
Commercial Property	185,674,918	10,000	**365,658**	367,897	345,611
Equipment Breakdown	100,000,000	10,000	**10,596**	13,662	13,528
Terrorism			**4,700**	4,770	4,489
Ordinance of Law	250,000	10,000	**Included**	Included	Included
Flood	1,000,000	10,000			
Accounts Receivable	100,000	10,000			
Valuable Papers	100,000	10,000			
Spoilage	25,000	1,000			
Total Premium			**$380,957**	$386,329	$363,628

* For Comparison Only

Notes/Highlights:

- The 6.41% increase in premium from 2023 to 2024 is due to an increase in total insurable value (TIV) .22% and 6.13% due to current market conditions and recent loss history.
- The 2023 total appears to be less because Capitol Homes Apartments is now insured separately due to the refinance lender requirements.

Excess / Umbrella	**Limits**		**2024 Premium**	2023 Premium*	2022 Premium*
Excess Casualty	$5,000,000		$43,469	$35,386	$44,630

* For Comparison

Notes/Highlights:

- Increase due to market conditions.

FINANCIAL IMPACT:

The 2024 HAME insurance renewals come with increased rates that Staff anticipated and budgeted for in the 2024 annual budget. These rate increases are significantly less than the increases experienced by other PHAs in other areas due to challenging market conditions. These rates also remain significantly lower than the rates of HAME's most recent previous insurer, Utah Local Government Trust, for similar coverage lines. Overall, renewal at these rates will not have a significant negative fiscal impact on the organization.

RECOMMENDATION:

Staff recommends that the Board authorize HAME to contract to renew its insurance program as outlined above for 2024, with authority to make minor adjustments as needed.

HAI Group

PROPOSAL

for the

Housing Assistance Management Enterprise, UT

HAI Group

189 Commerce Court
PO Box 189
Cheshire, CT 06410-0189

203-272-8220 or 800-873-0242
fax 203-271-2265
www.housingcenter.com

Commercial Insurance Renewal Proposal - 10/26/2023

S. Paul Edwards, Esq, In -House General Counsel
Housing Assistance Management Enterprise

Dear Edwards, Esq,

On behalf of all of us at HAI Group, I'd like to thank you for the opportunity to provide you with the attached insurance proposal, which is based on your expiring coverage. Please review the proposal and note any changes in the revisions column. In particular, let us know about any changes to your:

- Unit count;
- Schedule of locations including buildings, business personal property, equipment, vehicles, vacant property, premises leased to or from others; and
- Operations, including outsourcing, property managed for others, new business ventures, or new entities.

We adjust building values based on pricing data we receive from several industry sources. The values we used in your proposal reflect estimates based on the latest data available to us. Since construction costs change periodically, we recommend that you review these values to ensure their accuracy.

Please note that the coverage we are quoting may exclude or restrict coverage for the peril of flood to all or some of the locations scheduled under your policy. Our insurance agency, Housing Insurance Services, Inc., (HIS) is available to provide information on flood insurance. HIS provides coverage options and costs as well as help with the application process. While many property owners feel that they have no exposure to flood losses, more than 30 percent of flood losses occur on properties that are not located in a high hazard flood zone. Many of the losses are not covered by insurance.

Please do not hesitate to contact our office at 800-873-0242 with questions or to purchase additional coverage. Please sign and return all required forms. By signing these forms, you agree to renew coverage per our proposal with any changes you may have instructed us to make.

Thank you for placing your insurance with us. We appreciate your business.

Sincerely,

Dimitri Kallivrousis
Account Underwriter

HAI Group

189 Commerce Court
PO Box 189
Cheshire, CT 06410-0189

203-272-8220 or 800-873-0242
fax 203-271-2265
www.housingcenter.com

Commercial Property Proposal for:

INSURED: **Housing Assistance Management Enterprise**
c/o Salt Lake City Housing Authority
1776 South West Temple
Salt Lake City, UT 84115

Effective Date: 1/1/2024

THE FOLLOWING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS PROPOSAL. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS PROPOSAL HAVE NOT BEEN AGREED TO BY HOUSING ENTERPRISE INSURANCE COMPANY, INC. PLEASE REVIEW THIS PROPOSAL CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR UNDERWRITER.

