

REQUEST FOR PROPOSAL
Eastern Regional Housing Authority and
Carlsbad Housing Corporation

The **Carlsbad Housing Corporation** ("CHC"), a New Mexico Non-Profit Corporation formed to act on behalf of the Regional Housing Authority for Region VI, New Mexico, (Region VI Housing Authority now being know as the Eastern Regional Housing Authority("Eastern"), as a result of certain changes made by the New Mexico Legislature in the Regional Housing Authority laws) and **Eastern** are soliciting competitive, sealed proposals for the sale of the **Colonial Hillcrest and La Posada Apartment Complexes** located in Carlsbad, New Mexico.

I. BACKGROUND.

A. Description of Property to be Sold.

CHC wishes to sell both the Colonial Hillcrest Apartment Complex and the La Posada Apartment Complex which it owns and which are located in Carlsbad, Eddy County, New Mexico (the "Apartment Complexes").

The Colonial Hillcrest Apartment Complex is a 76-unit low-income multi-family housing development built in the northwest part of Carlsbad in 1970. It is situated in twelve buildings, eleven of which contain apartments, and one of which is devoted to an office, laundry facilities, and a maintenance shop. There are 24 one bedroom apartments in the complex, 40 two bedroom apartments and 12 three bedroom apartments

The La Posada Apartment complex is a 12 unit low-income multifamily housing facility located in the southern part of Carlsbad, New Mexico. It was also built in 1970. All of the apartments in that complex are two bedroom, one bath apartments. Each apartment is approximately 800 square feet.

CHC has owned and operated both of these apartment complexes since 1993. At present, there is a Housing Assistance Payment Contract in place between HUD and CHC which related to the apartment complexes (the "HAP Contract"). The HAP contract expires by its terms on August 31, 2011. Any purchaser of the Apartment Complexes will be required to comply with the HAP Contract's terms and conditions, including those required by HUD for the assumption of the HAP Contract.

The Apartment Complexes were appraised on January 26, 2011 and were deemed valued at \$1,830,000 (One Million Eighty Hundred Thirty Dollars). The Apartment Complexes are currently encumbered by a mortgage which secures payment of certain revenue bonds which were issued by CHC in 1997 (the "Bonds"). As of September 1, 2011, the outstanding balance for those bonds is \$1,476,986.32 (One Million, Four Hundred Seventy Six Thousand, Nine Hundred Eighty Six and Thirty Two Cents). The Bonds may

now be redeemed without penalty. Any proposal submitted in response to this RFP must be in an amount sufficient to allow the redemption of the Bonds in full and to pay the costs of such redemption, as well as to cover all closing costs and expenses of CHC and Eastern. No response to this RFP will be considered if the purchase price offered in such response is less than \$1,700,000.00 One Million Seven Hundred Thousand Dollars and no Cents, all of which must be paid to CHC in cash at closing. The proceeds of sale paid at closing will be used, in part, to redeem the Bonds in full.

B. Condition of the Apartment Complex. The Apartment Complexes are over forty one years old. While significant monies have been expended for the maintenance and rehabilitation of the Complexes by CHC, at present CHC and Eastern believe that the Apartment Complexes are in need of substantial rehabilitation and renovation. Any sale of the Apartment Complexes will be strictly on an "as-is" basis and without any warranty (except as to title), from CHC as to the condition of the Apartment Complexes or their fitness for any particular purpose.

C. Obligations Outstanding. At the time the Apartment Complexes were purchased by CHC, the purchase price was funded by a loan from HUD and a Federal Bank Board Loan. In 1997, Revenue Bonds were issued by CHC and Eastern in the principal amount of \$1,800,000 (One Million Eight Hundred Thousand), to repay those loans and to afford rehabilitation monies. The Apartment Complexes are currently encumbered by a mortgage which secures payment of certain revenue bonds which were issued by CHC in 1997 (the "Bonds"). The Bonds may now be redeemed without penalty beginning in December, 2009 for 100% of their face value. Any proposal submitted in response to this RFP must be in an amount sufficient to allow the redemption of the Bonds in full, and to pay the costs of such redemption, as well as to cover all closing costs and expenses of CHC and Eastern. No response to this RFP will be considered if the purchase price offered in such response is less than \$ \$1,700,000 (One Million Seven Hundred Thousand Dollars), all of which must be paid to CHC in cash at closing. The proceeds of sale paid at closing will be used, in part, to redeem the Bonds in full.

