



RESOLUTION 2023-04-26 (4)

Date: April 26, 2023

To: THA Board of Commissioners

From: April Black
Executive Director

Re: Brawner & Company, Financial and Development Services for the Asset
Repositioning of Salishan One, Salishan Two, Salishan Three and Hillside Terrace

This resolution would authorize the execution of a contract with Brawner & Company for a not to exceed amount of \$3,000,000 for the re-syndication of Salishan 1, 2, 3 and Hillside Terrace.

BACKGROUND

THA developed Hillside Terrace as a tax credit project in 2002 and Salishans 1-3 in 2005. These projects met their 15-year tax credit compliance period requirements, and the investor, BFIM, exited the partnerships in 2018. The properties are eligible for re-syndication, which will bring in a new lender and investor to finance rehabilitation of these units. Physical Needs Assessments have been conducted on these properties and these will be used to identify the scope of rehabilitation that must be done and that can be financed with this new debt and equity.

Brawner and Company have consulted with THA on the RAD Conversions of Renew Tacoma Housing, Salishan, Bay Terrace and Hillside Terrace. They have also consulted with THA on the financing of Arlington Youth Apartments and The Rise at 19th. And they are currently consulting with THA on the development of Housing Hilltop. The work necessary for the financing and development of the Salishan and Hillside Terrace properties will be extensive and require the expertise of the Brawner team.

The contract will include Pre-Development, Pre-Construction, Construction, Construction Accounting and Asset Management Services. All existing Regulatory Agreements will require restructuring, a new lender and investor procured, HUD NEPA review completed, relocation planned and implemented, and then unit by unit rehabilitation will occur. The contract will extend over a three-year period and is

estimated not to exceed \$3,000,000. Funding for the contract is provided through the development budget and financing. The Scope of Work for this contract is attached to this resolution.

RECOMMENDATION

Approve Resolution No. 2023-04-26 (4) authorizing the contract with Brawner & Company for up to \$3,000,000 for the financial and development services for the asset repositioning of Salishans 1-3 and Hillside Terrace.



RESOLUTION 2023-04-26 (4)

(Brawner & Company, Financial & Development Services for the Asset Repositioning of Salishan One, Salishan Two, Salishan Three and Hillside Terrace)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

Whereas, THA owns and manages and develops affordable rental housing in Tacoma; and

Whereas, THA is committed to developing additional residential housing in Tacoma to meet THA and community goals and need; and

Whereas, THA financial feasibility, predevelopment, preconstruction, financing and construction management are important tasks to be completed for all new development, acquisition and redevelopment projects; and

Whereas, Brawner & Company was selected through an interlocal agreement with Housing Opportunities of Southwest Washington via THA BOC Resolution 2022-04-27 (6) to provide financial feasibility and real estate development and redevelopment services; and

Whereas, the contract costs are paid through the development financing; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

Approve Resolution 2023-04-26 (4) authorizing the execution of a contract with Brawner & Company for a not to exceed amount of \$3,000,000 for the re-syndication of Salishan 1, 2, 3 and Hillside Terrace.

Approved: April 26, 2023



Shennetta Smith, Chair

ATTACHMENT A
SCOPE OF SERVICES
Financial and Development Services for the Asset Repositioning of the
Salishan HOPE VI Development

Background

Brawner ("Contractor") and the Tacoma Housing Authority ("THA" or "Sponsor") have entered into a contract ("Contract") for professional services for financial and development services related to the repositioning of the Salishan HOPE VI development. Attachment A is included as an exhibit to the Contract.

The four (4) properties, which consist of 316 residential units, included as part of the Contract are:

Hillside (46 units)
Salishan One (90 units)
Salishan Two (90 units)
Salishan Three (90 units)

The pre-development/pre-construction period is anticipated to encompass a period from February 1, 2023, through June 2024.

Pre-Development Services

Concept Strategy and General Deal Structuring

The Concept Strategy and General Deal Structuring phase will include a review of the proposed tax credit financing strategies, which will take into consideration THA's strategic goals as they relate to the proposed repositioning. During this phase, a sample review of historic operating data will be analyzed to assist in preparing proposed financial models. These models will include multiple scenarios showing various assumptions for both project revenue funding, as well as development cost. Development cost assumptions will include different variations to project valuations, renovation cost and scope, together with other soft and indirect cost expectations. This information will be presented and recommendations made to THA related to the overall project strategy.