Coverage / Deductible	Limits	Premium	Revisions
Commercial Property	$196,536,975 Building & Business Personal Property Limit Per Schedule		
$10,000 Deductible	$100,000,000 Policy Loss Limit Per Occurrence	$365,658	
	$14,789,192 Business Income Limit Per Schedule		
Equipment Breakdown *$10,000 Deductible*	$100,000,000 Equipment Breakdown Limit One Accident	$10,596	
Terrorism		$4,703	
Ordinance or Law *See Property Deductible*	$250,000 Increased Cost to Repair / Cost to Demolish and Clear Site Per Occurrence		
Flood *See Special Conditions*	$100,000 Flood Aggregate		
	$100,000 Flood Per Occurrence		
	$100,000 Flood Catastrophe		

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Coverage / Deductible	Limits	Premium	Revisions
Accounts Receivable *See Property Deductible*	$100,000 Accounts Receivable Limit Per Schedule		
Valuable Papers *See Property Deductible*	$100,000 Valuable Papers Limit Per Occurrence		
Spoilage *$1,000 Deductible*	$25,000 Spoilage Limit Per Occurrence		
Total Premium		**$380,957**	

THIS PROPOSAL DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OF COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY HOUSING ENTERPRISE INSURANCE COMPANY, INC. IT IS NOT A REPRESENTATION THAT COVERAGE DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.

THIS QUOTATION IS VALID FOR 30 DAYS OR 24 HOURS PRIOR TO THE EFFECTIVE DATE, WHICHEVER DATE COMES FIRST. THIS QUOTATION IS OFFERED BASED ON THE INFORMATION PROVIDED TO US BY YOU OR YOUR REPRESENTATIVE. THIS QUOTATION CAN BE WITHDRAWN AT ANY TIME FOR ANY REASON. BINDING SUBJECT TO RECEIPT OF COMPLETED APPLICATIONS.

HAI Group
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Commercial Liability Proposal for:

INSURED: **Housing Assistance Management Enterprise**
c/o Salt Lake City Housing Authority
1776 South West Temple
Salt Lake City, UT 84115

Proposed Effective Date: 1/1/2024

THE FOLLOWING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS PROPOSAL. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS PROPOSAL HAVE NOT BEEN AGREED TO BY HOUSING ENTERPRISE INSURANCE COMPANY, INC. PLEASE REVIEW THIS PROPOSAL CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR UNDERWRITER.

Coverage / Deductible	Limits	Premium
Commercial Liability - Broad Form Coverage *$5,000 Deductible*	$2,000,000 Commercial Liability Limit Aggregate	$84,203
	$1,000,000 Commercial Liability Limit Per Occurrence	
	$100,000 Fire Legal Limit Any One Fire	
	$5,000 Medical Payments Per Person	
	$2,000,000 Products/Completed Work Aggregate	
Non-Owned and Hired Auto Liability	Subject to Commercial Liability Occurrence limit, not to exceed $1,000,000	$106
Terrorism		$1,054
Additional Charges	Per Location Aggregate Endorsement Charge	$768
Total Premium		**$86,131**

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Commercial Liability Proposal for:

INSURED: **Housing Assistance Management Enterprise**
c/o Salt Lake City Housing Authority
1776 South West Temple
Salt Lake City, UT 84115

Proposed Effective Date: 1/1/2024

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Commercial Excess Liability Proposal for:

INSURED: **Housing Assistance Management Enterprise**
c/o Salt Lake City Housing Authority
1776 South West Temple
Salt Lake City, UT 84115

