

AMENDMENT 1  
SOLICITATION NUMBER AFCEE-09-0002  
PRIVATIZATION OF MILITARY FAMILY HOUSING  
WESTERN GROUP  
ISSUE DATE: 09 AUGUST 2010

**Item #1. Cover Page to Request for Proposals and Cover Pages for all Appendices**

**REPLACE:** Proposals are due no later than “5:00 P.M. EST 21 September 2010” with:  
Proposals are due no later than “5:00 P.M. EDT 21 September 2010”

**Item #2. Subsection 2.3.2.4 WAFB**

**Table 26 – Housing Unit Count by Parcel – WAFB**

**REPLACE** (only) the information for Parcel 9-W (Bear Lake Estates) with:

Parcel 9-W (Bear Lake Estates)	Single Family	50	50	0
	Duplex (63 buildings)	126	126	0
	Multiplex	0	0	0

**Item #3. Subsection 2.3.2.4 WAFB**

**Table 27 – Housing Unit Description by Parcel – WAFB**

**REPLACE** (only) the information for Parcel 9-W (Bear Lake Estates) with:

Parcel 9-W (Bear Lake Estates) 176 Units	Single Family 50 MILCON	Unit structures are wood frame on crawl space with built-up roofs.	New 2004-2008	None
	Duplex 126 MILCON (63 buildings)	Unit structures are wood frame on crawl space with built-up roofs.	New 2004-2008	None
	Multiplex	N/A	N/A	N/A

**Item #4. Subsection 3.2 - Financial Plan and Structure**

**INSERT** a new third (3<sup>rd</sup>) bullet in subsection 3.2, as follows:

- “• The Offeror must use an annual inflation rate of two percent (2%) for all revenue and expense projections within its financial pro forma model.”

**Item #5. Subsection 3.2.1.2 – PO’s Equity and Net Cash Contribution**

**DELETE** the last sentence of Subsection 3.2.1.2 and **REPLACE** it with the following:

"The letter of credit must be fully drawn or an amount equal to the outstanding balance of any letter of credit must be delivered to the lockbox agent before the initial draw on the GDL."

**Item #6. Subsection 3.2.1.10 – Desired Financial Features**

**DELETE** all of subsection 3.2.1.10 and **REPLACE** it with the following:

"The desires listed below are in descending order of importance:

- One Hundred Percent (100%) private sector financing; i.e., no Government Direct Loan
- Minimize use of GDL by proposing a GDL and/or a deferral period less than the allowable maximum amount
- Higher percentage Net Cash Flow to fund the Reinvestment Account
- Fees below industry benchmarks
- Higher incentive fee split versus base fees (to receive credit for an incentive fee the Offeror must propose objective and quantifiable metrics for the Government to use in determining the award of an incentive fee)
- Higher percentage of net proceeds to the Government on sale or refinancing the Project
- Priority of funding return on equity equal to or below funding of Reinvestment Account"

**Item #7. Subsection 3.3.2 – Codes, Standards and Regulations**

**ADD** the following sentence to the end of the paragraph at subsection 3.3.2:

See **Appendix F**: "Building Codes and Standards."

**Item #8. Subsection 3.4.4.6.3 Utilities**

**DELETE** all of subsection 3.4.4.6.3 and **REPLACE** it with the following:

"The PO shall remove all above ground utilities. Except as otherwise identified herein, underground utility mains scheduled for demolition must be capped at the main and abandoned in place. However, the PO shall remove all laterals. Except as otherwise provided herein, after demolition is complete, the PO shall grade (cut and fill as necessary) to drain and seed all areas not scheduled to receive new construction. The PO shall provide "as-built" drawings to the Government showing where utilities have been capped and abandoned."

**Item #9. Subsection 3.4.4.6.7.1 BAFB**

**DELETE** the second paragraph and **MOVE** the second paragraph to the end of the first sentence within Section 3.4.4.2

**Item #10. Subsection 3.4.4.6.7.3 – MAFB, second paragraph**

At the end of the second (2<sup>nd</sup>) paragraph **ADD** the following sentence:

“The PO shall make every reasonable effort to reduce the amount of solid waste generated as a result of the demolition of units, i.e., salvaging materials, moving entire units off Base for re-use, etc.”