This phase also includes working with team members to set up Sponsorship structure, initial partnership documents, initial project timelines and key milestones, strategic planning, evaluation of deal issues and corresponding solutions, and ongoing team meetings.

Bond Cap Planning & Private Debt Financing

Work with the WSHFC and AWAHA to plan and obtain an allocation of private-activity bond cap sufficient to finance at least 50% of the development cost. Planning is interwoven with initial financial modeling in the Concept Strategy phase to ascertain a realistic and politically "saleable" bond amount.

Services for private debt financing will initially include an analysis and subsequent recommendation of the method in which THA (Issuer) will sell their bonds to achieve the most efficient cost effective

structure. These strategies will likely include an analysis of both a private placement and public sale of tax-exempt and taxable bonds. For a private placement of the debt, services will include the preparation of lender RFP packaging and distribution; lender proposal review, comparative analysis and recommendation; lender selection and term sheet negotiations; submittal of required applications; work with THA, counsel and lender to determine debt structure; work with lender on pre-development financing timelines; provide requested lender due diligence documentation; provide ongoing updates to lender as deal points change; assist THA with required resolutions; attend recurring project meetings; work with lender to obtain firm commitment.

For a public sale of the bonds, services will include the preparation of an underwriter RFP package and distribution; underwriter proposal review and recommendation; work with underwriter and bond counsel to determine rating structure; if required, assist THA with obtaining sponsor rating; ongoing work with underwriter, bond counsel and THA to determine debt structuring; work with bond counsel and underwriter to provide information and input into POS; work with underwriter on predevelopment financing timelines; provide requested lender due diligence documentation; provide ongoing updates to lender as deal points change; assist THA with required resolutions; attend recurring project meetings; review and comment on bond purchase agreement and all other debt documents; work with underwriter, bond counsel and THA to approve sale of bonds.

Structuring of Existing Private and Public Funder Debt

Review all existing debt encumbrances and prepare financial analysis and impacts to repayments and/or assumptions. Relating to must pay repayments, work those lenders to determine timelines and specific logistics for repayment. As it relates to potential debt assumptions, work and negotiate with lenders on specific deal terms and assumptions.

Regarding existing THA HOPE VI loans, work with counsel and HUD to determine allowable restructuring parameters. Provide financial analysis as to variables to restructuring.

As it relates to all debt restructuring, work with counsel and lenders to review and approve all related documents, together with the required approvals of the private debt lenders and tax credit investor.

Regulatory Agreements (non-HUD)

Review all existing regulatory agreements (non-HUD) encumbering the projects and create a logistics matrix detailing specific information about each agreement, including term, income and other requirements. Include all proposed regulatory agreements and related requirements within the matrix. Provide recommendations to THA on potential regulatory restructuring, terminations and generally how remaining regulatory requirements will fit within the expected deal structure. As required, work and negotiate with agencies to amend or terminate agreements.

Work with the WSHFC and partnership counsel to prepare and finalize the tax credit regulatory agreement. Review and provide feedback on the tax-exempt bond regulatory agreement.

RAD Use Agreement Restructuring, Assignment & Subordination

Brawner will work with the Authority and HUD to restructure the existing use agreements and assign them to the new partnership. Work includes initial structuring negotiations with HUD, developing path

for approval including any approval process related to the scope of work, PCNA, eTool, LLCI, and other items necessary for assignment. All work necessary to submit request and backup documentation through RAD Resource portal.

RAD HAP and THA PBV Assignment and Renewal

Services include working with HUD as it relates to the requirements for the Transfer of Assistance to the proposed partnership, assisting Owner in putting together a Transfer of Physical Assets (TPA) application, and assisting Client in working with HUD as the project progresses. This includes setting up ongoing meetings with HUD transaction manager, detail timing to meet HUD timelines, work with HUD counsel and provide the required documents.

RAD Rent Restructuring and Negotiations

Initial work includes rent structuring strategy and analysis with THA to determine proper MTW fungibility and impacts on development. Upon determining internal strategy with THA, work with HUD Office of Recap to restructure rents and any approval processes and underwriting necessary for approval. If necessary, work with MTW office and HUD counsel to negotiate restructure with HUD. Work also includes process related to resident notices of rent increases and resident communication as required by HUD in conjunction with THA.

