

DEPARTMENTAL INPUT

CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION

New
 OTR
 Sole Source
 Bid Waiver
 Emergency
 Previous Contract/Project No. N/A

Contract
 Re-Bid **Other**
 LIVING WAGE APPLIES: YES NO

Requisition No./Project No.: RQHD1500002
 TERM OF CONTRACT: 3 YEAR(S) WITH 3 YEAR(S) OTR

Requisition /Project Title: Capital Funding Financing Program

Description: Miami-Dade County, as represented by the Miami-Dade County Internal Services Department (ISD), is soliciting proposals to select a qualified firm to provide financial advisory services as it relates to the Capital Fund Financing Program.

Issuing Department: ISD
 Contact Person: Beth Goldsmith
 Phone: 305-375-5683

Estimate Cost: \$400,000

Funding Source:
 GENERAL
FEDERAL
OTHER

XXXXXXX

ANALYSIS

Commodity Codes: 91849

Contract/Project History of previous purchases three (3) years
 Check here if this is a new contract/purchase with no previous history.

	<u>EXISTING</u>	<u>2ND YEAR</u>	<u>3RD YEAR</u>
Contractor:			
Small Business Enterprise:			
Contract Value:	\$	\$	\$
Comments:			

Continued on another page (s): YES NO

RECOMMENDATIONS

	Set-aside	Sub-contractor goal	Bid preference	Selection factor
SBE				

Basis of recommendation:

Signed: 	Date sent to SBD: 04/03/2015
	Date returned to DPM:

2.0 SCOPE OF SERVICES

2.1 Background

The Miami-Dade County Department of Public Housing and Community Development (PHCD) is a public housing agency, pursuant to the United States Housing Act of 1937, as amended, and in accordance with Florida Statutes and the Laws of the State of Florida. PHCD is funded primarily by the United States Department of Housing and Urban Development (HUD). PHCD operates approximately 9,200 units of public housing located in conventional (Single-family and Multiple-Family) housing developments at scattered geographic sites throughout the County. The primary mission of the PHCD is to provide decent, safe, and sanitary housing to extremely low-income families, the elderly, and the disabled.

Currently, PHCD has over 100 public housing sites with capital improvement needs estimated at \$346 million. Over the past five (5) years, PHCD has received HUD Capital Fund Program (CFP) grant allocations averaging approximately \$10 million per year. Under U.S. HUD's Capital Fund Financing Program (CFFP), a Public Housing Authority (PHA) may borrow private capital to make improvements and pledge, subject to the availability of appropriations, up to 33% of its current annual CFP grant allocation to make debt service payments for either a bond or conventional bank loan transaction.

PHCD is seeking to rehabilitate/upgrade existing public housing units, remove and replace obsolete public housing units, increase the number of units on its under-utilized sites, and permit commercial and other special purpose uses where appropriate. In an effort to maximize the use of CFP allocations and take advantage of CFFP, PHCD is soliciting proposals from experienced Proposers to provide financial advisory services to assist in the preparation of a CFFP application pursuant to Code of Federal Regulations 24 CFR 905 to leverage PHCD's annually appropriated CFP for the purpose of raising capital to be utilized to fund developments and on-going modernization activities to ultimately increase the supply of affordable, quality housing for residents. The anticipated borrowing is expected to be approximately \$45 million to be used over the next five (5) years by PHCD.

2.2 Services to be Provided

The selected Proposer shall provide the following services:

- 2.2.1** Advise PHCD regarding the structure and overall approach to the issuance of debt and negotiation of the terms of any potential financing agreements
- 2.2.2** Negotiate with credit rating agencies on behalf of PHCD, if applicable;
- 2.2.3** Create a Model Fairness Opinion in accordance with the requirements outlined in Attachment No. 1.
- 2.2.4** Create a Model Management Assessment in accordance with requirements outlined in Attachment No. 2.
- 2.2.5** Create and maintain a debt service schedule and a sources and uses schedule, as required by HUD and as required as part of a CFFP application and post approval documentation
- 2.2.6** Assist PHCD in preparing and submitting required documents to HUD as part of the CFFP application, and the Capital Fund Financing budget detailing the use of the CFFP loan proceeds; and assist in obtaining HUD approval for all required document submittals
- 2.2.7** Assist PHCD in preparing and submitting PHA Annual Statements (see Attachment No. 3) and Five Year Action Plan with Capital Fund Program tables, as requested by HUD
- 2.2.8** Provide a Management Assessment of PHCD's overall capacity and capability to successfully manage the financial and development aspects of a CFFP transaction, as required by HUD; and provide Assurances in regard to financial controls
- 2.2.9** Attend meetings with PHCD and HUD staff in Washington, D.C., upon request

