# HOUSING AUTHORITIES
## CITY OF EUREKA & COUNTY OF HUMBOLDT

735 WEST EVERDING STREET, EUREKA CA 95503
PHONE: (707) 443-4583 FAX: (707) 443-4762 TTY: (800) 651-5111


AGENDA
REGULAR MEETING OF THE CITY OF EUREKA HOUSING AUTHORITY
BOARD OF COMMISSIONERS

DATE AND TIME
Monday, July 17, 2023
7:30pm

**LOCATION**
Housing Authority of the City of Eureka
735 W. Everding St., Eureka CA

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: 735 W. Everding St., Eureka CA 95503. This location is accessible to the public, and members of the public may address the City of Eureka Housing Authority Board of Commissioners from any teleconference location.

**PUBLIC PARTICIPATION**
Public access to this meeting is available at the location above.

Persons wishing to address the Board of Commissioners are asked to submit comments for the public speaking portion of the agenda as follows:

- Send an email with your comment(s) to heatherh@eurekahumboldtha.org prior to the Board of Commissioners meeting.
- Call and leave a message at (707) 443-4583 ext. 219.

When addressing the Board on agenda items or business introduced by Commissioners, members of the public may speak for a maximum of five minutes per agenda item when the subject is before the Board.

1. Roll Call

2. Public Comment (Non-Agenda):
This time is reserved for members of the public to address the Committee relative to matters of the County of Humboldt Housing Authority not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

3. Approve minutes of the Board of Commissioners meetings:
3a. Regular meeting, April 25, 2023 (pages 3- 7)

4. Bills and Communications:
4a. HUD Public Housing Assessment System (PHAS) Score Report for Interim, published June 15, 2023. (page 8)

4b. California Tax Credit Allocation Committee (CTCAC) notification dated May 02, 2023, regarding transfer of limited partnership. (page 9)
4c. 06-2023 Tenant Newsletter (pages 10- 11)

5. Report of the Secretary:
The Report of the Secretary is intended to brief the Commission on items, issues, key dates, etc., that do not require specific action, and are not separate items on the Board of Commissioners Agenda.
5a. Occupancy and Leasing Report (page 12)
5b. HCV Utilization Reports (pages 13- 16)
5c. Repositioning Updates

6. Reports of the Commissioners:
This time is reserved for Commissioners to share any relevant news or Housing related endeavors undertaken by Commissioners.

7. Unfinished Business: None.

8. New Business:
8a. Annual Agency Goals Update for Annual Plan; *discussion* (pages 17- 22)
8b. RFQ #2023-01 Developer Partner, Notice of Conditional Contract Award to Brinshore Development, dated July 03, 2023. (pages 23- 27)

9. Closed Session – If needed.

10. Adjournment

* * * Note * * *

Documents related to this agenda are available on-line at:
[https://eurekahumboldtha.org/governance/](https://eurekahumboldtha.org/governance/)

Know Your RIGHTS Under The Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

**MINUTES**

**REGULAR MEETING OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA BOARD OF COMMISSIONERS**

**Tuesday, April 25, 2023**

Chairperson Serotta declared a quorum present and called the meeting to order at 7:31pm.

1. Roll Call:
   Present: Chairperson Serotta, Vice Chairperson Konkler, Commissioner Byers, Commissioner Escarda, Commissioner Pittman
   Absent: Commissioner Raymond
   Staff: Churchill, Humphreys, Wiesner
   Public: None in attendance

2. Public Comment (Non-Agenda): None heard

3. Approve minutes of the board of commissioners meeting, held January 17, 2023.

   Motion to approve the minutes of the meeting of January 17, 2023, made by Commissioner Escarda

   Second – Commissioner Byers

   Roll call:
   Ayes: Serotta, Konkler, Byers, Escarda, Pittman
   Nays: None
   Abstain: None
   Absent: Raymond

   Chairperson Serotta declared the motion carried to approve the minutes of January 17, 2023.

   Approve minutes of the board of commissioners meeting, held February 21, 2023, regular meeting.

   Motion to approve the minutes of the meeting of February 21, 2023, made by Vice Chairperson Konkler.

   Second – Commissioner Byers

   Roll call:
   Ayes: Konkler, Byers, Escarda, Pittman
   Nays: None
   Abstain: Serotta
   Absent: Raymond

Chairperson Serotta declared the motion carried to approve the minutes of February 21, 2023.

Approve minutes of the board of commissioners meeting, held March 20, 2023, regular meeting.

Motion to approve the minutes of the meeting of March 20, 2023, made by Vice Chairperson Konkler.

Second – Commissioner Escarda

Roll call:

| | |
|---|---|
| Ayes: | Serotta, Konkler, Byers, Escarda |
| Nays: | None |
| Abstain: | Pittman |
| Absent: | Raymond |

Chairperson Serotta declared the motion carried to approve the minutes of March 20, 2023.

4. Bills and Communication:

4a. HUD letter dated January 12, 2023: Approval of 5-Year PHA Plan Revision
Secretary Churchill notes that the City of Eureka Housing Authority 5-Year PHA Plan Revision was accepted by HUD.

5. Report of the Secretary:

5a. Occupancy and Leasing Report
Secretary Churchill updates the board on this report, pointing out keys points of the report.

5b. HCV Utilization Reports
Secretary Churchill updates the board and goes over keys points of the report.

5c. Repositioning Updates
Secretary Churchill notes that the Developer RFQ that was put out in January 2023 is closing May 01, 2023. Secretary Churchill goes on to state that we have a panel of five people that will be reviewing the RFQ's in the next week or two. There will be an update for the board on the RFQ progress at the next board meeting.

6. Reports of the Commissioners: Vice Chairperson Konkler notes that he has been speaking with Eureka City Manager Slattery regarding the recently demolished Lloyd Building and that he understands that the City of Eureka may purchase the lot.

7. Unfinished Business: None.

8. New Business:

8a. Programs Overview & Updates *(informational)*
Secretary Churchill provides a review of the City of Eureka Housing Authority programs and offerings and goes over the differences and requirements.

8b. Return to In-Person Meetings *(for discussion)*
Secretary Churchill notes that remote meetings ended as of February 28, 2023. Secretary Churchill goes over what qualifies a board member for "just cause" and "emergency circumstances" to allow one to attend meetings remotely. Secretary Churchill briefly goes over the Brown Act rules for attending remotely. Secretary Churchill reminds the board that for the March 13, 2023, meeting, we will be attending in person at the Housing Authority conference room located at 735 W. Everding St., Eureka California.

8c. Resolution 1983, Authorization to Transfer EFH Project limited partnership interest to the Housing Authority of the City of Eureka;
Recommended Board Action: Approve and Adopt
CFO Wiesner provides a background on the partnership and the reason for transferring of the limited partnership.

**RESOLUTION NO. 1983**
*(Limited Partnership Transfer Resolution —*
*Eureka Family Housing)*

A RESOLUTION of the Housing Authority of the City of Eureka (the "Authority") authorizing (i) the transfer of the Eureka Family Housing Project Limited Partnership interest to the Authority; the admittance of the Authority to the limited partnership, the assumption of all responsibilities of being the limited partner of the owner entity, and (ii) the approval, execution and delivery of all documents necessary to effectuate the foregoing.

WHEREAS, Eureka Family Housing, L.P. (the "Partnership"), a California limited partnership, was formed on February 7, 2007, to acquire, rehabilitate, own and operate a 50-unit affordable housing complex located in Eureka, California, which is currently operating under the name of Eureka Family Housing (the "Project"). The tax credit allocation date is March 21, 2007.

WHEREAS, the Partnership is controlled by its general partner, Eureka Family Housing LLC (EFHL), an affiliate of the Housing Authority of the City of Eureka, with a single non-profit member, the Eureka Housing Development Corporation ("EHDC").

WHEREAS, Eureka Family Housing, L.P. is a legally separate entity from the Housing Authority of the City of Eureka formed as a partnership between EHDC and Merritt Community Capital Fund X, L.P. ("Limited Partner").

WHEREAS, the Project participates in the low-income housing tax credit program under Section 42 of the Internal Revenue Code as modified by the State of California.

WHEREAS, EFHL has an option to acquire the project after the end of the 15-year tax credit compliance period (2022) and expiring 18 months thereafter (option period).

WHEREAS, EFHL has determined that the Limited Partner has, or will soon have received all of the tax and other economic benefits originally anticipated by such Limited Partner; the Limited Partner is expected to be willing to transfer its interest in the applicable Partnership; and it is in the best interest of EFHL and its affiliate, the Authority, to acquire such Limited Partnership Interest in the Project and to be admitted to the partnership as the sole limited partner.

WHEREAS, the Housing Authority of the City of Eureka Board of Commissioners supports the acquisition of the aforementioned Limited Partnership interest from the current Limited Partner by the Authority and deems it desirable and in the best interests of the Project, EFHL, and the Authority to acquire the Limited Partnership interest in the Partnership and be admitted into the partnership as the limited partner.

NOW, THEREFORE, BE IT RESOLVED, that this Authority pursue acquisition of the aforementioned Limited Partnership interest for such terms and conditions as the Executive Director and Director of Finance of this agency, may, in their discretion, deem advisable.

RESOLVED FURTHER, that the Authority be admitted into the partnership as the sole limited partner.

RESOLVED FURTHER, that the Executive Director and/or Director of Finance are hereby authorized, directed, and empowered to execute, for and on behalf of the Authority and in its name, any and all documents, negotiations, or other actions required in connection with the acquisition of the Limited Partnership interest in the Partnership, with no limitation.

Motion to approve the minutes of Resolution 1983, made by Commissioner Escarda.

Second – Vice Chairperson Konkler

Roll call:

| | |
|---|---|
| Ayes: | Serotta, Konkler, Byers, Escarda, Pittman |
| Nays: | None |
| Abstain: | None |
| Absent: | Raymond |

Chairperson Serotta declared the motion carried and Resolution 1983 approved.

8d. Resolution 1984, Eureka Family Housing Proposed Utility Allowance Schedule 2023
Recommended Board Action: Accept and Adopt for Approval

RESOLUTION 1984

ADOPT UPDATED UTILITY SCHEDULE
EUREKA FAMILY HOUSING – CITY OF EUREKA

WHEREAS, The U.S. Department of Housing and Urban Development requires a survey of utility usage and fees be done to ascertain a schedule of Public Housing allowances for resident furnished utilities; and

WHEREAS, The Housing Authorities have contracted with The Nelrod Company to complete a Resident Life Utility Allowance Survey and Study for Public Housing; and

WHEREAS, The Survey demonstrates a need to adjust the present utility allowances to bring them in line with actual usage figures;

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners of the City of Eureka Housing Authority approve and adopt the March 2023 updated schedule for Public Housing Utility Allowances for Resident Furnished Utilities and Other Services, effective April 1, 2023.

Motion to approve the minutes of Resolution 1984, made by Commissioner Byers.

Second – Commissioner Pittman

Roll call:
Ayes: Serotta, Konkler, Byers, Escarda, Pittman
Nays: None
Abstain: None
Absent: Raymond

Chairperson Serotta declared the motion carried and Resolution 1984 approved.

8e. Annual Meeting and Election of Officers
Recommended Board Action: Elect Officers

Chairperson Serotta asks the Board if anyone would like to discuss or nominate someone to Chairperson and Vice Chairperson.

Motion made by Commissioner Escarda to re-elect Kali Serotta as Chairperson and to re-elect Mark Konkler as Vice Chairperson.

Second – Commissioner Byers

Roll call:
Ayes: Serotta, Konkler, Byers, Escarda, Pittman
Nays: None
Abstain: None
Absent: Raymond

Chairperson Serotta declared the motion carried and confirmed re-election of the current Board of Commissioners officers.

9. Closed Session: None needed.

10. Adjournment

There being no further business to come before the Commissioners, the meeting was adjourned at 8:26pm.

Secretary Chairperson

**U.S. Department of Housing and Urban Development**

OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

# Public Housing Assessment System (PHAS) Score Report for Interim

Report Date: 07/11/2023

| | |
|---|---|
| PHA Code: | CA025 |
| PHA Name: | Housing Authority of the City of Eureka |
| Fiscal Year End: | 12/31/2022 |

| PHAS Indicators | Score | Maximum Score |
|---|---|---|
| Physical | 21 | 40 |
| Financial | 23 | 25 |
| Management | 14 | 25 |
| Capital Fund | 7 | 10 |
| Late Penalty Points | 0 | |
| **PHAS Total Score** | **65** | **100** |
| **Designation Status:** | **Substandard** | |

Published 06/15/2023 Initial published 06/15/2023

| Financial Score Details<br>Unaudited/Single Audit | Score | Maximum Score |
|---|---|---|
| 1. FASS Score before deductions | 23.11 | 25 |
| 2. Audit Penalties | 0.00 | |
| Total Financial Score Unrounded (FASS Score - Audit | 23.11 | 25 |

| Capital Fund Score Details | Score | Maximum Score |
|---|---|---|
| Timeliness of Fund Obligation: | | |
| 1. Timeliness of Fund Obligation % | 90.00 | |
| 2. Timeliness of Fund Obligation Points | 5 | 5 |
| Occupancy Rate: | | |
| 3. Occupancy Rate % | 93.43 | |
| 4. Occupancy Rate Points | 2 | 5 |
| Total Capital Fund Score (Fund Obligation + Occupancy Rate): | 7 | 10 |

Notes:

1. The scores in this Report are the official PHAS scores of record for your PHA. PHAS scores in other systems are not to be relied upon and are not being used by the Department.
2. Due to rounding, the sum of the PHAS indicator scores may not equal the overall PHAS score.
3. "0" FASS Score indicates a late presumptive failure. See 902.60 and 902.92 of the Interim PHAS rule.
4. "0" Total Capital Fund Score is due to score of "0" for Timeliness of Fund Obligation. See the Capital Fund
5. PHAS Interim Rule website - http://www.hud.gov/offices/reac/products/prodphasintrule.cfm

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac

MAY 17 2023



May 2, 2023

Cheryl Churchill
Eureka Family Housing, LP
735 West Everding Street
Eureka, CA 95503

**RE: Eureka Family Housing (CA-2007-821)**

Dear Cheryl Churchill,

This letter serves as notification that the California Tax Credit Allocation Committee (CTCAC) acknowledges the transfer of limited partnership interests in Eureka Family Housing, LP from Merritt Community Capital Fund X, LP to Housing Authority of the City of Eureka. The managing general partner and the administrative general partner will remain Eureka Family Housing, LLC.

The property will continue to be managed by Housing Authority of the City of Eureka which is in good standing with CTCAC program rules and regulations.

Please be advised that this approval is in accordance with Section 10320(b) of CTCAC regulations, which requires CTCAC review, and approval of ownership changes.

Sincerely,

Nancee Robles
Executive Director

ISSUE JUNE 2023

OFFICE: 707-443-4583
FAX: 707-443-4762

# HOUSING INSIDER

*"COMMUNICATION LEADS TO COMMUNITY"*

## FREE LUNCH AT THE JEFFERSON COMMUNITY CENTER AND PARK

The Jefferson Community Center and Park located at 1000 B Street in Eureka, CA will be operating a nutrition program, providing delicious and healthy meals for FREE to all kids ages 18 and under. Meals will be provided every Monday-Thursday from 12:30-1:30pm starting June 19th to August 17th. The Jefferson Community Center will be closed July 3rd-4th and July 24th-28th. For more information, please contact Jefferson Community Center at 707-497-6280 or via email at thejeffersoncenterandpark@gmail.com.

## TENANT REMINDERS

- Tenant should not assign the lease or sublease unit. Subleasing includes receiving payment to cover rent and utility cost from anyone not on the lease.
- DO NOT flush wipes, feminine products, dental floss, hair, bandages, Q-tips, cotton pads, cotton balls, cat litter, grease, oils, etc. down toilet.
- Unauthorized pets are lease violations and could lead to lease termination.
- No water beds, trampolines, pools, inflatable jumpers, swing sets, fire pits, sheds, or other outdoor structures are allowed on PHA property.
- Any in ground gardening or planting is prohibited. Only use potted plants.

## TENANT PAYMENT AGREEMENT

If you have any outstanding balances and would like to get back in good standing please contact accounting at 707-443-4583 ext. 235 to discuss a payment plan. We encourage our tenants to never be ashamed or embarassed to ask for help when facing financial difficulties.


**EHA Mission Statement:** The mission of the Housing Authority of the City of Eureka is to assist low-income families with safe, decent, and affordable housing opportunities as they strive to achieve self-sufficiency and improve the quality of their lives. The Housing Authority is committed to operating in an efficient, ethical, and professional manner, and treating all clients with dignity and respect. The Housing Authority will create and maintain partnerships with its clients and appropriate community agencies in order to accomplish this mission.

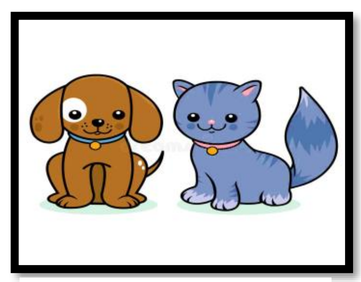
## DATES TO REMEMBER

Our office will be closed on these holidays!

July 4th – Independence Day

September 4th – Labor Day

September 7th – Admissions Day



## PET POLICY

Do you own a pet? To have an approved pet with the Public Housing Authority you are required to have the following:

- **Picture of the pet.**
- **Weight of dog must be under 25lbs.**
- **Rabies Certification.**
- **Verification of Spay/Neuter certificate.**
- **Verification of current City License.**
- **Pay pet deposit upon approval.**

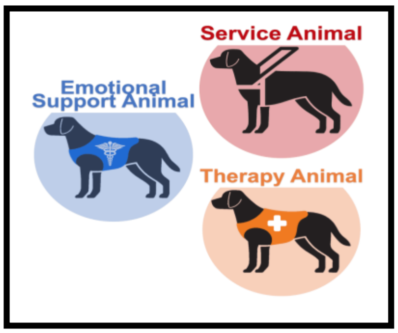
Unauthorized pets are lease violations and can lead to lease termination. For more information contact our Community Liaison Ty at 707-443-4583 ext. 211.

## General Information

Lobby and Dumpster Hours: Open Tuesday-Thursday 10am-3pm.

Business Hours: Open Monday-Thursday 8am-5pm; Fridays alternate with closed days and business hours are 8am-4:30pm.

We have a payment drop box by our main front door for easy submission of any amounts payable.




# Q&A

**Q:** What is the difference between a common household pet and an assistance or support animal?

**A:** Assistance, support and service animals are not considered pets. They are animals that work, perform tasks, and assist with emotional support for individuals with disabilities. A common household pet is recognized as a companion and kept in a home for pleasure rather than work.

**Volunteer Opportunity**: Are you a Public Housing senior (62+) who is interested in serving on our Board of Commissioners? Please contact Heather at heatherh@eurekahumboldtha.org or 707-443-4583 ext. 219 with questions and to obtain an application for tenant commissioner.

**Visit us at www.eurekahumboldtha.org**


## HOW DO YOU GET RID OF MOLD?

Mold is a fungal growth that can be found anywhere there is moisture such as open doors, windows, vents, heating and cooling systems, food, clothes, drywall, tiles, carpet and much more. Common colors of mold found in households are green, black, white, blue, pink, yellow, red, orange, and brown. Inhaling or touching mold can have many health effects such as coughing, sneezing, wheezing, stuffy nose, sore throat, watery eyes, and skin irritation. Therefore, it's the tenant's responsibility to clean their home regularly and most importantly prevent mold growth. If mold is growing in your home, you may use soap and water or a bleach solution of one gallon of water with one cup of bleach. Make sure to wear gloves and open windows or a door to provide fresh air when using bleach. To prevent mold, use a dehumidifier, fan, or open a window when taking a shower, have any leaks repaired, and use disinfectant household products.

## WHO TO CONTACT

**Call our main line at 707-443-4583; then:**

Work orders request…………………………………………..x218

**For emergency work orders ONLY contact 707-444-1424**

Paperwork, certification, rent, income calculation questions……………………………………………………..x214

Accounting for charges, account balance, questions, and payments……………………………………………………..x221

Questions, complaints, or concerns about the neighborhood………………………………………………..x211

All other questions regarding Housing Authority services……………………………………………………….x210

**In case of an emergency, please call 911 or the Eureka Police Department at 707-441-4060.**

# Occupancy and Leasing Report
# January 2023 - May 2023

## Housing Authorities of the
## City of Eureka and County of Humboldt

| Program | Total Units Available | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Wait List End of Month | |
|---|---|---|---|---|---|---|---|---|
| **Eureka** | | | | | | | | |
| Public Housing | 195 | 185 | 184 | 184 | 183 | 185 | 598 | * |
| Eureka Family Housing | 51 | 48 | 47 | 49 | 49 | 49 | 630 | |
| Eureka Senior Housing | 22 | 19 | 19 | 21 | 21 | 21 | 150 | |
| **Total City units** | **268** | **252** | **250** | **254** | **253** | **255** | | |
| | | | | | | | | |
| **Humboldt** | | | | | | | | |
| Tenant Based Vouchers | | | | | | | | |
| Housing Choice Vouchers | 1234 | 771 | 773 | 775 | 772 | 763 | 1107 | |
| VASH Vouchers | 95 | 70 | 70 | 70 | 72 | 74 | N/A | |
| Mainstream vouchers | 75 | 43 | 45 | 48 | 50 | 50 | N/A | *** |
| Emergency Housing Vouchers (EHV) | 182 | 86 | 100 | 102 | 108 | 111 | N/A | ‡ |
| **Total All Vouchers** | **1586** | **970** | **988** | **995** | **1002** | **998** | | |
| | | | | | | | | |
| Project Based Vouchers *(note that these are a subset of HCV & VASH voucher counts shown above)* | | | | | | | | |
| PBV-VASH - Bayview Heights (Eureka) | 22 | 22 | 22 | 22 | 22 | 22 | N/A | ** |
| PBV-HCV - Bayview Heights (Eureka) | 3 | 3 | 3 | 3 | 3 | 3 | 0 | ** |
| PBV-HCV - Sorrell Place (Arcata) | 5 | 5 | 5 | 5 | 5 | 5 | 15 | ** |
| PBV-HCV - Providence (Eureka) | 42 | (Projects not yet completed) | | | | | | ✦ |
| PBV-HCV - 7th & Myrtle Senior (Eureka) | 35 | | | | | | | |
| Total PBVs | 107 | 30 | 30 | 30 | 30 | 30 | | |

| | |
|---|---|
| Vouchers issued but not under contract, end of month (aka "Searching") | 56 |

*Total PH units is 198; 3 units are exempted for EPD use, Boys & Girls Club, and Maintenance use and are unavailable for tenant rental

**25 Project Based Vouchers at Bayview Heights Veteran's housing at 4th & C Street, Eureka; contract signed 6/30/2020.
5 Project Based HCV vouchers at Sorrell Place, extremely low income units at 7th & I Street, Arcata; effective 6/1/2022.

*** Mainstream vouchers were awarded December 2020. Funding and voucher issuance began April 2021.
25 Mainstream vouchers will be allocated via waitlist pulls; 50 will be via referral from CoC partners.

‡ No PHA waitlist for EHVs; all are issued based on referral from HHHC or HDVS. Referrals began Q4 2021.

✦HUD-approved PBVs; projects expected to complete construction in 2023.

## COUNTY OF HUMBOLDT HOUSING AUTHORITY
### All Voucher Programs
### For the month of May 2023

| | | January | February | March | April | May | Total |
|---|---|---|---|---|---|---|---|
| | **Traditional HCV & VASH (Includes PBVs)** | | | | | | |
| | HAP income (budget authority) | $ 554,989 | $ 561,152 | $ 561,152 | $ 561,152 | $ 561,152 | $ 2,799,595 |
| | HAP expenses | (526,837) | (538,214) | (543,930) | (543,711) | (543,035) | (2,695,727) |
| | Surplus (Deficit) | 28,152 | 22,938 | 17,222 | 17,441 | 18,117 | 103,868 |
| * | % Total income utiliized | 94.93% | 95.91% | 96.93% | 96.89% | 96.77% | 96.29% |
| | Administrative/Other Income | 75,927 | 92,620 | 76,230 | 74,998 | 74,742 | 394,517 |
| | Operating expenses | (57,389) | (65,305) | (70,107) | (62,912) | (60,073) | (315,786) |
| | Surplus (Deficit) | 18,538 | 27,315 | 6,123 | 12,086 | 14,669 | 78,731 |
| **B** | Remaining HAP Cash | 15,197 | 2,741 | 29,886 | (3,180) | 93,597 | |
| | Remaining Non-HAP Cash | 546,993 | 597,179 | 567,907 | 610,780 | 469,621 | |
| | Total HCV Cash | 562,189 | 599,919 | 597,793 | 607,600 | 563,218 | |
| | Cash Increase/(Decrease) | 14,569 | 37,730 | (2,126) | 9,806 | (44,381) | |
| | # of Households Assisted | 843 | 844 | 844 | 844 | 837 | 4,212 |
| | Average HAP Payment | $ 625 | $ 638 | $ 644 | $ 644 | $ 649 | $ 640 |
| | **Mainstream (disabled & non-elderly)** | | | | | | |
| | HAP income (budget authority) | $ 23,639 | $ 23,639 | $ 24,287 | $ 24,287 | $ 23,833 | $ 119,685 |
| | HAP expenses | (29,831) | (31,687) | (32,401) | (33,608) | (33,660) | (161,187) |
| | Surplus (Deficit) | (6,192) | (8,048) | (8,114) | (9,321) | (9,827) | (41,502) |
| **A** | % Total income utiliized | 126.19% | 134.05% | 133.41% | 138.38% | 141.23% | 134.68% |
| | Administrative/Other Income | 2,768 | 2,768 | 9,761 | 2,811 | 2,949 | 21,057 |
| | Operating expenses | (2,659) | (3,434) | (3,623) | (3,001) | (4,218) | (16,934) |
| | Surplus (Deficit) | 109 | (666) | 6,138 | (190) | (1,269) | 4,123 |
| **B** | Remaining HAP Cash | (1,723) | 122 | 5,938 | (1,852) | 5,074 | |
| | Remaining Non-HAP Cash | 42,711 | 42,545 | 41,764 | 48,416 | 42,822 | |
| | Total MSV Cash | 40,988 | 42,667 | 47,702 | 46,564 | 47,896 | |
| | Cash Increase/(Decrease) | (1,906) | 1,679 | 5,035 | (1,138) | 1,332 | |
| | # of Households Assisted | 43 | 45 | 48 | 50 | 50 | 236 |
| | Average HAP Payment | $ 694 | $ 704 | $ 675 | $ 672 | $ 673 | $ 683 |
| | **Emergency Housing Vouchers (EHVs)** | | | | | | |
| | HAP income (budget authority) | $ 37,098 | $ 37,098 | $ 37,098 | $ 37,098 | $ 37,098 | $ 185,490.00 |
| | HAP expenses | (76,264) | (82,314) | (86,565) | (88,899) | (90,540) | (424,582) |
| | Surplus (Deficit) | (39,166) | (45,216) | (49,467) | (51,801) | (53,442) | (239,092) |
| **A** | % Total income utiliized | 205.57% | 221.88% | 233.34% | 239.63% | 244.06% | 228.90% |
| | Administrative/Other Income | 11,884 | 27,313 | 25,144 | 20,121 | 37,745 | 122,207 |

**COUNTY OF HUMBOLDT HOUSING AUTHORITY**
**All Voucher Programs**
**For the month of May 2023**

| | January | | February | | March | | April | | May | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating expenses | | (16,160) | | (37,880) | | (27,311) | | (21,459) | | (30,801) | (133,611) |
| Surplus (Deficit) | | (4,276) | | (10,566) | | (2,167) | | (1,338) | | 6,944 | (11,404) |
| **B** Remaining HAP Cash | | 27,743 | | - | | 1,538 | | 1,177 | | 14,662 | |
| Remaining Non-HAP Cash | | 149,958 | | 114,694 | | 96,854 | | 82,378 | | 51,376 | |
| Total EHV Cash | | 177,701 | | 114,694 | | 98,391 | | 83,555 | | 66,037 | |
| **C** Cash Increase/(Decrease) | | (107,282) | | (63,007) | | (16,303) | | (14,836) | | (17,518) | |
| # of Households Assisted | | 86 | | 100 | | 102 | | 108 | | 111 | 507 |
| Average HAP Payment | $ | 887 | $ | 823 | $ | 849 | $ | 823 | $ | 816 | $ 837 |

**COUNTY OF HUMBOLDT HOUSING AUTHORITY**
**All Voucher Programs**
**For the month of May 2023**

| | | January | February | March | April | May | Total |
|---|---|---|---|---|---|---|---|
| | **Total All Voucher Programs** | | | | | | |
| | HAP income (budget authority) | $ 615,726 | $ 621,889 | $ 622,537 | $ 622,537 | $ 622,083 | $ 3,104,770 |
| | HAP expenses | (632,932) | (652,215) | (662,896) | (666,218) | (667,235) | (3,281,496) |
| | Surplus (Deficit) | (17,207) | (30,327) | (40,360) | (43,682) | (45,153) | (176,727) |
| **A** | % Total income utiliized | 102.79% | 104.88% | 106.48% | 107.02% | 107.26% | 105.69% |
| | Administrative/Other Income | 90,579 | 122,702 | 111,134 | 97,930 | 115,436 | 537,781 |
| | Operating expenses | (76,208) | (106,619) | (101,040) | (87,372) | (95,092) | (466,331) |
| | Surplus (Deficit) | 14,371 | 16,083 | 10,094 | 10,558 | 20,344 | 71,450 |
| | Remaining HAP Cash | 41,217 | 2,863 | 37,362 | (3,855) | 113,332 | |
| | Remaining Non-HAP Cash | 739,662 | 754,418 | 706,525 | 741,574 | 563,819 | |
| | Total Program Cash | 780,878 | 757,280 | 743,886 | 737,719 | 677,151 | |
| | Cash Increase/(Decrease) | (94,619) | (23,598) | (13,394) | (6,168) | (60,568) | |
| | # of Households Assisted | 972 | 989 | 994 | 1,002 | 998 | 4,955 |
| | Average HAP Payment | $ 651 | $ 659 | $ 667 | $ 665 | $ 669 | $ 662 |

**Notes**

* Larger increase than expected to HCV budget authority for 2023. Expecting award to get reduced after federal budget finalization, or for excess funds to be placed in reserves.

**A** Spending above 100% indicates full utilization of monthly funding plus spending down of HUD-held reserves (which is encouraged/required by HUD).

**B** HAP cash on hand is minimal, but sufficient HAP reserves are held with HUD. HUD held reserve requests sumitted as necessary. Restriced cash position may go "negative" while waiting for HUD held reserve deposits and is temporarily funded with excess unrestricted funds.

<u>HUD Held Reserves</u> *as of 04/05/2023*
HCV - $901,380
MSV - $209,707
EHV - $830,600

**C** Cash decrease due to timing of HUD stopping EHV HAP and Admin Fee disbursements; expecting cash to continue to decrease as initial program funding is utilized per HUD program mandate. Once initial program funding gets below a certain level, HUD will initiate monthly funding again.

| **Housing Choice Vouchers** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|
| January | 913 | 889 | 917 | 918 | 903 | 882 | 866 | 884 | 866 | 843 |
| February | 906 | 901 | 921 | 919 | 898 | 894 | 867 | 875 | 858 | 844 |
| March | 899 | 908 | 923 | 918 | 896 | 897 | 861 | 875 | 862 | 844 |
| April | 896 | 920 | 928 | 919 | 908 | 895 | 859 | 873 | 858 | 844 |
| May | 890 | 920 | 927 | 917 | 905 | 895 | 850 | 873 | 861 | 837 |
| June | 890 | 922 | 930 | 914 | 898 | 892 | 853 | 868 | 864 | |
| July | 891 | 929 | 924 | 919 | 895 | 882 | 873 | 865 | 856 | |
| August | 891 | 929 | 923 | 917 | 888 | 879 | 872 | 864 | 854 | |
| September | 896 | 931 | 927 | 913 | 888 | 872 | 883 | 864 | 851 | |
| October | 897 | 918 | 934 | 906 | 888 | 866 | 888 | 862 | 846 | |
| November | 900 | 913 | 928 | 903 | 887 | 881 | 890 | 866 | 839 | |
| December | 890 | 910 | 925 | 902 | 882 | 877 | 887 | 857 | 842 | |
| Average | **897** | **916** | **926** | **914** | **895** | **884** | **871** | **869** | **855** | **842** |
| UML's | 10,759 | 10,990 | 11,107 | 10,965 | 10,736 | 10,612 | 10,449 | 10,426 | 10,257 | 4,212 |

| **Mainstream Vouchers** | | | | | | | | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|
| January | | | | | | | | | 27 | 43 |
| February | | | | | | | | | 27 | 45 |
| March | | | | | | | | | 28 | 48 |
| April | | | | | | | | | 29 | 50 |
| May | | | | | | | | | 31 | 50 |
| June | | | | | | | | | 32 | |
| July | | | | | | | | | 36 | |
| August | | | | | | | | 4 | 37 | |
| September | | | | | | | | 15 | 36 | |
| October | | | | | | | | 18 | 37 | |
| November | | | | | | | | 24 | 38 | |
| December | | | | | | | | 27 | 39 | |
| Average | | | | | | | | **21** | **33** | **47** |
| UML's | | | | | | | | 88 | 397 | 236 |

| **Emergency Housing Vouchers** | | | | | | | | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|
| January | | | | | | | | | 5 | 86 |
| February | | | | | | | | | 11 | 100 |
| March | | | | | | | | | 15 | 102 |
| April | | | | | | | | | 18 | 108 |
| May | | | | | | | | | 23 | 111 |
| June | | | | | | | | | 30 | |
| July | | | | | | | | | 38 | |
| August | | | | | | | | | 42 | |
| September | | | | | | | | | 46 | |
| October | | | | | | | | | 64 | |
| November | | | | | | | | | 69 | |
| December | | | | | | | | 4 | 80 | |
| Average | | | | | | | | **4** | **37** | **101** |
| UML's | | | | | | | | 4 | 441 | 507 |

| **Total All Voucher Programs** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
|---|---|---|---|---|---|---|---|---|---|---|
| January | 913 | 889 | 917 | 918 | 903 | 882 | 866 | 884 | 898 | 972 |
| February | 906 | 901 | 921 | 919 | 898 | 894 | 867 | 875 | 896 | 989 |
| March | 899 | 908 | 923 | 918 | 896 | 897 | 861 | 875 | 905 | 994 |
| April | 896 | 920 | 928 | 919 | 908 | 895 | 859 | 873 | 905 | 1002 |
| May | 890 | 920 | 927 | 917 | 905 | 895 | 850 | 873 | 915 | 998 |
| June | 890 | 922 | 930 | 914 | 898 | 892 | 853 | 868 | 926 | |
| July | 891 | 929 | 924 | 919 | 895 | 882 | 873 | 865 | 930 | |
| August | 891 | 929 | 923 | 917 | 888 | 879 | 872 | 868 | 933 | |
| September | 896 | 931 | 927 | 913 | 888 | 872 | 883 | 879 | 933 | |
| October | 897 | 918 | 934 | 906 | 888 | 866 | 888 | 880 | 947 | |
| November | 900 | 913 | 928 | 903 | 887 | 881 | 890 | 890 | 946 | |
| December | 890 | 910 | 925 | 902 | 882 | 877 | 887 | 888 | 961 | |
| Average | **897** | **916** | **926** | **914** | **895** | **884** | **871** | **894** | **925** | **991** |
| UML's | 10,759 | 10,990 | 11,107 | 10,965 | 10,736 | 10,612 | 10,449 | 10,518 | 11,095 | 4,955 |

# City of Eureka Housing Authority

Board of Commissioners Meeting

July 17, 2023

Agenda Item 8a

## Memorandum

To: Commissioners
From: Cheryl Churchill, Executive Director
Subject: Annual Agency Plan Updates

BACKGROUND AND HISTORY:

As required by HUD, the Housing Authority must annually update the PHA Plan.