Proposed Effective Date: 1/1/2024

THE FOLLOWING OUTLINES THE COVERAGE FORMS, LIMITS OF INSURANCE, POLICY ENDORSEMENTS AND OTHER TERMS AND CONDITIONS PROVIDED IN THIS PROPOSAL. ANY POLICY COVERAGES, LIMITS OF INSURANCE, POLICY ENDORSEMENTS, COVERAGE SPECIFICATIONS, OR OTHER TERMS AND CONDITIONS THAT YOU HAVE REQUESTED THAT ARE NOT INCLUDED IN THIS PROPOSAL HAVE NOT BEEN AGREED TO BY HOUSING ENTERPRISE INSURANCE COMPANY, INC. PLEASE REVIEW THIS PROPOSAL CAREFULLY AND IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR UNDERWRITER.

Coverage / Deductible	Limits	Premium
HEIC Excess Liability	$5,000,000 Commercial Liability Limit Aggregate	$42,932
	$5,000,000 Commercial Liability Limit Per Occurrence	
Terrorism	$0 Deductible	$537
Total Premium		$43,469

THIS PROPOSAL DOES NOT AMEND, OR OTHERWISE AFFECT, THE PROVISIONS OF COVERAGE OF ANY RESULTING INSURANCE POLICY ISSUED BY HOUSING ENTERPRISE INSURANCE COMPANY, INC. IT IS NOT A REPRESENTATION THAT COVERAGE DOES OR DOES NOT EXIST FOR ANY PARTICULAR CLAIM OR LOSS UNDER ANY SUCH POLICY. COVERAGE DEPENDS ON THE APPLICABLE PROVISIONS OF THE ACTUAL POLICY ISSUED, THE FACTS AND CIRCUMSTANCES INVOLVED IN THE CLAIM OR LOSS AND ANY APPLICABLE LAW.

THIS QUOTATION IS VALID FOR 30 DAYS OR 24 HOURS PRIOR TO THE EFFECTIVE DATE, WHICHEVER DATE COMES FIRST. THIS QUOTATION IS OFFERED BASED ON THE INFORMATION PROVIDED TO US

Housing Assistance Management Enterprise
Staff Report

Report Provided by: Deputy Executive Director, Kim Wilford and Finance Director, Joe Regan
Department: Finance

Item: Account Reconciliation (Write-Offs) Through July 2023

November 27, 2023

BACKGROUND:
The Housing Assistance Management Enterprise (HAME) conducted a reconciliation of our uncollected receivables or 'bad debt' for all past due accounts *through July of 2023*. HAME usually incurs this debt when a tenant or participant leaves one of the many HAME programs owing a balance. The debt may arise from excessive damage to a unit, unpaid rent, legal costs, or unreported income. There are also instances where a property owner is overpaid rental assistance payments and has not repaid the amount.

ANALYSIS:
This bad debt write-off includes debts to owed HAME for the period May 2023 through July 2023. Staff will request approval of write-offs in February, May, August, and November each year. An "Allowance for Bad Debt" is estimated annually and budgeted accordingly. Staff anticipated an increase this year and prepared a budget revision in October. The charges related to the write off are categorized below:

	Total
Rent	$14,781.40
Maintenance	$2,762.62
Legal	$755.00
Section 8	$0.00
Other	$605.00
Methamphetamine	$5,550.00
Total	**$24,454.02**

FINANCAL IMPLICATIONS:
Staff are recommending a write-off amount of $24,454.02, which included $5,550.00 in Methamphetamine decontamination related debt write-offs in this report. HAME procedure is to write off uncollected balances over 90 days.

Note that we continue to take action to collect these balances regardless of the write-offs.

RECOMMENDATION:
A motion to approve the bad debt write-off amount of $24,454.02 under the provision that collection attempts will continue internally and through NAR, our external debt recovery agency.