Pre-development budget, Contract Administration and Procurement

Prepare and submit a detailed pre-development budget to THA.

Prepare a Procurement Management Plan to outline the procurement and contract oversight of those third-party vendors providing predevelopment due diligence activities at the Project. The Plan describes how the procurement will be managed, from identification and developing procurement documentation through contract closure. The overall function of procurement is to solicit and engage those “outside” consultants which will complete tasks required during the predevelopment phase to finance, renovate, operate and develop the Project and then describe, in specific terms, under what conditions those tasks should be performed. The Plan identifies and defines the items to be procured, the purpose, special procurement language, types of contracts to be used in support of this project, budget constraints, roles, the contract approval process, and decision criteria. Based on the procurement criteria and the responses to those criteria by specific vendors, Brawner will prepare a bid evaluation and a contract award recommendation to THA.

Depending upon deal requirements, specific 3rd party procurement of professional services could include building and land appraisals, phase I environmental, architectural and engineering services, seismic, utility inspections, membrane consultant, builder’s risk insurance, survey, phase I environmental, rent comparability study, civil/geotech, energy modeling, relocation consultant, pest inspections, legal counsel and MEP engineer.

As part of a continuation of these pre-development services, Brawner will provide 3rd party contract administration and oversight, as well as monthly pre-development budget tracking.

Tax Credit Allocation & Investor Equity

This specific scope of services includes work related to securing an allocation of low income housing tax credits, together with identifying and working with a tax credit investor. Specific services include preparation and submittal of tax credit applications; working with allocating agency to obtain credit allocation; required deal meetings/conferences; LIHTC Investor RFP packaging and distribution; investor proposal review, comparative analysis and recommendation; investor selection and term sheet negotiations; assist with required THA investor resolutions; provide ongoing updates to investor as deal points change.

Investor & Lender Due Diligence

This scope of services shall include the tracking of all due diligence documents, facilitating the completion of those documents, hosting a secure FTP site for the distribution of such documents and chairing weekly due diligence calls (separate for lender and investor) through closing. Additionally, this would include working with both bond counsel, investor counsel, lender counsel and partnership counsel in reviewing, editing and commenting on all equity, bond, regulatory, lender and other financing documents, working with partnership counsel and title company to provide approved title, survey and environmental clearance and attending regular scheduled review meetings.

Financial and Project Operations Underwriting

Financial Model Projections includes initial LIHTC equity assessment and deal term structuring, construction and permanent underwriting, preparation of detailed project cost assumptions with underlying assumptions, notes and exclusions, investor return analysis, minimum gain and residual value analysis, monthly source and use schedule. Models will be updated on a regular basis.

Operations Underwriting includes detailed underwriting of both project revenue and expense projections during construction, as well as stabilized operation. Projections will be based on a detail review of historic operating information of each project over a 3-year period; review of annual audits and tax returns; conversation with THA management, together with an understanding of the financial operating impact from the proposed renovation work; , ascertain current resident qualification status and potential impact to credit delivery; proposed lease-up and qualified unit absorption study for each project.

HUD NEPA Environmental Review

Brawner to work with THA and environmental consultant to obtain Part 58 NEPA approval. It is assumed that the City of Tacoma will take the role of Responsible Entity. Brawner will work with the environmental consultant and the City of Tacoma for the Request for Release of Funds, FONSI, and other required publications necessary. The process will also involve the consultation of the local field office to ensure compliance with NEPA regulations.

Relocation Planning

Work related to relocation planning includes strategizing with THA staff to determine the overall strategy for both over-qualified residents as well as residents who will need to be relocated as a part of the renovation. Brawner shall work with THA and/or a relocation consultant to determine relocation scheduling related to the interior unit renovation. Relocation Planning shall culminate in the presentation of a written Relocation Plan which shall serve as a guide for relocation during the Construction Phase of the Project

RAD Evidentiary Submission

Work with HUD Counsel to provide all required documents to be submitted to HUD prior to closing. Submission of evidentiary package to HUD, work with account executive to approve package. Work with HUD assigned attorney to approve evidentiary package and amend and assign Use Agreement and necessary subordinations as needed.