The resident advisory board met on June 22, 2023, to discuss the PHA goals and objectives and provide input to the annual plan.

The Board has had the opportunity to review goals and progress updates, and to offer input at regularly scheduled board meetings relative to the annual plan.

The PHA Plan must be submitted to HUD by October 31, 2023.

STAFF RECOMMENDATION:

Staff recommend that the Board discuss the updated goals for the upcoming annual plan.

# City of Eureka Housing Authority

# PHA Goals

## FY 2023 Annual Goals – *July 2023 Progress Update*

Goal One: **Occupancy**

The City of Eureka Housing Authority shall maintain a waiting list of sufficient size so we can fill our public housing units within 20 days of a unit becoming rent-ready.

The PHA will advertise in at least one local publication quarterly, as long as the wait list is open, in order to make the public aware of our open waitlist.

The PHA will seek opportunities with other local agencies to do outreach and education about our housing programs to diverse populations, at minimum once a month. The Housing Advocate will seek out and schedule outreach activities.

The PHA shall mix its public housing development populations ethnically, racially and income-wise as much as possible.

*Update: 3 of the 10 PH units, or 30%, leased between 1/1/2023 and 6/30/2023 were leased up within 20 days. This is double the rate reported in the 7/2022 goals update (2 out of 13, or 15%). Units that have become rent ready in 2023 have an average lease-up period of 26.25 days. While this is still longer than the set goal, it shows a marked improvement from prior years.*

*We continue to do periodic waitlist updates (asking applicants to confirm current or provide updated information), in order to maintain a current waitlist and reduce the number of screenings required to fill units.*

Goal Two: **Smoke-Free**

PHA properties have been smoke-free since 2016, and we will continue to enforce the no-smoking policy. HACE will send an annual reminder letter to tenants regarding the no-smoking policy and informing tenants of their rights and lease responsibilities concerning this policy.

Based on input from tenants in the 2021 annual meeting, in 2022 we will evaluate our Smoke-free policy for efficacy, consider a more structured policy, and update tenants with any new policy requirements per HUD's guidelines.

*Update: Policy is under review; expected completion with any needed updates by 12/31/2023.*

Goal Three: **Neighborhood Watch**

The PHA will support and facilitate meetings and make available meeting space periodically for tenants and neighbors interested in forming a Neighborhood Watch program. The PHA will reach out to interested tenants based on a survey sent out in 2021, to have a further discussion and encourage them to become active members of their community, dedicated to making housing a clean and safe environment.

*Update: No interest has been expressed by tenants in starting formal neighborhood watch groups. The office conference room is periodically made available for meeting space for a local neighborhood watch group, and a few PH tenants choose to attend.*

Goal Four: **Tenant Communication**

The PHA will continue to enhance and encourage communication with tenants via a quarterly newsletter. The newsletter is both sent via USPS mail as well as posted to our website for reference.

*Update: We continue to publish a quarterly tenant newsletter.*

Goal Five: **Compliance**

The PHA will ensure full compliance with all applicable standards and regulations including generally accepted accounting practices (GAAP) and governmental accounting standards board (GASB), with a goal of zero findings in annual audits, with audit report including any findings to be made available and presented annually.

1. Completed audit for FYx1 will be presented at a regular board of commissioners' meeting before the end of FYx2.
2. Completed audit report will be posted on agency website.

*Update: The 2021 audit was presented in Q4-2022 and contained one finding regarding checking new vendors in the System for Award Management (SAM) database for vendor suspension and/or disbarment, a new requirement for which a process had not previously been implemented. A new process was implemented as of August 24, 2022, to check all new vendors in SAM. Additionally, As of 12/31/2022, all existing vendors were checked in SAM, correcting this* *deficiency. The 2022 audit is still in process and no findings are expected.*

Goal Six: **Maintenance**

HACE maintenance team continues to work toward more efficient operations. Increases in efficiency to be supported by:

1. Training all maintenance personnel in the use of tablets for performing annual inspections and for initiating/completing work orders timely.
2. Cross-training where possible so the department is able to sufficiently cover scheduled inspections and emergency needs when not fully staffed.
3. Sourcing at least one additional/back-up contractor for each routine service (e.g. painting, flooring, and cleaning) to support the most rapid completion of unit turns possible.

*Update: Maintenance department is fully staffed, and all personnel are trained in using tablets. Cross training and specialized maintenance training (e.g. asbestos handling) continues to occur with all staff. Sourcing contractors remains a challenge post-pandemic, but we continue to try new service providers and seek additional contractors and suppliers.*

Goal Seven: **Phone System**

The PHA will continue to review and update our phone system biannually in order to make it easier to navigate, reach the intended recipient, and be more user friendly.

*Update: Phone system has been updated to include dedicated lines for select roles (Accounts Receivable, Work Orders (routine), Emergency Maintenance) for easier access to staff. Review and updates will be done as needed.*

Goal Eight: **Technology and Accessibility**

The PHA will add to our selection of resources available for download from our website in order to better meet our client's needs to access and complete paperwork remotely and successfully communicate with agency staff without interfacing directly.

Specifically:

1. We will continue to provide the following online, and assess the need to add further documents digitally:
    a. Application
    b. Notice of Change
    c. Recertification paperwork
    d. Board meeting agendas

2. We will continue accepting tenant payments through an online processing portal and explore the option to accept payment via additional methods (e.g. debit/credit cards).

*Update: The documents listed above have been added to the website and the website is updated frequently with new and time-sensitive announcements. Tenants are encouraged to use the payment portal, but payments are not currently accepted via credit cards.*

Goal Nine: **Repositioning**

As the PHA's public housing stock nears 70 years in age, it is evident the need to explore options to guarantee the future of affordable housing in Eureka. The PHA will work with HUD, consultants, developers, and any other available sources to explore various opportunities to maintain and/or increase affordable housing stock in a financially, environmentally, and socially sound manner.

The PHA will assemble and present a report to the Board in 2022 from the work done in 2021-2022 with Enterprise Community Partners, Structure PDX, HUD, and any other participants, disseminating the work done and the recommended path for repositioning.

*Update: RFQ issued 1/30/2023 based on the Repositioning plan developed in and approved by Board at regular meeting on 6/21/2022, with resolution of support approved by County of Humboldt Housing Authority on 6/11/2022.*

*Pending board approval of recommended developer (anticipated at 7/17/23 meeting), next steps include entering a developer agreement, working on community outreach, design, permitting, finance plans, and beginning work on HUD's Special Applications Center (SAC) applications.*

Goal Ten: **Staff Retention and Training**

The PHA will promote and maintain a motivating work environment with a capable team of employees.

1. Budget will be allocated, approved and available to send appropriate staff to training seminars that will enhance staff skills for their particular job classification and responsibilities.
2. On-demand training will be available to all staff through a contract with HTVN
3. The PHA will acknowledge staff monthly for their achievements by providing an employee recognition award to an employee selected by the management team.

*Update:*

1. *Staff have attended both online and in-person trainings as relevant opportunities have become available. Due to increased costs of training and travel, it is anticipated that the per-employee training budget will be increased in 2024, to continue allowing staff access to the best training opportunities relevant to our niche market.*
2. *Quarterly training updates reports are provided for management to review utilization of training budgets; it is anticipated the budget will be 100% utilized for 2023.*
3. *Management continues to select and recognize an employe each month for recognition of their contributions to the agencies.*

Goal Eleven: **Customer Feedback**

The PHA will use various methods to invite feedback from interested parties, including voucher clients, community members, and staff.

We will provide an annual survey to clients to ask for their feedback and input on specific areas of focus.

We will implement a standard feedback process for any parties concerned for reporting issues, suggesting changes, and otherwise seeking answers.

*Update:*
*An online survey has been made available so feedback can be provided 24/7. Go to https://eurekahumboldtha.org/PHACustomerSurvey.*

Goal Twelve: **City of Eureka Planning Department Updates**

The PHA will request annually a report and/or presentation from the City of Eureka Planning Department to update the Housing Authority staff and board on any new or changed ordinances, policies, zoning, etc. that may impact Housing Authority operations.

*Note: This is a new goal established for 2023 forward. An inquiry has been made to the City of Eureka, and we are working with City staff to schedule this. We anticipate meeting this goal by 12/31/2023.*

# Housing Authority of the City of Eureka

Board of Commissioners Meeting

July 17, 2023

Agenda Item 8b

# Memorandum

To: Commissioners
From: Cheryl Churchill, Executive Director
Subject: Recommendation for selection of Developer Partner

BACKGROUND AND HISTORY:

Based on the Repositioning Plan approved by the Board of Commissioners on June 21, 2022, a Request for Qualifications (RFQ) was issued January 30, 2023, closing on May 1, 2023. Three proposals were received, and all were determined to be responsive to the RFQ. Members of a 5-person review committee independently scored the proposals, then met to discuss the merits of each. Thereafter, all three proposers participated in Zoom interviews with the review committee, with consultant Mike Andrews, StructurePDX, assisting to facilitate the discussion.

Based on the results of the scoring matrix as provided in the original RFQ, the proposer that unanimously scored the highest was "Eureka Community Partners", the proposed entity to be created by Brinshore Development and Operative Office.

A conditional award was issued July 03, 2023 to Eureka Community Partners. Additionally, the two other proposers were notified that their proposals were not selected; the ten-day appeal period has passed, and no appeals were received from either of these two proposers.

The next step in this process is to request board approval of the selected developer partner so the Housing Authority may pursue an MOU, working toward a development services agreement with the selected provider.

Impact to Personnel:

There is no immediate/significant impact to personnel. However, as we begin work on redevelopment, the workload of upper management may increase in order to keep the process moving forward. Managers have been working to train staff on any duties that might be handed down to make more time available to address redevelopment activities.

Fiscal Impact:
There is no immediate/significant fiscal impact. Once an MOU is in place with the selected provider, followed by a development services agreement, discussions and creation of proforma financials will begin to determine future financial impacts.

Alternatives:
The selected provider is being recommended based on scoring criteria established in the RFQ. Selecting the second highest scoring proposer should only be considered if the PHA is unable to agree upon an MOU and subsequent development services agreement with the top proposer selection. Not selecting a developer partner is also not recommended, as the Repositioning Plan and recent physical needs assessments clearly indicate that the Public Housing properties have significant physical needs, many of which are best accomplished by redevelopment.

STAFF RECOMMENDATION:
It is the recommendation of the Executive Director that the Board of Commissioners approve Brinshore Developers with Operative Office, as “Eureka Community Partners” as the selected developer partner, and authorize staff to move forward with a memorandum of understanding, working toward a development services agreement for the repositioning of Public Housing.

**HOUSING AUTHORITIES**
**CITY OF EUREKA & COUNTY OF HUMBOLDT**

735 WEST EVERDING STREET, EUREKA CA 95503
PHONE: (707) 443-4583 FAX: (707) 443-4762 TTY: (800) 651-5111

July 3, 2023

Brinshore Development
Richard Sciortino, Principal
*Via email: richs@brinshore.com*

Re: Notice of Conditional Contract Award under RFQ #2023-01 Developer Partner

Dear Mr. Sciortino:

This letter is in regard to the Request for Qualifications (RFQ) issued by the Housing Authority of the City of Eureka (HACE) for RFQ #2023-01 Developer Partner. HACE has completed evaluations of all proposals received using the evaluation criteria identified in the RFQ and is pleased to make a conditional award to Brinshore Development and Operative Office's "Eureka Community Partners". Eureka Community Partners' proposal received the evaluation team's highest ranking. Final award is pending HACE Board of Commissioners approval, anticipated July 17, 2023, and execution of a written MOU. Should HACE be unable to successfully negotiate a contract with Eureka Community Partners, that negotiation will be terminated, and the next highest ranked proposer will be contacted to begin negotiations. As a result, this notice does not constitute the formation of a contract between HACE and Eureka Community Partners.

Thank you for your interest is doing business with the Housing Authority of the City of Eureka. We are excited at the prospect of working with your team to bring a new generation of affordable housing to the City of Eureka.

Sincerely,

Cheryl Churchill

Cheryl Churchill
Executive Director

Cc: Eureka Community Partners team, via email
plevavi@brinshore.com
whitneyw@brinshore.com
michaelm@brinshore.com
lindat@brinshore.com
emily@operativeoffice.com
michael@operativeoffice.com
julia@operativeoffice.com
kmccloskey@ktgy.com

**RESOLUTION 1985**

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOSUING AUTHORITY OF THE CITY OF EUREKA, CALIFORNIA, AUTHORIZING THE SELECTION OF A DEVELOPER FOR THE REDEVELOPMENT OF PUBLIC HOUSING UNITS IN EUREKA, AS OUTLINED IN THE REPOSITIONING PLAN, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE SELECTED PROPOSER**

WHEREAS, The Housing Authority of the City of Eureka owns and manages 198 Public Housing units in the City of Eureka; and

WHEREAS, The Board of Commissioners of the Housing Authority of the City of Eureka directed staff via board resolution number 1945 on July 20, 2020 to move forward with repositioning activities; and

WHEREAS, The Board of Commissioners of the Housing Authority of the City of Eureka approved a Repositioning Plan at the regular board meeting via resolution number 1963 on June 21, 2022, directing staff to move forward with repositioning HACE's public housing developments; and

WHEREAS, on January 30, 2023, HACE issued a Request for Qualifications (RFQ) seeking a redevelopment partner to execute the repositioning and redevelopment of the Housing Authority of the City of Eureka's Public Housing properties; and

WHEREAS, the RFQ was posted on HACE's website, advertised via local publications, emailed to developers on the California Tax Credit Allocation Committee's developer list, posted on the Housing Tools website, and widely shared with the affordable housing development community; and

WHEREAS, as of the RFQ closing date of May 1, 2023, HACE had received proposals from three (3) qualified development teams; and

WHEREAS, a selection committee composed of two senior staff members from HACE, two local consultants with affordable housing development experience, and one California Public Housing Authority Executive Director with affordable housing development experience, convened to review and evaluate the proposals; and

WHEREAS, HACE's consultant Mike Andrews of Structure Development Advisors, assisted the review process with preliminary review of proposals, facilitating selection committee meetings and proposer interviews, and other administrative needs and analysis related to review of the proposals; and

WHEREAS, on June 13, 2023, each proposer was sent supplemental interview questions and scheduled for Zoom interviews; and

WHEREAS, based upon review of the original proposals, responses to the supplemental interview questions, and discussions with proposers during the scheduled Zoom interviews, with scoring done as provided for in the original RFQ document, the selection committee unanimously recommends Brinshore Development with Operative Office as "Eureka Community Partners" as the selected developer partner; and

WHEREAS, a conditional award was made to the recommended developer on July 3, 2023, and the other proposers were notified that their proposals were not selected; and

WHEREAS, the ten-day appeal period has passed, and no appeals were received from any proposers;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF EUREKA, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA, THAT the Executive Director is authorized to negotiate and execute a Memorandum of Understanding with Brinshore Development and Operative Office, working together as "Eureka Community Partners", to commence activities working toward a development agreement, which will be subject to the approval of PHA's Board of Commissioners.

BE IT FURTHER RESOLVED THAT the Executive Director and/or her authorized designee is hereby authorized to take all actions necessary to implement this resolution.

****************

PASSED AND ADOPTED on the ___17___ day of __July___ 2023 by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

| | |
|---|---|
| Cheryl Churchill | Kali Serotta |
| Name | Name |
| Secretary | Chairperson |
| Title | Title |
| ______________________ | ______________________ |
| Signature | Signature |

BRINSHORE ktgy OPERATIVE OFFICE

Eureka Community Partners
Response to Request for Qualifications #2023-01

Co-Developer and Partner for the Repositioning of Public Housing
Submitted to the Housing Authority of the City of Eureka
May 1, 2023

# TABLE OF CONTENTS

# 1. COVER LETTER

May 1, 2023

Heather Humphreys
Housing Authority of the City of Eureka
735 W Everding St
Eureka, CA 95503

RE: RFQ #2023-01 Housing Authority of the City of Eureka - Public Housing Repositioning Co-Developer

Dear Ms. Humphreys:

On behalf of Eureka Community Partners, we are pleased to submit this response to the Request for Qualifications for Public Housing Repositioning Co-Developer.

## Team Introduction, Philosophy & Approach

Our team, which we refer to as "Eureka Community Partners", is excited for the opportunity to work together and respond to the Housing Authority of the City of Eureka's Co-Development opportunity. Our primary team members bring a collective of national and California-specific experience. Brinshore brings more than 30 years of experience in LIHTC development and best practices in public housing repositioning from across the country. Operative Office is an integrated architecture and development practice, specializing in LIHTC development in California. KTGY is a robust architecture and master planning firm, whose experience includes current large-scale projects in Eureka, as well as numerous partnerships with members of both the Brinshore and Operative Office teams. Brinshore Development and Operative Office are partnering together for this repositioning effort to create Eureka Community Partners.

Brinshore Development is an experienced affordable housing developer, committed to creating quality affordable housing and revitalizing mixed-income communities. Since 1994, Brinshore has developed, through new construction and acquisition/rehab, more than 10,000 units of affordable rental housing, valued at over $2 billion dollars, primary leveraging the Low-Income Housing Tax Credit. Additionally, Brinshore has worked with Public Housing Authorities throughout the country to redevelop complex, urban, public housing sites into attractive Mixed Income communities, and to reposition existing public housing developments. We are currently working as partners with two dozen housing authorities to develop several thousand mixed income apartments and reposition portfolios and are familiar with and have been successful at securing all sources of finance available for public housing redevelopment projects. Over the course of our public housing work, we have developed the expertise to navigate a range of complex issues, including negotiations with HUD, addressing the sometimes-competing needs of public housing residents and other local stakeholders, and multi-layered financing structures. Brinshore is an expert in all aspects of planning and implementing the redevelopment programs with public housing sites, and repositioning public housing authority portfolios with alternative strategies including RAD, Section 18, RAD/SAC blend, and most recently Faircloth to RAD. Having worked on numerous repositioning transactions, Brinshore understands the programs, and their advantages and disadvantages.

From large-scale new construction to historic preservations and all developments in between, Brinshore's work is defined by innovative design, quality of construction, and rigorous adherence to best practices. Our common mission for all projects is to focus on how we can leverage affordable housing to produce economic opportunity and community benefit.

As our experience creating authentic, inclusive, and connected communities has grown over time, we have adopted a methodology company-wide that we like to call "Developing with H.E.A.R.T.", which stands for Health, Education, Arts, Recreation, and Technology. This methodology ensures that we consider more than just the "bricks and sticks" of housing development but also to consider and implement meaningful program components that address a more holistic view of our residents and the communities they are a part of. It is also a process which brings community organizations, non-profits, stakeholders, and other partners together to advance a common goal of creating authentic and inclusive housing and programming.

As an experienced and trusted national developer, Brinshore's model is to partner locally. Over 90% of our development projects are in partnership with local non-profits, cities, housing authorities, or local development partners. Through these partnerships, Brinshore ensures the development is responsive to the local needs of the community. We create community partnerships with a commitment to inclusiveness, diversity, compassion, curiosity, and respect. Our process for partnership is based on a shared commitment to community and transformation. Responding holistically to the needs of each community ensures responsible and effective investments of community assets. Brinshore is a long-term owner committed to promoting sustainable economic opportunity and community benefit for residents, partners, and local stakeholders.

Brinshore is a mission-oriented development firm specializing in affordable and mixed-income housing. David Brint and Richard Sciortino, Brinshore's principals, each gained a decade's worth of real estate development experience in affordable housing prior to co-founding Brinshore in 1994. Brinshore is one of the nation's largest and most successful affordable housing development firms, with offices in six states.

## Vision for Redevelopment of HACE's Public Housing

Eureka Community Partners appreciates the opportunity to submit the following proposal for co-development services, partnership, and property management services related to repositioning HACE's entire public housing portfolio. We look forward to working with the community, HACE and the City of Eureka to transform the redevelopment sites into inclusive and thoughtful projects that serve and support the residents and community. Beginning with a phased approach to the 25-1 and Prospect Avenue sites, our team will work with HACE, the residents, and the community leadership to implement a redevelopment plan that accommodates the relocation of existing units into the phased, newly built communities that meet the social, educational, health, safety, and housing needs of the local community. We look forward to a collaborative process with local public housing authorities, city agencies, state and local financing agencies, national and local consultants, and local stakeholders.

## Members of the Developer Entity

| Name | Title | Member Team | Contact |
|---|---|---|---|
| Richard Sciortino | Principal | Brinshore Development | richs@brinshore.com |
| Peter Levavi | Executive Vice President | Brinshore Development | plevavi@brinshore.com |
| Whitney Weller | Senior Vice President | Brinshore Development | whitneyw@brinshore.com |
| Michael McGovern | Director of Finance | Brinshore Development | michaelm@brinshore.com |
| Linda Thurmond | Director of Asset Mgmt. | Brinshore Development | lindat@brinshore.com |

| | | | |
|---|---|---|---|
| Emily Ware | Director of Development | Operative Office | emily@operativeoffice.com |
| Michael den Hartog | Director of Design | Operative Office | michael@operativeoffice.com |
| Julia Miller | Development Manager | Operative Office | julia@operativeoffice.com |
| Keith McCloskey | Associate Principal | KTGY Architects & Planners | kmccloskey@ktgy.com |

## Properties to be Redeveloped

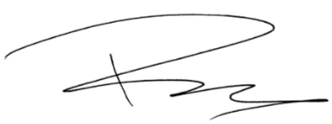
Eureka Community Partners is committed to creating vibrant communities for the properties identified for repositioning through an interconnected physical plan for the entire HACE portfolio. We hope to partner with HACE on its vision to reposition its portfolio, and we propose to prioritize the following sites, as outlined in HACE's recently-completed Redevelopment Plan:

| Redevelopment Site | Application Type | Strategy | Project Type |
|---|---|---|---|
| 25-1 | Section 18 | Obsolescence | Redevelopment Site |
| Prospect Avenue | Section 18 | Obsolescence | Redevelopment Site |
| C & Clark | Section 18 | Obsolescence | Redevelopment Site |
| Buhn /Union/Summer | Section 18 | Obsolescence | Redevelopment Site |
| Spring & Garland | Section 18 | Obsolescence | Redevelopment Site |

## Authorized Representatives

If you have any additional questions, or require additional information, please contact the following authorized representatives: Rich Sciortino (224-927-5053), Whitney Weller (312-505-0108) or Emily Ware (626-696-9924). We appreciate this opportunity to present qualifications, and to assist HACE in your efforts to provide quality affordable housing in Eureka.

Very truly yours,



Richard J. Sciortino
Eureka Community Partners

# 2. PROPOSED SERVICES

## ABILITY TO PERFORM WORK

## 2A. QUALIFICATIONS, EXPERIENCE, EXPERTISE & ROLES OF PRIMARY TEAM MEMBERS

### Richard J. Sciortino

Role:

President of Brinshore Development (Proposed Co-Developer/Owner)

Experience:

30 years

Expertise & Qualifications:

Mr. Sciortino directs Brinshore's acquisition, development, and construction activities. Mr. Sciortino is responsible for due diligence, contract review, land-use approvals, site planning, market analysis, partnership arrangement and other development-related issues. Additionally, Mr. Sciortino serves as President of BCM, LLC, the construction arm of Brinshore Development, and oversees its day-to-day operations. Mr. Sciortino has over two decades of housing and economic development experience.

From 1991 to 1994, Mr. Sciortino served as an Assistant Commissioner with the City of Chicago in both the Department of Housing and the Department of Buildings. He initiated the Chicago Abandoned Property Program designed to acquire and redevelop abandoned buildings which have since become an important tool for fostering community development and revitalizing Chicago's aging historical building stock.

Prior to serving with the City of Chicago, Mr. Sciortino served as Vice-President and Partner with The Habitat Company, a national residential housing developer with over 15,000 apartments, and was a senior member of the firm's development team responsible for marketing, sales, and brokerage activities.

Mr. Sciortino is an attorney and licensed real estate broker with extensive commercial real estate experience, having arranged financing for over $250 million in real estate transactions. Mr. Sciortino serves as the Vice-Chairman for Westside Habitat for Humanity, a non-profit affordable housing organization in Chicago, and is an advisor to Clara's House Shelter, which provides transitional housing for battered women and their children.

Mr. Sciortino has a law degree from Tulane University, a Master's Degree in Real Estate from the Kellogg School at Northwestern University and a Bachelor's Degree in Finance from the University of Connecticut.

### Peter Levavi

Role:

Executive Vice President of Brinshore Development (Proposed Co-Developer/Owner)

Experience:

22 years

Expertise & Qualifications:

Mr. Levavi joined Brinshore Development in the fall of 2000. Mr. Levavi is responsible for coordinating public housing redevelopment and repositioning activities at Brinshore Development. Since 1987, Mr. Levavi has gained extensive real estate experience, working as a developer, attorney, broker, and finance professor. From 1998 to 2000, Mr. Levavi was Vice President at LR Development Company in Chicago, Illinois.

Prior to LR, Mr. Levavi was Director of Professional Education at the University of Illinois at Chicago's Great Cities Institute; a facilitator of the Community First Leadership Program and Housing and Community Development Program, an intensive training program for upper-level management from the U.S. Department of Housing and Urban Development; and a professor of Development Finance in the graduate College of Urban Planning and Policy Affairs.

From 1993 to 1997, Mr. Levavi served as the associate dean of Spertus College, where he created and administered the Urban Developers Program, the Country's only city-based Master's Program in affordable housing development. From 1991 to 1993, Mr. Levavi served as Assistant Corporation Counsel in the City of Chicago's Department of Law. From 1989 to 1991, Mr. Levavi was a developer at Peoples Housing, a community development corporation in the Rogers Park community in Chicago.

Mr. Levavi is an active member of the Metropolitan Planning Council; is an adjunct professor in the Real Estate Program at DePaul University; and is a practicing attorney and real estate broker. Mr. Levavi earned a B.S. from Cornell University, a diploma from the London School of Economics, a J.D. from Harvard Law School, and a M.P.P. from Harvard University's Kennedy School of Government.

## Whitney Weller

### Role:

Senior Vice President of Brinshore Development (Proposed Co-Developer/Owner)

### Experience:

25 years

### Expertise & Qualifications:

Whitney joined Brinshore as a Senior Vice President to generate a pipeline of development opportunities in new markets through public-private partnerships. Whitney is based in Los Angeles and will oversee redevelopment efforts in Arizona, California, Nevada, and Utah. She is responsible for all components of the development process including high level client relationship management with local partners, city agencies, housing authorities and elected officials, contract negotiations, project conceptualization and master planning, design, and construction review, and managing schedules and budgets to ensure timely and efficient delivery.

Prior to joining Brinshore, Whitney was Senior Vice President for BRIDGE Housing where she oversaw master planning and predevelopment activities for BRIDGE's large scale public housing redevelopment efforts. After 3 years of directing the effort at Jordan Downs with Michaels, Whitney joined BRIDGE and facilitated the closing of the first phase of residential development that included plans for 250 units, 120,000 SF of commercial space, a 50,000 SF community center and public park. Additionally, she supervised the planning, design, and infrastructure improvements for the first phase of Potrero Hill in San Francisco as part of a 1600-unit master plan.

In her previous role as Senior Vice President with The Michaels Organization, Whitney established Michaels' Chicago office in 2002 and Los Angeles office in 2012 to undertake the 1400-unit redevelopment of the Jordan Downs public housing site in Watts. In this role with Michaels, Whitney partnered with Brinshore to manage the master planning and redevelopment efforts of the Henry Horner Homes and Robert Taylor Homes in Chicago, which resulted in nearly 1500 new mixed income residential units.

Building on her early career in architecture and urban planning, Whitney transitioned into affordable housing development as a Community Builder Fellow with HUD where she provided outreach to communities and technical assistance to developers utilizing HUD's HOPE VI program. Whitney holds a BS in Design from Arizona State University and an MS in Historic Preservation from Columbia University. In addition, she attended the HUD Community Builder Program at the JFK School of Government at Harvard University.

## Michael McGovern

### Role:

Director of Finance for Brinshore Development (Proposed Co-Developer/Owner)

### Experience:

20 years

### Expertise & Qualifications:

Michael McGovern joined Brinshore in March 2019. As the Director of Finance, he is responsible for interactions with the banks and equity providers. Michael is focused on maximizing capital proceeds and is involved in the financial aspects of the closing process, equity installments and conversion from construction to permanent financing.

Mr. McGovern has over 20 years of community development expertise focused on affordable housing finance and tax credit equity. Prior to Brinshore, he was a LIHTC equity originator for Regions Affordable Housing from 2017 to 2019. At Regions, Michael provided debt and equity solutions for LIHTC projects in the Upper Midwest. From 2007 to 2017, Mr. McGovern was a Vice President of Commercial Real Estate for Associated Bank. In that position, he originated equity for LIHTC and Historic Tax Credit projects and provided construction and term financing for both affordable and market real estate projects.

From 2001 to 2007, he worked in the Community Development Lending Department at LaSalle Bank. Prior to banking, Mr. McGovern worked in the non-profit sector with low-income populations in the Uptown community on Chicago's North Side. Mr. McGovern has a Master's Degree in Urban Planning and Policy from the University of Illinois at Chicago, and a Bachelor's Degree in Political Science from the University of Evansville.

## Linda Thurmond

### Role:

Senior VP and Director of Asset Management for Brinshore Development (Proposed Co-Developer/Owner)

### Experience:

18 years

### Expertise & Qualifications:

Ms. Thurmond oversees all post-development aspects of Brinshore's affordable housing portfolio. Before joining Brinshore in 2019, Ms. Thurmond served more than a decade in management positions throughout the field, including as Chief Operating Officer for development and property management capacities. Linda held multiple positions at the Illinois Housing Development Authority (IHDA), including Managing Director of Multifamily Programs, and Director of Asset Management. While at IHDA, she oversaw a portfolio of over 75,000 units and supervised the allocation of over $2 billion in affordable housing resources. Before her career in housing, Linda spent several years in corporate finance and investment banking.

### Emily Ware

Role:

Director of Development for Operative Office (Proposed CO-GP and Finance/Design Consultant)

Experience:

12 years

Expertise & Qualifications:

Emily is a founding partner of Operative Office, a California based, integrated architecture and development practice, specializing in the generation and financing of affordable housing across the state. She leverages expertise in public finance, as well as Operative Office's efficient in-house design practice, to iterate and unlock development opportunities that would otherwise fall below institutional scale. As Director of Development, Emily leads the firm's acquisitions, business development, strategic partnerships, and policy initiatives. She specializes in assembling designers, developers, and policymakers to facilitate innovative development projects that advance economic development, community development and affordable housing goals.

Prior to founding Operative Office, Emily served as Director of Originations for Thomas Safran & Associates, where she led business development, concept design, entitlement, and soft financing strategies for the company's new-construction division. Additionally, she was responsible for the day-to-day project management (including all phases of development, construction and lease-up) of eight for-sale and for-rent housing projects across LA County. Thomas Safran & Associates is a regional affordable housing developer, with a commitment to design and high-quality in-house property management. Over its 45-year history, the firm has developed more than 7,000 affordable housing units across LA and Orange Counties.

Emily graduated from the University of Southern California in 2016 with a dual masters in Planning and Real Estate Development and Co-founded Operative Office in 2020.

### Keith McCloskey

Role:

Associate Principal of KTGY (Proposed Lead Master Planner and Architect)

Experience:

18 years

Expertise & Qualifications:

Keith McCloskey is an Associate Principal for KTGY's Los Angeles office. He is responsible for establishing the overall design vision for all the office's new architecture and interiors projects and leads a creative team that is involved in a broad range of projects from low density to high-rise throughout the U.S.

Mr. McCloskey's comprehensive experience spans nearly 20 years and includes the planning and design of multi-family, mixed use, senior living, civic and aviation projects. His most recent work has been focused on high-density urban infill sites, which provide challenging design opportunities in politically charged, design-sensitive communities. He is particularly adept at creating sustainable projects that integrate into the urban fabric, generating a sense of place and individual character of each community. These residential projects range from affordable and tax credit housing to luxury apartment and condominium communities.

Mr. McCloskey recently worked on the College of the Redwoods on-campus housing in Eureka designing 71 beds of attainable student housing with a new dining hall structure at the heart of the COR Campus in Eureka, CA.

## 2B. CURRENT PROJECT LOAD AND CAPACITY TO MANAGE PROJECT

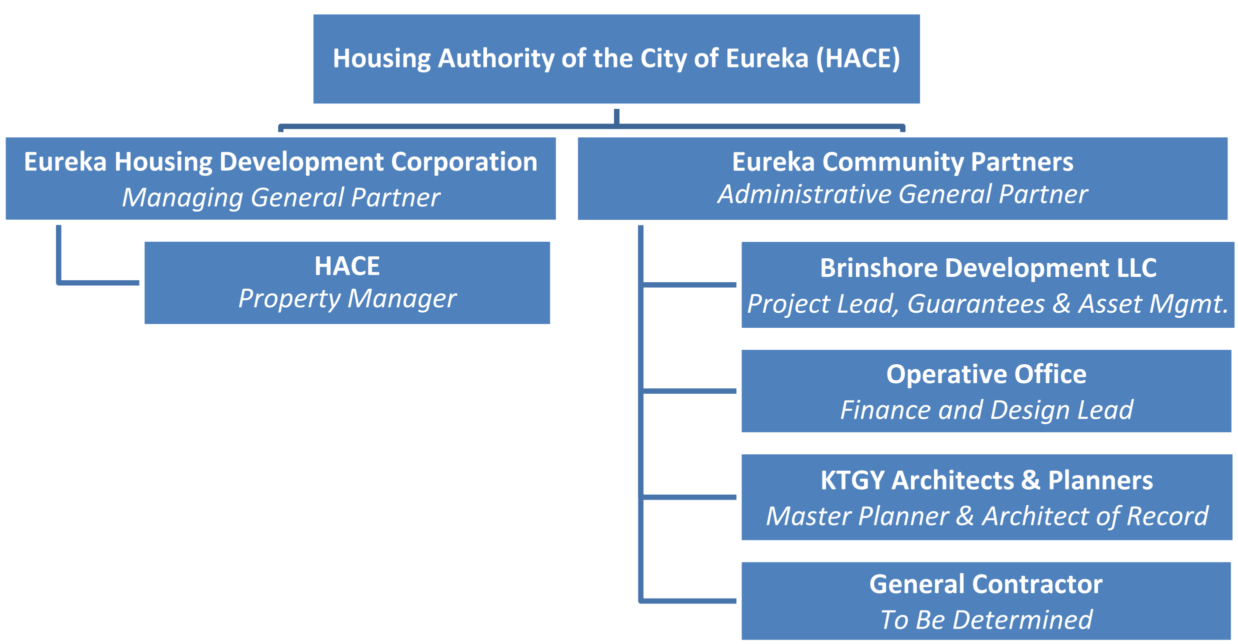
### CURRENT PROJECT LOAD & CAPACITY TO EFFECTIVELY MANAGE PROJECT

Our team was assembled based on a shared standard of excellence, with each member bringing expertise in a wide range of affordable and public housing initiatives, and a proven cohesiveness working together on prior projects. All members of the development team maintain a collective depth of local and regional knowledge and capability for the scope described in the RFQ and are eager to work together in a familiar and collaborative manner that we feel will be essential for the goals identified by the Housing Authority of the City of Eureka. We meet complex challenges and set measured standards. We bring experience, creativity, and collaboration to every phase of the affordable housing process.

| Name | Title | Member Team | % Time Dedicated to HACE (FTE) |
|---|---|---|---|
| Richard Sciortino | Principal | Brinshore | 10% |
| Peter Levavi | Executive Vice President | Brinshore | 25% |
| Whitney Weller | Senior Vice President | Brinshore | 50% |
| Michael McGovern | Director of Finance | Brinshore | 10% |
| Linda Thurmond | Director of Asset Mgmt. | Brinshore | 10% |
| Emily Ware | Director of Development | Operative Office | 50% |
| Michael den Hartog | Director of Design | Operative Office | 50% |
| Julia Miller | Development Manager | Operative Office | 75% |
| Keith McCloskey | Associate Principal | KTGY | 25% |

The team members above represent our senior staff. Additional support staff will also be assigned to this effort.