HOUSING AUTHORITY of SALT LAKE CITY

BAD DEBT RECONCILIATION REPORT Q2 2023

Program / Property Number	Rent	Maint	Legal	Meth	Other	Stop Payment	S8 Payback	Land Lord Over Payment	URP Overpayment	al/fraud	Total FY22 Q4
NON-PROFIT											
Project HAME 250-256	3,270.00	1,891.42	755.00	5,550.00	-						11,466.42
Project HAME 250-257	-	-	-	-	-	-	-		-	-	-
Project HAME 250-330 330 North	-	-	-	-	-	-	-		-	-	-
Project HAME 250-420 Pacific Ave/Heights	-	-	-	-	-	-	-		-	-	-
Project HAME 250-771 South	-										-
Project 276-9th East Lofts	9,639.40	768.34	-	-	605.00	-	-		-	-	11,012.74
Project 450-rad RendonTerrace	-	-	-	-	-	-	-		-	-	-
Project 600-601 -Riverside	-	-	-	-	-	-	-		-	-	-
Project 608 -Ben Albert	-	-	-	-	-	-	-		-	-	-
Project 609 -Cantebury	-	-	-	-	-	-	-		-	-	-
	-	-	-	-	-	-	-		-	-	-
Non-Profit Total	12,909.40	2,659.76	755.00	5,550.00	605.00	-	-		-	-	22,479.16
PUBLIC HOUSING											
402- City Plaza	-	-			-						-
406-Phillips Plaza	98.00										98.00
415-Rommey Plaza	-	-	-	-	-						-
											-
Public Housing Total	98.00	-	-	-	-	-	-		-	-	98.00
HOMELESS / VETERAN PROGRAM											
251 Cedar Crest	14,726.13	1,477.09		4,422.00							20,625.22
260 Sunrise Metro	-	102.86	-	-	-						102.86
265 Pamela's Place	1,872.00	-	-	-							1,872.00
550-555 Duplex West Temple	10,421.00										10,421.00
556-553 Valor Apts	3,425.00	85.07		5,076.00	45.00						8,631.07
557 Freedom Landing	16,238.00	500.00	1,220.00	-	150.00						18,108.00
											-
Homeless / Veteran Total	46,682.13	2,165.02	1,220.00	9,498.00	195.00	-	-		-	-	59,760.15
SECTION 8											
Grants									-		-
830 MOD Rehab											-
860 Section 8	-						-		-	-	-
S8 Total	-	-	-	-	-	-	-		-	-	-
Land Lord Over Payments											
								45,460.71			45,460.71
Land Lord Over Payments total								45,460.71			45,460.71
Grand Totals	59,689.53	4,824.78	1,975.00	15,048.00	800.00	-	-	45,460.71	-	-	127,798.02

	total	HAME	HASLC	HDC
RENT	59,689.53	14,781.40	44,908.13	-
MAINTENANCE	4,824.78	2,762.62	2,062.16	-
LEGAL	1,975.00	755.00	1,220.00	-
SECTION 8	-	-	-	-
OTHER	800.00	605.00	195.00	-
METH	15,048.00	5,550.00	9,498.00	-
LandLord	45,460.71	-	45,460.71	
total	$127,798.02	$ 24,454.02	$ 103,344.00	$ -
			Cross>>	##########

Housing Assistance Management Enterprise
Staff Report

Report Provided by: Joe Regan
Department: Finance

Item: Fiscal Year 2023 Financial Statements through October

November 27, 2023

H.A.M.E.
Housing Assistance Management Enterprise

BACKGROUND AND METRICS:
This report covers Housing Assistance Management Enterprise' 14 properties (849 units) and the HAME Management Fund.

HAME remains in a solid financial position with year-to-date revenues for the consolidated HAME programs/properties of $8,858,512 and expenses to date of $7,421,311, realizing **net residual receipts (income) of $1,437,200 which is greater than projected by $195,369.**

HAME's "Owned" properties, with a net residual income of $1,135,351, are above budget by $53,993. The Capitol Homes conversion to permanent financing took place at the end of May and we are over on "Other General" category due to interest costs which will even out over the rest of the year. Additionally, the Capitol Homes land lease expense will be booked at year end, subject to cashflow for $125,000. HAME properties operating income has increased with improved occupancies. The maintenance expenses are expected to level out throughout the year.