- 2.2.10** Negotiate with HUD on behalf of PHCD for approval of CFFP application to include responding to HUD comments on initial application and throughout the HUD review period until receipt of final HUD approval
- 2.2.11** Organize and arrange conference calls and meetings as necessary
- 2.2.12** Assist PHCD in preparing and submitting any required post approval documentation to be submitted within 60 days of receipt of HUD CFFP approval letter to include the following: copies of all executed loan/bond documents, final debt service schedules (see Attachment No. 4), sources and usage schedules (see Attachment No. 5), and depository agreements, or any other documents requested by HUD
- 2.2.13** Negotiate and communicate with HUD, on behalf of PHCD, for approval of any post CFFP approval changes that fall outside of HUD established thresholds

Provide other ancillary financial advisory services as PHCD may request as it relates to CFFP

Attachment No. 1



U.S. Department of Housing and Urban Development
OFFICE OF CAPITAL IMPROVEMENTS

Capital Fund Financing Program (CFFP) Model Fairness Opinion Scope of Work

A Fairness Opinion must be submitted as part of a Capital Fund Financing Program (CFFP) Proposal. The Fairness Opinion (the Opinion) is third-party review rendering an opinion as to whether the financing transaction proposed is reasonable and fair given current market conditions. The independent, third-party selected by a public housing agency (PHA) should be a firm that has at least five years of experience related directly to the evaluation of capital market transactions and pricings. The Opinion must include, at minimum, an evaluation of the following with respect to each PHA applying for approval:

- A. Review and assessment of the CFFP Proposal, including the CFFP Term Sheet, the Loan Agreement if a bank transaction, the Preliminary Offering Statement, and the Indenture if a bond transaction, (for any transaction if the security instrument is a separate document that should be reviewed) as well as any other financing documents necessary to provide the PHA or pool of PHAs with a written Opinion. The Opinion should identify the documents reviewed (indicating version numbers or other identifying characteristics), and confirm that they are internally consistent, consistent with each other, and consistent with the CFFP Term Sheet. Only completed documents should be reviewed.
- B. The Opinion should address:
 1. Method of sale and planned marketing approach.
 2. Projected pricing, including interest rate, spreads, and related maturities.
 3. Origination fees, cost of issuance (overall as well as addressing, at a minimum, each item in the sources and uses schedule format required by HUD), other fees, as well as ongoing fees.
 4. Structure of the proposed transaction, whether pooled or stand-alone, including a synopsis of the participating parties and their roles in the transaction.
 5. Terms of the transaction, including:
 - a) Security being provided;
 - b) Debt service coverage;
 - c) Debt service reserves, capitalized interest;
 - d) Acceleration, and call provisions;
 - e) Interim investment strategy for CFFP transaction proceeds prior to expenditure;
 - f) Allowance for the issuance of additional bonds, confirming that further HUD approval would be required.
 6. Any other terms of the transaction deemed appropriate by the PHA and financial advisor in order to render a complete and comprehensive Opinion, including any suggestions for improving the quality and efficiency of the transaction.
- C. Each item addressed in the Opinion must include a rationale as to the fairness and reasonableness of the item being addressed, as well as a conclusion as to the fairness and reasonableness of the item given the current market conditions. A conclusion as to the fairness and reasonableness of the overall transaction given current market conditions must be included. The conclusion should include a statement as to whether or not the type and structure of the transaction is efficient relative to other options available in the market.

Draft Model Scope
Version 1.6
Subject to Change Without Notice

Attachment No. 2



U.S. Department of Housing and Urban Development OFFICE OF CAPITAL IMPROVEMENTS

Capital Fund Financing Program Model Management Assessment Scope of Work

A Management Assessment is required to be submitted as part of a Capital Fund Financing Program (CFFP) Proposal to the extent a Housing Authority is proposing to pledge (or cumulatively will have pledged) public housing assets for borrowings totaling more than \$2,000,000. The Management Assessment is a third-party review that provides an opinion as to whether the public housing agency (PHA) has the capacity and capability to successfully manage the complexities and risks associated with the financial aspects of the CFFP transaction. These aspects include, but are not limited to, the implications of the transaction on its operations and long term capital needs, and the construction management, procurement and financial controls to ensure the successful implementation development or modernization activities proposed in the CFFP transaction.