RAD Closing

With HUD Counsel to approve the closing, amend and approve all project documents, execution of the assignment of the Use Agreement, execution of the assignment, assumption, and renewal of the RAD HAP contract, and any legal description changes necessary per HUD. The RAD closing is expected to occur just prior to financing closing with executed documents held by escrow until authorization.

Transaction Closing

Services include providing the Closing Memorandum detailing the flow of revenue sources at closing as well as the instruction (wire or other) on where such funds are to be directed. Work also includes providing Bond Counsel with the necessary use of funds, flow of bond funds and analysis of "good" and "bad" bond costs, providing the closing draw binder including closing draw to lender, receipt of and coding of project invoices to include in closing draw, working with escrow agent to finalize approved settlement statement and leading closing calls with all project team members.

Pre-Construction Services

Brawner shall prepare a Renovation Scope Management Plan and submit it to THA for approval. The Renovation Scope Management Plan (Scope Plan) will be used as the basis for design scoping and construction estimating. The Scope Plan will include:

- a) Development description and summary deficiency observations
- b) Intangible factors in determining current and future component condition
- c) Considerations in establishing replacement precedence
- d) Estimated useful life of interior unit components
- e) Replacement assessment
- f) Scope and specification determination
- g) Design/Specification responsibility
- h) Target cost estimating
- i) Summary of key renovation categorical work scope
- j) Phasing and scheduling

Other services related directly to construction prior to the transaction closing shall also include the attending OAC Meetings with project team; provide feedback and guidance on scope and budget parameters; work with architect on design and specification parameters; work with THA, architect and general contractor to provide value engineering and alternate recommendations to plans and specs; work with contractor to develop valid contractor cost estimates; work with contractor and THA to develop construction time-lines; review contractor bid packages; review final contractor bids and provide comparative analysis to budget; provide guidance to contractor on the set-up of payment

applications; and be available for meetings/calls with project team to discuss design, logistics and budget concerns.

Pre-Development & Pre-Construction Compensation

For the above indicated Pre-Development and Pre-Construction scope of services for the 316-units, Brawner shall charge a Fixed Fee equal to \$2,350,000. This fee shall be paid to Brawner by the partnership at Transaction Closing. It should be noted that in no case shall the total fee exceed 30% of the total eligible developer fee for the transaction. This indicated fee is based on a closing date of June 2024.

Construction Services

Brawner will provide Owner's Representative's services during the construction phase of the project. Fees for this service shall be allocated to the construction management task of the budget.

The Owner's Representative's basic services shall consist of those services that are described more specifically below or derived more logically from the terms of this scope, and any other services normally performed by an Owner's Representative employed to administer a project of this nature. The scope of the Owner's Representative's basic services is to also include those Owner's Representative services not described that are reasonable, consistent with, and necessary to provide the Owner with a complete and functioning facility. For purposes of construction consultation services to be provided by the Owner's Representative, the following descriptions shall apply:

- (1) General Administration of Project. The Owner's Representative shall be involved in the construction phases of the Project on behalf of, and as the authorized representative of, the Owner. The Owner's Representative shall consult with the Owner, attend Project meetings, and communicate with members of the Project Team. The Owner's Representative shall coordinate the services provided by the Owner's Representative's with those services provided by the Owner and the Owner's consultants, the Project Architect and the General Contractor.
- (2) Master Project Schedule. The Master Project Schedule is to be prepared by the General Contractor for the Project, and shall identify benchmark and milestone dates for decisions required by the Owner for the delivery of design services furnished by the Project Architect, and commencement of construction and substantial completion of the work. The Owner's Representative shall provide recommendations to the Owner regarding the Master Project Schedule and the scheduling and sequencing of the work and shall work with contractors to enforce the schedule for the Project to assure Substantial Completion by the date established by such schedule.
- (3) Pre-Commencement of Construction Meetings. The Owner's Representative shall attend advance construction progress meetings with the Project Team and the contractors for the Work or portion of the Work in order to (a) review the schedule, budget, quality requirements, and sequencing of the Work; (b) review and monitor mutual Project goals, and obtain an understanding of the entire Project; (c) review issue resolution procedures; and, (d) facilitate

information flow to and from the Owner and Project Architect using requests for information from the contractors and the routing of inquiries for interpretation of the Contract Documents.