### PROJECT-SPECIFIC ORGANIZATION CHART



# 2C. AFFORDABLE EXPERIENCE UTILIZING RAD, SECTION 18, AND LIHTC

## SECTION 18 DEMO/DISPOSITION EXPERIENCE

Brinshore, project lead of Eureka Community Partners, has both broad and deep experience using the Section 18 Demo/Dispo approval process for redevelopment. We have strong relationships with HUD's Special Application Center (SAC) office and staff.

The primary advantage of the Section 18 approach is that all units that have been occupied (at any point over the past 24 months prior to application) are eligible for Tenant Protection Vouchers (TPV). As described above, the rent for a TPV can be up to 110% of FMR (or up to 120% of FMR with exception rents), which is often significantly more than the RAD rent. These TPV rents are often high enough to leverage a significant amount of private debt that can be used to increase scope for both rehabilitation and/or new construction. Another upside of Section 18 is that, once the disposition has been approved, the property has fewer post-completion requirements than a RAD conversion. Unlike a RAD conversion, Section 18 isn't accompanied by a regulatory agreement; thus, it produces a true Section 42 property with just a HAP contract.

We have successfully paired Section 18 with both 4% and 9% Low Income Housing Tax Credits, as follows:

- Tax Exempt Bond + 4% Low Income Housing Tax Credits, where the developer secures a commitment of Tax-Exempt Volume Cap and places the bonds directly with a bank that provides construction and often permanent financing. The state finance agency will then provide a 42m determination letter allocating 4% Low Income Housing Tax Credits to the project, which are syndicated with an investor to raise equity.
- 9% Low Income Housing Tax Credits, where the developer applies for a competitive allocation of 9% Low Income Housing Tax Credits from the state finance agency. This can be a powerful tool to pay for new construction and substantial renovation and reconfiguration of developments.

Recent Examples of Brinshore's pure Section 18 experience include:

- Frederick Ball, Quincy, IL. Selective demolition, rehabilitation, and new construction of 65 units with Section 18 Demo/Dispo in partnership with Quincy Housing Authority. Sources included Private Perm Debt, Seller Note, 9% LIHTC Equity, Illinois State Donation Tax Equity, IHDA Trust Fund Loan, QHA Loans, Interim Income for a total project cost of $18,254,495.
- Al Thomas, Gary, IN. Section 18 Demo/Dispo of 170-unit senior high rise to allow a moderate rehab in partnership with the Gary Housing Authority. Sources included Tax Exempt bonds for both construction and Perm Debt, Seller Note, LIHTC Equity, IHCDA Development Fund, GHA Loan, Interim Income for total project cost of $28,263,149.

## RAD AND RAD/SAC BLEND EXPERIENCE

While we understand that HACE is soliciting proposals for a pure Section 18 execution, we do also note that Brinshore Development's public housing experience includes a significant track record closing RAD transactions. Having worked on more than a dozen RAD transactions, Brinshore understands the program intimately, including both its advantages and disadvantages. While we will bring this understanding to our work in Eureka, we also respect HACE's recommendation to pursue a pure Section 18 strategy, and simply note our track record using RAD in its various forms to highlight the breadth of our understanding of HUD repositioning processes, as well as to contextualize and inform the Section 18 process that HACE has selected.

The RAD program has several benefits and some significant issues associated with it. On the plus side, RAD allows a housing authority a streamlined process to remove its assets from the public housing funding platform and position them on the more stable ground of Project Based Section 8 subsidy. RAD permits raising additional funds to pay for rehabilitation, such as Tax-Exempt Bonds and conventional debt, 4% and 9% Low Income Housing Tax Credit Equity, and other sources of secondary financing. RAD allows for the disposition of the property without going through the arduous Section 18 Demo/Dispo process. RAD even allows a housing authority to receive administrative fees (if it administers its own HCV program), and to retain ownership and management over the long run.

On the negative side, the RAD rents, a combination of the operating and capital subsidy the units received as public housing units are more than the operating subsidy was by itself, are still considerably lower than market rate FMRs and even lower than 60% AMI affordable rents in most cases. Fortunately, HUD now allows a portion of the units converted under RAD to be project based PBVs, and Project Based Tenant Protection Vouchers with a RAD/SAC blend, and receive higher rents.

Brinshore has applied for and received RAD approval, submitted approved Financing Plans, worked closely with the Transaction Managers from the Office of Recapitalization, and taken projects through to closing, construction and lease-up.

Brinshore is also familiar with, and closed on, three financing strategies for RAD Conversions:

- RAD-O-MATIC, where the public housing subsidy is swapped for a long-term HAP contract, and performs minimal, if any, renovation.
- Tax Exempt Bond/4% LIHTC, where the developer secures a commitment of Volume Cap for Tax Exempt Bonds and places these directly with a bank who provides construction and often permanent financing. The state finance agency will then provide a 42m determination letter allocating 4% Low Income Housing Tax Credits to the project, which are syndicated with an investor to raise equity.
- 9% LIHTC, where the developer applies for a competitive allocation of 9% Low Income Housing Tax Credits from the state finance agency. This can be a powerful tool to pay for new construction and substantial renovation and reconfiguration of developments.

Recent Examples of Brinshore's RAD/SAC Blend experience include:

- Bloomington RAD I and II, Bloomington, IN. RAD/SAC Blend for multi-phased repositioning of 116 units in Phase I and 204 units in Phase II, in partnership with the Bloomington Housing Authority. Sources in Phase I included Private First Loan, Seller Financing, LIHTC Equity, City Funds (HOME and Development Funds), BHA Loan, Income during construction for a total project cost of $17,770,009.
- South Terrace, Waco, TX. RAD/SAC Blend repositioning of three public housing developments, with 250 units in first phase, in partnership with the Waco Housing Authority. Sources included Tax Exempt Bond, Seller Notes, LIHTC Equity and Interim Income for a total project cost of $44,247,336.

Recent Examples Brinshore's pure RAD experience include:

- Villages of Westhaven, Chicago, IL. RAD conversion that included the rehab of 200 units of public housing, previously owned by the Chicago Housing Authority. Sources include Tax Exempt Bond, CHA Loan, Seller Note, LIHTC Equity and Illinois State Tax Credit (OTC) Equity, with total project cost of $71,294,985.

- Brewster-Hosmer, Chicago, IL. RAD conversion consisting of 446 units of public housing renovation in partnership with the Housing Authority of the City of Freeport, IL. Sources include Risk Share Loan, HACF Loan, Seller Note, LIHTC Equity, OTC Equity, with total project cost of $21,507,854.
- Red Maple Grove, Indianapolis, IN. RAD-o-Matic conversion of 58 public housing units within 217 mixed income units as part of HOPE VI development, in partnership with Indianapolis Housing Agency. Because this was a RAD-o-Matic, there were no sources and uses for conversion.
- Thresholds RAD2, Chicago, IL. RAD2 conversion (expiring Mod Rehab) of 147 units in partnership with a nonprofit social service agency, Thresholds, that provides housing for the mentally ill. Sources include IHDA Loan, Seller Note, LIHTC Equity and Illinois Donation Tax Credit Equity with a total project cost of $22,674,417.
- The Haven, Champaign, IL. RAD Transfer of Assistance involving the sale of an existing public housing high rise on University of Illinois campus with 86 units and transfer of assistance into three new construction buildings with 122 units. Sources included Tax Exempt Bond, HACC Loan, Seller Capital Contribution, LIHTC Equity and Illinois Donation Tax Equity for a total project cost of $26,693,206.

## LOW INCOME HOUSING TAX CREDIT (LIHTC) EXPERIENCE

Brinshore prides itself on its success in financing mixed income affordable rental housing using layered financing, including Low Income Housing Tax Credits. Since its first project in 1994, Brinshore has received LIHTC reservations in Illinois, Wisconsin, Indiana, Washington DC, Utah, Arizona, Missouri, Nebraska, Iowa, Michigan, Colorado, and is on the California Allocation Tax Credit Committee (TCAC) recommendation list to receive an award of 4% tax credits on May 10th, 2023. In total, Brinshore has received tax credits and closed on more than 100 Communities.

To enhance affordability for its residents, Brinshore has used more than 25 different subsidy programs among its developments and is always prepared to learn the rules for new sources of finance. Brinshore leverages these scarce dollars with private funds to create needed affordable housing in mixed income settings and to catalyze neighborhood investment.

| DEVELOPMENT | UNITS | FUNDING SOURCES | STATUS |
|---|---|---|---|
| 221 5th St. (West Sacramento, CA) | 18 | T/E Bonds, 4% Credits (preliminary award list), HCD IIG, PBVs | Pre-Construction |
| SPARK (Salt Lake City, UT) | 200 | T/E Bonds, 4% Credits, State Tax Credits, City, County and State HOME, State Trust Fund, Seller Note | Construction |
| The Aster (Salt Lake City, UT) | 190 | Twinning 4% and 9% LIHTCs, State Tax Credits, City, County, State HOME, State Trust Fund, Seller Note | Completed 2023 |
| South Terrace (Waco, TX) | 250 | T/E Bonds, 4% Credits, RAD-SAC Blend | Under Construction |
| Starpoint (Flagstaff, AZ) | 77 | HOME | Completed 2022 |
| Bloomington RAD I (Bloomington, IN) | 116 | T/E Bonds, 4% Credits, RAD-SAC Blend | Completed 2021 |
| Frederick Ball (Quincy, IL) | 65 | FAF, DTC, Section 18 | Completed 2021 |
| Sheridan Station (Denver, CO) | 133 | T/E Bonds, 4% Credits, Colorado State Credits | Completed 2021 |

| | | | |
|---|---|---|---|
| The Haven (Champaign, IL) | 122 | T/E Bonds, 4% Credits, DTC, RAD | Completed 2021 |
| Lighthouse for the Blind (Chicago, Il) | 78 | 9%/4%, HOME, Federal Pool | Completion 2023 |
| Pendleton ArtsBlock (Kansas City, MO) | 38 | State Tax Credits, HOME, CNI | Completed 2020 |

## 2D. MASTER PLANNING EXPERIENCE IN ESTABLISHED COMMUNITIES

### Brinshore Development

- Peoria (Illinois) Master Planning. In 2010, the Peoria Housing Authority procured Brinshore to work as a Master Planner on the Taft Redevelopment. We were selected based on our strong experience of creatively financing public housing redevelopment projects. We conducted a four-month participative planning process, involving public housing residents, housing authority staff and board, elected officials, and many stakeholder groups. Deliverables included a Community Needs Assessment prepared with assistance of Loyola University's Center for Urban Research and Learning, and Bradley University; a site plan and building designs; and a financing plan.
- Westhaven Park (Illinois) Master Planning. Brinshore transformed the 26-acre site into a sustainable community including multiple building types in various typologies from for sale condominiums to rental townhomes to apartments with green roofs. Part of the Chicago Housing Authority's historic 'Plan for Transformation,' this former public housing site has been transformed into an exciting mixed income community. Westhaven's 800 units of mixed-income housing range from a multi-story condominium building to townhomes and two and three-flat buildings interspersed throughout the 26-acre site. An array of green features foster sustainability and a sense of community, from green roofs to a beloved community garden, all of which have fostered connections and friendships among the many residents who share in its upkeep. Westhaven Park has received numerous awards including the Multifamily Executive Magazine's 'Mixed Income Project of the Year' in 2005, and the City of Chicago's 'Outstanding For-Profit Neighborhood Real Estate Project' in 2006.
- Omaha (Nebraska) Master Planning. Brinshore partnered with a local non-profit, Seventy-Five North Revitalization Corporation and Purpose Built Communities to create a mixed-use, mixed-income, mixed-tenure community with a 70,000 square foot entrepreneurial and cultural center resulting in an award-winning hub of activity. Highlander is the 36-acre, multi-phased, mixed-use revitalization of the former Pleasant View public housing development and surrounding land in Omaha, Nebraska. Developed in partnership with Purpose Built Communities and Seventy Five North Revitalization Corporation, Highlander is a national model for combining philanthropic, private, and public investment to create a mixed-income, mixed-use community. At completion, the project will contain 280 rental and for-sale, mixed-income, residential units in a variety of building types and formats, new parks, streets, and amenities. In addition, the development will contain the 70,000 sq.ft. Community Accelerator and Incubation Campus which will house a variety of cultural, educational, and entrepreneurship-based programming in an iconic, architectural setting. The development was built over five phases
- Norfolk (Virginia) Master Planning. Brinshore partnered with the City to help them develop a once-in-a-generation overhaul of a community with the help of $30 million Choice Neighborhoods Implementation Grant that was awarded this year. Brinshore recently won a $30 Choice Neighborhoods Implementation Grant to redevelop Norfolk VA's Tidewater Gardens. As part of this project, 618 units functionally obsolescent apartments will be demolished. These will be replaced by 205 Replacement Units on the CNI sites, 104 Replacement Units built on other sites, and 390

other units will be converted to Housing Choice Vouchers. Simultaneous with the redevelopment, the St. Paul's Area of Norfolk will receive new roads, utilities, and district-wide stormwater management. To accommodate demolition and infrastructure timing, early phases will be located outside of the footprint of the existing Tidewater Gardens. The Housing Implementation Entity will provide a range of mixed housing opportunities to accommodate resident, market, and neighborhood demand. The plan rejuvenates the key corridor (Church Street) and provides options for housing within the Target Area and downtown. The 5 CNI phases will be the essential catalyst to the full redevelopment of the St. Paul's Transformation Plan. Development will meet Enterprise Green Communities criteria. All sites will incorporate Universal Design Concepts into design.

### KTGY Architects & Planners

- Jordan Downs. In 2020 KTGY was commissioned to work with Bridge Housing and HACLA (Housing Authority of the City of Los Angeles) to create a vision for developing Phases 3 through 7 at Jordan Downs in Watts, Los Angeles. KTGY was the lead architect for the development of the collective set of masterplan scenarios and building design for approximately 500 units of LIHTC housing and affordable for-sale housing as part of the greater Jordan Downs community. Efforts included applications for AHSC and IIG funding sources as well as working collaboratively with the Housing Authority to achieve their building specific goals for the first 5 buildings in Phases 3A and 3B. The master plan elements consisted of 2 and 3-story walk-up apartments, 4-story podium buildings, and a ½ acre public park amenity which was collaboratively programed with the existing Jordan Downs residents.

## 2E. EXPERIENCE IN REPOSITIONING PUBLIC HOUSING AND PARTNERING WITH HOUSING AUTHORITIES

Brinshore has a 20-year history partnering with Housing Authorities on redevelopment and repositioning projects. Brinshore's strength is providing Housing Authorities with the capacity, experience, and financial strength it may lack by partnering to move important Housing Authority initiatives forward. We also see our role as building the capacity of Housing Authorities, so that they can develop future projects without the assistance of a co-developer.

The types of partnerships Brinshore has created with Housing Authorities have changed over the years. Initially, housing authorities would often procure Brinshore as a Master Developer or Lead-Developer to be fully responsible for redevelopment activities. Over time, the capacity of Housing Authorities has grown so that they are now more active in the redevelopment process and make significant contributions and are more willing to share risk with the development partner. Housing Authorities have become true partners with Brinshore in every sense of the word.

Besides the repositioning examples listed under the RAD and Section 18 above we have worked with a dozen housing authorities in numerous capacities. Recent Examples of Brinshore's mixed-income housing partnerships with housing authorities include:

- Chicago Housing Authority. Brinshore is the Master Developer of several of the Chicago Housing Authority's largest and most troubled developments. Using a variety of strategies and funding sources, including LIHTC, Donation Tax Credits, HOPE VI, HOME, TIF, RAD and a variety of private debt sources, we have planned, financed, and completed 2,000 units of mixed income housing in Chicago.

- Housing Authority of Kansas City. In 2010, HUD awarded the Housing Authority of Kansas City, Missouri a $250,000 Choice Neighborhood Initiative (CNI) Planning Grant to create a plan for a comprehensive community redevelopment centered on Chouteau Courts and Paseo Gateway. After preparing a first draft of the Transformation Plan, the Housing Authority selected Brinshore Development, LLC through a competitive national procurement process to serve as Master Developer and co-applicant for a Choice Neighborhoods Initiative Implementation Grant.
- Omaha Housing Authority. In partnership with a local non-profit partner, Seventy-Five North Revitalization Corporation, Atlanta-based Purpose-Built Communities, and Omaha Housing Authority, Brinshore is transforming the 300-unit Pleasantview Public Housing project into a five-phased development of 280 rental and for-sale, mixed-income, residential units of various building types and formats. Phase I was completed in 2018 with 101 units, and Phase II (Nobility Point) added another 60 units of new construction housing in 2020. Sources for the first Phase included 4% LIHTC and T/E Bonds, and an $11 million philanthropic soft, subordinate loan by the Sherwood Foundation. The total cost for the project was $24 million.

## 2F. PAST PERFORMANCE IN DELIVERING PROJECTS

The following are three selected case studies that highlight Brinshore's expertise with a wide array of public housing portfolio repositioning strategies, including new construction mixed income developments, Section 18, and RAD Conversion renovation projects. The following will demonstrate our strength in leadership during all phases of planning and implementation. These case studies address the specified criteria requested by this RFQ and will demonstrate our qualifications and mutually aligned goals with HACE to provide solutions to the need for affordable housing.

### CASE STUDY #1: FREDERICK BALL - SECTION 18 DEMO/DISPO - QUINCY, IL

Description of Project. Frederick Ball (Currently under construction) showcases Brinshore's ability to successfully couple a Section 18 Demo/Dispo with 9% LIHTCs from IHDA; pair selective demolition with both rehab and new construction; employ private property management to train the QHA staff in Section 42 and assist the QHA with relocation; and partake in a partnership model where Brinshore remains in the ownership structure as a managing partner.

The Quincy Housing Authority procured Brinshore to reposition their public housing portfolio. Frederick Ball represents the first phase in this repositioning effort. There are three product types in this 65-unit project: 1) Gut rehab and reconfiguration of four buildings of 1940's barrack-style housing; 2) Moderate rehab of two buildings built in 1970; and 3) New construction of a 17-unit elevator building with management office, community room, exercise room, and laundry room.

Description of Project Design and Unit Mix. Of the 65 units in this phase, the proposed unit mix includes 21 one bedrooms (615 sf), 27 two bedrooms (782 sf), 15 three bedrooms (895 sf), and 2 four bedrooms (1423 sf). Thirteen of these units are reserved at 30% AMI and 16 at 50% AMI. The balance of tax credit units, 36 units are 60% AMI.

Major Sources of Financing. The total project cost of $16,545,254 was financed with a mix of public and private sources. The Housing Authority provided a loan in the amount of $700,000. The construction sources include bridge financing of $8,000,000 by Chase Bank; a capital contribution of the value of the land by the housing authority's non-profit (QDA), initial tax credits in the amount of $2,046,601; Illinois state credits in the amount of $997,763 from Clocktower; and GP Equity. At conversion, the bridge financing was replaced by a permanent note of $1,341,981 from IFF; and the full tax credit allocation of $10,233,004 was provided by RedStone for a total development cost of $16,545,254.

Role of Firm and Key Personnel. Brinshore was the co-developer and partner in the ownership structure with the Quincy Housing Authority. Brinshore was responsible for all development activity from project inception through construction and property management. The Quincy Housing was responsible for coordination of tenant relocation, with Brinshore providing support for the relocation planning. Rich Sciortino as the principal partner was responsible for overall budgets and funding procurement and Peter Levavi as Project Manager collaborated with housing authority partner on all phases of the planning and implementation, with a primary focus on HUD programs and financing. Whitney Weller was a Development Consultant for the pre-development and planning components of the project.

Public Outreach Process and Results. Under the direction of our partner, the Quincy Housing Authority, Brinshore supported, and continues to support, all stages of the comprehensive outreach process, including facilitation of meetings on site for residents. Resident meetings were held to elicit input on the features, amenities, and designs, as well as to discuss the relocation process in detail. In addition, the City of Quincy participated in all planning presentations and discussions. The result of public participation supported a thoughtfully envisioned and designed project to meet the goals of all stakeholders. Such goals evolved during the process as each stakeholder was able to think more clearly about their concerns, and to hear the concerns of others.

Resident Outreach Process, Relocation Process and Education. The residents of Frederick Ball community are fully engaged and informed through meetings and written correspondence in preparation of the repositioning process. Relocation stages have been clearly communicated, informing, and educating the community about schedule and implementation where all residents will remain on site during the renovation process.

Stakeholder Agencies/Firms/Organizations. The Quincy Housing Authority helped to identify the key community stakeholders. We invited members from the neighborhood and general area to participate in a series of working group discussions to offer input and guidance for the redevelopment through planning and implementation.

Project's Costs for Design and Construction. Total Development Cost was $18,254,495 with a Design Budget of $348,000. The overall project was completed on time and within budget.

Project's Initial Schedule Including Major Milestones. Construction for the project started in March 2020. Final completion was achieved in December 2021.

Major Issues and Solutions. For the Frederick Ball project, Brinshore decided to use the Section 18 Demo/Dispo program coupled with 9% Low Income Housing Tax Credits. The initial challenge we faced with this strategy was that the Section 18 process was not designed to be used as a tool for rehabilitation. On one hand, the team needed to demonstrate that the buildings were "obsolete" and beyond repair, while at the same time preparing financing applications to fund the rehabilitation of the "obsolete" buildings to the state housing finance agency. We were successful in proving both. The second difficulty was the competition to obtain the 9% Low Income Housing Tax Credits, which is particularly difficult for an obsolete public housing project! Brinshore was able to add features to the development to increase the scoring, including adding permanent supportive housing units, and units set aside for Veterans. A third challenge was that even with the 9% LIHTC, we still had a financing gap. As we increased the number of units beyond the original 59, we worked with the QHA to secure Project Based Vouchers in addition to 59 Tenant Protection Vouchers available under Section 18 approval. The combination of the PBVs and the value of the 9% LIHTCs allowed us to raise sufficient funds to not only substantially rehab several of the 1940s barracks style buildings, but to build a new construction 17 unit building with an elevator, accommodating handicap accessibility needs.

## CASE STUDY #2: AL THOMAS- SECTION 18 DEMO/DISPO - GARY, IL

Description of Project. Al Thomas (scheduled to complete construction by the end of May 2023) is a 170-unit senior development owned by the Gary Housing Authority (GHA). The rehabilitation of Al Thomas showcases Brinshore's ability to successfully couple a Section 18 Demo/Dispo with Tax Exempt Bonds/4% LIHTCs and Development Funds from IHCDA to preserve an important asset.

Through Section 18, properties removed from public housing receive Tenant Protection Vouchers for occupied units, and HUD allows the conversion of this operating assistance to a 20-year Project Based Voucher HAP contract. This provides a more reliable operating subsidy which can be leveraged to secure private capital. The building is now renovated and will continue to serve seniors 55 years and older. No current residents were permanently displaced. The development is supported by the Gary Housing Authority committing the transfer of the property on a ground lease, a capital loan, and operating subsidy. The GHA also is administering the PBVs and assisted with the temporary resident relocation.

Description of Project Design and Unit Mix. The Al Thomas project consists of 8 studios; 161 one-bedroom units; 1 two-bedroom unit. The 170 units have a mix of incomes with 5 units at 50% AMI and 165 units at 60% AMI. Brinshore's rehabilitation upgraded all major systems, addressed needed code work and handicap accessibility and fire as well as improving all kitchens and baths in units and community spaces.

Major Sources of Financing. The total project cost of $28,263,149 was financed with a mix of public and private sources. Gary Housing Authority provided a Seller Note for the land of $5,580,000 and Capital Funds of $650,000. IHCDA Development Fund provided a $500,000 loan and BMO provided a construction loan of $16,419,114; the equity contributed by Richman from the sale of the 4% low-income housing tax credits was $2,368,964; Income from operations during construction was $448,029. Merchant's bank provided a First Mortgage of $8,938,000.

Role of Firm and Key Personnel. The developer was BrinGHA, LP, a joint venture between Brinshore and the Gary Housing Authority. Brinshore was responsible for all development activity from project inception to occupancy and property management. Rich Sciortino, as the principal partner, was responsible for overall budgets and funding authorizations and Peter Levavi as Project Manager, working with the GHA, was responsible for all phases of the planning and implementation, with a primary focus on HUD programs and financing. Whitney Weller managed coordination with the design team and relocation consultant.

Public Outreach Process and Results. The Gary Housing Authority and Brinshore held four community meetings at different times of the day. Each meeting had a Q & A session and members of the community, including city officials, had the ability to forward their questions or comments directly to the GHA staff.

Resident Outreach, Relocation and Education. The renovation and redevelopment of Al Thomas has greatly improved the quality of life of the residents with minimum disruption to their lives. All families who lived in the old development were qualified to remain in the new development. With the support of our relocation consultant, Brinshore launched and implemented a comprehensive communication plan on behalf of residents and community stakeholders. Brinshore remains engaged to ensure the scheduling of meetings and correspondence throughout the multi-phased repositioning phases.

Brinshore and Gary Housing Authority had one-on-one meetings with each existing resident and supplied information and resources to assist residents with applications or access to benefits, such as federal and state governmental programs for low income or disabled persons. No residents were permanently displaced.

Stakeholder Agencies/Firms/Organizations. The Gary Housing Authority helped us to identify the key community stakeholders. We contacted these individuals and organizations to invite their input to guide the redevelopment through planning and implementation.

Project's Costs for Design and Construction. Total Development Cost is $28,263,149 with a design budget of $605,000.

Project's Initial Schedule Including Major Milestones. The Al Thomas construction started in September 2021. Completion is estimated for May 2023.

Major Issues and Solutions. Two weeks prior to closing, the 8th floor of the building structure dropped two inches. This shift in the structure happened the same week as the building collapse in Miami. We brought in forensic structural engineers to evaluate the building exterior and interior and were able to save the project from being lost. We were able to accommodate within the budget additional scope of designing and installing steel brackets to hold up the interior frame of the building. Each bracket has to be individually manufactured and installed in every unit's doorframe. Our quick reaction allowed us to preserve at the last moment a building that would have otherwise been torn down. Despite this last-minute structural failure, we stood behind the project and will deliver the project on time and within budget in May 2023.

A second challenge occurred with the calculation of the rents for the project. In Gary, HUD requires the use of Small Area FMRs. The small area around the site has incredibly low SAFMRs that were not adequate to support the debt we were anticipating. We went to the Indiana HUD office and received approval to use a wider radius to set the rents for their TPVs, which resulted in a rent increase of roughly $250/unit/month. Brinshore knows the programs well and knows how to strategically use them to the advantage of the housing authority in a way that a housing authority might not have the experience or knowledge to otherwise pursue.

A third challenge was demonstrating that the building was obsolete under Section 18, but acceptable to rehabilitate with the Gary Housing Authority. We worked closely with the SAC office and the Gill Group, the provider of the Capital Needs Assessment, to write the CNA in such a way that it would be acceptable to HUD. But on the flip side, they also had to demonstrate to IHCDA that it was a worthy investment for them to provide the funds to rehab. It was not an obvious solution that enabled us to deliver quality housing the residents of Gary under the Section 18 program.

The final challenge was finding a way to operate the building during rehabilitation. One of the challenges with using the Section 18 program (as opposed to RAD) is that Tenant Protection Vouchers (TPVs) don't provide rental subsidy until construction is completed and the project passes HUD Housing Quality

Standards. It is then difficult to support the operation of the building during rehabilitation while the building is partially occupied. We could also not use reserves to support the building because the Section 18 program requires return of capital reserves upon Section 18 approval. Our solution was to keep six out of the eight floors in the project occupied at all times during construction. Working with the Gary Housing Authority and inspectors to receive HQS approval, we were able to apply GHA PBVs to units after Section 18 approval was received. Once construction was complete on a unit, PBVs were removed and replaced with TPVs. Without this solution, the project would not have moved forward. We also used existing capital reserves to fund predevelopment, and then converted this contribution into a GHA loan, allowing us to preserve this resource for the development.

## CASE STUDY #3: REV. BUTLER & WALNUT WOODS - RAD - BLOOMINGTON, IN

Description of Project. Brinshore was selected by the Bloomington Housing Authority as a redevelopment partner for the repositioning of its three family public housing developments, each with small one- and two-story buildings built from the 1960s through the 1980s. We closed on the construction of the first two developments containing 116 units, Walnut Woods, and Reverend Butler (Bloomington RAD I), in May of 2020, and to be completed by December 2021. The second phase of the project (Bloomington RAD II) is the repositioning and redevelopment of Crestmont with 204 units. We closed on the project funded with Tax Exempt Bonds and 4% Tax Credits in May of 2022. While Bloomington RAD I was a 75% RAD/25% TPV Blend, Bloomington RAD II is 20% RAD/80% TPV, providing a greater ability to leverage private debt.

Description of Project Design and Unit Mix. The 56-unit Reverend Butler has 32 one bedrooms (590 sf), 10 two bedrooms (810 sf), and 14 three bedrooms (1088 sf). The 60-unit Walnut Woods has 26 one bedrooms (595 sf), 18 two bedrooms (799-931 sf), and 16 three bedrooms (1068 sf). Combined the 116 units in the two developments have 58 one bedrooms, 28 two bedrooms and 30 three bedrooms. The income mix includes two units at 50% AMI and 114 units at 60% of AMI. As a RAD/SAC Blend, all units receive project based operating subsidy, either from PBVs issued by the BHA through RAD, or project-based Tenant Protection Vouchers that are approved by HUD but issued by the BHA.

Major Sources of Financing. The $17.3MM total development costs for Bloomington RAD I (Reverend Butler and Walnut Woods) was funded through a combination of public and private sources. The BHA contributed its land and buildings to the project in exchange for a Seller Note in the amount of $4,650,000; contributed a loan $379,982; and is providing operating subsidies in the form of two HAP contracts (one for the RAD units and one for the Tenant Protection Vouchers) on all 116 units. The City of Bloomington contributed Tax Exempt Bond Volume cap of $9,600,000 and IHCDA acted as issuer and provided a 4% LIHTC allocation of $565,162. The City provided a loan of HOME funds in the amount of $285,000 and Housing Development Funds in the amount of $215,000. BMO Harris Bank provided a construction loan and permanent loan in the amount of $6,100,000 and Cinnaire provided equity investment in the 4% LIHTCs of $5,311,993.

Role of Firm and Key Personnel. Brinshore served as the master developer for the project. Rich Sciortino was the principal partner responsible for overall budgets and funding authorizations. Peter Levavi served as Project Manager, working with housing authority partners on all phases of the planning and implementation, with a primary focus on HUD programs and financing. Whitney Weller was a Development Consultant for the pre-development and planning components of the project and currently provides support for HUD related issues.

Public Outreach Process and Results. Brinshore has worked closely to support the Bloomington Housing Authority's comprehensive outreach process, including numerous meetings on site for residents, City departments, as well as neighborhood organizations. Team members from architectural firm Rottman Collier, based in Indianapolis, were regularly present to represent local issues and address concerns about the designs, layout, and infrastructure that would best fit the community's unique needs.

Resident Outreach, Relocation and Education. The residents of Reverend Butler and Walnut Woods were engaged, informed, and involved throughout the repositioning process. As a first step, we implemented surveys with each head of household to assess the special needs and preferences of the residents to be temporarily relocated. Next, we involved the affected residents in the relocation process from the early planning stages throughout the re-occupancy stages of the completed units, through informational meetings to discuss needs, as well as comments and suggestions about the renovation plans. In addition, we continued this communication by providing written updates to affected residents.

Also, the public housing residents were provided the information, services, tools and support they needed to make meaningful and informed choices about their temporary living environment and coordinated relocation to a renovated unit. For example, one resident assumed a leadership role and served as spokesperson on behalf of the residents during these information exchanges. Her willingness to help us better understand the community's growing need for support due to job loss during the COVID-19 pandemic directed us to join with residents to establish an impromptu foodbank. Also, conversations about designs for the housing project evolved to include a dedicated space for the Foodbank to have an on-going presence on site! As a result, the BHA and community stakeholders continue to have a mutual trust and ease of communication that has greatly benefited all phases of the project.

Stakeholder Agencies/Firms/Organizations. For public housing repositioning, the residents are the ultimate stakeholders. The key stakeholders in this redevelopment effort are the City of Bloomington and the BHA, who have been collaborative partners during the outreach and information gathering process. In addition to the partnership with the local Food Bank, we also connected the residents to the providers of counseling services, financial assistance for utility hookups, and moving expenses.

Project's Costs for Design and Construction. Total Development Costs combined for the Reverend Butler and Walnut Woods projects: $17,845,215. Combined Architecture Design Budget: $262,243.

Project's Initial Schedule Including Major Milestones. Brinshore successfully complies with all established development and construction schedules for its projects. All projects meet specified timelines for major milestones, as set by partnership and tax credit agreements. Construction was completed on The Rev. Butler and Walnut Woods development in December 2021. Resident relocation progressed on schedule.

Major Issues and Solutions. The major issues in all our public housing repositioning projects are:

- Deciding on the appropriate repositioning strategy.
- Moving through the HUD approval process.
- Securing commitments for the financing for the project.

In the case of Bloomington RAD I, Brinshore's team decided on a RAD/SAC blend approach coupled with Tax Exempt Bonds and 4% Low Income Housing Tax Credits. While this repositioning strategy is well established, at the time of the closing of these transactions, the RAD rents were low, and the allowable portion of the SAC units was only 25% of the total – our first challenge. While the Tenant Protection Voucher rents are higher than the RAD rents (they can be as high as 110% of the Fair Market Rents), the limit of 25% of the total meant that the ability to leverage the financing with private debt was limited. This in turn limited the amount of rehab that could be afforded in these transactions. While we were able to make this work, the improved RAD program allows for RAD/SAC blends to have up to 80% Tenant Protection Vouchers, which we took advantage of for the Bloomington RAD II closing. In addition, Congress fixed the 4% Low Income Housing Tax Credit at a full 4% (the rate at the time of the closing of these two transactions was approximately 3.17%). This has greatly enhanced the ability to raise capital to fund a repositioning project beyond what was possible in 2020.

A second challenge resolved by the team was the need to adjust designs to include on-going resident and public input. One of the main changes in the development is the need to accommodate additional resident programming. There was a small existing community building that is in the process of being renovated and doubled in size as part of the Crestmont redevelopment. Our project architect was able to accommodate all needs with creativity and numerous meetings with stakeholders.

Our third challenge involved supply chain issues caused by the pandemic. In particular, appliances, flooring, and door hardware became short in supply. Although we were able to purchase these items, our construction team worked hard to locate and combine multiple suppliers to obtain the products, balance increased costs to stay on budget, and maintain the construction schedule.

## 2G. KNOWLEDGE OF LOCAL, STATE, AND FEDERAL MARKETS, REGULATIONS, CODES AND PROGRAMS

### CALIFORNIA FINANCING EXPERIENCE – OPERATIVE OFFICE + BRINSHORE

Brinshore, in collaboration with Operative Office, is currently working on 221 5th Street, an 18-unit new construction project in the City of West Sacramento. We recently secured funding from HCD Infill Infrastructure Grant Program (IIG) and rental subsidy through Yolo County Housing Authority Project Based Voucher's (PBV's). We are currently on the final staff recommendation list to receive federal and state tax credits, as well as private activity bonds, on May 10th. If awarded in May, we intend to start construction in July of 2023. The project will serve single-parent scholars, the first of its kind in California. This project is being developed in partnership with an affiliate of Family Scholar House, Raise the Barr, whose mission is to end the cycle of poverty through a two generational supportive housing model that utilizes educational attainment to promote self-sufficiency. Parent scholars can be enrolled in a full-time or part-time degree, certification, or apprenticeship program with the goal of achieving a family-sustaining wage and instilling an expectation of post-secondary education in the next generation.