D. Purchase of Individual Complexes. CHC and Eastern will consider selling each of the apartment complexes hereinbefore described to different persons or entities. However, the sale of one apartment complex must close contemporaneously with the sale of the other complex and the aggregate purchase price for the two complexes must be at least in an amount sufficient to allow a complete redemption of the Bonds referenced in subsection C above. CHC and Eastern reserve the right to sell the Apartment Complexes to one person or entity, or to more than one person or entity, as CHC and Eastern deem, in their sole and absolute discretion, to be in their best interest.

E. Required Approvals. Pursuant to the provisions of § 11-3A-30 NMSA 1978, the New Mexico Mortgage Finance Authority has certain financial oversight and control over Eastern and CHC. Any sale of assets by Eastern and/or CHC for consideration in excess of \$100,000.00 must have the prior approval of the New Mexico Mortgage Financing Authority. In addition, § 11-3A-10 NMSA 1978 precludes a sale or transfer of certain persons or entities, including but not limited to certain public officials or members of their

families, certain employees of Eastern, and present or former commissioners of Eastern and such commissioner's immediate family.

F. Contingencies. Any proposal submitted may not be conditioned upon or include soft funding sources.

G. Closing Time. A preference will be afforded to any offeror who proposes to close the sale outlined in his offer within a period which is no later than 120 days from the date on which such offeror's proposal is approved by the New Mexico Mortgage Financing Authority.

II. MATTERS PRELIMINARY TO SUBMISSION DEADLINE.

A. Inspection of the Property. Persons interested in a visual inspection of the Apartment Complex may do so by prior appointment during the week of August 15, 2011. In order to make such appointment, interested persons should contact Chris Herbert or Irene Andazola at the Eastern Regional Housing Authority, 575-622-0881, who will set up an inspection appointment. Interested parties will be entitled to visually inspect the Apartment Complex but shall not be entitled to conduct any tests or other analyses on any portion of the Apartment Complex during such visual inspection. Such visual inspections shall occur at a time and in a manner which is likely to be least disruptive to the tenants at the Apartment Complex, and will not include a right to inspect each apartment. Representatives of Eastern and CHC will choose the apartments which will be available for inspection by interested persons.

B. Pre-Proposal Conference. A pre-proposal conference is scheduled on August 22, 2011 at the offices of the Eastern Regional Housing Authority, at 106 East Reed Street, Roswell, New Mexico. Each potential offeror may send a maximum of two (2) representatives to such conference. Specific questions concerning this Request for Proposal or the Apartment Complexes shall be submitted to CHC in writing at Post Office Drawer 2057, Roswell, New Mexico 88202-2057 (attention: Chris Herbert) or by contacting Mr. Herbert at rha.herbert@dfn.com. Such questions must be received by Mr. Herbert no later than 5:00 P.M. Mountain Daylight Time on August 15, 2011. Additional questions may be posed at the Pre-Proposal Conference and answers thereto may be deferred to a later date. Written copies of all questions and the official responses thereto will be supplied to potential offerors who submit a written request to CHC, which request must be received by Eastern no later than 5:00 P.M. Mountain Daylight Time, on August 22, 2011.

III. REQUIREMENTS FOR PROPOSALS. Any response to this Request for Proposal must contain the following information, and will be evaluated based on the information presented by each offeror:

A. Offeror's Experience. The offeror must provide information regarding its experience in owning and operating apartment complexes of the type which is the subject matter of this RFP for the benefit of low and moderate-income level persons. If the offeror

is not an individual, it should describe its organizational structure and should provide pertinent information about its organization which describes how such organization will be responsible for fulfilling the requirements of this Request for Proposal, including company size, number of employees, company experience and technical certificates relative to its abilities to rehabilitate and operate the Apartment Complex. The response should include a description of staff qualifications and experience in operating multi-family housing projects which provide housing for low and moderate-income persons and dealing with HUD programs relative to such housing, and should include resumes for each staff member who will be responsible for operating and managing the Apartment Complex, outlining education, experience, licenses and/or certification of such individuals. It should set forth the policies which offeror would implement to assure the proper management of the Apartment Complex, and how the offeror plans to assure the financial viability of the Apartment Complex.