HAME Management Fund is performing above the budgeted net residual income, at $85,640. The Capitol Homes land lease income to HAME is determined at year end based on cash flow.

Homeless Properties realized net residual income of 216,209, which is over the budgeted net residual income of $21,678,

The attached financial statements show the comparison to the 2023 budget revision approved by the Board in October 2023. Variances greater than 15% and $20,000 are highlighted in green or yellow and are noted for cause.

Operating costs exclude depreciation, amortization, and capital expenses.

ANALYSIS:
A summary of operating revenues and expenses for the period of January through the end of October FY23 financials are detailed in the subsequent pages. **As a nonprofit, our overall income and expenses remain relatively on track with budgetary estimates.**

Operating costs exclude depreciation, amortization, and capital expenses.

RECOMMENDATION:
Review and accept report. No vote required.

Property = HAME Combined (.250 Management Fund, hamehomeless, hameownd)

Budget Comparison

Period = Jan 2023-Oct 2023

Book = Accrual ; Tree = qtr_bis1

		YTD Actual	YTD Budget	Variance	% Var	Annual
3000-0000	INCOME					
3190-0000	LEASE RENTAL & NONDWELLING RENTS	3,319.14	0.00	3,319.14	N/A	0.00
3399-9999	OPERATING INCOME	7,508,727.55	7,401,535.70	107,191.85	1.45	8,881,843.00
3499-9999	DONATIONS	23,000.00	15,000.00	8,000.00	53.33	18,000.00
3699-9999	OPERATING INCOME OTHER	1,253,761.44	1,312,114.40	-58,352.96	-4.45	1,574,538.00
3899-9999	GRANT/SUBSIDY INCOME	69,704.19	27,128.30	42,575.89	156.94	32,554.00
3999-9999	TOTAL INCOME	8,858,512.32	8,755,778.40	102,733.92	1.17	10,506,935.00
4000-0000	EXPENSE					
4112-9999	ADMIN PAYROLL	2,037,177.35	2,083,181.70	46,004.35	2.21	2,499,813.00
4299-9999	ADMINISTRATIVE EXPENSE	868,027.91	954,621.90	86,593.99	9.07	1,145,526.00
4339-9999	UTILITIES	676,762.95	652,890.10	-23,872.85	-3.66	783,466.00
4419-9998	MAINT/OPER PAYROLL	511,028.18	506,708.30	-4,319.88	-0.85	608,050.00
4429-9998	MATERIALS-ORD MAINT	266,290.82	306,964.20	40,673.38	13.25	368,357.00
4440-9999	CONTRACT COSTS-ORD MAINT	1,102,072.18	962,234.50	-139,837.68	-14.53	1,154,681.00
4579-9999	OTHER GENERAL EXPENSE	347,881.63	407,747.50	59,865.87	14.68	489,293.00
4589-9999	INTEREST EXPENSE	1,183,034.73	1,165,769.00	-17,265.73	-1.48	1,398,919.00
4599-9998	OTHER GENERAL, PROP TAX	178,343.53	170,246.70	-8,096.83	-4.76	204,298.00
4610-9999	EXORD EXPENSES	270,770.36	303,583.30	32,812.94	10.81	364,300.00
4629-9999	CASUALTY LOSSES	-30,267.94	0.00	30,267.94	N/A	0.00
4799-9999	HOUSING ASSIST PMTS	150.00	0.00	-150.00	N/A	0.00
4969-9999	FEES/DONATIONS	10,039.83	0.00	-10,039.83	N/A	0.00
7999-9999	TOTAL EXPENSES	7,421,311.53	7,513,947.20	92,635.67	1.23	9,016,703.00
8999-9999	NET PROFIT/LOSS	1,437,200.79	1,241,831.20	195,369.59	15.73	1,490,232.00

2) PILOT income is higher than anticipated due to change in the calculation to include subsidy. Sunrise is receiving grant income for it's State Homelessness grant.