Additionally, Emily Ware, co-founder of Operative Office, has a proven track record in securing California public financing both at Operative Office and with her former employer, Thomas Safran and Associates. Relevant projects include:

- 219-221 5th Street, West Sacramento, CA. Ground-up construction of 18 units for single parent scholar and special needs, survivors of domestic violence. Sources secured by Ms. Ware include a preliminary recommendation for CTCAC 4% tax credit and T/E bonds (state), Yolo County Housing Authority PBVs (local) and HCD IIG (state).
- Alosta Gardens, Azuza, CA. Rehab construction of 52 units for families. Sources secured by Ms. Ware include CTCAC 4% tax credit and private activity bonds (state), and HUD PBVs/ HAP assignment (federal).

- The Arlington, Los Angeles, CA. Ground-up construction 84 units. Sources secured by Ms. Ware include HCD MHP and IIG (state), HACLA PBVs (local), LAHD managed pipeline HOME funds (local).
- Vista Terrace, Los Angeles, CA. Ground-up construction of 102 units. Sources secured by Ms. Ware include CTCAC 4% tax credits and private activity bonds (state), HCD AHSC, IIG, and TOD (state), and HACLA PBVs (local).
- Parkview, Los Angeles, CA. Ground-up construction of 127 units. Sources secured by Ms. Ware include HCD AHSC, TOD, and IIG (state), and HACLA PBVs (local).
- Reseda Theater Senior Housing, Los Angeles, CA. Ground-up construction of 26 LIHTC units for seniors and formerly homeless seniors. Sources secured by Ms. Ware include CTCAC 4% tax credits and CDLAC T/E bonds (state), LACDA NPLH (local), HACLA PBVs (local), City of LA HHH and soft loan/land loan (local).
- Reseda Theater Redevelopment, Los Angeles, CA. Adaptive reuse of historic theater as a food hall. Ms. Ware secured a City of Los Angeles general fund award (local) for the project.
- Uptown Whittier, Whittier, CA. Construction of 115 units & preservation of historic library. Ms. Ware secured a City of Whittier land contribution (local) and City of Whittier Housing Trust Fund allocation (local) for the project.

## CALIFORNIA ARCHITECTURE AND MASTER PLANNING EXPERIENCE - KTGY

- Jordan Downs Phase H2A & H2B, Los Angeles, CA – 195 units of LIHTC Housing for LACDA, with Masterplan vision for future phases.
- College of the Redwoods On-Campus Housing, Eureka, CA – 71 beds of attainable student housing with a new dining hall structure at the heart of the COR Campus in Eureka, CA.
- Communications Hill, San Jose, CA – The project consists of a total of 2,200 Units of rental, for-sale, affordable, and is anchored with a new village center with 80,000sf of retail at its core.
- Warm Springs Master Plan, Fremont, CA – 2,206 units of housing and 700k sf of non-residential program and 4 acres of parks adjacent to the Warm Springs Bart Station in Fremont, CA.
- El Paseo, San Jose, CA – A re-envisioned big box retail 35-acre site is being redeveloped into a 994 unit mixed-use, mixed-income masterplan with mid-rise, high-rise, and retail in the heart of Silicon Valley.
- Lawrence Station, Santa Clara, CA – A 1000+ unit master plan near public transit has been constructed to provide new rental and for-sale housing opportunities within Silicon Valley. KTGY's master plan for the high-density portion of the site consists of 650 units in two rental and one condominium building, a 1-acre central park, and 30,000sf of retail. Two buildings have been completed and the third is anticipated to be completed later in 2023.
- Corsair Flats, Alameda, CA – Redevelopment of NAS (Naval Air Station) Alameda with Affordable Senior Housing in the 20-60% AMI range
- 711 New Hampshire, Koreatown, Los Angeles, CA – Redevelopment of Early Childhood Education facility and adaptive reuse of existing historic resource to build 95 Permanent Supportive Housing units using Measure HHH funds in City of LA.
- Heritage Square South, Pasadena, CA – New Construction of 70-unit, 9% LIHTC, Permanent Supportive Housing units in collaboration with the Housing Authority of Pasadena.
- 330 Distel Circle, Los Altos, CA – 90-unit, 100% affordable housing development (30-80% AMI) of a hybrid mass-timber and wood modular construction.

## 2H. SPECIFIC PROJECTS

Brinshore and Operative Office are currently partnering with Yolo County Housing on 221 5th Street in West Sacramento. It is an 18-unit new construction project serving Parent Scholars, a proven, successful, and award-winning two-generation model combining affordable housing with supportive services to promote self-sufficiency through educational attainment. This program will be the first in California and is growing across the country through an affiliate model with Family Scholar House, a non-profit based in Louisville Kentucky who originated the program over 20 years ago. This West Sacramento project is being developed together with an affiliate of Family Scholar House, (Raise The Barr) whose purpose is to house and support low-income families enrolled in a post-secondary education program including 2-year degree, 4-year degree, certification, or apprenticeship. Nearly two-thirds of participants choose healthcare professions enabling a workforce development opportunity in a field that is in need of more professionals.

The mission of Family Scholar House is to end the cycle of poverty and transform our communities by empowering families and youth to succeed in education and achieve life-long self-sufficiency. FSH empowers and supports parents and their children in achieving their educational, career and family goals. Program participants have experienced poverty, unstable housing and, most often, domestic violence. Family Scholar House was recently designated as a HUD Envision Center. HUD's Envision Centers are premised on the notion that financial support alone can't solve the problem of poverty, and that collective efforts across a diverse set of organizations, both public and private, are needed to help low-income individuals and families rise to achieve a family-sustaining wage.

Our West Sacramento project has received a $1.3mm Infill Infrastructure Grant from the California Department of Housing and Community Development, as well as an award of 18 project-based vouchers. It is currently on the recommendation list for an award of 4% federal tax credits, state credits and private-activity bonds for Round 1 2023. It’s anticipated to start construction in July of 2023.

### UNDERSTANDING AND APPROACH TO THE PROJECT

## 2I. UNDERSTANDING OF THE PROJECT AND HACE’S GOALS

Having partnered with dozens of Housing Authorities for a variety of redevelopment and repositioning efforts, we have a keen understanding of the many components required to develop a physically and financially feasible project that also meets the needs of the many stakeholders.

Most important is to work collaboratively to develop an understanding of the Housing Authority’s goals and to gather information that will inform a thoughtful vision. Key steps include devising a comprehensive and cohesive outreach plan that includes a variety of activities and methods to ensure an inclusive, transparent, and collaborative process, analyzing the existing properties owned by HACE as well as other potential development sites, identifying potential funding sources and developing a creative and holistic redevelopment plan based upon community and stakeholder input.

The Eureka Community Partners Team has thoroughly studied and discussed the requirements of the RFQ, as well as HACE’s Repositioning Plan. We understand that HACE wishes to maintain ownership control and property management of all properties through a structure that may include an affiliate of HACE, and to share in development and management fees and cash flow of the properties.

We understand HACE's preference for a Section 18 execution regarding the five sites identified in this RFQ due to obsolescence and the benefit of new Section 8 vouchers for each repositioned unit. We agree that the vouchers create an opportunity to increase the overall amount of affordable housing units serving the City of Eureka by bringing the properties' density up to the 22 units per acre now allowed by the current zoning code if not further by utilizing allowable density bonus opportunities.

We understand and appreciate the desire to minimize the relocation needs of residents and have presented a "Build-First" option in our Project Approach. This allows residents to move from existing units directly into new construction by strategically phasing the 25-1 and Prospect Avenue redevelopment to take advantage of vacant and underutilized existing parcels.

The services provided by our team members include: consistent and cohesive community engagement, assessment of the opportunities the redevelopment properties present, creation of a comprehensive redevelopment plan, identification of and application for funding resources, development of a project pro forma, creation of a thoughtfully designed project that reflects the Eureka aesthetic and urban design goals, management of a well-organized relocation plan, and the provision of sustainable property management in association with HACE, will generate the desired results of HACE's repositioning vision.

Furthermore, as a prospective partner to HACE, the Brinshore Team commits to being collaborative and flexible. Our experience over the past decades working with Housing Authorities to reposition their portfolios has given us a rare toolkit in tackling the complexities of these projects efficiently and effectively. The following Project Approach is just one of many possible paths we see and is meant to serve as the basis of a dialogue that will develop and evolve as we begin to work together.

## 2J. PROJECT APPROACH

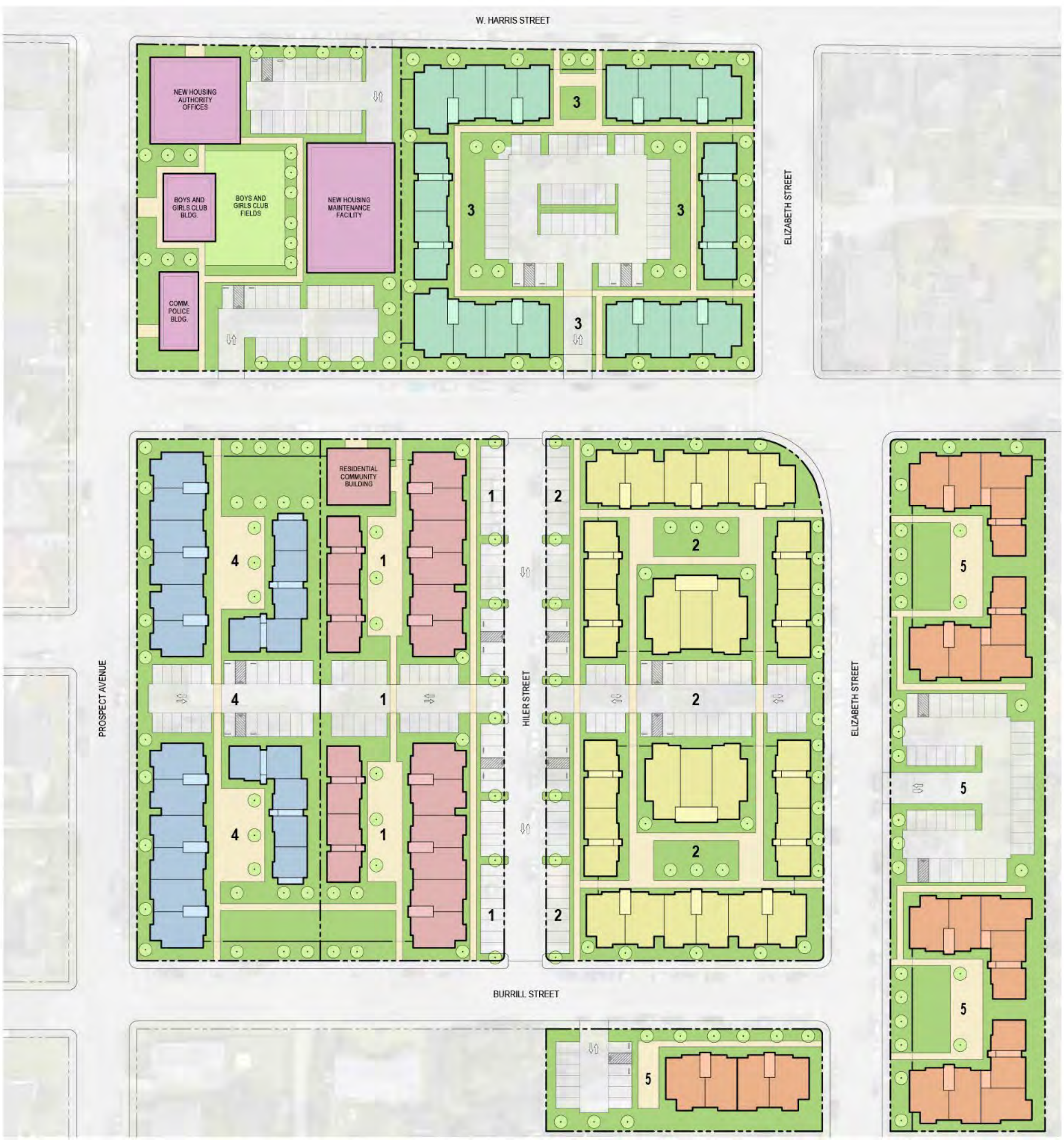
We present the following Project Approach as an initial proposal—simply to illustrate our understanding of the project goals and how they could feasibly be achieved. However, it is our intention that this will evolve over the coming months as we work collaboratively with HACE, residents, community, City staff, elected officials and many other interested stakeholders. Our Project Approach will be refined and developed using our time-tested and iterative implementation plan, as described in Section 5A below. The following phasing plan is a starting point by which Eureka Community Partners and HACE can understand the planning and design potential for the sites, while also providing a forum for dialogue in regard to HACE's future vision for their offices and maintenance facility, the integration of the Boys and Girls Club, and overall urban vision for the new community.

We note that the following proposal is for a mixed-income community, as is Brinshore's practice on most of its public housing repositioning projects. Our intent would be to leverage a combination of 4% and 9% tax credits, as well as project-based vouchers, to deliver a community that expands the affordable housing offering in Eureka; helps the city achieve its RHNA/Housing Element goals; achieves 1:1 replacement of existing units and corresponding affordability levels; and acknowledges the requirement for not less than 75% of the families admitted to a PHA's project-based voucher programs during the PHA fiscal year to be extremely low-income families (30% AMI or lower).

### PROSPECT AND 25-1

As outlined in HACE's Repositioning Plane, we propose to begin the redevelopment process with the Prospect and 25-1 sites. Our planning exercise illustrates the site's capacity to easily accommodate the one-to-one replacement of existing units (taking into consideration existing unit bedroom counts) while building in additional density. This initial plan acknowledges the current maximum density allows for an additional 84 units but proposes to increase density further as shown on the initial plan using density bonus law while still providing adequate parking, outdoor space, community/amenity room, and a design that complements the surrounding neighborhood.

## PRELIMINARY PHASING PLAN



| | Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 | Total |
|---|---|---|---|---|---|---|
| One Bed | 16 | 32 | 16 | 20 | 16 | 100 |
| Two Bed | 12 | 16 | 16 | 12 | 18 | 74 |
| Three Bed | 12 | 12 | 12 | 12 | 14 | 62 |
| Four Bed | 0 | 8 | 4 | 0 | 0 | 12 |
| **Total** | **40** | **68** | **48** | **44** | **48** | **248** |
| **Parking** | **60** | **70** | **50** | **26** | **53** | **259** |

The preliminary phasing plan contemplates two-story residential buildings and one-story community/amenity buildings in keeping with the surrounding neighborhood. This results in a possible 248 units comprised of one, two, three, and four bedrooms occurring over four or five phases, and 259 associated parking stalls, with dedicated space for the new housing authority offices and maintenance facility, Boys and Girls Club, and Community Police Building. The overall unit count is permissible by Density Bonus Law, but if preferable to HACE, the City and/or the community, can easily be adjusted down by reducing select residential buildings to single story structures. Additionally, we see an opportunity to potentially re-purpose or even sell select sites (particularly Phase 5 shown in orange on the plan) if HACE preferred, as a source of revenue to support HACE, while still achieving approximately 200 units over the first four phases.

The initial design contemplates garden-style apartment buildings with unit entries off large, shared courtyards that can be secured as common, outdoor space for each building complex. Pairs of second-story units are served by a shared staircase, accessed off the courtyards. Brinshore, KTGY and Operative Office all have extensive experience with this architectural typology, as described in the experience section above. We would be excited to bring such experience to Eureka.

We propose to work collaboratively with HACE, the community and the City of Eureka to arrive at a design that is efficient to construct and manage, while balancing livability and safety concerns. We have designed this initial plan as flexible, knowing that we will need to work together with HACE to balance the goals of fighting crime, while also integrating into the existing community. Design features such as limited entry access, clear sightlines, and other environmental controls will be used to enhance safety and make us good neighbors to our community. Units will provide indoor and outdoor personal space (e.g., with non-landscaped patios) while also providing ample indoor and outdoor community space.

Please see the further description below of each phase in the initial proposed Preliminary Phasing Plan:

- Phase 1 (Red) of the development will utilize the existing, vacant parcel east of the Housing Authority and the parcel directly south of the vacant site which we understand to contain 8 existing units that could be temporarily relocated to currently vacant units in HACE's portfolio as described in the RFP question responses. This allows us to implement our "Build-First" development model reducing relocation requirements or eliminating them all together. Phase 1 may include approximately 40 units of new construction across four buildings as well as the development's community building which will provide leasing, office, and management space for the larger development.
- Phase 2 (Yellow) of the development will utilize the block to the east of Phase 1 bordered by Everding to the north and Burill to the south. The 40 units proposed in Phase 1 will accommodate the full relocation of the 32 units currently present on the Phase 2 site along with the 8 units replaced in Phase 1.

- Phase 3 (Green) of the development will utilize the northern block of the community, north of Everding. The approximately 36 units currently present on the site will be able to be fully relocated into Phase 2. In addition to the approximately 48 units and 50 parking spaces, we allocate space on the larger block of Phase 3 for the new housing authority offices and maintenance facility with associated parking. We find this to be an optimal location for these structures as the uses complement those of the existing Boys and Girls Club and Community Policing structure.
- Phase 4 (Blue) of the development will utilize the sites previously containing the housing authority facilities and the housing directly south of them. This design is intended to engage with the layout of Phase 1 resulting in large, shared outdoor spaces that unify the block.
- Phase 5 (Orange) of the development, as mentioned above, could be approached in multiple ways depending on HACE's overall preference. We see the remaining two parcels as a viable fifth phase containing approximately 48 units and 53 parking spaces. Alternatively, given the proportions of the parcels and the unit count that could be achieved in the first four phases we see an opportunity to re-purpose these parcels potentially for redevelopment as single-family homes in keeping with the neighboring properties.

### C & CLARK, BUHNE/UNION/SUMMER, SPRING & GARLAND

Since these sites are within a 1-mile radius of each other, following the completion of Prospect and 25-1's phases we would like to work together with HACE to explore grouping and funding them together as one or two phases, using TCAC's scattered site strategy. One tax credit application would be submitted for the three development sites. When awarded, the projects would close financing and begin construction on the same timeline. All apartment styles would offer contemporary living arrangements similar to those described in the plan for the Prospect and 25-1 sites. Each apartment will feature modern bathrooms and kitchens (including appliances). Our redevelopment plan would include 2335 Union Street, which we understand was acquired by HACE in December 2022, as the parcels/buildings on Buhne, Union, and Summer Streets wrap around this single-family home. Also, we intend to advance predevelopment capital to acquire the empty lot adjacent to Spring and Garland.

## 2K. PROPOSED BUSINESS TERMS

Please refer to Attachment E for proposed business terms.

## 2L. EXPERIENCE WITH DIVERSE STAKEHOLDERS

The breadth of Brinshore's portfolio is a testament to its commitment to partnering with diverse stakeholders on unique, sensitive projects that are reflective of each community's distinct needs.

Brinshore's developments are located across the country in Flagstaff, Arizona; Salt Lake City, Utah; Denver, Colorado; Washington, DC; and Norfolk, Virginia; across the Midwest including Kansas City, Missouri; Omaha, Nebraska; Milwaukee, Wisconsin; Ft Madison, Iowa; in Michigan, including Kalamazoo, Grand Rapids; in Indiana, including Gary, Indianapolis, Lafayette, Bloomington, and Terre Haute; and across Illinois, in cities including Aurora, Bloomington, Canton, Champaign, Chicago, Freeport, Galesburg, Highland Park, Joliet, Lincoln, Matoon, Melrose Park, Naperville, Peoria, Rock Island, Rockford, Quincy and Urbana. Furthermore, within each of these communities, Brinshore partnered with a broad range of stakeholders, including City and county agencies, public housing authorities, community organizations, resident councils, homeowners' associations, elected officials, neighbors and more. We have always believed that projects should reflect the entire community, including mayors, residents, and everyone in between.

Brinshore prioritizes community partnerships and relationships among stakeholders to enrich the community and the redevelopment effort. We create and customize approaches to engage and re-energize the community. Brinshore's projects include rehabilitation, new construction, and historic renovation. Brinshore has experience in affordable and market rate residential, family and senior rental as well as residential for sale, and retail/commercial rental. Brinshore also has expertise in developing affordable artist housing and permanent supportive housing.

Brinshore has a long history of partnering with non-profits, the surrounding neighborhood and community organizations to integrate community and supportive services into our developments. The following examples demonstrate our strong commitment and creative approach to community and supportive services:

- Thresholds. In Chicago, Brinshore has enjoyed a 15-year partnership with Thresholds, a local nonprofit. Brinshore partnered with Thresholds to convert a historic Single Room Occupancy Hotel in the Lakeview neighborhood of Chicago into 51 supportive housing one-bedroom apartments for the chronically mentally ill. Completed in 2013, Buffet Place has won several prestigious awards for its design and impact.
- Wabash Center. In Lafayette, IN, we are working with the Wabash Center, a nonprofit that supports the developmentally disabled community. We have eight households within the complex that have one or more developmentally disabled residents that are placed there by the Wabash Center, who provides both on site case management and assistance so the residents can live independently, and off-site employment in their facilities, where residents work in a production facility with supervision.
- Seventy-Five North Revitalization Corporation (75N). In preparation to submitting a response to the Omaha Housing Authority's RFP for the redevelopment of The Highlander, Brinshore and local non-profit, 75N, established a partnership to balance Brinshore's development expertise with local knowledge, representation, and connections to other service organizations. The partnership combined resources to establish The Accelerator, a 40,000 SF community facility and a large open space for concerts, athletics, and entertainment. Enrichment activities include Employment and Education Navigators and Case Managers to help families achieve their goals. Additional programming provides Code Camp in partnership with AIM Institute; WeBop, an early childhood education program introducing jazz, rhythm, and movement to kids ages 2-5, and taught by Omaha Performing Arts, as well as free weekly fitness classes, garden club classes with interactive garden plots, organized by Creighton University.

## 2M. RESIDENT AND COMMUNITY PARTICIPATIONPUBLIC AND RESIDENT OUTREACH

Public outreach for the residents and stakeholders is not only important to create effective design, but it also builds capacity and relationships, and generates individual and community trust and support for the redevelopment vision.

### COMMUNITY MEETINGS.

As a foundation for all Public Housing redevelopment and repositioning efforts, we thoughtfully plan for both community and resident meetings. The initial step is to establish a schedule for the public meetings and/or charrettes to elicit important input from the community and share progress on the plans as the project advances. Typically, during the planning phase, we have held three public meetings that are scheduled during different times. We usually provide food and have the meeting at a central location within the community. We invite all stakeholders including residents, neighbors, local businesses, community organizations and elected officials.

For example, for our Omaha project Brinshore and our non-profit partner Seventy-Five North Revitalization Corporation (75N) worked together on a HUD-funded CNI Implementation Grant application, The Highlander. We facilitated successful community engagement through large interactive community meetings, surveys, intimate small group discussions and door to door conversations. We have consistently connected with residents, local neighborhood associations, churches, and other community groups in an effort to solicit authentic and open feedback that helps us to serve our community better.

If we are selected as partner with HACE, we will work together to craft a program most likely to reach the largest number of current residents. Whether meeting in person, via Zoom or hybrid events, or one-on-one phone conversations, we will ensure that the communication plan fully meets the needs of all residents.

## EDUCATION

Engagement provides an education tool for residents of all ages. We have successfully facilitated processes that are both inclusive and well-attended, and that evolve into redevelopment plans that are supported by residents and other stakeholders.

The key to an open dialogue with residents is their understanding of the project goals, how we achieve those goals and their ability to actively participate. The best way to engage residents is to share similar redevelopment efforts and to talk through what they like about the images they see and plans they hear. Residents and other community stakeholders have intelligent ideas about thoughtful design and what makes a community vibrant and livable.

While conducting the planning for three successful Choice Neighborhood Initiative Implementation Grants and two successful HOPE VI applications, Brinshore explored new ideas for active engagement. One approach is the Visual Preference Survey where we show participants slides of different architectural designs then hold group discussions to assemble their feedback. The information we gained was valuable in determining the look and feel of the revitalized community.

## RELOCATION

Communication throughout the relocation process is central to building confidence and support during the planning and implementation of the repositioning vision. Brinshore typically works closely with housing authorities to develop relocation plans and budgets but has also been asked to be entirely responsible for relocation of residents during the development process. We have utilized several relocation strategies for our repositioning projects.

As an example, working in partnership with the Bloomington Housing Authority to ensure an optimal relocation process, we first had the occupancy staff conduct surveys with each head of household to assess special needs and preferences during the temporary relocation to provide the most suitable accommodations for each resident.

All residents were involved in the relocation process from the early planning stages throughout the re-occupancy stages of the completed units. We held informational meetings to clarify residents' needs and to discuss the renovation plans, while inviting comments and suggestions. In addition, we kept communication active by providing written updates for available services, tools, and support, in conformance with the Uniform Relocation Act, such as counseling services, financial assistance for utility hookups and moving expenses. In addition, services helped the residents to make informed choices for their living environment, while maximizing the opportunity to return to a renovated unit upon completion, within one year from the original relocation.

At our South Terrace project with the Waco Housing Authority in Texas, we contracted with Urban Relocation Services to assist with the relocation plan and budget, sending notices to residents, holding relocation meetings, and temporarily relocating residents within the development, or to other developments managed by the Housing Authority. We hired local movers to box and move the residents and paid for the turning on and off utilities. We also assisted residents by giving them cash cards to pay for food and other expenses during relocation.

In the case of demolition of existing projects for new construction, we demolish strategically, so we can begin building back on site. This is a "build first" approach that allows residents to move from existing units directly into the new construction. Using this approach at the Henry Horner Homes redevelopment in Chicago eliminated the need for permanent relocation off site, or any temporary relocation on site.

## STAFF EDUCATION

Brinshore has experience working with City and public housing authority staff to build their development capacity for many of our projects. For instance, Brinshore included the Indianapolis Housing Authority in all aspects of the three-phased development process, so that by the fourth phase the IHA was taking the lead, and Brinshore was assisting. Additionally, we employed a private property management company to train the Quincy Housing Authority staff in Section 42 and to assist with the relocation planning and implementation process.

HUD created the RAD and Section 18 programs, as well other Repositioning tools, to transform not only public housing units, but to transform public housing authorities into real estate companies with a mission to provide affordable and mixed income housing. Brinshore has worked with dozens of housing authorities to assist them in taking the plunge into the world of tax credits and private financing to create new and rehabbed developments and revitalized communities.

Our mission would be to build HACE capacity to transform the agency from traditional public housing authority to a development organization focused on meeting a double bottom line: serving its residents and thriving financially. We will include HACE in all discussions and decisions, so it is a true partnership. We will work with HACE staff to train them in the skills of development, so that we work ourselves out of a job in the future, and HACE can become a high functioning real estate company. We will provide support to HACE in the property management of Section 42 (Low Income Housing Tax Credit), which is every bit as challenging as managing public housing, and with even more parties to satisfy than before. In short, our philosophy is to help you to become a real estate company of the 21st Century and beyond.

## 2N. CREATIVITY AND ABILITY TO OBTAIN FINANCIAL COMMITMENTS

Brinshore and Operative Office both pride themselves on their determination to collaboratively transform vision into reality. Brinshore and Operative Office will work closely with HACE to raise traditional and non-traditional capital to implement our shared repositioning and redevelopment plan for Eureka. Potential sources of financing are listed below:

- Low Income Housing Tax Credits (9% or 4%) from the California Tax Credit Allocation Committee
- Tax Exempt Bonds from the California Debt Limit Allocation Committee
- Soft loans and grants from California Department of Housing and Community Development
- HOME/CDBG funds
- Tax Abatement/Tax Increment Financing
- Project based rental assistance to support traditional mortgage or HUD loan
- Donated or discounted land either in the form of a ground lease or sale
- CHOICE Neighborhoods Funds (Brinshore has received three CHOICE grants in the last five years)
- Private philanthropy

The following section details Brinshore's national success at securing private, public, and non-traditional sources of financing to build high quality mixed-income housing and mixed-use neighborhoods.

### LEADERS IN CREATIVELY FINANCING AFFORDABLE HOUSING

As important as the balance sheet of your selected partner is the creativity and track record in financing affordable housing in this economic climate. Brinshore has extensive experience partnering with public housing authorities and securing financing for mixed-income housing. Operative Office has extensive experience funding LIHTC projects across the state of California, which is critical in our current competitive funding environment. Collectively, Eureka Community Partners—including both Brinshore and Operative Office--have employed more than two dozen financing tools in our recent projects.

Eureka Community Partners is committed to using its creativity in leveraging the scarce resources available for mixed income and affordable housing. Each time we approach a new development we use our best efforts to identify new sources and to better use the traditional funding sources. Adding green features is one way to gain access to new sources of funds for affordable housing as well as reducing the impact on the environment and reducing the costs to manage and maintain the property. Brinshore is now working on financing twelve RAD conversions, including six of its mixed financed properties, and seven acquisition/rehabs of existing public housing developments. These projects demand creativity, as HUD is not committing additional money to these redevelopment projects. In working with HACE we would look to use all resources as appropriate and necessary, as well as researching other potential sources that might be available for the redevelopment efforts.

### SUCCESS AT RAISING NON-TRADITIONAL DEVELOPMENT CAPITAL

Brinshore has also developed a national reputation for its innovative ability to bring non-traditional resources to affordable housing development transactions. For example:

- At Highlander, Brinshore raised nearly $28 million of philanthropic funds to support construction of a mixed-income neighborhood and a 66,000 sf community accelerator building.
- Brinshore raised nearly $14 million of philanthropic funds for a supportive housing development, Sara's Circle.
- Brinshore and local CDC partner, SWOP, raised $3.5 million from financial institutions and foundations to continue the redevelopment of foreclosed property in the Chicago Lawn community in southwest Chicago.

- Brinshore secured philanthropic funding for the 255 S State Project from the Call Foundation, a Salt Lake Based non-profit.
- Brinshore helped raise $40 million in matching funds in conjunction with the Knoxville CNI and Western Heights Transformation Plan

### RELATIONSHIPS WITH LENDERS AND EQUITY INVESTORS

We understand that the current fiscal environment makes securing financing for affordable and market rate housing extremely challenging. Experience alone is not enough to guarantee the ability to raise capital with such fierce competitions to secure subsidies. Brinshore has extensive and long-lasting ties with equity and debt providers. Brinshore has worked with large banks, including Bank of America, Citibank, and JP Morgan Chase to finance its deals. For more than a decade, Brinshore has been the Midwest arm of the Richman Group, a syndicator of tax credits, and has placed over $1B in equity; and we have also used other syndicators, including Red Stone, NEF, RBC, Riverside and others.

### EFFICIENT USE OF PUBLIC RESOURCES

Brinshore is an expert at maximizing the leverage of public dollars on its projects. Brinshore uses every program available to minimize the reliance on public housing dollars and other public resources. Recently, we have been able to bring greater amounts of private debt to projects. For instance, at both Clybourn 1200 and Villages of Westhaven, we are borrowing $6MM for each project in private funds and relying less on public sources. We are also employing other interesting strategies to bring private equity to Illinois, such as the Illinois Donation Tax Credit, coupled with the 4% Acquisition credit on Tax Exempt Financed deals. With any project with SNRHA, Brinshore will make great efforts to leverage scarce resources. The availability of certain funds, particularly tax credits, will be determined by the timing of the application rounds set by various funders.

### ECONOMIC DEVELOPMENT

Eureka Community Partners recognizes that financing the program, especially any non-residential components, will require tremendous creativity and commitment. Brinshore, project lead, has experience securing the funding for similarly complex comprehensive community developments, including the Highlander, a Purpose Built Community in Omaha, Nebraska, which contains many of the features described above. In addition to including mixed income, mixed tenure residential development, Highlander includes the Accelerator, a 65,000 square foot community facility which brings together local restaurant food court, an aquaponics fish farm and green house, coffee roaster and café, health and wellness, Creighton University adult education, community college facility, and many other exciting and unique non-residential uses funded through New Markets Tax Credits, private debt and local philanthropy. We are ready to apply our creativity and experience to this project, working alongside HACE to achieve the goals of the community. In some cases, Brinshore may work with local non-profit or for-profit partners to build economic development focused developments.

## 2O. ADVANTAGES OF BRINSHORE'S BUSINESS TERMS

Brinshore works collaboratively with its housing authority partners to build capacity in its staff in every phase of the development process from understanding predevelopment and due diligence activities, including physical needs assessments, environmental, engineering, and design; to evaluating repositioning strategies, and financing approaches and applications; to construction management, property management and maintenance, building budgeting, real estate taxation, tax credit compliance.

# 3. PROJECT MANAGEMENT CAPACITY, FINANCIAL HEALTH & STAFFING

## 3A. METHODOLOGY FOR IMPLEMENTING A PROJECT IN EUREKA

Brinshore is a national developer with local presence. We have offices in 6 cities to focus on developments in regions throughout the U.S. including California. Brinshore's experience gained through our successful implementation of similar repositioning projects ensures our understanding of the scope and commitment essential to meet each critical step. We have developed an approach to planning and implementing redevelopment plans, which has been successful in dozens of Cities across the country.

### PHASE I PLANNING AND COMMUNITY INVOLVEMENT

Brinshore will engage in a participatory planning process with HACE, the residents, the community, and all other interested and involved parties to develop a thoughtful redevelopment plan for the repositioning effort.

Task 1: Establish Planning and Programmatic Parameters and Relationship with HACE. After selection, Brinshore will review HACE's mission, and any conceptual project approach and plans presented in Section 5 of this RFQ above as a starting point for evaluating the final repositioning strategies. Brinshore will review all due diligence that HACE has already prepared, including existing physical needs assessments, energy studies, environmental reports, and market studies for the 25-1 and Prospect Sites as the initial redevelopment phase, with other sites to follow.

Next, Brinshore will schedule a meeting between Brinshore and HACE. The focus of this meeting will be to review the planning process, goals, objectives, and schedule; tour the properties; discuss the division of responsibilities and split of developer fees, cash flow and other economic benefits to flow from the development as described in the attached Business Terms; plan the timeframe of negotiating a Memorandum of Agreement and a Master Development Agreement; schedule future meetings and discuss preliminary agendas for the meetings.

Particular importance will be to discuss HACE's desire to continue managing the properties after closing, and what role it would like to play in the development process, including relocation of residents, managing the HUD relationship, interest in maintaining a role in property management, etc. In addition, Brinshore will prepare a Memorandum of Agreement reflecting our discussion with HACE for comment and approval. HACE's comments will be incorporated into the draft for finalization by Brinshore. After execution of the Memorandum of Agreement, Brinshore's attorneys will prepare a Master Development Agreement, a more formal document outlining the roles and responsibilities of Brinshore and HACE. HACE's attorneys will comment and suggest modifications prior to finalization and execution. The Master Development Agreement will contain Exhibits with predevelopment budgets and proposed timetables and milestones.

Task 2: Establish a Formal Community Planning Process. Brinshore will establish a formal community engagement process in consultation with HACE and in conformance with HUD requirements under RAD and/or Section 18. We understand well the challenges of developing affordable housing in similar communities and have created engagement plans that focus on bringing people together to find common ground. We will facilitate dedicated communication outreach and involvement via public hearings, neighborhood meetings, and other citizen outreach methods for residents, the public, local housing non-profits and organizations, the Housing Authority Board and City Council.

