

**SUMMARY REVIEW OF AGENDA ITEMS FOR  
MEETING OF THE MDHA BOARD OF COMMISSIONERS**

**SEPTEMBER 12, 2019**

**EXECUTIVE (HARBISON & THILTGEN)**

**9. Approval of Investment Policy Statement for Retirement Plan**

As a follow-up to a recommendation made at the August meeting of the Audit and Finance Committee, an Investment Policy Statement for the Agency's Retirement Plan has been prepared for Board approval. This Statement covers the intent of investments in the Plan, the selection of investment options, the selection of a default investment option, and the periodic review of performance of the selected investment options.

**EXECUTIVE (HARBISON & DELLINGER)**

**10. Approval of "Driver Safety" Matching Grant Program through Public Entity Partners.**

It is requested and recommended that the Board of Commissioners approve MDHA to compete for the "Driver Safety" Matching Grant Program through Public Entity Partners and authorize the Executive Director to undertake all steps necessary to execute all documents. The "Driver Safety" Matching Grant Program can provide up to \$4,000 to offset the annual MDHA Driver Safety Training program. MDHA's Driver Safety training costs approximately \$8600 per year and is contracted with the Tennessee Regional Safety Council.

**11. Approval of Change Order No. 3 for the Contract with Hardaway Construction for Boscobel II (CP II, L.P.)**

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Change Order No. Three (3) is the first to do so for Boscobel II (CP II, L.P.). Boscobel II (CP II, L.P.) is a 4-story, 101 unit mixed-income residential development on the Cayce (future Boscobel Heights) property. We are requesting Board approval of Change Order No. Three (3) for the new construction of Boscobel II (CP II, L.P.) in the amount of \$377,624.00 to the Contract with Hardaway Construction Corp. This will increase the Contract amount to \$28,696,985.00. Funding for this Change Order is available from Owner's contingency. Change Order No. Three (3) is an additional expense to accelerate the project to recover time lost redesigning and relocating new and existing utilities. Board approval is requested.

**COMMUNITY DEVELOPMENT (HARBISON & ALEXANDER)**

**12. Approval of award of Housing Opportunities for Persons With Aids (HOPWA) funds for housing assistance and supportive services.**

In July 2019, MDHA issued a Request for Application (RFA) for nonprofit and public agencies to provide housing assistance and supportive services that benefit low-income persons medically diagnosed with HIV/AIDS. The Application Review Committee is recommending funding awards for Nashville Cares, Urban Housing Solutions and Street Works. The total funds awarded is \$1,332,531.00. Board approval is requested.

**FINANCE (HARBISON & HATFIELD)**

**13. Approval of Agency's Operating Budgets for Fiscal Year Beginning October 1, 2019.**

Board approval is requested for the FY 2019-2020 budgets for the Central Office Cost Center (COCC), MDHA Service Crews, the Freeman Webb managed properties, and the Project Based Rental Assistance (PBRA) properties. Administrative budgets have also been prepared for the Rental Assistance, Community Development and Urban Development Departments. A 3.5% across the board salary or a \$1 per hour increase for certain maintenance positions identified is included in the budgets. The budgets have been reviewed by the Finance & Audit Committee.

The COCC \$10,365,087 2020 budget will be funded by management and developer fees, 5<sup>th</sup> & Church parking garage cash flow and Rolling Mill Hill ground lease payments, with the remainder funded from surplus cash generated from the PBRA properties.

Separate from the COCC the Service Crews are projecting a break even budget with fee for service and management fee revenue estimated to cover \$1,676,473 in operational costs and \$125,000 capital cost for five new trucks. Expansion of the Service Crews will provide property management with contract work, decrease vacant unit turnover time and provide a more efficient alternative to outside contract labor.

Freeman Webb manages eight properties owned by MDHA, therefore the budgets are prepared by their management team. Collectively the positive cash flow from these properties totals \$944,889.

The Project Based Rental Assistance (PBRA) properties have been prepared using HUD approved contract rents for each HAP contract. The projected cash flow of \$6,230,277 assumes capital expenditures approved will be funded from the property replacement reserve escrows.

The administrative budget for the Rental Assistance Department reflects an 80% proration of administrative fees based upon the current funding level. The projected administrative funds for Rental Assistance, Community Development, and Urban Development are sufficient to cover budgeted expenses, resulting in breakeven budgets.

**RECAPITALIZATION (HARBISON & WEGERSON)**

**14. Approval of Change Order No. 8 for the Contract with R.G. Anderson Company for Explore! Community School.**

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Change Order No. Eight (8) is the first to do so for Explore! Community School. Explore! Community School is located at MDHA's Cayce (future Boscobel Heights) property and is in partnership with Martha O'Bryan Center and Explore! to educate grades kindergarten through eighth. We are requesting Board approval of Change Order No. Eight (8) in the amount of \$43,638.32 to the Contract with RG Anderson Company Inc. for the new construction of Explore! Community School. This will increase the Contract amount to \$20,646,589.03. Funding for this Change Order is available from Owner's contingency. Change Order No. Eight (8) is an aggregate of several additive and deductive changes including added projection screen controls,

revised bio-pond details, revised lobby ceiling details, extruded post curb, and added drywall for exterior walls. Board approval is requested.

**URBAN DEVELOPMENT (HARBISON & CAIN)**

**15. Approval of the Hillside Flats PILOT Agreement.**

Elmington Capital through ECG Hillside, LP, plans to acquire property located at 1501 Hillside Avenue and develop a 290-unit affordable housing complex. ECG Hillside, LP, has received a conditional commitment from the Tennessee Housing Development Agency (THDA) for a 4% Low Income Housing Tax Credit (LIHTC) for the amount of \$28,434,300 to help finance the construction of this complex. The proposed development will have of 290 low income apartments consisting of 181 one-bedroom units, 85 two-bedroom units, and 24 three-bedroom units. In addition to this PILOT, ECG Hillside, LP has already received a conditional approval letter from MDHA for 138 Project Based Vouchers (PBVs).

Staff is recommending approval of a PILOT having an initial payment of \$45,000 in lieu of property taxes after the project is placed in service. The PILOT would increase by 3% annually over the 10-year life of the agreement. This PILOT payment was based on a review of the site's projected base year taxes as well as the project's development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of approximately \$519,020 for the first year the property is placed in service. The current uses of the site generate \$36,598 in annual property tax. If approved, this would leave MDHA's annual abatement capacity at \$670,201.