HAME Owned Properties (hameownd)

Jefferson School I & II, Taylor Gardens, Denver Street, HAME Multifamily (previous Public Housing), Capitol Homes and Rendon Terrace

Budget Comparison

Period = Jan 2023-Oct 2023

Book = Accrual ; Tree = qtr_bis1

		YTD Actual	YTD Budget	Variance	% Var	Annual	
3399-9999	OPERATING INCOME	5,563,919.71	5,479,556.60	84,363.11	1.54	6,575,468.00	
3699-9999	OPERATING INCOME OTHER	355,588.24	370,095.80	-14,507.56	-3.92	444,115.00	
3899-9999	GRANT/SUBSIDY INCOME	41,938.36	27,128.30	14,810.06	54.59	32,554.00	
3999-9999	TOTAL INCOME	5,961,446.31	5,876,780.70	84,665.61	1.44	7,052,137.00	
4000-0000	EXPENSE						
4112-9999	ADMIN PAYROLL	710,986.29	775,149.10	64,162.81	8.28	930,172.00	
4299-9999	ADMINISTRATIVE EXPENSE	635,957.72	693,542.40	57,584.68	8.30	832,246.00	
4339-9999	UTILITIES	485,252.73	452,621.80	-32,630.93	-7.21	543,144.00	
4419-9998	MAINT/OPER PAYROLL	313,503.60	310,122.40	-3,381.20	-1.09	372,147.00	
4429-9998	MATERIALS-ORD MAINT	215,405.57	255,589.20	40,183.63	15.72	306,707.00	
4440-9999	CONTRACT COSTS-ORD MAINT	718,665.75	613,371.70	-105,294.05	-17.17	736,046.00	2)
4579-9999	OTHER GENERAL EXPENSE	268,693.53	268,284.20	-409.33	-0.15	321,940.00	
4589-9999	INTEREST EXPENSE	1,075,501.11	1,034,245.70	-41,255.41	-3.99	1,241,095.00	
4599-9998	OTHER GENERAL, PROP TAX	140,772.77	120,163.20	-20,609.57	-17.15	144,198.00	1)
4610-9999	EXORD EXPENSES	247,857.90	272,333.30	24,475.40	8.99	326,800.00	
4629-9999	CASUALTY LOSSES	6,500.00	0.00	-6,500.00	N/A	0.00	
4799-9999	HOUSING ASSIST PMTS	150.00	0.00	-150.00	N/A	0.00	
4969-9999	FEES/DONATIONS	6,848.10	0.00	-6,848.10	N/A	0.00	
7999-9999	TOTAL EXPENSES	4,826,095.07	4,795,423.00	-30,672.07	-0.64	5,754,495.00	
8999-9999	NET PROFIT/LOSS	1,135,351.24	1,081,357.70	53,993.54	4.99	1,297,642.00	

1) Due to Capitol Homes interest costs which will even off over the next couple of months.
2) The increase is due to security costs, unit turnarounds and landscaping costs.

Hame Management Fund ONLY (.250)