Task 3: Develop a Physical Plan and Scope of Work. Brinshore will develop a long-term portfolio repositioning plan and redevelopment strategy with the participation of HACE and City staff, taking the results of the resident, community and stakeholder input and due diligence into consideration. Our architecture team will work in consultation with HACE to discuss preliminary program options that will further guide the design approach and aesthetic. The information gathered will be summarized and presented to HACE with our initial assessment of the properties. We will also identify key issues to be addressed in the scope of work. The goal will be to confirm that our findings are consistent with HACE and stakeholder concerns, obtain their comments and additional perspectives, and develop a consensus on the critical issues.

In addition, Brinshore will develop and present to HACE a range of possible revitalization strategies for the buildings. These plans will include options for unit designs, major systems upgrades, required code and environmental work, handicap accessibility improvements, streetscape improvements, construction techniques, and pedestrian and vehicular connections. Each option will be presented to HACE to elicit its comments, concerns, and feedback. These revitalization strategies will take into consideration development goals and needs of HACE and the residents, the community; development trends in the area; revitalization and development activities planned or underway in the area; and housing real estate market conditions.

Task 4: Prepare a Schedule and Budget. Based on the feedback and comments received from HACE and others, we will prepare a preferred scope of work. This will be comprised of a narrative description of the physical plan that will contain a scope of work, building and unit layout, unit count and unit mix, with bedroom sizes. We will generate both a predevelopment budget with monthly reports on tasks completed and funds expended as well as a detailed development budget for each component of the redevelopment plan.
Brinshore will develop a master schedule with milestones, including development and construction phasing schedules for all buildings included in this procurement, as part of the Master Development Agreement with HACE. This master schedule will be revised and updated quarterly as the projects progress and new information is available.

Task 5: HUD Guidance. Brinshore will provide technical guidance for the HUD programs and regulations related to repositioning of public housing units including transition of Eureka’s public housing portfolio to the Section 18 program.

## PHASE II IMPLEMENTATION

Brinshore’s role in the second phase will be to lead and assist HACE with the approval process, finance closing and design and construction of the components of the redevelopment plan.

Task 1: Building and Unit Design Approval. Brinshore, in collaboration with our design team and project partners, will obtain approval for the design and scope of work. First, Brinshore and its architects will be responsible for preparing architectural drawings reflecting the input received from the community engagement process into a form that can be permitted and bid by general contractors. Second, Brinshore will obtain building permits for all buildings.

Task 2: Government Approvals for Implementation. Brinshore with assistance of HACE will obtain the government approvals for implementation of the redevelopment plans. These approvals may include, but are not limited to the following:

- Local Government Approvals: Brinshore will obtain local land use approvals, if necessary, such as zoning variances, Planned Unit Developments, Tax Increment Financing District designations, and other approvals, if required.
- Federal Approvals: With Brinshore's extensive experience with all HUD programs designed to reposition public housing, including the Section 18 and RAD Programs or other repositioning strategies, we will assist HACE in obtaining all HUD approvals, including participating in calls with the office of Recapitalization, preparing documents necessary for the Financing Plan, and assisting in providing all necessary requirements for Section 18 Demo/Dispo approval, as required.

Task 3: Financing. The Brinshore team has a long track record of successfully pursuing a variety of complex financing tools to develop the highest quality affordable housing. Brinshore possesses experience with a variety of layered financing sources, including Choice Neighborhood Initiative Implementation Grant, HOPE VI, and other capital funds available to Public Housing Authorities, low-income housing tax credits, Tax Exempt and Taxable Bonds, TIF, HOME, CDBG, Federal Home Loan Bank's Affordable Housing program, and many other complex financing tools.

After identification of realistic financing sources, Brinshore will prepare all applications for financing sources for the implementation of the redevelopment plan for review and approval by HACE. These applications may include applications to the California Department of Housing for Tax Exempt Bonds and 4% Low Income Housing Tax Credits, 9% Low Income Housing Tax Credits, Development Funds, HOME Dollars, or other state resources; City of Eureka applications for HOME, CDBG or other sources of Funds; Federal Home Loan Bank Affordable Housing Program funds; or other sources of public and soft funding for the projects. It will also identify and apply to sources of private debt and equity for construction and permanent loans, and Low-Income Housing Tax Credit Equity.

Next, Brinshore will obtain commitments of private and public debt, tax credit allocations through the California Tax Credit Allocation Committee (CTCAC) and equity from its relationships with syndication firms and negotiate the terms of each.

Task 4: Development. The Brinshore team will be responsible for managing the legal structuring, closing and construction of all developments. Brinshore will form necessary legal structures for the development entity, the owners, and general partners of each phase of development. We will negotiate limited partnership agreements and limited liability companies with equity investors and loan documents with each lender, and mechanisms to insure long term affordability restrictions. In addition, Brinshore will be responsible for preparing all necessary documents for a Financing Plan, and all evidentiary items including obtaining necessary approvals for all documents.

Brinshore has extensive construction management experience and will monitor all construction of infrastructure and buildings for compliance with plans and specifications through its management company Brinshore Construction Management (BCM), ensuring that necessary City and Federal codes are met and to ensure compliance with Section 3, MBE/WBE goals and Davis Bacon.

Task 5: Relocation. In partnership with HACE, Brinshore will coordinate all aspects of the relocation of residents, as determined by the repositioning plan. The relocation plan typically involves temporary relocation of residents between other units within the development, or to another development owned by the authority. Alternatively, we have also proposed a "Build First" model in our conceptual project approach as described in Section 4 of this RFQ. This allows residents to move from existing units directly into new

construction by strategically phasing the 25-1 redevelopment to take advantage of vacant and underutilized existing parcels.
We will provide oversight of the preparation of relocation plans and budgets, and will work with HACE to communicate with residents, provide moving equipment, schedule residents' moves, and establish utility connections. The relocation costs will be covered in the development budget.

Task 6: Creating Contracting Opportunities for Opportunity Businesses. Brinshore is committed to sharing the economic benefits of the development opportunities with other firms, where appropriate, and to maximizing the participation of small businesses, minority- and women-owned businesses, disadvantaged businesses, and Resident-owned Business Enterprises.
In our developments, Brinshore insists on high levels of Opportunity Business participation. For instance, at Red Maple Grove in Indianapolis, we reached over 63% MBE/WBE contracting. We would work with local subcontractors to the greatest extent feasible to reach high levels of minority and women and other Opportunity Business contracting participation. We will work with community partners to identify and promote Opportunity Businesses for contracts in the redevelopment.
Also, Brinshore will report monthly on its progress on contracting with MBE/WBE and other Opportunity Businesses with HACE.

Task 7: Section 3 Resident Training and Employment Opportunities. Brinshore is committed to maximizing resident training and employment opportunities on the redevelopment project. The commitment to Section 3 and resident employment extends beyond construction into property management.
Brinshore is committed to identifying a local partner to create a program to identify and screen residents for construction jobs, create and administer a training course for construction trainees, and monitor the progress of trainees on-site to guarantee their retention. In addition, any contracting company selected will be committed to hiring these trainees and requiring its subcontractors to participate with the program. At each of Brinshore' redevelopments, we insist on identifying a number of Section 3 employees to be hired in each phase of development.
Brinshore understands the scope of work required of the Development Partner and has the experience and capacity to plan and implement potential projects contemplated by HACE. Our approach is designed to complete this revitalization on an aggressive but realistic schedule.
Brinshore has worked with dozens of public housing authorities since 1994 and has a record of experience planning and implementing over two dozen separate public housing redevelopment and repositioning projects. Brinshore looks forward to working with the Housing Authority of the City of Eureka as a Co-Development Partner. The redevelopment of Eureka's public housing will require hard work and close partnership. Brinshore is ready to commit to this work.

## PHASE III PROPERTY MANAGEMENT

Eureka Community Partners does not have its own property management arm. Brinshore, project lead of Eureka Community Partners, currently relies on third party managers to manage our entire portfolio of more than 10,000 affordable and mixed-income housing rental units in 12 states. Our strategy is to work with the best property manager in the region for each of our properties who has experience with Low Income Housing Tax Credits, public housing, and special populations.

Eureka Community Partners recognizes the importance and value of the contribution made by CEHA to the success of these projects. Regardless of the partnership structure, we anticipate that CEHA's role will include: continuing to maintain the relationship with public housing residents through the relocation process, managing the relations with elected officials, city staff, and other stakeholders, and participating in all matters that impact public perception of the agency and development.

Additionally, Eureka Community Partners supports HACE's desire to property manage future housing projects. As such, HACE will ideally serve as the primary (and only) property manager for most (if not all) phases. That said, per the response to questions issued by HACE on April 14th, we also commit to work with HACE to delineate services and durations for arrangements that are in the best interest of a successful development (e.g. attracting capital, competing for resources and successful management). We understand and support HACE's goal of serving as primary and/or sole property manager, so if it proves necessary to supplement those services to attract capital to the project(s), we can explore the possibly of adding a third-party compliance specialist or wraparound management company to assist on compliance, lease up and marketing for a set period of time on each phase (for example, just for the first five years on the first couple of phases, during the operating deficit guarantee period). If it does prove necessary and mutually agreeable to bring on this third party to supplement or support HACE, we might consider adding the oversight of that third-party specialist or supplemental property manager to Eureka Housing Development Corporation's ongoing duties as a Managing General Partner of the projects; furthermore, HACE could serve as an additional or parallel property manager in order for HACE to garner experience and eventually stand on its own, to the extent agreeable for both HACE, TCAC and LIHTC equity investors.

Brinshore, project lead of Eureka Community Partners, believes high-quality management is critical to a successful mixed-income community. Our goal is to offer residents, regardless of income level, the best living option in the area. The key to delivering exceptional service in a diverse environment is the seamless integration of management and supportive services. To meet that goal, Brinshore uses a method called "blended management" in which property managers and social service staff take a holistic approach to lease compliance and resident readiness for self-sufficiency.

Under the blended management approach, the role of the property manager is to assertively enforce the terms of the lease and require compliance with the community's policies. The property manager also monitors residents' engagement in work, job training and other meaningful activities that indicate self-sufficiency. The social service coordinator, meanwhile, functions as the liaison between our Housing Authority partner, management, residents, and service providers to ensure that residents receive the referrals they need to continue down the path to self-sufficiency.

We also have experience contracting with the local housing authority to provide property management services when there is a public housing component. In Indianapolis, the Indianapolis Housing Agency (IHA) manages our three phases (165 units) of Red Maple Grove. The IHA owns several of its own mixed-financed, mixed-income, and Section 42 properties, so it has created a compliance division who now has the experience and capacity to manage mixed-financed properties. We are working with the Housing Authority of the City of Freeport (Illinois) and the Duluth Housing and Redevelopment Authority (Minnesota) on RAD conversion in which the Housing Authority will continue managing the developments after rehabilitation.

While the management company is responsible for the day-to-say operations of the buildings, asset management is a crucial function to a well-operated property. Brinshore has an experienced Asset Management division, led by Linda Thurmond, who asset manages our portfolio. Brinshore's asset management team is an integral part of the redevelopment process from project initiation. They provide valuable input on critical components of the project including from the equity investor's point of view, which makes the development more attractive to investors. Once the project is constructed and occupied, the team reviews revenue and expense performance, conducts regular property inspections and reviews all property management policies and procedures. They meet with the management company on a regular basis to keep track of significant issues and make suggestions for improvement.

## 3B. QUALIFICATIONS TO PROVIDE SERVICES

Founded in 1994, Brinshore Development, LLC is a private firm specializing in the development of affordable and mixed-income housing. David Brint and Richard Sciortino, Brinshore's principals, each gained a decade worth of real estate development experience in affordable housing prior to co-founding Brinshore Development. Their expertise in all aspects of real estate development helped to formulate a business plan that includes project conception through construction completion, ownership, and asset management. To date, Brinshore has completed more than 100 projects in sixteen states and the District of Columbia, with many more under development, comprised of over 10,000 apartments and homes with investment at more than $2 Billion. Brinshore is one of the nation's largest and most successful housing development firms in the affordable housing market. Brinshore's professional staff possesses a wealth of experience in using complex funding mechanisms to make its rental units affordable to families across the income spectrum. Brinshore has built a diverse portfolio, including developments targeted at families with low to moderate incomes, senior communities, and a mix of market rate units. Brinshore has also developed more than 275 for-sale homes as well as more than 80,000 square feet of retail space.

Founded in 2020, Operative Office is a lean, nimble, and creative practice that integrates both architecture and development. We provide a vital link in the project management process, leveraging our expertise in public finance, as well as our efficient in-house design practice, to iterate and unlock development opportunities that would otherwise fall below institutional scale.

Founded in 1991, KTGY is a leading full-service architecture, branding, interiors and planning firm focused on residential, hospitality and mixed-use developments and neighborhood revitalization. KTGY's architects, designers and planners combine big picture opportunities, leading-edge sustainable practices, and impeccable design standards to create memorable destinations of enduring value. KTGY is currently working on another large-scale housing project in Eureka and is comfortable working in the area. KTGY has also worked with principals of both Brinshore and Operative Office on previous projects, so we are in a unique position to work together on this exciting opportunity in Eureka.

## 3C. APPROACH TO THE DIVISION OF WORK

Brinshore's real estate activities are organized under three departments:

- Development. Brinshore Development specializes in the development of affordable and mixed-income housing in a wide range of communities by blending public and private resources. Brinshore can develop financially successful rental and home ownership options affordable to community residents. All Brinshore's developments are conceived with input and cooperation from local partners and stakeholders, and best efforts are put forth to provide employment opportunities for community residents.
- Construction Management. Construction management will be performed by Brinshore's in-house construction management arm, Brinshore Construction Management ("BCM"). We will leverage BCM's expertise and experience to negotiate, manage and administer contracts with a third-party general contractor that is local to the area. To ensure cost efficiency, we anticipate competitively bidding on the projects and selecting a local General Contractor at the time of tax credit allocation. We anticipate selecting a General Contractor with deep experience in the community, a wide base of local subcontractors, and a track record of affordable housing development in the region.

- Asset Management. Brinshore Development asset manages more than 5,100 apartments. Brinshore's asset management team is an integral part of the redevelopment process from project initiation. They provide valuable input on critical components of the project including from the equity investor's point of view, making our developments more attractive to investors. Once the project is constructed and occupied, the team reviews revenue and expense performance, conducts regular property inspections and reviews all property management policies and procedures.

Operative Office's real estate activities are organized under two departments.

- Project Finance. Operative Office will be responsible for California specific funding strategies, including state, county and local funding applications. Our small team possess a deep track record in assembling Low Income Housing Tax Credits and financing in California. All applications are performed in house by company principals, ensuring efficiency and retention of institutional memory throughout the project life cycle.
- Project Design. Operative Office would take the lead on phases that require significant iteration, as well as an onsite and community presence. This ties well with our role in the development team as well. We would function as the project's design architect, expeditor, and construction manager, and KTGY would function as the project's executive architect or architect of record.

## 3D. APPROACH TO ENSURE SUCCESS OF PROJECT SCOPE OF SERVICES

Brinshore sees its role as the facilitator to provide HACE with the capacity it needs to implement a repositioning plan to both improve current conditions and expand the availability of affordable housing at the selected redevelopment sites for the City of Eureka, in combination with other development efforts, and to bring sources of capital to Eureka that would not be available in a traditional public housing redevelopment.

Brinshore will follow these priorities:

- Collaborate. Brinshore will collaborate with HACE and all community stakeholders to create together the details of the plan - and to determine and define each party's role.
- Adapt. Brinshore will listen and remain flexible to changes in the community, market or to adjustments in local/state/national leadership and funding sources. We will adapt and revise accordingly to lead the engagement process as a comprehensive and cohesive effort.
- Inform. Brinshore will provide up-to-date and accurate information to the Housing Authority, City Staff and Council members to ensure the information we share with the residents and the broader community is consistent and user friendly.
- Coalesce. Brinshore will take the lead in conducting public meetings and design charrettes and to coalesce all information gathered into a cohesive analysis of ideas, concerns, and goals.
- Relocate. Brinshore brings strength, expertise, and sensitivity to a resident relocation process. We will engage a relocation consultant, whom we have worked on prior successful relocations to provide their notable expertise throughout the HUD approval process. Together with HACE, our team will coordinate a seamless relocation plan and budget, sending notices to residents, holding relocation meetings, and temporarily relocating residents in the development, or in other developments managed by the housing authority.

Through HACE's well-established objectives, Brinshore will create a comprehensive plan to maximize affordable housing for renters in the City of Eureka. Our project leadership will maintain the City's vision to create vibrant, attractive, and diverse communities to house families, as well as units specifically designed for the elderly and other groups with special needs. In keeping with the City's plans, Brinshore is dedicated to the City's goals to increase the inventory of affordable housing and to transform the existing communities through redevelopment to create a healthy and thriving environment. We understand that the creation of affordable housing is critical in Eureka, not just because of the current demand, but because rents are increasing, thus creating even more demand.

Through the repositioning of HACE's public housing portfolio through Section 18, private sources of capital financing will be available to support the redevelopment of the identified sites. The goal is to utilize the available repositioning options in conjunction with Low Income Housing Tax credits to add new affordable housing opportunities for the residents of Eureka.

Brinshore's Development team will present fresh, attractive designs to compliment, preserve, protect, and build Eureka's character. The City desires high-quality architectural designs that will blend with the existing neighborhoods, and that encompass current urban design practices, including green building techniques, pedestrian-friendly design, sustainable environmental design, ample green space, and intelligent parking. Using the phased approach proposed in Section 2J. Brinshore and their Development Team will ensure that redevelopment of HACE's portfolio can begin in a timely manner while minimizing the amount of current tenant relocation.

We understand that HACE wishes to maintain ownership control and management of all properties through a structure that may include an affiliate of the City, and to share in development, management fees and cash flow of the properties, and have taken this into account in our presented Business Terms. As Co-Developer, HACE can expect an in-step collaboration with the Brinshore Development team in all identified tasks in both the planning and implementation phases of the repositioning effort. The City will have the greatest ability to build confidence among the residents and community by demonstrating their continuing support and leadership. We look to HACE to provide an essential role to identify key stakeholders, and to advise parties who not only want to be involved in the process, but who NEED to be involved. By sharing their vision and goals with community stakeholders, HACE will endorse their selection of Brinshore as an expert partner yet confirm the origin of the plan firmly with the leaders and community members of Eureka. Simply, the success of this community collaboration will succeed only with the encouragement from City officials, as well as staff, at all meetings, design charrettes, and podium opportunities.

Finally, Brinshore's experience and relationships developed through our extensive public housing redevelopment work will provide solid support to collectively devise a feasible repositioning effort, while HACE will serve as liaison to the compliance representatives for HUD programs.

## 3E. FINACIAL STATEMENTS

Brinshore is in a strong financial position, and well respected by the lending and equity community. We will guarantee all projects for construction completion, operating deficits, and tax credit compliance. We have lines of credit and cash available to fund third party predevelopment expenses, including environmental, architectural, geotechnical, market studies, and many other soft costs. As Brinshore Development will be providing guarantees and predevelopment funding on behalf of Eureka Community Partners, we have enclosed three years of financial statements as Attachment H to this response. As our auditors are still in the process of preparing financials for 2022, we have included audited financials for 2019, 2020 and 2021.

# 4. REFERENCES

### Housing Authority Partner

Bloomington Housing Authority
Amber Skoby / Katherine Gazunis
Former / Current Executive Director
(812) 630-4267 / (812) 339-3491 x 124
a.skoby@d3g.com / kgazunis@blha.net
Projects completed with Brinshore as developer:

- Bloomington RAD I (116 units; 2019-2021; TDC $17,845,315)
- Bloomington RAD II (204 units; 2020-2022; TDC $56,199,815)

### Housing Authority Partner

Columbia Housing
Cindi Herrera , Chief Development Officer
(843) 810-5073
cherrera@columbiahousingsc.org
Projects completed with Brinshore as developer:

- The Haven at Palmer Pointe (150 units; 2022-2026; TDC $36,932,659)
- The Haven at Market Place (122 units; 2016-2018; TDC $26,707,3154)

### Housing Authority Partner

NI ReACH
(Formerly Winnebago County Housing Authority)
Alan Zais, Executive Director
(815) 963-3882
AZais@NIREACH.org
Projects completed with Brinshore as developer:

- Brewster-Hosmer RAD Conversion (168 units; 2018; TDC $21,507,854)

### Housing Authority Partner

Redevelopment Agency of Salt Lake City
Danny Walz, Director
451 S. State Street, Room 118
PO Box 145518
Salt Lake City, UT 84114
(801) 535-7240
Danny.walz@slcgov.com
Projects completed with Brinshore as developer:

- The Aster at 255 S. State (190 units; 2020-2022; TDC $94,000,000)
- Spark (200 units; 2018Units; 2019-2023; $96,000,000)

### Housing Authority Partner

Housing Authority of Kansas City, Missouri
John Monroe, Director of Planning & Development
3822 Summit Street
Kansas City, MO 64111
(816) 968-4288
jmonroe@hakc.org
Projects completed with Brinshore as developer:

- Brookwood at Antioch (79 units; 2018-2020; TDC $17,865,526)
- Pendleton ArtsBlock (38 units;2016-2018; TDC $8,641,612)
- Pendleton Flats (30 units; 2015-2017; TDC $4,898,919)
- Quinlan Place (57 units; 2016-2018; TDC $13,146,838)
- Quinlan Row (22 units; 2016-2018; TDC $5,506,507)
- Sam Rodgers Place (62 units; 2021-2023; TDC $18,634,572)

# 5. ATTACHMENTS

A. RECEIPT OF ADDENDA FORM

B. DISCLOSURE OF LOBBYING ACTIVITIES

C. PROFILE OF FIRM FORM

D. DEBARMENT CERTIFICATE

E. BUSINESS TERMS

F. HUD FORM 5369-B

G. HUD FORM 5369-C

H. FINANCIAL STATEMENTS

# A. RECEIPT OF ADDENDA FORM

RECEIPT OF ADDENDA

Exhibit A

ADDENDA RECEIVED (If none received, write "None Received"):

Addendum No. None Received    Date 4-25-2023

We acknowledge the receipt of the RFQ Questions and Responses published on April 14, 2023.

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Date: 4-25-2023

Signature:

Name (Print): Richard J. Sciortino

Title: Principal

# RECEIPT OF ADDENDA

## Exhibit A

<u>ADDENDA RECEIVED</u> (If none received, write "None Received"):

Addendum No. None Received    Date 4-25-2023

We acknowledge the receipt of the RFQ Questions and Responses published on April 14, 2023.

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Date: 4-25-2023

Signature: Michael den Hartog

Name (Print): Michael den Hartog

Title: Director of Design

# RECEIPT OF ADDENDA

## Exhibit A

ADDENDA RECEIVED (If none received, write "None Received"):

Addendum No. None Received    Date 4-25-2023

We acknowledge the receipt of the RFQ Questions and Responses published on April 14, 2023.

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Addendum No.___________    Date___________

Date: 4-25-2023

Signature: DocuSigned by: 36B8D86798EF403...

Name (Print): Keith McCloskey LEED AP

Title: Associate Principal

# B. DISCLOSURE OF LOBBYING ACTIVITIES

# DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB 0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

**1. Type of Federal Action:** a
a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

**2. Status of Federal Action:** a
a. bid/offer/application
b. initial award
c. post-award

**3. Report Type:** a
a. initial filing
b. material change
**For Material Change Only:**
year ______ quarter ______
date of last report ______

**4. Name and Address of Reporting Entity:**
[x] **Prime** [ ] **Subawardee**
Tier ______, *if known*:

**Congressional District**, *if known*: 4c

**5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:**
N/A

**Congressional District**, *if known*:

**6. Federal Department/Agency:**
Housing Authority of the City of Eureka

**7. Federal Program Name/Description:**
Public Housing Repositioning

CFDA Number, *if applicable*: Not Known

**8. Federal Action Number,** *if known***:**
2023-01 RFP for Public Housing Repositioning

**9. Award Amount,** *if known***:**
$ Not Known

**10. a. Name and Address of Lobbying Registrant** (*if individual, last name, first name, MI*):
Richard J. Sciortino
Brinshore Development L.L.C.
1603 Orrington Avenue
Suite 450
Evanston, IL 60201

**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):
N/A

**11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: ______
Print Name: Richard J. Sciortino
Title: Principal
Telephone No.: 847-562-9400 Date: 4-20-2023

**Federal Use Only:**

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)

PRINT

# INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizationallevel below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).

11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

Approved by OMB
0348-0046

| 1. Type of Federal Action: | 2. Status of Federal Action: | 3. Report Type: |
|---|---|---|
| a<br>a. contract<br>b. grant<br>c. cooperative agreement<br>d. loan<br>e. loan guarantee<br>f. loan insurance | a<br>a. bid/offer/application<br>b. initial award<br>c. post-award | a<br>a. initial filing<br>b. material change<br>**For Material Change Only:**<br>year ________ quarter ________<br>date of last report ____________ |

| | |
|---|---|
| **4. Name and Address of Reporting Entity:**<br>☒ **Prime** ☐ **Subawardee**<br>Tier ______, *if known*:<br><br>**Congressional District**, *if known*: 4c | **5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:**<br>N/A<br><br>**Congressional District**, *if known*: |
| **6. Federal Department/Agency:**<br>Housing Authority of the City of Eureka | **7. Federal Program Name/Description:**<br>Public Housing Repositioning<br>CFDA Number, *if applicable*: Not Known |
| **8. Federal Action Number,** *if known*:<br>2023-01 RFP for Public Housing Repositioning | **9. Award Amount,** *if known*:<br>$ Not Known |
| **10. a. Name and Address of Lobbying Registrant** (*if individual, last name, first name, MI*):<br>Michael den Hartog<br>Operative Office<br>4329 Marmion Way<br>Los Angeles, CA 90065 | **b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):<br>N/A |
| **11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure. | Signature: Michael den Hartog<br>Print Name: Michael den Hartog<br>Title: Director of Design<br>Telephone No.: 209-224-7412 Date: 4-20-2023 |
| **Federal Use Only:** | Authorized for Local Reproduction<br>Standard Form LLL (Rev. 7-97) |

## INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

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1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizationallevel below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

# DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB 0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

| 1. Type of Federal Action: | 2. Status of Federal Action: | 3. Report Type: |
|---|---|---|
| a<br>a. contract<br>b. grant<br>c. cooperative agreement<br>d. loan<br>e. loan guarantee<br>f. loan insurance | a<br>a. bid/offer/application<br>b. initial award<br>c. post-award | a<br>a. initial filing<br>b. material change<br>**For Material Change Only:**<br>year ______ quarter ______<br>date of last report ________ |

**4. Name and Address of Reporting Entity:**

☒ Prime ☐ Subawardee

Tier ______, *if known*:

**Congressional District**, *if known*: 4c

**5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:**

N/A

**Congressional District**, *if known*:

**6. Federal Department/Agency:**

Housing Authority of the City of Eureka

**7. Federal Program Name/Description:**

Public Housing Repositioning

CFDA Number, *if applicable*: Not Known

**8. Federal Action Number,** *if known*:

2023-01 RFP for Public Housing Repositioning

**9. Award Amount,** *if known*:

$ Not Known

**10. a. Name and Address of Lobbying Registrant** (*if individual, last name, first name, MI*):

Keith McCloskey LEED AP
KTGY
433 S Spring St., Suite 750
Suite 750
Los Angeles, CA 90013

**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):

N/A

**11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: DocuSigned by: 36B8D86798EF403...

Print Name: Keith McCloskey LEED AP

Title: Associate Principal

Telephone No.: 310-394-2625 Date: 4-20-2023

**Federal Use Only:**

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)

# INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizationallevel below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

# C. PROFILE OF FIRM FORM

PROFILE OF FIRM FORM
Attachment C

**(1) Developer / Partner ☒ Sub-contractor ☐ (This form must be completed by and for each entity proposing).**

**(2) Name of Firm:** Brinshore Development, L.L.C.
**Telephone:** 312-505-0108
**Fax:** 847-562-9401
**Email:** whitneyw@brinshore.com

**(3) Street Address, City, State, Zip:** 1603 Orrington Ave, Suite 450, Evanston, IL 60201

**(4) Please attached a brief biography/resume of the company, including the following information: (a) Year Firm Established; (b) Year Firm Established / Operating in California; (c) Former Name and Year Established (if applicable); (d) Name of Parent Company and Date Acquired (if applicable).**

**(5) Identify Principals/Partners in Firm (submit under Tab No. 6 a brief professional resume for each):**

**[Table No. 1]**

| Name | Title | % of Ownership |
|---|---|---|
| David Brint | Principal | 50% |
| Richard J. Sciortino | Principal | 50% |
| | | |
| | | |

**(6) Identify the individual(s) that will act as project manager and any other supervisory personnel that will work on project; please submit under Tab No. 5 a brief resume for each. (Do not duplicate any resumes required above):**

**[Table No. 2]**

| Name | Title |
|---|---|
| Whitney Weller | Senior Vice President |
| | |
| | |
| | |

**(7) Proposer Diversity Statement. You must mark all the following that apply to the ownership of this firm and enter where provided enter the correct percentage (%) of ownership of each:**

| ☒ Caucasian / Male | ☐ Public-Held Corporation | ☐ Government Agency | ☐ Non-Profit Organization |
|---|---|---|---|
| 100 % | ____% | ____% | ____% |

**Resident- (RBE), Minority- (MBE), or Woman-Owned (WBE) Business Enterprise (Qualifies by virtue of 51% or more ownership and active management by one or more of the following):**

| ☐ Resident-Owned* | ☐ African American | ☐ Native American | ☐ Hispanic / Latino | ☐ Asian / Pacific | ☐ Asian / Indian |
|---|---|---|---|---|---|
| ____% | ____% | ____% | ____% | ____% | ____% |

| ☐ Woman-Owned (MBE) | ☐ Woman Owned (Caucasian) | ☐ Disabled Veteran | ☐ Other (Specify): | | |
|---|---|---|---|---|---|
| ____% | ____% | ____% | ____% | | |

**Certification Number:**

**(NOTE: A CERTIFICATION/NUMBER IS NOT REQUIRED TO PROPOSE – ENTER IF AVAILABLE)**

PROFILE OF FIRM FORM
Attachment C

**(8) Federal Tax ID No.:** 36-4038750

**(9) Local Business License No. (if applicable):** N/A

**(10) State of California License Type and No.:** N/A

**(11) Worker's Compensation Insurance Carrier:** Travelers Insurance/The Phoenix Insurance Co.
**Policy No.:** UB-5J445778-22-42-G
**Expiration Date:** 9-20-2023

**(12) General Liability Insurance Carrier:**
**Policy No.** Alliant Insurance Services
**Expiration Date:** 6-3-2023

**(13) Professional Liability Insurance Carrier:** HISCOX Pro/Underwriters at Lloyd's, London
**Policy No.** ANE2314362.21
**Expiration Date:** 9-25-2023

4/25/23

**Signature** **Date**

Richard J. Sciortino, Principal
**Printed Name**

Brinshore Development, L.L.C.
**Company**

BRINSHORE

## DEVELOPER'S EXPERIENCE

**Since its first project in 1994**, Brinshore Development has specialized in the development of affordable and market rate housing by blending public and private resources. All of Brinshore's developments are conceived with input and cooperation from local community officials, community organizations, and community residents. Best efforts are put forth to provide employment opportunities for community residents. This combination of public, private and community involvement has proven to be an effective formula for successful residential developments.

Brinshore is proud of building partnerships in the State of California. Brinshore is in predevelopment on a project located at 221 5th Street in West Sacramento, CA. 221 5th Street is an 18-unit new construction project serving single-parent scholars, a first of its kind in California. This project is being developed in partnership with an affiliate of Family Scholar House, whose mission is to house and support low-income families in which at least one parent is enrolled full-time in higher education.

The mission of FSH is to end the cycle of poverty and transform our communities by empowering families and youth to succeed in education and achieve life-long self-sufficiency. FSH meets families where they are and empowers them toward their educational, career and family goals. All program participants have experienced poverty, unstable housing and, most often, domestic violence.
Family Scholar House was recently designated as a HUD Envision Center. HUD's Envision Centers are premised on the notion that financial support alone can't solve the problem of poverty, and that collective efforts across a diverse set of organizations, both public and private, are needed to help low-income individuals and families rise out of it.

This will be the first project of its kind in California, but it is very much a proven model. It will leverage existing programs, including Project Based Vouchers and Low Income Housing Tax Credits, just as Family Scholar House has done in other states across the Country. This project is an opportunity to bring an innovative new model to our state, where the demand for housing single-parent students is especially acute.

PROFILE OF FIRM FORM
Attachment C

**(1) Developer / Partner ☒ Sub-contractor ☐ (This form must be completed by and for each entity proposing).**

**(2) Name of Firm:** Operative Office
**Telephone:** 209-224-7411
**Fax:** 209-224-7411
**Email:** michael@operativeoffice.com

**(3) Street Address, City, State, Zip:** 4329 Marmion Way, Los Angeles, CA 90065

**(4) Please attached a brief biography/resume of the company, including the following information: (a) Year Firm Established; (b) Year Firm Established / Operating in California; (c) Former Name and Year Established (if applicable); (d) Name of Parent Company and Date Acquired (if applicable).**

**(5) Identify Principals/Partners in Firm (submit under Tab No. 6 a brief professional resume for each):**

**[Table No. 1]**

| Name | Title | % of Ownership |
|---|---|---|
| Michael den Hartog | Director of Design, Owner | 49% |
| Emily Ware | Director of Development, Owner | 51% |
| | | |
| | | |

**(6) Identify the individual(s) that will act as project manager and any other supervisory personnel that will work on project; please submit under Tab No. 5 a brief resume for each. (Do not duplicate any resumes required above):**

**[Table No. 2]**

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |

**(7) Proposer Diversity Statement. You must mark all the following that apply to the ownership of this firm and enter where provided enter the correct percentage (%) of ownership of each:**

| ☒ Caucasian / Male | ☐ Public-Held Corporation | ☐ Government Agency | ☐ Non-Profit Organization |
|---|---|---|---|
| 49 % | ____ % | ____ % | ____ % |

**Resident- (RBE), Minority- (MBE), or Woman-Owned (WBE) Business Enterprise (Qualifies by virtue of 51% or more ownership and active management by one or more of the following):**

| ☐ Resident-Owned* | ☐ African American | ☐ Native American | ☐ Hispanic / Latino | ☐ Asian / Pacific | ☐ Asian / Indian |
|---|---|---|---|---|---|
| ____ % | ____ % | ____ % | ____ % | ____ % | ____ % |

| ☒Woman-Owned (MBE) | ☐Woman Owned (Caucasian) | ☐Disabled Veteran | ☐Other (Specify): | | |
|---|---|---|---|---|---|
| 51 % | ____ % | ____ % | ____ % | | |

**Certification Number:**

**(NOTE: A CERTIFICATION/NUMBER IS NOT REQUIRED TO PROPOSE – ENTER IF AVAILABLE)**

PROFILE OF FIRM FORM
Attachment C

**(8) Federal Tax ID No.:** 35-2673562

**(9) Local Business License No. (if applicable):**

**(10) State of California License Type and No.:** California Architecture License - C-39964

**(11) Worker's Compensation Insurance** The Hartford
**Carrier: Policy No.:** 72 WEC AV2GYD
**Expiration Date:** Exp. 12/05/2023

**(12) General Liability Insurance Carrier:** The Hartford
**Policy No.** 72 SBA BE6150
**Expiration Date:** Exp. 10/08/23

**(13) Professional Liability Insurance Carrier:** Hiscox Pro
**Policy No.** ANE4900315.22
**Expiration Date:** Exp. 10/08/2023

Michael den Hartog
**Signature**

4/25/23
**Date**

Michael den Hartog
**Printed Name**

Operative Office
**Company**

# OPERATIVE OFFICE

Operative Office is an integrated architecture and development practice. We leverage our expertise in public finance, as well as our efficient in-house design practice, to iterate and unlock development opportunities that would otherwise fall below institutional scale.

Operative Office, Inc. is a California based S-Corp. Initially founded as MDH Design, Inc. in 2019 we officially renamed as Operative Office, Inc. in 2021.