- (4) Coordination of the Work. The Owner's Representative shall consult with the Project Architect and General Contractor with regard to the requirements of the plans and specifications and Master Project Schedule for the Project as may be necessary to properly coordinate the Work of the various contractors and report to the Owner, if necessary, any issues or concerns regarding such coordination.
- (5) Construction Meetings and Conference Calls. The Owner's Representative shall attend all daily, weekly and monthly meetings and/or conference calls with the Project Team, including the Project Architect and General Contractor, and represent the interests of the Owner during these meetings, as well as document and report to the Owner any and all pending challenges to the Project's quality of construction or materials and on time and under budget completion that arise.
- (6) Insurance and Bonding. The Owner's Representative shall verify the receipt by the Owner from each contractor the performance and payment bonds with a well rated surety company; and, shall verify that the contractor has all required insurance with the specified levels of coverage as set forth in the contract documents for each such contract, and assure that the Owner has a copy of the certificate of insurance from each contractor on file for the term of the contract.
- (7) General Conditions of Contractor Contracts. The Owner's Representative shall review the administration of the contracts for construction in conjunction with the General Contractor to confirm compliance by each contractor on the Project with the General Conditions of the Contract for Construction adopted by the Owner for the Project, or such other general conditions of construction contract document specified by the Owner.
- (8) Update of Master Project Schedule. The Owner's Representative shall review all updates to the Master Project Schedule by the General Contractor as the construction phase of the Project progresses.
- (9) Reports to Owner. The Owner's Representative shall provide reports to the Owner, when necessary, on the progress of the entire Work. When necessary, the Owner's Representative shall review the General Contractor's daily log of activities at the site, including: A record of weather; contractors working on the site; number of workers; a list of visitors, their titles, and time and purpose of their visit; nature and location of Work accomplished; verbal instructions and interpretations given to contractor; specific observations of the Work on that day; any occurrence or Work that might result in a claim for a change in Contract Sum or Contract Time; and, problems encountered and other similar relevant data as the Owner may reasonably require.
- (10) Quality Control. The Owner's Representative shall review the quality control of the construction of the Work by the General Contractor and contractors. The Owner's Representative shall consult with the General Contractor on the means and methods employed by the General Contractor to assure that the Work of each contractor or subcontractor is being performed in accordance with the requirements of the Contract Documents, endeavoring to guard the Owner against defects and deficiencies in the Work. As appropriate, the Owner's Representative shall have authority, upon written authorization from the Owner, to require additional inspection or testing

of the Work by the General Contractor in accordance with the provisions of the Contract Documents, whether or not such Work is fabricated, installed or completed. The Owner's Representative, on behalf of the Owner and in consultation with the Project Architect, may reject Work which does not conform to the requirements of the Contract Documents. The Owner's Representative shall review the General Contractor's contractor performance report and make recommendations, when necessary, to the Owner. The Owner's Representative shall recommend a course of action to the Owner if construction contract requirements are not fulfilled.

- (11) Cost Control. When requested by the Owner, the Owner's Representative shall review the General Contractor's system of monitoring the Cost of the Work. To ensure the Cost of the Work is within the budget parameters established for the Project, the Owner's Representative, on behalf of the Owner, shall:
- (a) Monitor Estimate of Construction Cost. Monitor the approved estimate of construction cost and review actual costs for activities in progress and estimates for uncompleted tasks by way of comparison with such approved estimate.
 - (b) Review of Cash Flow Reports. Review cash flow reports and forecasts for the Project and advise the Owner and the Project Architect as to variances between actual and budgeted or estimated costs.
 - (c) Review Cost and Payment Status Report. Review the General Contractor's cost and payment status reports, if any.
 - (d) Monitor Contractor Allowances. Review the General Contractor's allocation of cost to allowances and track balances.
 - (e) Monitor, Track and make Recommendations as it Relates to the Owner's Construction Contingency. Monitor and keep track of the Owner's Contingency fund including actual, proposed owner changes as well as Owner wish list items and provide summary reports as to this information on a monthly basis.
- (12) Processing and Approval of Shop Drawings, Product Data, Samples and Other Submittals. The Owner's Representative shall review the procedures established by the Project Architect for expediting the processing and approval of Shop Drawings, Product Data, Samples and other submittals by the Project Architect. The Owner's Representative may, as deemed appropriate and necessary, review Shop Drawings, Product Data, RFI's, ASI's, and samples and other submittals from the contractors. The Owner's Representative shall coordinate submittals with information contained in related documents and transmit to the Project Architect those which have been approved by the Owner's Representative.
- (13) Evaluation of Contractor Performance. The Owner's Representative shall review the General Contractor's evaluation of contractors. In consultation with the Owner and Project Architect, the Owner's Representative shall recommend to the Owner necessary corrective actions when requirements of a contract or a contractor's schedule are not being met.
- (14) Review and Processing Change Orders. The Owner's Representative shall review and make recommendations to the Owner on Change Orders.