Contractor Qualifications:

PHA's must contract only with firms that possess the capability and qualifications to perform management assessments given the complex nature of CFFP. The minimum qualifications for such firms must include independence and extensive experience as described below:

1. Independent: An independent third party must prepare the management assessment. The firm may not otherwise be a consultant for the PHA.
2. Extensive Experience: The firm providing the management assessment must have at least five years of direct relevant experience in the following:
 - Underwriting, lending, financial advisement or issuance related to capital market transactions.
 - Completing management assessments or similar reviews for non-public housing entities.
3. Borrowings in excess of \$20,000,000: For PHAs proposing to pledge (or cumulatively will have pledged) public housing assets for borrowings totaling more than \$20,000,000, the management assessment must be completed by a Housing Financing Agency, or an entity which has provided credit, or similar ratings of bonds and loans.



**U.S. Department of Housing and Urban Development
OFFICE OF CAPITAL IMPROVEMENTS**

Management Assessment Components:

As required by HUD, a Management Assessments shall include, an evaluation of the following with respect to each PHA applying for approval:

1. **Program Administration:** The PHA's performance in the administration public housing program and any other Federal housing program, including performance in PHAS and SEMAP, obligating and expending and the Capital Fund (CF) within deadlines during the last 5 years, and any issuance of Corrective Action Orders/Improvement Plans by HUD, Voluntary Compliance Agreements, litigation, Office of Inspector General Audits or other similar indicators.
2. **Staff Qualifications:** The depth, capacity and length of tenure of the PHA Board and the qualifications of senior staff.
3. **Capital Planning and Modernization Activities:** A review of the PHA's capital planning process, modernization activities/capabilities, and related procurement activities/capabilities including a statement on the level of overall modernization of the PHA's portfolio.
4. **Entrepreneurial Experience:** Successful experience in funding and construction of complex and/or non-CFP ventures such as HOPE VI, mixed financed development, tax-credit or ventures.
5. **Financial Management:** An evaluation of the PHA's current financial posture and its ability of the PHA to manage its finances in accordance with generally accepted accounting principals and financial management procedures including internal managerial and financial controls.
6. **Management Plan for Use of Proceeds:** A description of the PHA's plan for the use of the proceeds, as well as management of the use of the proceeds, including the plan for procurement, construction management and financial controls.
7. **Conclusion/Recommendation:** An overall statement of the PHA's capacity and capability to successfully manage the complexities and risks associated with both the financial and development aspects of the CFFP transaction, including the implications on its operations and long term capital needs, and to enable the successful implementation of the modernization or development elements of the CFFP Proposal, including procurement, construction management and financial controls.