**KEY PEOPLE**

**Emily Ware // Founding Partner and Director of Development**

As Director of Development, I lead the firm's acquisitions, business development, strategic partnerships, and policy initiatives. I specialize in assembling designers, developers, and policymakers to facilitate innovative development projects that advance economic development, community development and/or affordable housing goals. In addition to developing projects for our own portfolio, I also provide advisory services for select clients who are developing affordable housing in California for the first time.

**Michael den Hartog // Founding Partner and Director of Design**

As Director of Design, I lead the firm’s architecture and research initiatives. I specialize in conceiving, developing, and exploring new product types, with particular interest in how people will engage a space, and how that shapes their interactions.

Michael is a Licensed Architect in the State of California. Registration Number C-39964.

# PROFILE OF FIRM FORM
## Attachment C

**(1) Developer / Partner ☐ Sub-contractor ☒ (This form must be completed by and for each entity proposing).**

**(2) Name of Firm:** KTGY
**Telephone:** 310.394.2625
**Fax:** 310.394.2625
**Email:** kmccloskey@ktgy.com

**(3) Street Address, City, State, Zip:** 433 S. Spring Street suite 750, Los Angeles, CA 90013

**(4) Please attached a brief biography/resume of the company, including the following information: (a) Year Firm Established; (b) Year Firm Established / Operating in California; (c) Former Name and Year Established (if applicable); (d) Name of Parent Company and Date Acquired (if applicable).**

**(5) Identify Principals/Partners in Firm (submit under Tab No. 6 a brief professional resume for each):**

**[Table No. 1]**

| Name | Title | % of Ownership |
|---|---|---|
| See attached shareholder sheet | | |
| | | |
| | | |
| | | |

**(6) Identify the individual(s) that will act as project manager and any other supervisory personnel that will work on project; please submit under Tab No. 5 a brief resume for each. (Do not duplicate any resumes required above):**

**[Table No. 2]**

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |

**(7) Proposer Diversity Statement. You must mark all the following that apply to the ownership of this firm and enter where provided enter the correct percentage (%) of ownership of each:**

| Caucasian / Male | ☐ Public-Held Corporation | ☐ Government Agency | ☐ Non-Profit Organization |
|---|---|---|---|
| _______% | _______% | _______% | _______% |

**Resident- (RBE), Minority- (MBE), or Woman-Owned (WBE) Business Enterprise (Qualifies by virtue of 51% or more ownership and active management by one or more of the following):**

| ☐ Resident-Owned* | ☐ African American | ☐ Native American | ☐ Hispanic / Latino | ☐ Asian / Pacific | ☐ Asian / Indian |
|---|---|---|---|---|---|
| _______% | _______% | _______% | _______% | _______% | _______% |

| ☐Woman-Owned (MBE) | ☐Woman Owned (Caucasian) | ☐Disabled Veteran | ☐Other (Specify): | | |
|---|---|---|---|---|---|
| _______% | _______% | _______% | _______% | | |

**Certification Number:**

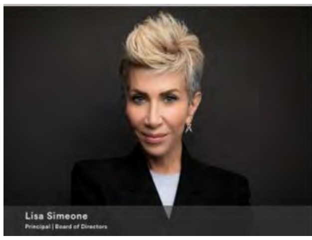
**(NOTE: A CERTIFICATION/NUMBER IS NOT REQUIRED TO PROPOSE – ENTER IF AVAILABLE)**

## PEOPLE

Shareholders | Officers

Key Leaders

Our shareholders are strategic leaders with a financial investment in the long-term success of KTGY, encouraging generation-to-generation leadership and the evolution of the firm's vision. A diverse group of professionals, shareholders span several geographic locations and generations. Shareholders exemplify the firm's values, are trusted with fiduciary responsibility to the firm.


Lisa Simeone
Principal | Board of Directors


Chris Texter
Principal | Board of Directors


Jill D. Williams
Principal | Chairman of the Board


Wil Wong
Principal

PROFILE OF FIRM FORM
Attachment C

**(8) Federal Tax ID No.:**

**(9) Local Business License No. (if applicable):** N/A

**(10) State of California License Type and No.:** N/A

**(11) Worker's Compensation Insurance**
**Carrier: Policy No.:**
**Expiration Date:**

**(12) General Liability Insurance Carrier:**
**Policy No.**
**Expiration Date:**

**(13) Professional Liability Insurance Carrier:**
**Policy No. Expiration**
**Date:**

DocuSigned by:
36B8D86798EF403...

**Signature** 4/25/23
**Date**

Keith McCloskey
**Printed Name**

Operative Office
**Company**

# D. DEBARMENT CERTIFICATE

# Certification Regarding Debarment and Suspension

**U.S. Department of Housing and Urban Development**

**Certification A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions**

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals;

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency;

b. Have not within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (A)**

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was place when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of these regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines this eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

**Certification B: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions**

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (B)**

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of these regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph (5) of these instructions, if a participant in a lower covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies including suspension and/or debarment.

| Applicant | Date |
| --- | --- |
| Richard J Sciortino | 4-20-2023 |

| Signature of Authorized Certifying Official | Title |
| --- | --- |
| | Principal |

# Certification Regarding Debarment and Suspension

U.S. Department of Housing
and Urban Development

**Certification A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions**

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals;

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency;

b. Have not within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

d. Have not within a three-year period preceding this application/ proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (A)**

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was place when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of these regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines this eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

**Certification B: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions**

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (B)**

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of these regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph (5) of these instructions, if a participant in a lower covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies including suspension and/or debarment.

| Applicant | Date |
|---|---|
| Michael den Hartog, Operative Office | 4-20-2023 |

| Signature of Authorized Certifying Official | Title |
|---|---|
| Michael den Hartog | Director of Design |

# Certification Regarding Debarment and Suspension

**U.S. Department of Housing and Urban Development**

**Certification A: Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions**

1. The prospective primary participant certifies to the best of its knowledge and belief that its principals;

a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency;

b. Have not within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

d. Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (A)**

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was place when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of these regulations.

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines this eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph (6) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause of default.

**Certification B: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions**

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

**Instructions for Certification (B)**

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms **covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded**, as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of these regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph (5) of these instructions, if a participant in a lower covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies including suspension and/or debarment.

| Applicant | | Date |
|---|---|---|
| Keith McCloskey, KTGY | | 4-20-2023 |
| Signature of Authorized Certifying Official: DocuSigned by: 36B8D06790EF403... | Title: Associate Principal | |

# E. BUSINESS TERMS

## Proposed Business Terms

## Attachment E

| Business Term | Developer Proposed |
|---|---|
| **No. 1: Role of the Agency** | |
| **Maintaining public oversight and control over housing, which has been in the public trust, is a priority for CEHA. Entering a partnership that values CEHA's positive relationship with residents and the community and the experience, financial strength and capacity of the developer is important to CEHA. Developer should propose a specific role for CEHA in the ownership entity.** | Eureka Community Partners recognizes the importance and value of the contribution made by CEHA to the success of these projects. Regardless of the partnership structure, we anticipate that CEHA's role will include: continuing to maintain the relationship with public housing residents through the relocation process, managing the relations with elected officials, city staff, and other stakeholders, and participating in all matters that impact public perception of the agency and development.<br><br>Eureka Community Partners is open to all options for partnering with CEHA, including turnkey development, full partnership and everything in between. We look forward to working with CEHA to arrive at a unique set of roles and responsibilities that best achieve CEHA's strategic goals.<br><br>As a starting point, based on the goals outlined in the RFP, it sounds like CEHA would be most interested in a medium-term partnership. In such a scenario, Eureka Community Partners and CEHA would partner together throughout the development process, and would also own/operate the project together for the first 5 years after construction completion for each phase.<br><br>During those first five years, Brinshore (project lead for Eureka Community Partners) would provide all guaranties (including the operating deficit and tax credit compliance guarantee). Meanwhile, CEHA would gain property management experience, with the potential for support by a third-party manager, compliance specialist and/or oversight by Brinshore's in-house asset management team.<br><br>At the conclusion of the 5th year of post-construction operations for each phase, we anticipate that the tax credit equity investor would release the requirement for an operating deficit and tax credit compliance |

| Business Term | Developer Proposed |
|---|---|
| | guarantees. Upon release of the guarantees, and subject to TCAC and investor approval, Eureka Community Partners will tender its ownership interest to CEHA, and release its control of management, should that be CEHA's preference/intent. |
| **No. 2: Capacity Building** | |
| **CEHA is interested in gaining capacity in affordable housing development. Developer should provide a description regarding how CEHA and/or its staff can participate in and/or develop experience. The role should assist CEHA in developing experience necessary to undertake affordable housing development in the future on an independent basis.** | Eureka Community Partners acknowledges that CEHA and/or affiliates will be Co-Developer on this project. Brinshore, project lead of Eureka Community Partners, has experience building capacity of housing authorities so that they can become full-fledged developers and managers of LIHTC housing. The role should include assisting CEHA and/or its affiliates in developing experience necessary to be able to apply for tax credits as a Principal applicant in the future. Eureka Community Partners' intent is that CEHA will participate in the ownership of the managing member of the Owner. Eureka Community Partners shall mentor and provide training to CEHA regarding development, financing, property management, tax credit and regulatory compliance, including all applicable requirements through leasing.<br><br>We will discuss with CEHA its desire to gain this particular expertise, we will work closely with CEHA's staff on all phases of the development process and provide training to understand the many steps required to move through the development process. |
| **No. 3: Fees and Cost Limitations** | |

| Business Term | Developer Proposed |
|---|---|
| **The RFQ defines proposed sources of working capital for predevelopment tasks. Propose terms for the use and repayment of working capital.**<br><br>**The Developer's proposed development fee stated as a percentage of total development costs and timing for payment of the development fee.**<br><br>**Compensation and return on investment paid to CEHA, including a share of development fees, ground lease payments, property management fees, incentive fees, interest earnings on loans, and/or residual cash flow.** | In the RFQ, it states that CEHA will fund the expense of a Section 18 application, demolition, and relocation. This leaves significant predevelopment expenses to be funded by the developer. We propose that CEHA and Eureka Community Partners each fund its responsibilities and are repaid at construction loan closing with 8% interest calculated monthly.<br><br>Our initial proposal would be that Eureka Community Partners be entitled to 70% of the realized developer fee to be paid through the final equity installment projected in the development agreement with the investor. CEHA will earn 30% of the developer fee, incentive management fee of 50% per the cashflow waterfall of the LPA as long as Eureka Community Partners is in the partnership, and 100% of cashflow after Eureka Community Partners guarantees are released. All payments under any potential ground lease, and interest and principal on housing authority loans will be subject to available cash flow.<br><br>Additionally, since TCAC limits the total property management fee, we anticipate that CEHA will be entitled to this feel, but shall share it appropriately with any third-party property management company or compliance specialist that might be brought on to support CEHA's management in the first 5 years of the project. Upon CEHA taking over as the full property manager, CEHA will be entitled to the entire fee. |
| **No. 4: Development Guaranty** | |
| **The Developer shall provide the guaranty of completion and performance from a financially responsible entity satisfactory to CEHA to ensure that the development is completed. The guaranty shall cover development costs in excess of contingencies agreed to by CEHA. Further details of the guaranty will be negotiated and included in the Master Development Agreement. CEHA will not provide guaranties. The Developer should confirm that these terms will be acceptable.** | Terms are acceptable to the Developer.<br><br><u>Construction Completion Guarantee:</u><br>Eureka Community Partners will provide an unlimited guaranty of completion and performance from a financially responsible entity satisfactory to CEHA to ensure that the development is completed, covering development costs in excess of contingencies agreed to by CEHA. CEHA's construction completion guarantee will be limited to its realized and paid developer fee. |

| Business Term | Developer Proposed |
|---|---|
| | <u>Operating Deficit and Tax Credit Compliance Guarantee:</u><br>Eureka Community Partners will continue to provide ongoing operating deficit guaranties, as well as tax credit compliance guaranties, as required by the investor limited partners, during the 15-year compliance period for each respective phase, as long as it is in the ownership of the Managing Member of the Owner. CEHA would only be responsible for operating deficit and tax credit compliance guarantees if/when Eureka Community Partners exits the ownership of the partnership and turn over full management and control of the property to CEHA prior to year 15. If Eureka Community Partners remains in the partnership through year 15, and is responsible for property management during that period, then CEHA would not at any point be responsible for operating deficit or tax credit compliance guarantees. If CEHA take on the full responsibility of property management, it will also guarantee the operating deficits and tax credit compliance and indemnify Eureka Community Partners. |
| **No.5: Right of First Refusal and/or Purchase Option** | |
| **CEHA expects to have the Right of First Refusal for debt plus taxes as provided in Section 42 of the Internal Revenue Code, as well as an Option on terms acceptable to the Agency. The Developer should confirm that these terms will be acceptable.** | Eureka Community Partners confirms that these terms are acceptable.<br><br>CEHA will be given a right of first refusal (ROFR) to purchase the property at the end of the compliance period at a formula price defined in the property Operating Agreement. If Eureka Community Partners remains in ownership throughout the 15 year compliance period and CEHA exercises its year-15 ROFR, Brinshore will request an exit fee (subject to negotiation) to cover services provided in connection with the implementation of the ROFR (such as a sale or refinancing). |
| **No. 6: Other Terms Proposed by Developer Important to a Partnership with CEHA** | |
| | |

| Business Term | Developer Proposed |
| --- | --- |
| **Add other business terms or creative ideas Developer proposed to make this repositioning successful.** | Brinshore has successfully partnered with over 40 housing authorities across the country and no partnership is identical. We would welcome the opportunity to discuss with CEHA and arrive at a one-of-a-kind partnership that reflects CEHA's long-term and short-term strategic goals. |

Submitted:

4-20-2023

**Signature**

**Date**

Richard J. Sciortino

Brinshore Development, L.L.C., Project lead of Eureka Community Partners

**Printed Name**

**Company**

# F. HUD FORM 5369-B

# Instructions to Offerors Non-Construction

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

- 03291 -

## 1. Preparation of Offers

(a) Offerors are expected to examine the statement of work, the proposed contract terms and conditions, and all instructions. Failure to do so will be at the offeror's risk.

(b) Each offeror shall furnish the information required by the solicitation. The offeror shall sign the offer and print or type its name on the cover sheet and each continuation sheet on which it makes an entry. Erasures or other changes must be initialed by the person signing the offer. Offers signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the HA.

(c) Offers for services other than those specified will not be considered.

## 2. Submission of Offers

(a) Offers and modifications thereof shall be submitted in sealed envelopes or packages (1) addressed to the office specified in the solicitation, and (2) showing the time specified for receipt, the solicitation number, and the name and address of the offeror.

(b) Telegraphic offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice.

(c) Facsimile offers, modifications or withdrawals will not be considered unless authorized by the solicitation.

## 3. Amendments to Solicitations

(a) If this solicitation is amended, then all terms and conditions which are not modified remain unchanged.

(b) Offerors shall acknowledge receipt of any amendments to this solicitation by

(1) signing and returning the amendment;
(2) identifying the amendment number and date in the space provided for this purpose on the form for submitting an offer,
(3) letter or telegram, or
(4) facsimile, if facsimile offers are authorized in the solicitation. The HA/HUD must receive the acknowledgment by the time specified for receipt of offers.

## 4. Explanation to Prospective Offerors

Any prospective offeror desiring an explanation or interpretation of the solicitation, statement of work, etc., must request it in writing soon enough to allow a reply to reach all prospective offerors before the submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an amendment of the solicitation, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offerors.

## 5. Responsibility of Prospective Contractor

(a) The HA shall award a contract only to a responsible prospective contractor who is able to perform successfully under the terms and conditions of the proposed contract. To be determined responsible, a prospective contractor must -

(1) Have adequate financial resources to perform the contract, or the ability to obtain them;
(2) Have a satisfactory performance record;
(3) Have a satisfactory record of integrity and business ethics;
(4) Have a satisfactory record of compliance with public policy (e.g., Equal Employment Opportunity); and
(5) Not have been suspended, debarred, or otherwise determined to be ineligible for award of contracts by the Department of Housing and Urban Development or any other agency of the U.S. Government. Current lists of ineligible contractors are available for inspection at the HA/HUD.

(b) Before an offer is considered for award, the offeror may be requested by the HA to submit a statement or other documentation regarding any of the foregoing requirements. Failure by the offeror to provide such additional information may render the offeror ineligible for award.

## 6. Late Submissions, Modifications, and Withdrawal of Offers

(a) Any offer received at the place designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it -

(1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th);
(2) Was sent by mail, or if authorized by the solicitation, was sent by telegram or via facsimile, and it is determined by the HA/HUD that the late receipt was due solely to mishandling by the HA/HUD after receipt at the HA;
(3) Was sent by U.S. Postal Service Express Mail Next Day Service - Post Office to Addressee, not later than 5:00 p.m. at the place of mailing two working days prior to the date specified for receipt of proposals. The term "working days" excludes weekends and U.S. Federal holidays; or
(4) Is the only offer received.

(b) Any modification of an offer, except a modification resulting from the HA's request for "best and final" offer (if this solicitation is a request for proposals), is subject to the same conditions as in subparagraphs (a)(1), (2), and (3) of this provision.

(c) A modification resulting from the HA's request for "best and final" offer received after the time and date specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the HA after receipt at the HA.

(d) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent either by registered or certified mail is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date or the offer, modification, or withdrawal shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors should request the postal clerk to place a hand cancellation bull's-eye postmark on both the receipt and the envelope or wrapper.

(e) The only acceptable evidence to establish the time of receipt at the HA is the time/date stamp of HA on the offer wrapper or other documentary evidence of receipt maintained by the HA.

(f) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined in paragraph (c) of this provision, excluding postmarks of the Canadian Postal Service. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

(g) Notwithstanding paragraph (a) of this provision, a late modification of an otherwise successful offer that makes its terms more favorable to the HA will be considered at any time it is received and may be accepted.

(h) If this solicitation is a request for proposals, proposals may be withdrawn by written notice, or if authorized by this solicitation, by telegram (including mailgram) or facsimile machine transmission received at any time before award. Proposals may be withdrawn in person by a offeror or its authorized representative if the identity of the person requesting withdrawal is established and the person signs a receipt for the offer before award. If this solicitation is an invitation for bids, bids may be withdrawn at any time prior to bid opening.

## 7. Contract Award

(a) The HA will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the HA, cost or price and other factors, specified elsewhere in this solicitation, considered.

(b) The HA may
- (1) reject any or all offers if such action is in the HA's interest,
- (2) accept other than the lowest offer,
- (3) waive informalities and minor irregularities in offers received, and (4) award more than one contract for all or part of the requirements stated.

(c) If this solicitation is a request for proposals, the HA may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

(d) A written award or acceptance of offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall result in a binding contract without further action by either party. If this solicitation is a request for proposals, before the offer's specified expiration time, the HA may accept an offer, whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award. Negotiations conducted after receipt of an offer do not constitute a rejection or counteroffer by the HA.

(e) Neither financial data submitted with an offer, nor representations concerning facilities or financing, will form a part of the resulting contract.

## 8. Service of Protest

Any protest against the award of a contract pursuant to this solicitation shall be served on the HA by obtaining written and dated acknowledgment of receipt from the HA at the address shown on the cover of this solicitation. The determination of the HA with regard to such protest or to proceed to award notwithstanding such protest shall be final unless appealed by the protestor.

## 9. Offer Submission

Offers shall be submitted as follows and shall be enclosed in a sealed envelope and addressed to the office specified in the solicitation. The proposal shall show **the hour and date specified in the solicitation for receipt, the solicitation number, and the name and address of the offeror, on the face of the envelope.**

It is very important that the offer be properly identified on the face of the envelope as set forth above in order to insure that the date and time of receipt is stamped on the face of the offer envelope. Receiving procedures are: date and time stamp those envelopes identified as proposals and deliver them immediately to the appropriate contracting official, and only date stamp those envelopes which do not contain identification of the contents and deliver them to the appropriate procuring activity only through the routine mail delivery procedure.

[Describe bid or proposal preparation instructions here:]

# G. HUD FORM 5369-C

# Certifications and Representations of Offerors
## Non-Construction Contract

**U.S. Department of Housing and Urban Development**
Office of Public and Indian Housing

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

### 1. Contingent Fee Representation and Agreement

(a) The bidder/offeror represents and certifies as part of its bid/ offer that, except for full-time bona fide employees working solely for the bidder/offeror, the bidder/offeror:

(1) ☐ has, ☒ has not employed or retained any person or company to solicit or obtain this contract; and

(2) ☐ has, ☒ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

### 2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offeror represents and certifies as part of its bid/ offer that it:

(a) ☐ is, ☒ is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) ☐ is, ☒ is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.

(c) ☐ is, ☒ is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are: (Check the block applicable to you)

☐ Black Americans ☐ Asian Pacific Americans
☐ Hispanic Americans ☐ Asian Indian Americans
☐ Native Americans ☐ Hasidic Jewish Americans

### 3. Certificate of Independent Price Determination

(a) The bidder/offeror certifies that—

(1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offeror or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the bidder/ offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(l) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

**4. Organizational Conflicts of Interest Certification**

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

**5. Authorized Negotiators (RFPs only)**

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

**6. Conflict of Interest**

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

**7. Offeror's Signature**

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

04/20/2023

Typed or Printed Name:

Richard J. Sciortino

Title:

Principal

# Certifications and Representations of Offerors
Non-Construction Contract

**U.S. Department of Housing and Urban Development**
Office of Public and Indian Housing

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

## 1. Contingent Fee Representation and Agreement

(a) The bidder/offeror represents and certifies as part of its bid/offer that, except for full-time bona fide employees working solely for the bidder/offeror, the bidder/offeror:

(1) ☐ has, ☒ has not employed or retained any person or company to solicit or obtain this contract; and

(2) ☐ has, ☒ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

## 2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offeror represents and certifies as part of its bid/ offer that it:

(a) ☐ is, ☒ is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) ☐ is, ☒ is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.

(c) ☐ is, ☒ is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are:
(Check the block applicable to you)

| | |
|---|---|
| ☐ Black Americans | ☐ Asian Pacific Americans |
| ☐ Hispanic Americans | ☐ Asian Indian Americans |
| ☐ Native Americans | ☐ Hasidic Jewish Americans |

## 3. Certificate of Independent Price Determination

(a) The bidder/offeror certifies that—

(1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offeror or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the bidder/offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(l) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

**4. Organizational Conflicts of Interest Certification**

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

**5. Authorized Negotiators (RFPs only)**

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

**6. Conflict of Interest**

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

**7. Offeror's Signature**

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

Michael den Hartog 04/20/2023

Typed or Printed Name:

Michael den Hartog

Title:

Director of Design

# Certifications and Representations of Offerors
## Non-Construction Contract

**U.S. Department of Housing and Urban Development**
Office of Public and Indian Housing



This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

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(1) ☐ has, ☒ has not employed or retained any person or company to solicit or obtain this contract; and

(2) ☐ has, ☒ has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

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### 3. Certificate of Independent Price Determination

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(2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the bidder/offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

(1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);

(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(l) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

**4. Organizational Conflicts of Interest Certification**

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

**5. Authorized Negotiators (RFPs only)**

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

**6. Conflict of Interest**

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

**7. Offeror's Signature**

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

DocuSigned by:

36B8D86798EF403... 04/20/2023

Typed or Printed Name:

Keith McCloskey

Title:

Associate Principal

# H. FINANCIAL STATEMENTS

# BRINSHORE DEVELOPMENT, LLC

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2019*

## Contents

RubinBrown

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

# Independent Auditors' Report

Members
Brinshore Development, LLC
Northbrook, Illinois

## Report On The Financial Statements

We have audited the accompanying financial statements of Brinshore Development, LLC, which comprise the statement of assets, liabilities and members' equity - income tax basis as of December 31, 2019 and 2018, and the related statements of revenues and expenses, and changes in members' equity, all prepared on the income tax basis, for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting as described in Note 1; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis For Qualified Opinion*

The Company has excluded investment losses in excess of the cost of the investments in partnerships in the accompanying statement of assets, liabilities and members' equity on income tax basis and the related statements of revenues and expenses on income tax basis and changes in members' equity on income tax basis as reported in the Company's income tax returns. If the effects of those losses were included, investments in partnerships and members' equity would decrease $6,631,948 and $6,129,884 as of December 31, 2019 and 2018, respectively, and income from investments and net income would decrease $500,358 and $504,357 for 2019 and 2018, respectively.

### *Qualified Opinion*

In our opinion, except for the departure of accounting for investments in real estate partnerships on the cost basis as described in Note 11, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' equity of Brinshore Development, LLC, as of December 31, 2019 and 2018, and the results of its revenues and expenses and changes in members' equity for the years then ended, in accordance with the basis of accounting Brinshore Development, LLC uses for income tax purposes, as described in Note 1.

### *Other Matters*

### *Basis Of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the basis of accounting Brinshore Development, LLC uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

RubinBrown LLP

August 14, 2020

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - INCOME TAX BASIS

### Assets

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 2,077,818 | $ 1,839,053 |
| Mortgage notes receivable - current portion | 2,113 | 1,951 |
| Accounts receivable | 11,410 | — |
| **Total Current Assets** | 2,091,341 | 1,841,004 |
| **Property And Equipment** | | |
| Furniture and equipment | 139,016 | 138,796 |
| Less: Accumulated depreciation | 138,840 | 138,071 |
| **Net Property And Equipment** | 176 | 725 |
| **Investments In Partnerships** | 794,015 | 222,721 |
| **Other Assets** | | |
| Security deposits - office leases | 8,184 | 7,734 |
| Subscriptions receivable | 2,728,598 | 2,728,598 |
| Predevelopment costs | 4,327,596 | 3,952,618 |
| Due from related parties | 1,783,223 | 1,733,797 |
| Due from members | 731,758 | 721,758 |
| Mortgage notes receivable - net of current portion | 394,153 | 396,265 |
| Tenant improvements, net | 12,231 | 24,462 |
| **Total Other Assets** | 9,985,743 | 9,565,232 |
| **Total Assets** | $ 12,871,275 | $ 11,629,682 |

### Liabilities And Members' Equity

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Current Liabilities** | | |
| Short-term loans | $ 1,003,345 | $ 1,940,000 |
| Predevelopment loans | 850,704 | — |
| Tenant security deposit | 7,803 | 7,803 |
| **Total Current Liabilities** | 1,861,852 | 1,947,803 |
| **Long-Term Liabilities** | | |
| Due to related parties | 1,424,626 | 658,854 |
| **Total Liabilities** | 3,286,478 | 2,606,657 |
| **Members' Equity** | 9,584,797 | 9,023,025 |
| **Total Liabilities And Members' Equity** | $ 12,871,275 | $ 11,629,682 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS
## Page 1 Of 2

| | For The Years Ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Revenues** | | |
| Developer fees | $ 2,804,947 | $ 3,265,583 |
| Management and administrative fees | 898,112 | 668,541 |
| Syndication income | 171,000 | 171,000 |
| Rental income - BT Diplomat Tenant, LLC | 50,820 | 40,255 |
| Other income | 498,952 | 64,645 |
| **Total Revenues** | 4,423,831 | 4,210,024 |
| **Operating Expenses** | | |
| Amortization | 12,231 | 12,587 |
| Computer | 137,840 | 114,011 |
| Depreciation | 769 | 1,447 |
| Donations | 104,420 | 69,814 |
| Dues and subscriptions | 19,174 | 9,442 |
| Fees | 13,955 | 16,643 |
| Insurance - general | 24,393 | 31,024 |
| Insurance - health | 134,837 | 88,018 |
| Insurance - life | 29,040 | 29,040 |
| Maintenance | 6,660 | 12,020 |
| Marketing | 1,550 | 3,167 |
| Meals and entertainment | 35,063 | 31,059 |
| Miscellaneous | 58,121 | 27,266 |
| Office | 34,670 | 25,500 |
| Office supplies | 22,696 | 25,347 |
| Other | 7,564 | 3,201 |
| Outside services | 5,150 | 673 |
| 401(k) contributions | 60,544 | 53,340 |
| Payroll taxes | 209,214 | 157,976 |
| Photo and printing | 4,700 | 2,349 |
| Postage and delivery | 15,454 | 14,705 |
| Predevelopment costs | 7,380 | 198,416 |
| Professional fees | 96,794 | 149,594 |
| Rent | 148,471 | 126,268 |
| Rental expenses - BT Diplomat Tenant, LLC | 6,406 | 10,114 |
| Salaries and wages | 3,556,966 | 2,714,723 |
| Telephone | 21,510 | 22,476 |
| Travel | 238,080 | 173,679 |
| Utilities | 11,675 | 7,474 |
| **Total Operating Expenses** | 5,025,327 | 4,131,373 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS


| | For The Years Ended December 31, 2019 | 2018 |
|---|---|---|
| **Income (Loss) Before Other Expense And Income From Investments In Partnerships** | $ (601,496) | $ 78,651 |
| **Other Expense** | | |
| Interest expense | 47,312 | 8,416 |
| **Income (Loss) Before Income From Investments In Partnerships** | (648,808) | 70,235 |
| **Income From Investments In Partnerships** | 1,326,580 | 248,024 |
| **Net Income** | $ 677,772 | $ 318,259 |

See the notes to financial statements.

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF CHANGES IN MEMBERS' EQUITY ON INCOME TAX BASIS

| | For The Years Ended December 31, 2019 | 2018 |
|---|---|---|
| Members' Equity - Beginning Of Year | $ 9,023,025 | $ 9,030,566 |
| Distributions | 116,000 | 325,800 |
| Net Income | 677,772 | 318,259 |
| Members' Equity - End Of Year | $ 9,584,797 | $ 9,023,025 |

## 1. Organization And Summary Of Significant Accounting Policies

### Organization

Brinshore Development, LLC (the Company), was formed as a Limited Liability Company under the laws of the State of Illinois on September 12, 1995. The Company is a real estate developer and invests in projects that it develops. The Company provides temporary financing to its investments and other projects that it develops. It also engages in syndication consulting activities as well as management and administrative activities.

The Company owns and operates B-T Diplomat Tenant, LLC, an entity that leases and sub-leases commercial space for B-T Diplomat, LLC (a non-related entity). All the activity of this entity is included in these financial statements (see Note 3).

The Company owns and operates BDCIN, LLC, an entity that develops property in Indiana for the Company. All the activity of this entity is included in these financial statements (see Note 3).

The Company has two Members; Brint Development, Inc. and RJS Real Estate Services, Inc., each of which has a 50% ownership interest.

Generally, profits and losses are allocated to each Member based upon their percentage interest. Net cash distributions, if any, are made in accordance with each Member's percentage interest. Additionally, the Operating Agreement provides for other instances in which a special allocation of profits and losses and distributions may be required.

### Basis Of Accounting

The accompanying financial statements have been prepared in accordance with the accounting method used by the Company for income tax purposes (cash basis). Under the basis of accounting used for income tax purposes, assets and liabilities as well as revenues and expenses are reported in accordance with the rules and regulations established under the Internal Revenue Code, which is a comprehensive basis of accounting that differs from accounting principles generally accepted in the United States of America.

These differences include (1) treatment of organization costs; (2) no statement of cash flows since the financial statements are prepared on the cash basis; (3) not recording impairment of investments, if any, in operating limited partnerships; and (4) not consolidating operating limited partnerships when required under the Accounting Standards Codification, ASC 810 Consolidated Financial Statements. Because of these differences, readers should be familiar with the basis of accounting utilized in the preparation of these financial statements.

### Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the amounts reported in the financial statements. Actual results could differ from those estimates.

### Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash.

### Property And Equipment

Furniture and equipment are recorded at cost. Purchases of furniture and equipment are capitalized, while expenditures for maintenance and repairs are expensed.

On the income tax basis, new business equipment can be either depreciated over its useful life or expensed immediately under Internal Revenue Code Section 179 (Section 179). The asset life for furniture and fixtures is as follows.

| | Method | Estimated Useful Lives |
|---|---|---|
| Furniture and equipment | Accelerated | 5-7 years |
| Tenant improvements | Accelerated | 5 years |

### Investments In Partnerships

The Company holds various partnership interests in real estate projects (Project Partnerships) which are carried at cost adjusted for the Company's share of tax basis income or loss, capital contributions, and distributions (i.e. the equity method). Losses are not recorded if the investment balance is negative.

### Predevelopment Costs

Predevelopment costs are recorded at cost. Predevelopment costs are charged to development expenses when it is determined that the Project is no longer viable.

### Mortgage Notes Receivable

Mortgage notes receivable are stated at the amount management expects to collect from balances outstanding at year end. Interest is recognized when received. As of December 31, 2019 and 2018, all required note payments have been received. At December 31, 2019 and 2018, management anticipated no loan losses.

### Commercial Revenue

Commercial revenue is recognized on an escalating basis under which contract rent increases, if any, as defined in the Lease Agreements.

### Revenue Recognition

All revenues are recognized as income on the cash basis as they are received. Developer fee revenue is recognized when received according to the Development and Partnership/Operating Agreements between the Company and the project entities. Additional service fee revenue is recognized according to the Additional Service Agreements between the Company and the project partnership when received.

Other fee income, which includes fees for master planning, overhead, consulting, and asset management, are recognized when received. Syndication income derived from the Richman Group and Redstone Equity Partners is recognized when received.

### Related Party Advances

Related party advances are charged to development expense when they are determined to be uncollectible based upon a periodic review of accounts by management.

### Advertising Costs

The Company's policy is to expense advertising costs when paid.

### Income Taxes

The Members of the Company have elected to have the Company taxed as a Partnership. Accordingly, no provision or benefit for income taxes has been included in these financial statements since taxable income (loss) passes through to, and is reportable by the Members individually. The Company is a cash basis taxpayer.

Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no undisclosed tax liabilities. The Company files income tax returns in the U.S. and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2016. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Grants received under Section 1602 of the Recovery Act are not taxable to the Company.

### Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

## 2. Investments In Partnerships

Investments in partnerships consist of the following as of December 31:

| Name | Percent Ownership | 2019 | 2018 |
|---|---|---|---|
| 8915 S. Stony, LP | 66.67 | $ 225,965 | $ 164,901 |
| BMT Homes II, LLC | 50.00 | 50 | 50 |
| Brindy II, LLC | 40.00 | 3,765 | 3,787 |
| Brindy, LLC | 40.00 | 51,019 | 49,035 |
| Brinshore I, LLC | 50.00 | 5,642 | — |
| Brinshore SLP, LLC (New Village) (The General Partner Interest) | 100.00 | — | 49 |
| Brinshore, Inc. (A C Corporation) | 100.00 | 1,000 | 1,000 |
| BT-Diplomat, LLC | 0.0090 | | |
| CHSB Partner CHSB Manager, LLC (The Managing Member Interest) | 100.00 | — | 20 |
| ClyDiv Manager, LLC | 45.00 | 100 | 100 |
| HHP Developer, LLC | 65.00 | 1 | 1 |
| Highlander Phase I Manager, LLC | 60.00 | 60 | 60 |
| Hollow Tree Apartments, LP | 99.90 | 18,975 | — |
| IBR Development, LLC | 60.00 | 4,204 | — |
| Larkin Village, LLC | 33.33 | 273,537 | — |
| Legends A-2 Manager, LLC | 50.00 | 175 | 38 |
| Maple Jack Manager, LLC | 50.00 | 1,479 | 50 |
| ParkMM, LLC (The Managing Member Interest) | 100.00 | 199,631 | — |
| SOHI Commercial, LLC | 60.00 | 4,749 | 3,630 |
| SunnyUrb GP, LLC | 90.00 | 3,663 | — |
| | | $ 794,015 | $ 222,721 |

On January 15, 2019, the Company assigned its 42.50% membership interest in TWG Clyde LLC to The Wolcott Group Inc., an unrelated party, for $433,972. This amount is included in other income on the statement of revenues and expenses on income tax basis.