- (15) Applications for Progress and Final Payments. After being certified by the General Contractor, the Owner's Representative shall review and make recommendations to the Owner on all applications for payment submitted by the General Contractor and/or contractors. The Owner shall be responsible for making payment on all approved applications for payment directly to the General Contractor.
- (16) Review the Safety Programs. The Owner's Representative shall review the safety programs developed by the General Contractor for each of the contractors or subcontractors and make recommendations to the Owner and General Contractor. Owner's Representative shall make ongoing inspections of the site and work related to safety procedures and report to Owner should resident safety be at issue.
- (17) Monitor Third Party Testing and Inspections. The Owner's Representative shall confirm with the Project Architect and General Contractor that all third-party testing and inspections required by law or regulation, or the contract documents have been performed according to the process and procedures required by governmental authorities or the plans and specifications, and provide assistance to the Project Team with the retention of such third-party testing and inspection providers and confirming the number of tests or inspections required.
- (18) Project Completion. As part of determining Project completion and issuing Certificates of Substantial Completion, the Owner's Representative shall:
- (a) Testing and Start-Up of Systems. With the General Contractor and the Owner's maintenance personnel or designee, the Owner's Representative shall observe the contractors' final testing and start-up of utilities, operational systems and equipment, and observe training sessions of personnel on all new mechanical/electrical or other equipment ensuring proper documentation of the training and as appropriate videography of the training for future use, and that the Owner's operations and maintenance manuals for the facility are properly distributed and in compliance with industry standards.
 - (b) Check Conformance of the Work. When the Owner's Representative has been advised by the General Contractor that the Work or a designated portion thereof is substantially complete, the Owner's Representative shall meet with the Project Team and the contractor(s) or subcontractor(s) to check the conformance of the work with the plans and specifications, and shall review the General Contractor's list of incomplete or unsatisfactory items and its schedule for their completion. The Owner's Representative shall assist the Project Architect in conducting inspections to determine whether the Work or a designated portion thereof is substantially complete.
- (19) Determine the Date or Dates of Substantial Completion and Move-In. The Owner's Representative shall work with the Project Team to supervise final inspections and acceptance of the Project by the Owner and determine the date or dates of Substantial Completion and the date of final completion for each contractor. In conjunction with the Project Architect, the Owner's Representative shall review the issuance of Certificates of Substantial Completion; and forward to the Owner, any written warranties and related documents required by the Contract Documents and assembled by each contractor. Punch Lists and Separate Warranty Work Lists. Work with the Owner through their respective staff personnel, to develop a final

punch list, producing a schedule with the General Contractor for completion of each of the punch list items, work with the General Contractor and Project Architect to develop a weekly program to validate the implementation of the punch list schedule, estimate the remaining cost to complete the punch list items for withholding that amount from the General Contractor's or contractor's Application for Payment over and above any required retainage, and facilitate the sign-off on all of the punch list items by the Owner and the Project Architect.

- (20) Warranties, Guarantees, Operating and Maintenance Instruction Books. Review written warranties, guarantees, operating and maintenance instruction books, keys, diagrams, charts, record drawings, and technical specifications required of the construction contractors.
- (21) Balances on Contracts and Retainage. When the Work is found to be substantially complete, the Owner's Representative shall inform the Owner about the balance of the Contract Sum remaining to be paid to the contractor, including the amount to be retained from the Contract Sum, if any, for final completion or correction of the Work.
- (22) Bonding and Consent of Sureties. The Owner's Representative shall forward to the Owner the following information received from the contractor: (1) consent of surety or sureties, if any, to reduction in or partial release of retainage or the making of final payment; (2) affidavits, receipts, releases and waivers of liens or bonds indemnifying the Owner against liens; (3) any other documentation required of the contractor under the Contract Documents; and, (4) a final Notice of Substantial Completion.
- (23) As-Built Drawings. The Owner's Representative shall review As-built Drawings prepared and submitted by the Project Architect. The Owner's Representative may require a contractor to maintain and update throughout the construction period a set of construction plans and specifications noting as-built conditions. The Owner's Representative shall on behalf of the Owner work with contractors and suppliers with regard to the preparation of operating and maintenance manuals and training personnel for operation and maintenance.
- (24) Contract Close-out. The Owner's Representative shall work with THA and other Project Team members to close-out the Contract as required by the tax credit investor and lender for release of retention and other documentation required by the tax credit investor and lender.