Attachment No. 3

**Annual Statement /
Performance and Evaluation Report
Part I: Summary
Capital Funds Program (CFP)**

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

H/A Name		Capital Funds Project Number		CFP of Approval	
SAMPLE HOUSING AUTHORITY		CFP Financing Proceeds			
<input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disaster/Emergency <input type="checkbox"/> Revised Annual Statement/Revision Number: #		<input type="checkbox"/> Performance and Evaluation Report by Program Year Ending: _____			
<input type="checkbox"/> Fiscal Performance and Evaluation Report					
Line No.	Narrative by Development Approved	Total Estimated Cost		Total Actual Cost (2)	
		Original Revision #	Revised (2)	Obligated	Expended
1	Total Non-CFP Funds				
2	1426 Operations (May not exceed 25% of line 20 for PHAs with 250 or more Units)	\$0	\$0	\$0	\$0
3	1428 Management Improvements (May not exceed 20% of line 20)	\$0	\$0	\$0	\$0
4	1430 Administration (May not exceed 10% of line 20)	\$0	\$0	\$0	\$0
5	1411 Audit	\$0	\$0	\$0	\$0
6	1415 Liquidated Damages	\$0	\$0	\$0	\$0
7	1432 Fees and Costs	\$150,000	\$0	\$0	\$0
8	1440 Site Acquisition	\$0	\$0	\$0	\$0
9	1450 Site Improvement	\$0	\$0	\$0	\$0
10	1460 Dwelling Structures	\$1,206,319	\$0	\$0	\$0
11	1465.3 Dwelling Equipment - Nonobsolescent	\$0	\$0	\$0	\$0
12	1470 Non-dwelling Structures	\$0	\$0	\$0	\$0
13	1475 Non-dwelling Equipment	\$0	\$0	\$0	\$0
14	1485 Demolition	\$0	\$0	\$0	\$0
15	1400 Replacement Reserve	\$0	\$0	\$0	\$0
16	1462 Moving to Work Demonstration	\$0	\$0	\$0	\$0
17	1406.3 Relocation Costs	\$0	\$0	\$0	\$0
18	1408 Mixed Uses for Development Activities	\$0	\$0	\$0	\$0
19	1501 Collateralization or Debt Service	\$236,109	\$0	\$0	\$0
20	1502 Contingency (may not exceed 8% of line 20)	\$0	\$0	\$0	\$0
21	Amount of CFP Proceeds (Sum of lines 2 - 19)	\$1,594,428.00	\$0.00	\$0.00	\$0.00
22	Amount of line 20 Related to LBP Activities				
23	Amount of line 20 Related to Section 504 Compliance				
24	Amount of line 20 Related to Security				
25	Amount of line 20 Related to Energy Conservation Measures				
(1) To be completed for the Performance and Evaluation Report or a Revised Annual Statement.		(2) To be completed for the Performance and Evaluation Report.			
Signature of Executive Director and Date		Signature of Public Housing Director/Office of Native American Programs Administrator and Date			

Attachment No. 4



U.S. Department of Housing and Urban Development
Office of Capital Improvements

**Capital Fund Financing Program (CFFP)
Periodic Payment Debt Service Schedule – Formula Funds Only**

Housing Authority Name:
Amount of Proceeds:
Interest Rate (or range of rates if multiple serial or term bonds):
Interest Rate Fixed?
If Variable Rate, Interest Rate Cap:
Term (in years):
FY and Amount of Most Recent Formula Grant:
First Direct HUD Payment due:
D/S Schedule Date:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Financing Year	Payment Date	Principal	Interest	Total Debt Service Payment	Ongoing Fees	Total Payment Amount	Adjusted Formula Grant	Total Payment from FY Grant	Percent of FY Grant Used for Payments	Debt of Direct Payment of Formula Grant	FY of Grant Debt Service to be Paid From
TOTALS											

Instructions:

1. Fill in the requested information for each year of the bond term.
2. Column (h) should include any fees (such as remarketing, location, draw fees, etc.). Please provide a supporting schedule detailing the Ongoing Payment Requirements.
3. Column (g) is the amount of the Formula Grant is anticipated to change due to devaluation, disposition, etc. (the most recent year's appropriation, net any applicable adjustments projected by the FHA should be used. FHA must use the most recent CFFP Grant as basis for estimate.
4. Column (i) should be the sum of all payments reflecting in column (g) that are to be paid from a specific grant.
5. Column (j), (k) and (l) must be into each other.
6. Column (k) information regarding direct payments must only be provided if PHA is requesting that HUD make direct payments to Trustee or Lender. Direct payment may be initiated no more than three business days prior to when payment is due. Payments scheduled to

Attachment No. 5



**U.S. Department of Housing and Urban Development
Office of Capital Improvements**

**Capital Fund Financing Program (CFFP)
Sources and Uses Schedule**

PHA: _____

<u>SOURCE</u>	<u>FUNDS</u>
Principal	\$
Premium/(Discount)	\$
TOTAL PROCEEDS	\$
<u>USES</u>	
Upfront Costs	
Fee (specify)	\$
Bond Counsel	\$
HA Counsel	\$
Management Assessment	\$
Fairness Opinion	\$
Other (specify)	\$
Other (specify)	\$
Other (specify)	\$
TOTAL UPFRONT COSTS	\$
Capitalized Accounts	
Debt Service Reserve Fund	\$
Capitalized Interest	\$
Other Capitalized Accounts (Specify)	\$
TOTAL RESERVES	\$
Net Amount of Proceeds	\$

Instructions:

1. Fill in "source" information and "use" information as needed.