## 3. Wholly Owned Operating Entities

### BT-Diplomat Tenant, LLC

The accompanying financial statements include the financial results of BT-Diplomat Tenant, LLC, a single member LLC.

**Lease Obligation**

The Company leases 1,897 square feet of commercial space from BT-Diplomat, LLC, a related party, and then sublets the commercial space to various businesses. The commercial rent due under the lease is the greater of $1 or 10% of net profits for the previous year plus common area maintenance. The lease began May 28, 2014, and continues for 19 years ending May 27, 2033.

**Sub-Leases**

BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with The House Café, LLC. The lease term commenced on October 26, 2015, and expires October 31, 2020. Monthly base rent of $1,902 commenced on March 8, 2016, and monthly CAM estimated at $408 commenced on January 8, 2016. BT-Diplomat Tenant, LLC had agreed to pay for tenant improvements.

Tenant improvements consist of the following as of December 31:

| | Amortization Period | 2019 | 2018 |
|---|---|---|---|
| Tenant improvements | 5 years | $ 61,156 | $ 61,156 |
| Less: Accumulated amortization | | (48,925) | (36,694) |
| | | $ 12,231 | $ 24,462 |

On March 2, 2016, BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with Thresholds, an affiliate of BT Diplomat, LLC, to operate an art gallery and studio. The lease term commenced on March 2, 2016, and will continue on a month-to-month basis until the landlord or the tenant terminates the tenancy. No base rent will be charged during the term of this lease.

The tax basis activity of BT-Diplomat, LLC for 2019 and 2018 is as follows and is consolidated in the financial statements:

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Accounts receivable | $ | 11,410 | $ | — |
| Due from related parties | | 29,103 | | 28,750 |
| Tenant improvements, net | | 12,231 | | 24,462 |
| **Total Assets** | $ | 52,744 | $ | 53,212 |
| Tenant security deposit | $ | 7,803 | $ | 7,803 |
| Members' equity | | 44,941 | | 45,409 |
| **Total Liabilities And Members' Equity** | $ | 52,744 | $ | 53,212 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Rental income | $ | 50,820 | $ | 40,255 |
| Rental expenses | | (9,132) | | (10,114) |
| Miscellaneous administrative expense | | (29,925) | | — |
| Amortization expense | | (12,231) | | (12,587) |
| **Net Income (Loss)** | $ | (468) | $ | 17,554 |

Future minimum lease payments as of December 31, 2019 are as follows:

| Year | Lease Payments Due To BT-Diplomat LLC | Lease Payments Due From Sub-Tenants |
|---|---|---|
| 2020 | $ 1 | $ 19,020 |
| 2021 | 1 | — |
| 2022 | 1 | — |
| 2023 | 1 | — |
| 2024 | 1 | — |
| Thereafter | 9 | — |
| | $ 14 | $ 19,020 |

### BDCIN, LLC

The accompanying financial statements include the financial results of BDCIN, LLC, a single member LLC.

BDCIN, LLC is the developer of various completed projects in Indiana. The condominium units were developed for a third party with Neighborhood Stabilization Program (NSP) Funds. When the units were sold, the LLC kept $7,500 developer fee. The excess funds were used to repay the NSP loan funds.

The activity of BCDIN, LLC for 2019 and 2018 is as follows and is consolidated in the financial statements.

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | 2019 | 2018 |
|---|---|---|
| Cash | $ 2,782 | $ 2,994 |
| Accounts receivable | 31 | — |
| Predevelopment costs | 4,356 | 4,356 |
| Due from Brinshore Development, LLC | 50,000 | 50,000 |
| **Total Assets** | $ 57,169 | $ 57,350 |
| Due to related parties | $ 53,177 | $ 53,177 |
| Members' equity | 3,992 | 4,173 |
| **Total Liabilities And Members' Equity** | $ 57,169 | $ 57,350 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | 2019 | 2018 |
|---|---|---|
| Interest income | $ 1 | $ 1 |
| Other expenses | (182) | — |
| **Net Income (Loss)** | $ (181) | $ 1 |

The $50,000 due from Brinshore Development, LLC at December 31, 2019 and 2018, has been eliminated.

## 4. Subscriptions Receivable

Per the capital subscription notes dated December 29, 2008, David Brint (Brinshore Development, Inc.), and Richard Sciortino (RJS Real Estate Services, Inc.), each agreed to pay to the Company, up to $1,500,000 in equity contributions as called by the Company. No payments were received in 2019 and 2018.

Amounts due for capital subscription notes at December 31 are as follows:

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Brinshore Development, Inc. | $ | 1,364,299 | $ | 1,364,299 |
| RJS Real Estate Services, Inc. | | 1,364,299 | | 1,364,299 |
| | $ | 2,728,598 | $ | 2,728,598 |

## 5. Related Party Transactions

### Developer Fees

The Company receives developer fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the respective Development Agreements. During 2019 and 2018, the Company received developer fees of $2,804,947 and $3,265,583, respectively.

### Management And Administration Fees

The Company receives management and administrative fees for services provided to real estate entities affiliated through common ownership. The amount of fees is determined by formulas provided in the affiliates' Partnership or Operating Agreements generally limited to cash flow available for distribution. During 2019 and 2018, the Company received management and administrative fees of $898,112 and $668,541, respectively.

### Additional Service Fees

The Company receives additional service fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the Additional Service Agreements. During 2019 and 2018, no additional service fees were received.

### Predevelopment Costs

The Company funds predevelopment costs for new projects, some of which are owned by related parties in which it has an interest or are affiliated through common ownership. These funds are reimbursable as long as the project remains viable. Predevelopment costs are expensed to development costs when the project is deemed not viable based upon a periodic review of these projects by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2019 and 2018, the actual predevelopment costs written off, on the cash basis, amounted to $7,380 and $198,416, respectively. As of December 31, 2019 and 2018, predevelopment costs amounted to $4,327,596 and $3,952,618, respectively.

### Due From Related Parties

The Company, through the normal course of business, advances funds to Project Partnerships on an as needed basis. The Company also makes short-term advances for development costs. The Project Partnerships repay the advances from time to time. The short-term advances for development costs are reimbursed through construction draws which are prepared by the Company. The write-off of related party advances is based upon a periodic review of these advances by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2019 and 2018, management estimates that $192,770 would have been reserved as a bad debt if the Company were on an accrual basis. As of December 31, 2019 and 2018, due from related parties amounted to $1,783,223 and $1,733,797, respectively.

### Due From Members

At December 31, 2019 and 2018, advances due from Members amounted to $731,758 and $721,758, respectively.

### Mortgage Notes Receivable

On November 18, 2010, the Company loaned ParkR, LLC $278,328 as seller financing. The loan is secured by a mortgage on the borrower's interest in the property located at 220 East Garfield Blvd., Chicago, Illinois. The note provides for 3.35% interest per annum compounding annually. As of December 31, 2019 and 2018, unpaid interest amounted to $108,627, which has not been recorded as accounts receivable since the statement of assets are on the income tax basis. The accrual remained unchanged due to an over accrual in prior years. No interest was received during 2019 or 2018. No principal payments are required until maturity. The entire unpaid balance of principal and interest is due on December 1, 2042. As of December 31, 2019 and 2018, the balance due amounted to $278,328.

On July 28, 2010, the Company entered into a Loan Agreement with Bluff Apartments of Fort Madison, LP, for a maximum amount of $131,000. The loan is secured by a mortgage on the borrower's interest in the property located in Fort Madison, Iowa. The note provides for annual interest at 4.5% per annum until the conversion date (September 1, 2011), in which interest increased to 8% per annum. During 2019 and 2018, interest income received from this mortgage note amounted to $9,585 and $9,760, respectively, and is included in other income on the statement of revenues and expenses on income tax basis. Beginning on the conversion date, installments of principal and interest are payable based on a thirty year amortization. The loan matures on June 28, 2030. As of December 31, 2019 and 2018, the balance due amounted to $117,938 and $119,888, respectively.

Aggregate maturities of mortgage notes receivable for the ensuing five years and thereafter, are as follows:

| Year | ParkR, LLC | Bluff Apartments Of Fort Madison LP | Total |
|---|---|---|---|
| 2020 | $ — | $ 2,113 | $ 2,113 |
| 2021 | — | 2,288 | 2,288 |
| 2022 | — | 2,478 | 2,478 |
| 2023 | — | 2,683 | 2,683 |
| 2024 | — | 2,906 | 2,906 |
| Thereafter | 278,328 | 105,470 | 383,798 |
| Total | 278,328 | 117,938 | 396,266 |
| Less: Current maturities | — | 2,113 | 2,113 |
| Net long-term portion | $ 278,328 | $ 115,825 | $ 394,153 |

### Due To Related Parties

As of December 31, 2019 and 2018, due to related parties amounted to $1,424,626 and $658,854, respectively.

## 6. Short-Term Loans

The Company entered into an Agreement with JP Morgan Chase Bank N.A. for a revolving line of credit of $500,000 expiring on September 30, 2019. The line of credit bore an annual rate equivalent to the CB Floating Rate plus one percent (5.75% as of December 31, 2019). The outstanding balance on the line of credit due at December 31, 2019 and 2018 was $0 and $500,000, respectively. The line of credit was secured by amounts due from affiliates, and furniture and equipment. The line of credit is also serving as collateral for the letter of credit of $267,000 for Sheridan Station.

The Company has also entered into an Agreement with First Midwest Bank for a revolving line of credit of $1,500,000 expiring on June 9, 2021. The line of credit bears an annual rate equivalent to the LIBOR rate plus 2.5% percent, but in no case shall the interest rate be less than 4.5% (4.5% as of December 31, 2019). The interest rate is adjusted every three months. The outstanding balance at December 31, 2019 and 2018, was $1,003,345 and $1,440,000, respectively. The line of credit is secured by amounts due from affiliates, and furniture and equipment. The line of credit is also serving as collateral for the letter of credits of $291,655 for the Villard Commons Project and $50,000 for the Spring Flats project.

## 7. Predevelopment Loans

In December, 2019, the Company entered into a Development Loan Agreement with TRGHT, Inc. for $500,000. The loan matures on June 20, 2020 and bears interest at 4.5% above 30 day LIBOR per annum. The interest rate at December 31, 2019 was 6.23%. No interest was incurred or paid during 2019. The Company is in process of obtaining an extension on the loan. As of December 31, 2019, $500,000 was payable.

In December 2019, the Company entered into a promissory note with Hudson HT LP for $500,000. The note shall accrue interest in an annual rate equal to the Prime Rate plus 1%. The interest rate at December 31, 2019 was 4.75%. No interest was accrued or paid during 2019. All unpaid principal and accrued interest shall be due at maturity. The loan matures on the earlier of (i) the purchase of limited partnership interests in Fort Valley located in Flagstaff, Arizona (the Property) (ii) the closing of a construction loan for the purpose of constructing the Property or (iii) September 30, 2020. As of December 31, 2019, $350,704 was drawn and payable.

## 8. Letters Of Credit

As of December 31, 2018, the Company had two letters of credit with First Midwest Bank; one for $50,000 for the Spring Flats project and one for $100,000 for the Northwest One project, with both expiring in 2019.

As of December 31, 2019, the Company had a letter of credit with JPMorgan Chase Bank N.A in the amount of $267,000 for the Sheridan Station project. And two with First Midwest Bank in the amounts of $291,655 and $50,000 for the Villard Commons project and for the Spring Flats project, respectively, both expiring in 2020.

## 9. Lease Commitments

On May 13, 2016, the Company entered into a lease agreement with 222 Boulevard, LLC to rent office space in Kansas City, Missouri. The extended lease agreement provided for monthly rent at $970 per month plus CAM charges and expires on May 31, 2021 and provides for monthly rent at $970 per month plus CAM charges.

On November 1, 2018, the Company entered into a lease agreement with North Shore Opco, LLC to rent office space in Northbrook, Illinois. The lease expires on March 31, 2022 and provides for monthly rent ranging from $9,486 to $10,148.

On October 31, 2018, the Company entered into lease agreement with Meridian Business Centers-Texas-Partners, LP to rent office space in Grapevine, Texas. The lease agreement provides for monthly rent at $1,075 and shall be automatically renew every 6 months.

The total rent paid for 2019 and 2018, was $148,471 and $126,268, respectively. The future minimum rentals as of December 31, 2019 are as follows:

| Year | Amount |
|---|---|
| 2020 | $ 127,689 |
| 2021 | 118,696 |
| 2022 | 30,005 |
| | $ 276,390 |

As of December 31, 2019 and 2018, refundable security deposits were $8,184 and $7,734, respectively.

## 10. Employee 401(k) Plan

As part of its employee benefit package, the Company maintains a 401(k) Plan which covers all eligible employees. The Company is required to pay a Safe Harbor 401(k) contribution in the amount of 3% of all eligible employees' wages. The Company's contribution expense for 2019 and 2018, amounted to $60,544 and $53,340, respectively.

## 11. Development Deficits And Operating Deficit Guarantees

The Company, as a General Partner in various Project Partnerships, provides guarantees for project development deficits and operating deficits through the breakeven period of each project partnership. Based upon prior experience, the Company does not believe that it is exposed to funding any development or operating deficits for the Project Partnerships.

## 12. Departure From Income Tax Basis

On the income tax basis of accounting, investments in partnerships should be accounted for using the cost basis; recognition of losses on investments in real estate partnerships without limitation to the cost of the investment. As described in Note 1, the Company accounts for investments in partnerships using the equity method. The equity method limits the recognition of losses on investments in partnerships to the cost of the investments.

The following table shows the effect of this departure from income tax basis:

| | 2019 | | |
|---|---|---|---|
| | As Shown Per Audit with Departure From Income Tax Basis | Current Year Difference In The Departure From Income Tax Basis | As Adjusted If there Was No Departure From Income Tax Basis |
| Investments in partnerships | $ 794,015 | $ (6,631,948) | $ (5,837,933) |
| Members' equity (deficit) | $ 9,584,797 | $ (6,631,948) | $ 2,952,849 |
| Income (loss) from investments | $ 1,326,580 | $ (500,358) | $ 826,222 |
| Net income | $ 677,772 | $ (500,358) | $ 177,414 |

| | 2018 | | |
|---|---|---|---|
| | As Shown Per Audit with Departure From Income Tax Basis | Current Year Difference In The Departure From Income Tax Basis | As Adjusted If there Was No .Departure From Income Tax Basis |
| Investments in partnerships | $ 222,721 | $ (6,129,884) | $ (5,907,163) |
| Members' equity (deficit) | $ 9,023,025 | $ (6,129,884) | $ 2,893,141 |
| Income (loss) from investments | $ 248,024 | $ (504,357) | $ (256,333) |
| Net income | $ 318,259 | $ (504,357) | $ (186,098) |

# BRINSHORE DEVELOPMENT, LLC

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2020*

## Contents

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

# Independent Auditors' Report

Members
Brinshore Development, LLC
Northbrook, Illinois

## Report On The Financial Statements

We have audited the accompanying financial statements of Brinshore Development, LLC, which comprise the statement of assets, liabilities and members' equity - income tax basis as of December 31, 2020 and 2019, and the related statements of revenues and expenses, and changes in members' equity, all prepared on the income tax basis, for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting as described in Note 1; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis For Qualified Opinion***

The Company has excluded investment losses in excess of the cost of the investments in partnerships in the accompanying statement of assets, liabilities and members' equity on income tax basis and the related statements of revenues and expenses on income tax basis and changes in members' equity on income tax basis as reported in the Company's income tax returns. If the effects of those losses were included, investments in partnerships and members' equity would decrease \$6,139,131 and \$6,631,948 as of December 31, 2020 and 2019, respectively, and income from investments and net income would increase \$492,817 and decrease \$500,358 for 2020 and 2019, respectively.

***Qualified Opinion***

In our opinion, except for the departure of accounting for investments in real estate partnerships on the cost basis as described in Note 13, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' equity of Brinshore Development, LLC, as of December 31, 2020 and 2019, and the results of its revenues and expenses and changes in members' equity for the years then ended, in accordance with the basis of accounting Brinshore Development, LLC uses for income tax purposes, as described in Note 1.

***Other Matters***

***Basis Of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the basis of accounting Brinshore Development, LLC uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

RubinBrown LLP

August 26, 2021

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - INCOME TAX BASIS



**Assets**

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 3,049,588 | $ 2,077,818 |
| Notes receivable - current portion | 2,288 | 2,113 |
| Accounts receivable | 13,312 | 11,410 |
| **Total Current Assets** | 3,065,188 | 2,091,341 |
| **Property And Equipment** | | |
| Furniture and equipment | 140,886 | 139,016 |
| Less: Accumulated depreciation | 139,284 | 138,840 |
| **Net Property And Equipment** | 1,602 | 176 |
| **Investments In Partnerships** | 683,715 | 794,015 |
| **Other Assets** | | |
| Predevelopment costs | 6,696,302 | 4,327,596 |
| Advances - members | 772,201 | 731,758 |
| Due from related parties | 1,668,461 | 1,783,223 |
| Subscriptions receivable - members | 2,728,598 | 2,728,598 |
| Notes receivable - net of current portion | 392,392 | 394,153 |
| Security deposits - office leases | 8,184 | 8,184 |
| Tenant improvements, net | — | 12,231 |
| **Total Other Assets** | 12,266,138 | 9,985,743 |
| **Total Assets** | $ 16,016,643 | $ 12,871,275 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - INCOME TAX BASIS


**Liabilities And Members' Equity**

| | December 31, 2020 | 2019 |
|---|---|---|
| **Current Liabilities** | | |
| Line of credit | $ — | $ 1,003,345 |
| Predevelopment loans | — | 850,704 |
| Tenant security deposit | 7,803 | 7,803 |
| Accrued payroll liabilities | 59,859 | — |
| **Total Current Liabilities** | 67,662 | 1,861,852 |
| **Long-Term Liabilities** | | |
| Paycheck protection program loan (PPP loan) | 464,017 | — |
| Due to related parties | 127,959 | 1,424,626 |
| **Total Long-Term Liabilities** | 591,976 | 1,424,626 |
| **Total Liabilities** | 659,638 | 3,286,478 |
| **Members' Equity** | 15,357,005 | 9,584,797 |
| **Total Liabilities And Members' Equity** | $ 16,016,643 | $ 12,871,275 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS
## Page 1 Of 2

| | For The Years Ended December 31, 2020 | 2019 |
|---|---|---|
| **Revenues** | | |
| Developer fees | $ 5,287,421 | $ 2,804,947 |
| Additional service fees | 48,268 | — |
| Management and administrative fees | 595,082 | 898,112 |
| Syndication income | 171,000 | 171,000 |
| Rental income - BT Diplomat Tenant, LLC | 47,817 | 50,820 |
| Other income | 43,258 | 498,952 |
| **Total Revenues** | 6,192,846 | 4,423,831 |
| **Operating Expenses** | | |
| Amortization | 12,231 | 12,231 |
| Computer | 97,921 | 137,840 |
| Depreciation | 444 | 769 |
| Donations | 53,360 | 104,420 |
| Dues and subscriptions | 33,475 | 19,174 |
| Fees | 27,489 | 13,955 |
| Insurance - general | 21,262 | 24,393 |
| Insurance - health | 186,854 | 134,837 |
| Insurance - life | 29,040 | 29,040 |
| Maintenance | 8,110 | 6,660 |
| Marketing | 600 | 1,550 |
| Meals and entertainment | 11,575 | 35,063 |
| Miscellaneous | 45,038 | 58,121 |
| Office | 31,193 | 34,670 |
| Office supplies | 17,016 | 22,696 |
| Other | 4,012 | 7,564 |
| Outside services | 59,300 | 5,150 |
| 401(k) contributions | 71,152 | 60,544 |
| Payroll taxes | 223,746 | 209,214 |
| Photo and printing | 1,904 | 4,700 |
| Postage and delivery | 13,668 | 15,454 |
| Predevelopment costs | 21,903 | 7,380 |
| Professional fees | 94,525 | 96,794 |
| Rent | 137,989 | 148,471 |
| Rental expenses - BT Diplomat Tenant, LLC | 5,484 | 6,406 |
| Salaries and wages | 3,823,800 | 3,556,966 |
| Telephone | 23,928 | 21,510 |
| Travel | 67,378 | 238,080 |
| Utilities | 10,595 | 11,675 |
| **Total Operating Expenses** | 5,134,992 | 5,025,327 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS


| | For The Years Ended December 31, 2020 | 2019 |
|---|---|---|
| **Income (Loss) Before Other Expense And Income From Investments In Partnerships** | $ 1,057,854 | $ (601,496) |
| **Other Expense** | | |
| Interest expense | 69,794 | 47,312 |
| **Income (Loss) Before Income From Investments In Partnerships** | 988,060 | (648,808) |
| **Income From Investments In Partnerships** | 2,833,149 | 1,326,580 |
| **Net Income** | $ 3,821,209 | $ 677,772 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF CHANGES IN MEMBERS' EQUITY ON INCOME TAX BASIS

| | For The Years Ended December 31, 2020 | 2019 |
|---|---|---|
| Members' Equity - Beginning Of Year | $ 9,584,797 | $ 9,023,025 |
| Distributions And Share Of Losses In Excess Of Basis | 5,550,999 | — |
| Distributions | (3,600,000) | (116,000) |
| Net Income | 3,821,209 | 677,772 |
| Members' Equity - End Of Year | $ 15,357,005 | $ 9,584,797 |

See the notes to financial statements

# 1. Organization And Summary Of Significant Accounting Policies

## Organization

Brinshore Development, LLC (the Company), was formed as a Limited Liability Company under the laws of the State of Illinois on September 12, 1995. The Company is a real estate developer and invests in projects that it develops. The Company provides temporary financing to its investments and other projects that it develops. It also engages in syndication consulting activities as well as management and administrative activities.

The Company owns and operates B-T Diplomat Tenant, LLC, an entity that leases and sub-leases commercial space for B-T Diplomat, LLC (a non-related entity). All the activity of this entity is included in these financial statements (see Note 3).

The Company owns and operates BDCIN, LLC, an entity that develops property in Indiana for the Company. All the activity of this entity is included in these financial statements (see Note 3).

The Company has two Members; Brint Development, Inc. and RJS Real Estate Services, Inc., each of which has a 50% ownership interest.

Generally, profits and losses are allocated to each Member based upon their percentage interest. Net cash distributions, if any, are made in accordance with each Member's percentage interest. Additionally, the Operating Agreement provides for other instances in which a special allocation of profits and losses and distributions may be required.

## Basis Of Accounting

The accompanying financial statements have been prepared in accordance with the accounting method used by the Company for income tax purposes (cash basis). Under the basis of accounting used for income tax purposes, assets and liabilities as well as revenues and expenses are reported in accordance with the rules and regulations established under the Internal Revenue Code, which is a comprehensive basis of accounting that differs from accounting principles generally accepted in the United States of America.

These differences include (1) treatment of organization costs; (2) no statement of cash flows since the financial statements are prepared on the cash basis; (3) not recording impairment of investments, if any, in operating limited partnerships; and (4) not consolidating operating limited partnerships when required under the Accounting Standards Codification, ASC 810 Consolidated Financial Statements. Because of these differences, readers should be familiar with the basis of accounting utilized in the preparation of these financial statements.

### Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the amounts reported in the financial statements. Actual results could differ from those estimates.

### Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash.

### Property And Equipment

Furniture and equipment are recorded at cost. Purchases of furniture and equipment are capitalized, while expenditures for maintenance and repairs are expensed.

On the income tax basis, new business equipment can be either depreciated over its useful life or expensed immediately under Internal Revenue Code Section 179 (Section 179). The asset life for furniture and fixtures is as follows.

| | Method | Estimated Useful Lives |
|---|---|---|
| Furniture and equipment | Accelerated | 5-7 years |
| Tenant improvements | Accelerated | 5 years |

### Investments In Partnerships

The Company holds various partnership interests in real estate projects (Project Partnerships) which are carried at cost adjusted for the Company's share of tax basis income or loss, capital contributions, and distributions (i.e. the equity method). Losses are not recorded if the investment balance is negative.

### Predevelopment Costs

Predevelopment costs are recorded at cost. Predevelopment costs are charged to development expenses when it is determined that the Project is no longer viable.

### Mortgage Notes Receivable

Mortgage notes receivable are stated at the amount management expects to collect from balances outstanding at year end. Interest is recognized when received. As of December 31, 2020 and 2019, all required note payments have been received. At December 31, 2020 and 2019, management anticipated no loan losses.

### Commercial Revenue

Commercial revenue is recognized on an escalating basis under which contract rent increases, if any, as defined in the Lease Agreements.

### Revenue Recognition

All revenues are recognized as income on the cash basis as they are received. Developer fee revenue is recognized when received according to the Development and Partnership/Operating Agreements between the Company and the project entities. Additional service fee revenue is recognized according to the Additional Service Agreements between the Company and the Project Partnership when received.

Other fee income, which includes fees for master planning, overhead, consulting, and asset management, are recognized when received. Syndication income derived from the Richman Group and Redstone Equity Partners is recognized when received.

### Related Party Advances

Related party advances are charged to development expense when they are determined to be uncollectible based upon a periodic review of accounts by management.

### Advertising Costs

The Company's policy is to expense advertising costs when paid.

### Income Taxes

The Members of the Company have elected to have the Company taxed as a Partnership. Accordingly, no provision or benefit for income taxes has been included in these financial statements since taxable income (loss) passes through to, and is reportable by the Members individually. The Company is a cash basis taxpayer.

Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no undisclosed tax liabilities. The Company files income tax returns in the U.S. and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2017. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Grants received under Section 1602 of the Recovery Act are not taxable to the Company.

### Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

## 2. Investments In Partnerships

Investments in partnerships consist of the following as of December 31:

| Name | Percent Ownership | 2020 | 2019 |
|---|---|---|---|
| 8915 S. Stony, LP | 66.67 | $ — | $ 225,965 |
| BMD-1 LLC | 50.00 | 178,171 | — |
| BMT Homes II, LLC | 50.00 | 12 | 50 |
| Brindy II, LLC | 40.00 | 3,743 | 3,765 |
| Brindy, LLC | 40.00 | 50,838 | 51,019 |
| Brinshore I, LLC | 50.00 | 5,605 | 5,642 |
| Brinshore SLP, LLC (New Village) (The General Partner Interest) | 100.00 | 298 | — |
| Brinshore, Inc. (A C Corporation) | 100.00 | 1,000 | 1,000 |
| ClyDiv Manager, LLC | 45.00 | 100 | 100 |
| Freeport RAD I Manager, LLC | 0.009 | 19,807 | — |
| HHP Developer, LLC | 65.00 | 1 | 1 |
| HHP Managing Member, LLC | 65.00 | 5,924 | — |
| Highlander Phase I Manager, LLC | 60.00 | — | 60 |
| Hollow Tree Apartments, LP | 99.90 | — | 18,975 |
| IBR Development, LLC | 60.00 | 8,594 | 4,204 |
| Larkin Village, LLC | 33.33 | — | 273,537 |
| Legends A-2 Manager, LLC | 50.00 | 388 | 175 |
| Maple Jack Manager, LLC | 50.00 | — | 1,479 |
| ParkMM, LLC (The Managing Member Interest) | 100.00 | 399,611 | 199,631 |
| Sheridan Station Manager, LLC | 0.01 | 100 | — |
| SOHI Commercial, LLC | 60.00 | 5,868 | 4,749 |
| SunnyUrb GP, LLC | 90.00 | 3,655 | 3,663 |
| | | $ 683,715 | $ 794,015 |

On January 15, 2019, the Company assigned its 42.50% membership interest in TWG Clyde LLC to The Wolcott Group Inc., an unrelated party, for $433,972. This amount is included in other income on the statement of revenues and expenses on income tax basis.

## 3. Wholly Owned Operating Entities

### BT-Diplomat Tenant, LLC

The accompanying financial statements include the financial results of BT-Diplomat Tenant, LLC, a single member LLC.

**Lease Obligation**

The Company leases 1,897 square feet of commercial space from BT-Diplomat, LLC, a related party, and then sublets the commercial space to various businesses. The commercial rent due under the lease is the greater of $1 or 10% of net profits for the previous year plus common area maintenance. The lease began May 28, 2014, and continues for 19 years ending May 27, 2033.

**Sub-Leases**

BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with The House Café, LLC. The lease term commenced on October 26, 2015, and expires October 31, 2020. Monthly base rent of $1,902 commenced on March 8, 2016, and monthly CAM estimated at $408 commenced on January 8, 2016. BT-Diplomat Tenant, LLC had agreed to pay for tenant improvements.

Tenant improvements consist of the following as of December 31:

| | Amortization Period | 2020 | 2019 |
|---|---|---|---|
| Tenant improvements | 5 years | $ 61,156 | $ 61,156 |
| Less: Accumulated amortization | | (61,156) | (48,925) |
| | | $ — | $ 12,231 |

On March 2, 2016, BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with Thresholds, an affiliate of BT Diplomat, LLC, to operate an art gallery and studio. The lease term commenced on March 2, 2016, and will continue on a month-to-month basis until the landlord or the tenant terminates the tenancy. No base rent will be charged during the term of this lease.

The tax basis activity of BT-Diplomat, LLC for 2020 and 2019 is as follows and is consolidated in the financial statements:

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | 2020 | 2019 |
|---|---|---|
| Accounts receivable | $ 13,312 | $ 11,410 |
| Due from related parties | 40,356 | 29,103 |
| Tenant improvements, net | — | 12,231 |
| **Total Assets** | $ 53,668 | $ 52,744 |
| Tenant security deposit | $ 7,803 | $ 7,803 |
| Members' equity | 45,865 | 44,941 |
| **Total Liabilities And Members' Equity** | $ 53,668 | $ 52,744 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | 2020 | 2019 |
|---|---|---|
| Rental income | $ 47,817 | $ 50,820 |
| Rental expenses | (5,484) | (6,406) |
| Miscellaneous administrative expense | (75) | (29,925) |
| Amortization expense | (12,231) | (12,231) |
| **Net Income** | $ 30,027 | $ 2,258 |

Future minimum lease payments as of December 31, 2020 are as follows:

| Year | Lease Payments Due To BT-Diplomat LLC | Lease Payments Due From Sub-Tenants |
|---|---|---|
| 2021 | $ 1 | $ — |
| 2022 | 1 | — |
| 2023 | 1 | — |
| 2024 | 1 | — |
| 2025 | 1 | — |
| Thereafter | 9 | — |
| | $ 14 | $ — |

## BDCIN, LLC

The accompanying financial statements include the financial results of BDCIN, LLC, a Single Member LLC.

BDCIN, LLC is the developer of various completed projects in Indiana. The condominium units were developed for a third party with Neighborhood Stabilization Program (NSP) Funds. When the units were sold, the LLC kept a $7,500 developer fee. The excess funds were used to repay the NSP loan funds.

The activity of BCDIN, LLC for 2020 and 2019 is as follows and is consolidated in the financial statements.

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | 2020 | 2019 |
|---|---|---|
| Cash | $ 2,664 | $ 2,782 |
| Accounts receivable | 31 | 31 |
| Predevelopment costs | 4,356 | 4,356 |
| Due from Brinshore Development, LLC | 50,000 | 50,000 |
| **Total Assets** | $ 57,051 | $ 57,169 |
| Due to related parties | $ 53,177 | $ 53,177 |
| Members' equity | 3,874 | 3,992 |
| **Total Liabilities And Members' Equity** | $ 57,051 | $ 57,169 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | 2020 | 2019 |
|---|---|---|
| Interest income | $ — | $ 1 |
| Other expenses | (118) | (182) |
| **Net Loss** | $ (118) | $ (181) |

The $50,000 due from Brinshore Development, LLC at December 31, 2020 and 2019, has been eliminated.

## 4. Subscriptions Receivable

Per the capital subscription notes dated December 29, 2008, David Brint (Brint Development, Inc.), and Richard Sciortino (RJS Real Estate Services, Inc.), each agreed to pay to the Company, up to $1,500,000 in equity contributions as called by the Company. No payments were received in 2020 and 2019.

Amounts due for capital subscription notes at December 31 are as follows:

| | 2020 | 2019 |
|---|---|---|
| Brinshore Development, Inc. | **$ 1,364,299** | $ 1,364,299 |
| RJS Real Estate Services, Inc. | **1,364,299** | 1,364,299 |
| | **$ 2,728,598** | $ 2,728,598 |

## 5. Related Party Transactions

### Developer Fees

The Company receives developer fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the respective Development Agreements. During 2020 and 2019, the Company received developer fees of $5,287,421 and $2,804,947, respectively.

### Management And Administration Fees

The Company receives management and administrative fees for services provided to real estate entities affiliated through common ownership. The amount of fees is determined by formulas provided in the affiliates' Partnership or Operating Agreements generally limited to cash flow available for distribution. During 2020 and 2019, the Company received management and administrative fees of $595,082 and $898,112, respectively.

### Additional Service Fees

The Company receives additional service fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the Additional Service Agreements. During 2020 and 2019, no additional service fees were received.

### Predevelopment Costs

The Company funds predevelopment costs for new projects, some of which are owned by related parties in which it has an interest or are affiliated through common ownership. These funds are reimbursable as long as the project remains viable. Predevelopment costs are expensed to development costs when the project is deemed not viable based upon a periodic review of these projects by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2020 and 2019, the actual predevelopment costs written off, on the cash basis, amounted to $21,903 and $7,380, respectively. As of December 31, 2020 and 2019, predevelopment costs amounted to $6,696,302 and $4,327,596, respectively.

### Due From Related Parties

The Company, through the normal course of business, advances funds to Project Partnerships on an as needed basis. The Company also makes short-term advances for development costs. The Project Partnerships repay the advances from time to time. The short-term advances for development costs are reimbursed through construction draws which are prepared by the Company. The write-off of related party advances is based upon a periodic review of these advances by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2020 and 2019, management estimates that $192,770 would have been reserved as a bad debt if the Company were on an accrual basis. As of December 31, 2020 and 2019, due from related parties amounted to $1,668,461 and $1,783,223, respectively.

### Due From Members

At December 31, 2020 and 2019, advances due from Members amounted to $772,201 and $731,758, respectively.

### Notes Receivable

On November 18, 2010, the Company loaned ParkR, LLC $278,328 as seller financing. The loan is secured by a mortgage on the borrower's interest in the property located at 220 East Garfield Blvd., Chicago, Illinois. The note provides for 3.35% interest per annum compounding annually. As of December 31, 2020 and 2019, unpaid interest amounted to $108,627, which has not been recorded as accounts receivable since the statement of assets are on the income tax basis. The accrual remained unchanged due to an over accrual in prior years. No interest was received during 2020 or 2019. No principal payments are required until maturity. The entire unpaid balance of principal and interest is due on December 1, 2042. As of December 31, 2020 and 2019, the balance due amounted to $278,328.

On July 28, 2010, the Company entered into a Loan Agreement with Bluff Apartments of Fort Madison, LP, for a maximum amount of $131,000. The loan is secured by a mortgage on the borrower's interest in the property located in Fort Madison, Iowa. The note provides for annual interest at 4.5% per annum until the conversion date (September 1, 2011), in which interest increased to 8% per annum. During 2020 and 2019, interest income received from this mortgage note amounted to $7,065 and $9,585, respectively, and is included in other income on the statement of revenues and expenses on income tax basis. Beginning on the conversion date, installments of principal and interest are payable based on a thirty year amortization. The loan matures on June 28, 2030. As of December 31, 2020 and 2019, the balance due amounted to $116,352 and $117,938, respectively.