Budget Comparison

Period = Oct 2023

Book = Accrual ; Tree = qtr_bis1

		YTD Actual	YTD Budget	Variance	% Var	Annual	
3000-0000	INCOME						
3190-0000	LEASE RENTAL & NONDWELLING RENTS	3,319.14	0.00	3,319.14	N/A	0.00	
3499-9999	DONATIONS	23,000.00	15,000.00	8,000.00	53.33	18,000.00	
3699-9999	OPERATING INCOME OTHER	795,494.75	848,225.00	-52,730.25	-6.22	1,017,871.00	
3999-9999	TOTAL INCOME	821,813.89	863,225.00	-41,411.11	-4.80	1,035,871.00	
4000-0000	EXPENSE						
4112-9999	ADMIN PAYROLL	623,029.77	617,990.00	-5,039.77	-0.82	741,590.00	
4299-9999	ADMINISTRATIVE EXPENSE	37,650.25	25,010.00	-12,640.25	-50.54	29,997.00	
4339-9999	UTILITIES	17,537.51	0.00	-17,537.51	N/A	0.00	
4429-9998	MATERIALS-ORD MAINT	363.14	0.00	-363.14	N/A	0.00	
4440-9999	CONTRACT COSTS-ORD MAINT	625.38	0.00	-625.38	N/A	0.00	
4579-9999	OTHER GENERAL EXPENSE	3,574.14	3,510.00	-64.14	-1.83	4,209.00	
4589-9999	INTEREST EXPENSE	52,267.06	76,670.00	24,402.94	31.83	92,000.00	1)
4599-9998	OTHER GENERAL, PROP TAX	46.24	1,250.00	1,203.76	96.30	1,500.00	
4969-9999	FEES/DONATIONS	1,080.03	0.00	-1,080.03	N/A	0.00	
7999-9999	TOTAL EXPENSES	736,173.52	724,430.00	-11,743.52	-1.62	869,296.00	
8999-9999	NET PROFIT/LOSS	85,640.37	138,795.00	-53,154.63	-38.30	166,575.00	

1) Paying off the Zion loan reduced interest expense.

HAME Homeless Properties (hamehome)

Sunrise Metro, Faultline & Pamela's Place

Budget Comparison

Period = Jan 2023-Oct 2023

Book = Accrual ; Tree = qtr_bis1

		YTD Actual	YTD Budget	Variance	% Var	Annual	
3399-9999	OPERATING INCOME	1,944,807.84	1,921,979.10	22,828.74	1.19	2,306,375.00	
3699-9999	OPERATING INCOME OTHER	102,678.45	93,793.60	8,884.85	9.47	112,552.00	
3899-9999	GRANT/SUBSIDY INCOME	27,765.83	0.00	27,765.83	N/A	0.00	
3999-9999	TOTAL INCOME	2,075,252.12	2,015,772.70	59,479.42	2.95	2,418,927.00	
4000-0000	EXPENSE						
4112-9999	ADMIN PAYROLL	703,161.29	690,042.60	-13,118.69	-1.90	828,051.00	
4299-9999	ADMINISTRATIVE EXPENSE	194,419.94	236,069.50	41,649.56	17.64	283,283.00	1)
4339-9999	UTILITIES	173,972.71	200,268.30	26,295.59	13.13	240,322.00	
4419-9998	MAINT/OPER PAYROLL	197,524.58	196,585.90	-938.68	-0.48	235,903.00	
4429-9998	MATERIALS-ORD MAINT	50,522.11	51,375.00	852.89	1.66	61,650.00	
4440-9999	CONTRACT COSTS-ORD MAINT	382,781.05	348,862.80	-33,918.25	-9.72	418,635.00	
4579-9999	OTHER GENERAL EXPENSE	75,613.96	135,953.30	60,339.34	44.38	163,144.00	2)
4589-9999	INTEREST EXPENSE	55,266.56	54,853.30	-413.26	-0.75	65,824.00	
4599-9998	OTHER GENERAL, PROP TAX	37,524.52	48,833.50	11,308.98	23.16	58,600.00	
4610-9999	EXORD EXPENSES	22,912.46	31,250.00	8,337.54	26.68	37,500.00	
4629-9999	CASUALTY LOSSES	-36,767.94	0.00	36,767.94	N/A	0.00	
4969-9999	FEES/DONATIONS	2,111.70	0.00	-2,111.70	N/A	0.00	
7999-9999	TOTAL EXPENSES	1,859,042.94	1,994,094.20	135,051.26	6.77	2,392,912.00	
8999-9999	NET PROFIT/LOSS	216,209.18	21,678.50	194,530.68	897.34	26,015.00	

1 Tenant services are under budget as many activities occur at year end for holidays at the PSH properties. Pamela's Place internet expense was overestimated in the budget.

2) Currently under budget because last month we increased the bad debt budgeted amount to cover the November tenant account write offs. After the next write off the actual should be more inline with the budget.