Construction Oversight Compensation

For the above indicated work, Brawner shall charge a fee equal to 1.00% of the contractor's Lump Sum Contract (excluding sales tax). Fifteen (15%) percent of the total fee shall be due at closing, with the remaining portion of the fee being paid monthly over an estimated 18-month construction and close-out period, in equal monthly payments.

Financial Management – Construction Accounting & Asset Management

Construction and Cost Accounting

Brawner to prepare and submit monthly draw reports (electronic) to meet the requirements of the lender and investor. Brawner will review each invoice as logged by the Sponsor into the project tracking

document. This tracker will serve as a master database for all of the project's sources and uses. Prepare vendor payable schedule. Brawner will assist Sponsor in validating and categorizing all invoices.

Brawner will provide the lead in identifying out of balance development cost categories prior to them becoming an issue, and make recommendations in preparing budget reallocations as necessary. Prepare and monitor budget schedules and works to ensure that the project stays on track.

Prepare periodic 50% bond test analysis and "go-forward" projections for each project within the development.

Update financial modeling monthly with current cost and projections. Sponsor and/or third-party manager will provide monthly operating statements such that Brawner can monitor cash flow projection variances.

For work related to obtaining the draft and final cost certification, which includes working with the Sponsor and the partnership accountant to reconcile and audit development cost by category, estimate eligible basis by building, determine 1st and 2nd year qualified occupancy, reconcile revenue sources, and provide a review of the final cost certification to be submitted to the OHCS.

Brawner shall work with THA to provide assistance in working with the investor to ensure scheduled equity funding. For work related to converting the construction loan to the permanent loan, Brawner shall take the lead in working with the Sponsor and the lender to convert the loan as required.

Asset Management

Asset Management Services through project stabilization includes work with the Sponsor/Management Company to prepare annual operating budgets for investor and lender; review and provide feedback on monthly reports; monitor lease-up operating budgets and tax credit absorption figures against projections; tracking qualified unit absorption; vacancy tracking and; ongoing weekly asset management calls with the Sponsor/Management Company.

Financial Management Compensation

Related to the Construction and Cost Accounting scope of services as defined above, Brawner shall be paid a fee equal to \$4,000 per month, for each month construction draws are submitted, including the retention draw. An initial draw set-up fee of \$4,500 shall be paid to Brawner at transaction closing. A fee of \$10,000 shall be paid for Cost Certification related work at the point in time in which the Final Cost Certification is submitted. Related to the final equity pay-in and permanent loan conversion, a fee of \$10,000 shall be due at the time the permanent loan is converted.

Related to the Asset Management scope of services as defined above, Brawner shall be paid a fee equal to \$2,500 per month, for each month through 100% qualified occupancy.

For other work not included above that is requested by Sponsor or Partnership, the fee paid to Brawner shall be based on the following hourly rates.

Schedule of Hourly Rates for 2023 and 2024

Name	Hourly Rate
-------------	--------------------

Jim Brawner, President	\$350
Zak deGorgue, Managing Director	\$300
Matt Chantry, Managing Director of Development	\$250
TBD, Transaction Manager	\$120
Jack Brawner, Senior Construction Project Manager	\$195
Josh Merzlak, Construction Project Manager	\$160
TBD, Asset Manager	\$145
Administrative Staff	\$100

IN WITNESS WHEREOF, the Sponsor and the Contractor each represent and warrant that the representative signing this Contract on such party's behalf is duly authorized.

SPONSOR:

TACOMA HOUSING AUTHORITY

By: _____
April Black, Executive Director, Tacoma Housing Authority

Date: _____

CONTRACTOR:

J. H. BRAWNER & COMPANY

By: _____
James Brawner, President

Date: _____