B. References. The offeror shall provide a minimum of three (3) references, including names of persons who may be contacted, and the position of each person so named. Contact information shall include addresses and telephone numbers for each reference listed. Such references must be able to provide information regarding the offeror's qualifications and abilities in operating and managing apartment complexes for low and moderate-income persons. The Offeror shall include a list of any pertinent awards received by it during the ten-year period immediately prior to the date of submission of the proposal.

C. Financials. The offeror shall provide, with its response to this Request for Proposal, proof of financial stability in the form of financial statements, credit ratings, or other information establishing that the offeror is financially capable of meeting the requirements of this Request for Proposal. Included in such proof must be a completed HUD Form 92417 (Financial and Credit Statement) for each principal or partner of the offeror. The offeror should include at least one (1) bank reference from a recognized lender validating the offeror's financial ability to fulfill the terms of its proposal.

D. Terms of Sale. The responses to this request for Proposal shall set forth the terms upon which the offeror is proposing to purchase the Apartment Complex. Such terms shall include the purchase price, the amounts of earnest money which the offeror is willing to place into escrow, any contingencies which the offeror will require be met prior to closing, a closing date for the sale, how offeror proposes that costs of sale be allocated between the parties and paid, and any other terms and/or conditions which the offeror deems relevant or material to its acquisition of the Apartment Complex.

E. Proposal Format. All responses to this Request for Proposal are to be prepared on standard 8 ½" by 11" paper. Pages are to be placed in a binder with tabs separating the sections of the RFP.

Proposal Submission. The original and four copies of a proposal must be received by the Contract Person at the above address no later the Thursday, September 1,

2011 at 5:00 P.M. Mountain Daylight Time. Proposal shall be in sealed envelopes marked "Request for RFP Colonial Hillcrest and La Posada Apartment".

The proposal must correspond to the Request for Proposal Requirements in the foregoing Article by restating the number and text of the requirement in sequence and writing the response immediately after each requirement statement.

The proposal shall be based on the material contained in this Request for Proposal. The Request for Proposal includes official responses to proposal conference questions, addenda and other material published by CHC or Eastern pursuant to this Request for Proposal. The offeror is to disregard any previous draft materials or oral representations it may have received.

IV. METHOD OF EVALUATION AND AWARD. An evaluation team composed of three members of Eastern's Board of Directors and the Executive Director and Deputy Director will evaluate the proposals based on the criteria listed below, for the purpose of ranking them in relative positions based on how fully each proposal meets the requirements of this Request for Proposal.

Evaluation Criterion	Points
A. Offeror 's Experience and Organization	100
B. References	100
C. Financials	200
D. Purchase Price and Terms of Contract	400
E. Ability to Close within 120 days from the Date of MFA Approval	200
Total	1,000

V. BEST AND FINAL OFFER. CHC and Eastern may, at their option, either accept an offeror's initial proposal by award of a contract or enter into discussions with offerors when proposals are deemed to be reasonably susceptible of being considered for award. After discussions are concluded, an offeror may be allowed to submit a "Best and Final Offer" for consideration. Eastern and CHC reserve the right to reject any and all proposals which are submitted, in their sole and absolute discretion.

VI. NEGOTIATION. Eastern and CHC, in their sole discretion, may elect to enter into negotiations with the apparent successful responsive and responsible offeror.

VII. CONTRACT. At such time as an offeror's RFP has been accepted, CHC, Eastern and the successful offeror shall enter into a written agreement, in a form acceptable to CHC and Eastern, setting forth all of the term of the contract of purchase and sale.

VII. DEADLINE FOR PROPOSALS. The Proposal due date is September 1, 2011 at 5:00 P.M. Mountain Standard Time, and any proposals must be received by Eastern by that date and time. Proposals may be submitted to Eastern at Post Office Box 2057, Roswell, New Mexico 88202-2057, or to its physical address at 106 East Reed Street, Roswell, New Mexico 88203. Proposals received after the date and time hereinbefore set forth will be disregarded as being non-responsive. Proposals will be opened on September 2, 2011 beginning at 9:00 A.M. Mountain Standard Time. The evaluation period will be from September 2, 2011 to September 9, 2011 and the anticipated contract award date will be September 9, 2011.