Aggregate maturities of mortgage notes receivable for the ensuing five years and thereafter, are as follows:

| Year | ParkR, LLC | Bluff Apartments Of Fort Madison LP | Total |
|---|---|---|---|
| 2021 | $ — | $ 2,288 | $ 2,288 |
| 2022 | — | 2,478 | 2,478 |
| 2023 | — | 2,683 | 2,683 |
| 2024 | — | 2,906 | 2,906 |
| 2025 | — | 3,147 | 3,147 |
| Thereafter | 278,328 | 102,850 | 381,178 |
| Total | 278,328 | 116,352 | 394,680 |
| Less: Current maturities | — | 2,288 | 2,288 |
| Net long-term portion | $ 278,328 | $ 114,064 | $ 392,392 |

## Due To Related Parties

As of December 31, 2020 and 2019, due to related parties amounted to $127,959 and $1,424,626, respectively.

## 6. Line Of Credit

The Company entered into an Agreement with JP Morgan Chase Bank N.A for a revolving line of credit expiring on September 30, 2021. The line of credit bears an annual rate equivalent to the CB Floating Rate plus one percent (4.25% and 5.75% as of December 31, 2020 and 2019). There was no outstanding balance on the line of credit due at December 31, 2020 and 2019. The line of credit is secured by amounts due from affiliates, and furniture and equipment. The line of credit is also serving as collateral for the letter of credit of $267,000 for Sheridan Station.

The Company has also entered into an Agreement with First Midwest Bank for a revolving line of credit of $1,500,000 expiring on June 9, 2021. The line of credit bears an annual rate equivalent to the LIBOR rate plus 2.5% percent, but in no case shall the interest rate be less than 4.5% (3.5% and 4.5% as of December 31, 2020 and 2019, respectively). The interest rate is adjusted every three months. The outstanding balance at December 31, 2019 was $1,003,345. No amounts were payable at December 31, 2020. The line of credit is secured by amounts due from affiliates, and furniture and equipment. The line of credit was also serving as collateral for the letter of credits of $291,655 for the Villard Commons Project and $50,000 for the Spring Flats project.

## 7. Predevelopment Loans

In December, 2019, the Company entered into a Development Loan Agreement with TRGHT, Inc. for $500,000. The loan matures on June 20, 2020 and bears interest at 4.5% above 30 day LIBOR per annum. The interest rate at December 31, 2019 was 6.23%. No interest was incurred or paid during 2019. As of December 31, 2019, $500,000 was payable. No amounts were payable as of December 31, 2020.

In December 2019, the Company entered into a promissory note with Hudson HT LP for $500,000. The note shall accrue interest in an annual rate equal to the Prime Rate plus 1%. No interest was accrued or paid during 2019. All unpaid principal and accrued interest shall be due at maturity. The loan matures on the earlier of (i) the purchase of limited partnership interests in Fort Valley located in Flagstaff, Arizona (the Property) (ii) the closing of a construction loan for the purpose of constructing the Property or (iii) September 30, 2020. As of December 31, 2019, $350,704 was drawn and payable. No amounts were payable as of December 31, 2020.

## 8. Paycheck Protection Program (PPP) Loan

The Company has a loan that is part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Company expects to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Company considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, Debt. The Company will not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been legally released or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, the Company will reduce the liability by the amount forgiven and record a gain on extinguishment.

The Company intends to apply for forgiveness of all principal and interest, in an amount equal to the sum of qualified expenses under the PPP incurred during the 24 weeks following initial disbursement. Notwithstanding the Company's expected eligibility for forgiveness, no assurance can be given that the Company will obtain forgiveness of all or any portion of amounts due.

On April 17, 2020, the Company received proceeds of $464,017 under a promissory note entered into between the Company and First Midwest Bank pursuant to the PPP established under the CARES Act and administered by the SBA. Loan payments are deferred for the first six months after the date of the disbursement of the funds. After that, the loan and interest would be paid back over a period of 18 months, if the loan is not forgiven under the terms of the PPP.

The loan bears interest at a fixed rate of 1% and may be prepaid at any time prior to the maturity date of April 17, 2022, without penalty. The loan contains customary provisions related to events of default, including, among others, failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The occurrence of an event of default may result in the collection of the borrowed amount plus accrued interest. The Company's obligations are not secured by any collateral or personal guarantees.

On April 9, 2021, the PPP loan was forgiven in full.

## 9. Letters Of Credit

As of December 31, 2019, the Company had two letters of credit with First Midwest Bank; one for $50,000 for the Spring Flats project and one for $100,000 for the Northwest One project, with both expiring in 2019.

As of December 31, 2020, the Company had a letter of credit with JPMorgan Chase Bank N.A in the amount of $267,000 for the Sheridan Station project which was extended until 2021, and two with First Midwest Bank in the amounts of $291,655 for the Villard Commons project which was extended to 2021 and $50,000 for the Spring Flats project, which expired in 2020.

## 10. Lease Commitments

On May 13, 2016, the Company entered into a lease agreement with 222 Boulevard, LLC to rent office space in Kansas City, Missouri. The extended lease agreement provided for monthly rent at $970 per month plus CAM charges and expires on May 31, 2021 and provides for monthly rent at $970 per month plus CAM charges.

On November 1, 2018, the Company entered into a lease agreement with North Shore Opco, LLC to rent office space in Northbrook, Illinois. The lease expires on March 31, 2022 and provides for monthly rent ranging from $9,486 to $10,148.

On October 31, 2018, the Company entered into lease agreement with Meridian Business Centers-Texas-Partners, LP to rent office space in Grapevine, Texas. The lease agreement provides for monthly rent at $1,075 and shall be automatically renew every 6 months.

The total rent paid for 2020 and 2019, was $137,989 and $148,471, respectively. The future minimum rentals as of December 31, 2020 are as follows:

| Year | Amount |
|---|---|
| 2021 | $ 118,696 |
| 2022 | 30,005 |
| | $ 148,701 |

As of December 31, 2020 and 2019, refundable security deposits were $8,184.

## 11. Employee 401(k) Plan

As part of its employee benefit package, the Company maintains a 401(k) Plan which covers all eligible employees. The Company is required to pay a Safe Harbor 401(k) contribution in the amount of 3% of all eligible employees' wages. The Company's contribution expense for 2020 and 2019, amounted to $71,152 and $60,544, respectively.

## 12. Development Deficits And Operating Deficit Guarantees

The Company, as a General Partner in various Project Partnerships, provides guarantees for project development deficits and operating deficits through the breakeven period of each project partnership. Based upon prior experience, the Company does not believe that it is exposed to funding any development or operating deficits for the Project Partnerships.

## 13. Departure From Income Tax Basis

On the income tax basis of accounting, investments in partnerships should be accounted for using the cost basis; recognition of losses on investments in real estate partnerships without limitation to the cost of the investment. As described in Note 1, the Company accounts for investments in partnerships using the equity method. The equity method limits the recognition of losses on investments in partnerships to the cost of the investments.

The following table shows the effect of this departure from income tax basis:

| | 2020 | | |
|---|---|---|---|
| | As Shown Per Audit with Departure From Income Tax Basis | Current Year Difference In The Departure From Income Tax Basis | As Adjusted If there Was No Departure From Income Tax Basis |
| Investments in partnerships | $ 683,715 | $ (6,139,131) | $ (5,455,416) |
| Members' equity (deficit) | $ 15,357,005 | $ (6,139,131) | $ 9,217,874 |
| Income from investments | $ 2,833,149 | $ 492,817 | $ 3,325,966 |
| Net income | $ 3,821,209 | $ 492,817 | $ 4,314,026 |

| | 2019 | | |
|---|---|---|---|
| | As Shown Per Audit with Departure From Income Tax Basis | Current Year Difference In The Departure From Income Tax Basis | As Adjusted If there Was No Departure From Income Tax Basis |
| Investments in partnerships | $ 794,015 | $ (6,631,948) | $ (5,837,933) |
| Members' equity (deficit) | $ 9,584,797 | $ (6,631,948) | $ 2,952,849 |
| Income (loss) from investments | $ 1,326,580 | $ (500,358) | $ 826,222 |
| Net income | $ 677,772 | $ (500,358) | $ 177,414 |

**_BRINSHORE DEVELOPMENT, LLC_**

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2021*

## Contents

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

# Independent Auditors' Report

Members
Brinshore Development, LLC
Evanston, Illinois

## *Opinion*

We have audited the financial statements of Brinshore Development, LLC, which comprise the statement of assets, liabilities and members' equity - income tax basis as of December 31, 2021 and 2020, and the related statements of revenues and expenses, and changes in members' equity, all prepared on the income tax basis, for the years then ended, and the related notes to the financial statements.

In our opinion, except for the departure of accounting for investments in real estate partnerships on the cost basis as described in Note 12, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and members' equity of Brinshore Development, LLC, as of December 31, 2021 and 2020, and the results of its revenues and expenses and changes in members' equity for the years then ended, in accordance with the basis of accounting Brinshore Development, LLC uses for income tax purposes, as described in Note 1.

## *Basis For Qualified Opinion*

The Company has excluded investment losses in excess of the cost of the investments in partnerships in the accompanying statement of assets, liabilities and members' equity on income tax basis and the related statements of revenues and expenses on income tax basis and changes in members' equity on income tax basis as reported in the Company's income tax returns. If the effects of those losses were included, investments in partnerships and members' equity would decrease \$7,697,335 and \$6,139,131 as of December 31, 2021 and 2020, respectively, and income from investments and net income would decrease \$1,558,204 and increase \$492,817 for 2021 and 2020, respectively.

## *Responsibilities Of Management For The Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brinshore Development, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities For The Audit Of The Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brinshore Development, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brinshore Development, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RubinBrown LLP

August 5, 2022

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - INCOME TAX BASIS


### Assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 2,116,122 | $ 3,049,588 |
| Notes receivable - current portion | 2,478 | 2,288 |
| Accounts receivable | 13,312 | 13,312 |
| **Total Current Assets** | 2,131,912 | 3,065,188 |
| **Property And Equipment** | | |
| Furniture and equipment | 140,886 | 140,886 |
| Less: Accumulated depreciation | 139,924 | 139,284 |
| **Net Property And Equipment** | 962 | 1,602 |
| **Investments In Partnerships** | 780,145 | 683,715 |
| **Other Assets** | | |
| Predevelopment costs | 8,200,079 | 6,696,302 |
| Advances - members | 565,603 | 772,201 |
| Due from related parties | 2,801,404 | 1,668,457 |
| Subscriptions receivable - members | 2,728,598 | 2,728,598 |
| Notes receivable - net of current portion | 389,914 | 392,392 |
| Security deposits - office leases | 8,484 | 8,184 |
| **Total Other Assets** | 14,694,082 | 12,266,134 |
| **Total Assets** | $ 17,607,101 | $ 16,016,639 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY - INCOME TAX BASIS


**Liabilities And Members' Equity**

| | December 31, 2021 | 2020 |
|---|---|---|
| **Current Liabilities** | | |
| Line of credit | $ 250,000 | $ — |
| Tenant security deposit | 7,803 | 7,803 |
| Accrued payroll liabilities | 32,978 | 59,859 |
| **Total Current Liabilities** | 290,781 | 67,662 |
| **Long-Term Liabilities** | | |
| Paycheck protection program loan (PPP loan) | — | 464,017 |
| Due to related parties | 581,794 | 127,955 |
| **Total Long-Term Liabilities** | 581,794 | 591,972 |
| **Total Liabilities** | 872,575 | 659,634 |
| **Members' Equity** | 16,734,526 | 15,357,005 |
| **Total Liabilities And Members' Equity** | $ 17,607,101 | $ 16,016,639 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS


| | For The Years Ended December 31, 2021 | 2020 |
|---|---|---|
| **Revenues** | | |
| Developer fees | $ 5,857,326 | $ 5,287,421 |
| Consulting income | 213,772 | 48,268 |
| Management and administrative fees | 801,571 | 595,082 |
| Syndication income | — | 171,000 |
| Rental income - BT Diplomat Tenant, LLC | 49,472 | 47,817 |
| Forgiveness of PPP loan | 464,017 | — |
| Other income | 52,746 | 43,258 |
| **Total Revenues** | 7,438,904 | 6,192,846 |
| | | |
| **Operating Expenses** | | |
| Amortization | — | 12,231 |
| Computer | 211,701 | 97,921 |
| Depreciation | 640 | 444 |
| Donations | 87,504 | 53,360 |
| Dues and subscriptions | 37,192 | 33,475 |
| Fees | 14,644 | 27,489 |
| Insurance - general | 28,672 | 21,262 |
| Insurance - health | 209,002 | 186,854 |
| Insurance - life | 29,040 | 29,040 |
| Maintenance | 7,560 | 8,110 |
| Marketing | 600 | 600 |
| Meals and entertainment | 14,950 | 11,575 |
| Miscellaneous | 38,060 | 45,038 |
| Office | 42,493 | 31,193 |
| Office supplies | 16,522 | 17,016 |
| Other | 12,198 | 4,012 |
| Outside services | — | 59,300 |
| 401(k) contributions | 99,847 | 71,152 |
| Payroll taxes | 266,376 | 223,746 |
| Photo and printing | 448 | 1,904 |
| Postage and delivery | 11,368 | 13,668 |
| Predevelopment costs | 2,980 | 21,903 |
| Professional fees | 233,378 | 94,525 |
| Rent | 155,537 | 137,989 |
| Rental expenses - BT Diplomat Tenant, LLC | 10,132 | 5,484 |
| Salaries and wages | 4,628,902 | 3,823,800 |
| Telephone | 23,639 | 23,928 |
| Travel | 64,585 | 67,378 |
| Utilities | 10,314 | 10,595 |
| **Total Operating Expenses** | 6,258,284 | 5,134,992 |

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF REVENUES AND EXPENSES
## ON INCOME TAX BASIS


| | For The Years Ended December 31, 2021 | 2020 |
|---|---|---|
| **Income Before Other Expense And Income From Investments In Partnerships** | $ 1,180,620 | $ 1,057,854 |
| **Other Expense** | | |
| Loss on sale | 238,932 | — |
| Interest expense | 6,731 | 69,794 |
| **Total Other Expense** | 245,663 | 69,794 |
| **Income Before Income From Investments In Partnerships** | 934,957 | 988,060 |
| **Income From Investments In Partnerships** | 978,964 | 2,833,149 |
| **Net Income** | $ 1,913,921 | $ 3,821,209 |

See independent auditors' report and notes to financial statements.

# BRINSHORE DEVELOPMENT, LLC

## STATEMENT OF CHANGES IN MEMBERS' EQUITY
## ON INCOME TAX BASIS

| | For The Years Ended December 31, 2021 | 2020 |
|---|---|---|
| Members' Equity - Beginning Of Year | $ 15,357,005 | $ 9,584,797 |
| Distributions And Share Of Losses In Excess Of Basis | — | 5,550,999 |
| Distributions | (536,400) | (3,600,000) |
| Net Income | 1,913,921 | 3,821,209 |
| Members' Equity - End Of Year | $ 16,734,526 | $ 15,357,005 |

## 1. Organization And Summary Of Significant Accounting Policies

### Organization

Brinshore Development, LLC (the Company), was formed as a Limited Liability Company under the laws of the State of Illinois on September 12, 1995. The Company is a real estate developer and invests in projects that it develops. The Company provides temporary financing to its investments and other projects that it develops. It also engages in syndication consulting activities as well as management and administrative activities.

The Company owns and operates B-T Diplomat Tenant, LLC, an entity that leases and sub-leases commercial space for B-T Diplomat, LLC (a non-related entity). All the activity of this entity is included in these financial statements (see Note 3).

The Company owns and operates BDCIN, LLC, an entity that develops property in Indiana for the Company. All the activity of this entity is included in these financial statements (see Note 3).

The Company has two Members; Brint Development, Inc. and RJS Real Estate Services, Inc., each of which has a 50% ownership interest.

Generally, profits and losses are allocated to each Member based upon their percentage interest. Net cash distributions, if any, are made in accordance with each Member's percentage interest. Additionally, the Operating Agreement provides for other instances in which a special allocation of profits and losses and distributions may be required.

### Basis Of Accounting

The accompanying financial statements have been prepared in accordance with the accounting method used by the Company for income tax purposes (cash basis). Under the basis of accounting used for income tax purposes, assets and liabilities as well as revenues and expenses are reported in accordance with the rules and regulations established under the Internal Revenue Code, which is a comprehensive basis of accounting that differs from accounting principles generally accepted in the United States of America.

These differences include (1) treatment of organization costs; (2) no statement of cash flows since the financial statements are prepared on the cash basis; (3) not recording impairment of investments, if any, in operating limited partnerships; and (4) not consolidating operating limited partnerships when required under the Accounting Standards Codification, ASC 810 Consolidated Financial Statements. Because of these differences, readers should be familiar with the basis of accounting utilized in the preparation of these financial statements.

### Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the amounts reported in the financial statements. Actual results could differ from those estimates.

### Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash.

### Property And Equipment

Furniture and equipment are recorded at cost. Purchases of furniture and equipment are capitalized, while expenditures for maintenance and repairs are expensed.

On the income tax basis, new business equipment can be either depreciated over its useful life or expensed immediately under Internal Revenue Code Section 179 (Section 179). The asset life for furniture and fixtures is as follows.

| | Method | Estimated Useful Lives |
|---|---|---|
| Furniture and equipment | Accelerated | 5-7 years |
| Tenant improvements | Accelerated | 5 years |

### Investments In Partnerships

The Company holds various partnership interests in real estate projects (Project Partnerships) which are carried at cost adjusted for the Company's share of tax basis income or loss, capital contributions, and distributions (i.e. the equity method). Losses are not recorded if the investment balance is negative.

### Predevelopment Costs

Predevelopment costs are recorded at cost. Predevelopment costs are charged to development expenses when it is determined that the Project is no longer viable.

### Mortgage Notes Receivable

Mortgage notes receivable are stated at the amount management expects to collect from balances outstanding at year end. Interest is recognized when received. As of December 31, 2021 and 2020, all required note payments have been received. At December 31, 2021 and 2020, management anticipated no loan losses.

### Commercial Revenue

Commercial revenue is recognized on an escalating basis under which contract rent increases, if any, as defined in the Lease Agreements.

### Revenue Recognition

All revenues are recognized as income on the cash basis as they are received. Developer fee revenue is recognized when received according to the Development and Partnership/Operating Agreements between the Company and the project entities. Additional service fee revenue is recognized according to the Additional Service Agreements between the Company and the Project Partnership when received.

Other fee income, which includes fees for master planning, overhead, consulting, and asset management, are recognized when received.

### Related Party Advances

Related party advances are charged to development expense when they are determined to be uncollectible based upon a periodic review of accounts by management.

### Advertising Costs

The Company's policy is to expense advertising costs when paid.

### Income Taxes

The Members of the Company have elected to have the Company taxed as a Partnership. Accordingly, no provision or benefit for income taxes has been included in these financial statements since taxable income (loss) passes through to, and is reportable by the Members individually. The Company is a cash basis taxpayer.

Management has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax positions. Management believes that the Company has addressed all relevant tax positions and there are no undisclosed tax liabilities. The Company files income tax returns in the U.S. and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before January 1, 2017. Federal and state tax authorities have the right to examine and audit the previous three years of tax returns filed. Any interest and penalties assessed to the Company are recorded as expenses of the Company. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Grants received under Section 1602 of the Recovery Act are not taxable to the Company.

### Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

## 2. Investments In Partnerships

Investments in Partnerships consist of the following as of December 31:

| Name | Percent Ownership | 2021 | 2020 |
|---|---|---|---|
| BMC I, LLC | 50.00 | $ 1,236 | $ - |
| BMD-1 LLC | 50.00 | 100,323 | 178,171 |
| BMT Homes II, LLC | 50.00 | 36 | 12 |
| Brindy II, LLC | 40.00 | 3,750 | 3,743 |
| Brindy, LLC | 40.00 | 50,405 | 50,838 |
| Brinshore I, LLC | 50.00 | 5,604 | 5,605 |
| Brinshore SLP, LLC (New Village) (The General Partner Interest) | 100.00 | — | 298 |
| Brinshore, Inc. (A C Corporation) | 100.00 | 1,000 | 1,000 |
| CCL Manager, LLC | 60.00 | 58 | — |
| ClyDiv Manager, LLC | 45.00 | 100 | 100 |
| Freeport RAD I Manager, LLC | 0.009 | — | 19,807 |
| HHP Developer, LLC | 65.00 | 1 | 1 |
| HHP Managing Member, LLC | 65.00 | — | 5,924 |
| IBR Development, LLC | 60.00 | 13,016 | 8,594 |
| Legends A-2 Manager, LLC | 50.00 | 350 | 388 |
| ParkMM, LLC (The Managing Member Interest) | 100.00 | 599,584 | 399,611 |
| Sheridan Station Manager, LLC | 0.01 | 100 | 100 |
| SOHI Commercial, LLC | 60.00 | 950 | 5,868 |
| SunnyUrb GP, LLC | 90.00 | 3,632 | 3,655 |
| | | $ 780,145 | $ 683,715 |

On January 29, 2021, the Company sold its 25% Membership interest in MaplesBD, LLC to an unrelated party.

## 3. Wholly Owned Operating Entities

### BT-Diplomat Tenant, LLC

The accompanying financial statements include the financial results of BT-Diplomat Tenant, LLC, a Single Member LLC.

### Lease Obligation

The Company leases 1,897 square feet of commercial space from BT-Diplomat, LLC, a related party, and then sublets the commercial space to various businesses. The commercial rent due under the lease is the greater of $1 or 10% of net profits for the previous year plus common area maintenance. The lease began May 28, 2014, and continues for 19 years ending May 27, 2033.

### Sub-Leases

BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with The House Café, LLC. The lease term commenced on October 26, 2015, and expired October 31, 2020. Monthly base rent of $1,902 commenced on March 8, 2016, and monthly CAM estimated at $408 commenced on January 8, 2016. BT-Diplomat Tenant, LLC had agreed to pay for tenant improvements. Tenant improvements of $61,156 were fully amortized as of December 31, 2020.

On March 2, 2016, BT-Diplomat Tenant, LLC entered into a Sublet Rental Agreement with Thresholds, an affiliate of BT Diplomat, LLC, to operate an art gallery and studio. The lease term commenced on March 2, 2016, and will continue on a month-to-month basis until the landlord or the tenant terminates the tenancy. No base rent will be charged during the term of this lease.

The tax basis activity of BT-Diplomat, LLC for 2021 and 2020 is as follows and is consolidated in the financial statements:

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | 2021 | 2020 |
|---|---|---|
| Accounts receivable | $ 13,312 | $ 13,312 |
| Due from related parties | 38,340 | 40,356 |
| **Total Assets** | $ 51,652 | $ 53,668 |
| Tenant security deposit | $ 7,803 | $ 7,803 |
| Members' equity | 43,849 | 45,865 |
| **Total Liabilities And Members' Equity** | $ 51,652 | $ 53,668 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | 2021 | 2020 |
|---|---|---|
| Rental income | $ 49,472 | $ 47,817 |
| Rental expenses | (10,132) | (5,484) |
| Miscellaneous administrative expense | — | (75) |
| Amortization expense | — | (12,231) |
| **Net Income** | $ 39,340 | $ 30,027 |

Future minimum lease payments as of December 31, 2021 are as follows:

| Year | Lease Payments Due To BT-Diplomat LLC | Lease Payments Due From Sub-Tenants |
|---|---|---|
| 2022 | $ 1 | $ — |
| 2023 | 1 | — |
| 2024 | 1 | — |
| 2025 | 1 | — |
| 2026 | 1 | — |
| Thereafter | 8 | — |
| | $ 13 | $ — |

**BDCIN, LLC**

The accompanying financial statements include the financial results of BDCIN, LLC, a Single Member LLC.

The activity of BCDIN, LLC for 2021 and 2020 is as follows and is consolidated in the financial statements:

**Statement Of Assets, Liabilities, And Members' Equity On Income Tax Basis**

| | 2021 | 2020 |
|---|---|---|
| Cash | $ — | $ 2,664 |
| Accounts receivable | — | 31 |
| Predevelopment costs | — | 4,356 |
| Due from Brinshore Development, LLC | — | 50,000 |
| **Total Assets** | $ — | $ 57,051 |
| Due to related parties | $ — | $ 53,177 |
| Members' equity | — | 3,874 |
| **Total Liabilities And Members' Equity** | $ — | $ 57,051 |

**Statement Of Revenue And Expenses On Income Tax Basis**

| | 2021 | 2020 |
|---|---|---|
| Interest income | $ — | $ — |
| Other expenses | — | (118) |
| **Net Loss** | $ — | $ (118) |

## 4. Subscriptions Receivable

Per the capital subscription notes dated December 29, 2008, David Brint (Brint Development, Inc.), and Richard Sciortino (RJS Real Estate Services, Inc.), each agreed to pay to the Company, up to $1,500,000 in equity contributions as called by the Company. No payments were received in 2021 and 2020.

Amounts due for capital subscription notes at December 31 are as follows:

| | 2021 | 2020 |
|---|---|---|
| Brinshore Development, Inc. | **$ 1,364,299** | $ 1,364,299 |
| RJS Real Estate Services, Inc. | **1,364,299** | 1,364,299 |
| | **$ 2,728,598** | $ 2,728,598 |

## 5. Related Party Transactions

### Developer Fees

The Company receives developer fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the respective Development Agreements. During 2021 and 2020, the Company received developer fees of $5,857,326 and $5,287,421, respectively.

### Management And Administration Fees

The Company receives management and administrative fees for services provided to real estate entities affiliated through common ownership. The amount of fees is determined by formulas provided in the affiliates' Partnership or Operating Agreements generally limited to cash flow available for distribution. During 2021 and 2020, the Company received management and administrative fees of $801,571 and $595,082, respectively.

### Additional Service Fees

The Company receives additional service fees for services provided to real estate entities affiliated through common ownership. The amount of fees, how the fees will be paid and the required services to be performed are described in the additional Service Agreements. During 2021 and 2020, no additional service fees were received.

### Predevelopment Costs

The Company funds predevelopment costs for new projects, some of which are owned by related parties in which it has an interest or are affiliated through common ownership. These funds are reimbursable as long as the project remains viable. Predevelopment costs are expensed to development costs when the project is deemed not viable based upon a periodic review of these projects by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2021 and 2020, the actual predevelopment costs written off, on the cash basis, amounted to $2,980 and $21,903, respectively. As of December 31, 2021 and 2020 predevelopment costs amounted to $8,200,079 and $6,696,302, respectively.

### Due From Members

At December 31, 2021 and 2020, advances due from Members amounted to $565,603 and $772,201, respectively.

### Due From Related Parties

The Company, through the normal course of business, advances funds to Project Partnerships on an as needed basis. The Company also makes short-term advances for development costs. The Project Partnerships repay the advances from time to time. The short-term advances for development costs are reimbursed through construction draws which are prepared by the Company. The write-off of related party advances is based upon a periodic review of these advances by management and only when there is no longer any chance the amounts owed will be paid. As of December 31, 2021 and 2020, management estimates that $192,770 would have been reserved as a bad debt if the Company were on an accrual basis. As of December 31, 2021 and 2020, due from related parties amounted to $2,801,404 and $1,668,457, respectively.

### Notes Receivable

On November 18, 2010, the Company loaned ParkR, LLC $278,328 as seller financing. The loan is secured by a mortgage on the borrower's interest in the property located at 220 East Garfield Blvd., Chicago, Illinois. The note provides for 3.35% interest per annum compounding annually. As of December 31, 2021 and 2020, unpaid interest amounted to $108,627, which has not been recorded as accounts receivable since the statement of assets are on the income tax basis. The accrual remained unchanged due to an over accrual in prior years. No interest was received during 2021 or 2020. No principal payments are required until maturity. The entire unpaid balance of principal and interest is due on December 1, 2042. As of December 31, 2021 and 2020, the balance due amounted to $278,328.

On July 28, 2010, the Company entered into a Loan Agreement with Bluff Apartments of Fort Madison, LP, for a maximum amount of $131,000. The loan is secured by a mortgage on the borrower's interest in the property located in Fort Madison, Iowa. The note provides for annual interest at 4.5% per annum until the conversion date (September 1, 2011), at which time interest increased to 8% per annum. During 2021 and 2020, interest income received from this mortgage note amounted to $7,065 and $9,585, respectively, and is included in other income on the statement of revenues and expenses on income tax basis. Beginning on the conversion date, installments of principal and interest are payable based on a thirty year amortization. The loan matures on June 28, 2030. As of December 31, 2021 and 2020, the balance due amounted to $114,064 and $116,352, respectively.

Aggregate maturities of mortgage notes receivable for the ensuing five years and thereafter, are as follows:

| Year | ParkR, LLC | Bluff Apartments Of Fort Madison LP | Total |
|---|---|---|---|
| 2022 | $ — | $ 2,478 | $ 2,478 |
| 2023 | — | 2,683 | 2,683 |
| 2024 | — | 2,906 | 2,906 |
| 2025 | — | 3,147 | 3,147 |
| 2026 | — | 3,409 | 3,409 |
| Thereafter | 278,328 | 99,441 | 377,769 |
| Total | 278,328 | 114,064 | 392,392 |
| Less: Current maturities | — | 2,478 | 2,478 |
| Net long-term portion | $ 278,328 | $ 111,586 | $ 389,914 |

## Due To Related Parties

As of December 31, 2021 and 2020, due to related parties amounted to $581,794 and $127,955, respectively.

## 6. Line Of Credit

The Company entered into an Agreement with JP Morgan Chase Bank N.A for a revolving line of credit expiring on September 30, 2023. The line of credit bears an annual rate equivalent to the CB Floating Rate plus one percent (4.25% as of December 31, 2021 and 2020). There was no outstanding balance on the line of credit due at December 31, 2021 and 2020. The line of credit is secured by amounts due from affiliates, and furniture and equipment. The line of credit is also serving as collateral for the letter of credit of $267,000 for Sheridan Station (Note 8).

The Company has also entered into an Agreement with First Midwest Bank for a revolving line of credit of $1,500,000 expiring on June 9, 2023. The line of credit bears an annual rate equivalent to the LIBOR rate plus 2.5% percent (3.5% and 4.5% as of December 31, 2021 and 2020, respectively). The interest rate is adjusted every three months. The outstanding balance at December 31, 2021 was $250,000. No amounts were payable at December 31, 2020. The line of credit is secured by amounts due from affiliates, and furniture and equipment. The line of credit was also serving as collateral for the letter of credit of $484,400 for Zion Woods (Note 8).

## 7. Paycheck Protection Program (PPP) Loan

The Company obtained a loan that is part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Company expects to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs, mortgage interest, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Company considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, Debt. The Company will not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been legally released or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, the Company will reduce the liability by the amount forgiven and record a gain on extinguishment.

The Company intends to apply for forgiveness of all principal and interest, in an amount equal to the sum of qualified expenses under the PPP incurred during the 24 weeks following initial disbursement. Notwithstanding the Company's expected eligibility for forgiveness, no assurance can be given that the Company will obtain forgiveness of all or any portion of amounts due.

On April 17, 2020, the Company received proceeds of $464,017 under a promissory note entered into between the Company and First Midwest Bank pursuant to the PPP established under the CARES Act and administered by the SBA. Loan payments are deferred for the first six months after the date of the disbursement of the funds. After that, the loan and interest would be paid back over a period of 18 months, if the loan is not forgiven under the terms of the PPP.

The loan bore interest at a fixed rate of 1% and may be prepaid at any time prior to the maturity date of April 17, 2022, without penalty. The loan contained customary provisions related to events of default, including, among others, failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The occurrence of an event of default may result in the collection of the borrowed amount plus accrued interest. The Company's obligations were not secured by any collateral or personal guarantees.

On April 9, 2021, the PPP loan was forgiven in full.

## 8. Letters Of Credit

As of December 31, 2021, the Company had a letter of credit with JPMorgan Chase Bank N.A in the amount of $267,000 for the Sheridan Station project which was extended until 2022, and two with First Midwest Bank in the amount of $484,400 for the Zion Woods project which expires in October 2022 and $291,655 for the Villard Commons project, which expired in 2021.

## 9. Lease Commitments

On May 13, 2016, the Company entered into a Lease Agreement with 222 Boulevard, LLC to rent office space in Kansas City, Missouri. The Extended Lease Agreement provided for monthly rent at $1,710 per month plus CAM charges and expires on March 31, 2023.

On October 31, 2018, the Company entered into Lease Agreement with Meridian Business Centers-Texas-Partners, LP to rent office space in Grapevine, Texas. The lease agreement provides for monthly rent at $1,075 and shall automatically renew every 6 months. The lease expired in April 2022 and was not renewed.

On November 1, 2018, the Company entered into a Lease Agreement with North Shore Opco, LLC to rent office space in Northbrook, Illinois. The lease expired on March 31, 2022 and provided for monthly rent ranging from $9,486 to $10,148. The lease was not renewed.

On January 5, 2022, the Company entered into a Sublease Agreement with TLP Services LLC to rent office space in Evanston, Illinois. The agreement provides for monthly rent in the amount of $18,828 commencing April 1, 2022 through the expiration date of September 30, 2023.

On January 26, 2022, the Company entered into a Lease Agreement with GRE-GOCO Orrington Owner LLC to rent office space in Evanston, Illinois. The lease agreement commences October 1, 2023 and expires April 30, 2029. The Agreement provides for monthly rent ranging from $13,567 to $14,951 plus CAM charges.

The total rent paid for 2021 and 2020, was $155,537 and $137,989, respectively. The future minimum rentals as of December 31, 2021 and thereafter are as follows:

| Year | Amount |
|---|---|
| 2022 | $ 216,525 |
| 2023 | 211,863 |
| 2024 | 163,638 |
| 2025 | 166,968 |
| 2026 | 171,945 |
| Thereafter | 458,498 |
| | $ 1,389,437 |

As of December 31, 2021 and 2020, refundable security deposits were $8,484 and $8,184, respectively.

## 10. Employee 401(k) Plan

As part of its employee benefit package, the Company maintains a 401(k) Plan which covers all eligible employees. The Company is required to make a Safe Harbor 401(k) contribution in the amount of 3% of all eligible employees' wages. The Company's contribution expense for 2021 and 2020, amounted to $99,847 and $71,152, respectively.

## 11. Development Deficits And Operating Deficit Guarantees

The Company, as a General Partner in various Project Partnerships, provides guarantees for project development deficits and operating deficits through the breakeven period of each Project Partnership. Based upon prior experience, the Company does not believe that it is exposed to funding any development or operating deficits for the Project Partnerships.

## 12. Departure From Income Tax Basis

On the income tax basis of accounting, investments in partnerships should be accounted for using the cost basis; recognition of losses on investments in real estate partnerships without limitation to the cost of the investment. As described in Note 1, the Company accounts for investments in partnerships using the equity method. The equity method limits the recognition of losses on investments in partnerships to the cost of the investments.

The following table shows the effect of this departure from income tax basis:

| | 2021 | | |
|---|---|---|---|
| | **As Shown Per Audit with Departure From Income Tax Basis** | **Current Year Difference In The Departure From Income Tax Basis** | **As Adjusted If there Was No Departure From Income Tax Basis** |
| Investments in partnerships | $ 780,145 | $ (7,697,335) | $ (6,917,190) |
| Members' equity (deficit) | $ 16,734,526 | $ (7,697,335) | $ 9,037,191 |
| Income from investments | $ 978,964 | $ (1,558,204) | $ (579,240) |
| Net income | $ 1,913,921 | $ (1,558,204) | $ 355,717 |

| | 2020 | | |
|---|---|---|---|
| | **As Shown Per Audit with Departure From Income Tax Basis** | **Current Year Difference In The Departure From Income Tax Basis** | **As Adjusted If there Was No Departure From Income Tax Basis** |
| Investments in partnerships | $ 683,715 | $ (6,139,131) | $ (5,455,416) |
| Members' equity (deficit) | $ 15,357,005 | $ (6,139,131) | $ 9,217,874 |
| Income (loss) from investments | $ 2,833,149 | $ 492,817 | $ 3,325,966 |
| Net income | $ 3,821,209 | $ 492,817 | $ 4,314,026 |