Housing Assistance Management Enterprise
Staff Report

Report Provided by: Zac Pau'u
Department: Property Management

Item: Key Performance Indicators (KPIs) October 2023

November 27, 2023

BACKGROUND:
The Property Management Department has developed Key Performance Indicators (KPIs) and associated metrics to monitor performance around essential activities. The below tables detail KPIs and metrics in focus for the 964 units Housing Assistance Management Enterprise (HAME) owned properties. They also provide other informational data points to help identify deficiencies and make appropriate corrections. Similar reports have been provided to break out units owned and managed under the Housing Authority of Salt Lake City (HASLC) and Housing Development Corporation (HDC). Units impacted by extraordinary circumstances such as methamphetamine remediation, flood, or fire that were previously excluded are identified as such in this report.

ANALYSIS:

KPI: Average Occupancy for October 2023
Metric: >95% for stabilized properties

Average Occupancy	October
HAME	94.0

Move-ins	October
HAME	5

Move-outs	October
HAME	18

Evictions	October
HAME	3

Work Orders Completed	October
HAME	690

Unit Turns Completed	October
HAME	21

KPI: Average Number of Days Vacant for April 2023
Metric: Average 20 days or less
The days vacant are calculated at move-in, calculating the average number of days from move-out to move-in. In October, we had one unit fall under outlying circumstances at Taylor Springs for excessive damage which took 60 days.

Days Vacant

	October
HAME	34

KPI: Tenant Aged Receivables (TARs)
Metric: 4% of Potential Rent or less.
In the prior month, HAME had $100,492 in rolling accounts receivable (AR). We collected $51,958 resulting in a 52% collection rate. Out of this, $24,980 remains unpaid for over 90 days. HAME currently has 28 repayment agreements in place, with a 79% compliance rate up to last month.

For the month of October, the total recurring charges for HAME-owned properties amounted to $911,269 with an 8% delinquency rate. At the end of October, the combined amount owed for HAME properties was $107,338

FINANCIAL IMPACT:
AGED RECEIVABLES OWED
Although "payback agreements" reduce current rental collections, they are preventing evictions and subsequent expenses. We continue our dedicated efforts to assist financially impacted residents of COVID-19 in maintaining their housing. By aggressively pursuing emergency financial relief, we have successfully decreased the total owed amount to HAME $1,247,824. As the Emergency Rental Assistance Program has concluded, we actively seek board-approved repayment agreements and provide tenants with information on available supplementary resources.

ACTION RECOMMENDED:
This report is for information, as an update – no action is needed.

Housing Assistance Management Enterprise

Report Provided by: Deputy Executive Director; Kim Wilford
Deputy Director; Zac Pau'u

Department: Executive

Item: Low Income Housing Tax Credit Compliance

November 27, 2023

BACKGROUND:
The Housing Authority of Salt Lake City, and its instrumentalities, currently has 11 Low-Income Housing Tax Credit (LIHTC) properties, totaling 840 units, in its portfolio, with additional prospective developments in progress. Strict compliance with all regulatory requirements and diligent reporting is required to meet the funding requirements associated with these properties.

A key component of this compliance is adherence to the Land Use Restriction Agreement (LURA), a contractual arrangement between property owners and the state credit agency. The LURA is structured to secure the sustained affordability of a housing development for low-income individuals and families, establishing rules covering tenant income, rent limits, and the allocation of units based on different income levels and units designated for specific populations.

Compliance is essential for the success and expansion of our LIHTC portfolio. This requires maintaining accurate records and submitting timely reports. Each property provides quarterly updates on Certification Online Tenant Data, Certification Online Financial Data, and Annual Owner Certifications, in addition to the annual budget, audited financials and a tax return. Regular physical inspections and file audits both internally and by funders including Utah Housing Corporation (UHC) ensure comprehensive adherence to all requirements.

ACTION RECOMMENDED:
This report is for information, as an update – no action is needed.

END OF PACKAGE