**Item #11. Subsection 3.4.4.6.7.3 – MAFB, third paragraph**

**DELETE** the third (3<sup>rd</sup>) paragraph in its entirety and **REPLACE** it with the following:

“Units slated for demolition and not conveyed to the Operation Walking Shield program (See 3.4.4.6.7.3.1) may be conveyed to other organizations that provide homeowner assistance (an “Organization”), provided that prior to such conveyance the PO can demonstrate to the satisfaction of the Government that any such conveyance would (a) result in a net savings to the Project relative to the cost of demolition, (b) not cause a delay in the Project schedule, and (c) include, within all related transfer documents, terms sufficient to protect the interests of the PO and the Government. Such Organization, at its own cost, must move the units off Base.

Unless otherwise provided herein, the PO and Organization shall agree in writing, among other things, that (a) such units will be conveyed by the PO to the Organization without financial consideration, (b) the Organization shall have a reasonable period of time to make arrangements for, and shall have a reasonable period of time to complete the actual removal of the units, (c) the Organization shall be solely responsible for the cost of removing and transporting the units, (d) the Organization shall obtain all necessary permits and comply with all applicable Federal, state and local laws regarding the removal and transport of the units, (e) the PO shall be responsible for demolishing the concrete basement foundations of removed units and either prepare the ground for new units to be built by the PO or grade and treat the ground for other purposes in the future, (f) the Organization shall be solely responsible for damage to property or personal injuries arising from or incident to the removal, transport and subsequent use and occupancy of any of the units, (g) the units shall be scheduled for removal at a time to produce minimum interference with the Project (the PO shall not be required to delay its demolition schedule for the purpose of making the units available for removal) and Government operations, and transported along routes approved by the Government and (h) the Organization shall indemnify and hold the PO and the Government harmless from any claims or causes of actions including, but not limited to, environmental liability arising from or incident to the organization’s removal, transport and subsequent use and occupancy of the units.”

**Item #12. Subsection 3.4.4.6.7.3.1 Operation Walking Shield, Pre-Closing, first paragraph**

In the first (1<sup>st</sup>) paragraph, third (3<sup>rd</sup>) sentence, **DELETE** the word: “Appendix”.

**Item #13. Subsection 3.5.2.2.1 – Vacancy Rates**

**DELETE** all of subsection 3.5.2.2.1 and **REPLACE** it with the following:

“If, during the 50-year term of the Project, the occupancy of an individual Base (including FEUs) falls below ninety-five percent (95%) for the number of consecutive days provided below (exclusive of any housing units not available due to scheduled demolition, repair and maintenance)(calculated in accordance with accepted industry standards), the Project Owner shall have the right to offer vacant housing units to Other Eligible Tenants in accordance with the Rental Rate Management Plan and the Unit Occupancy Plan, which shall allow immediate rental to Other Active Duty Members of the Uniformed Services (accompanied and unaccompanied) and National Guard and Reserve Military Members (accompanied and unaccompanied); after thirty (30) consecutive days allow rental to Federal Civil Service employees, Retired Military and Retired Federal Civil Service employees; after sixty (60) consecutive days allow rental to DoD contractors (who are U.S. citizens); and after ninety (90) consecutive days allow rental to the General Public. Notwithstanding the above, the PO, with the prior written consent of the Government, may offer vacant housing units to Other Eligible Tenants on terms stated in such written consent.”

**Item #14. Subsection 4.5 – Submission Due Dates**

**DELETE:** Offerors are required to submit their Qualification Submittal no later than “5:00 p.m. EST on September 20, 2010”

and **REPLACE** it with:

Offerors are required to submit their Proposals no later than “5:00 p.m. EDT on September 21, 2010”

**Item #15. Subsection 4.13.1.2 – Subfactor 1.2: Project Financial Viability and Sustainment  
Element 1.2.1: Financial Pro forma**

**DELETE** the first (1<sup>st</sup>) paragraph and **REPLACE** it with the following:

“Offerors shall submit a 50-year pro forma model (using Microsoft Excel software with fully functional cell formulae and internal linkages in place) depicting a development budget and operating cash flow that accurately reflects the proposed Project concept and financing. The financial pro forma model shall use an annual inflation rate of two percent (2%) for all revenue and expense projections. At a minimum, the pro forma shall include the line items identified in **Appendix K**. In addition, Offerors shall provide a cash waterfall diagram depicting their proposed priority of payments and a description of key assumptions with footnotes.”

**Item #16. Subsection 4.13.1.2 – Subfactor 1.2: Project Financial Viability and Sustainment  
Element 1.2.2: Financial Sustainability**

**DELETE** the first (1<sup>st</sup>) bullet and **REPLACE** it with the following:

- “• The proposal fee structure and timing of payment and priority in the cash waterfall, including incentive fees and objective and quantifiable metrics for the Government to use in determining the award of such incentive fees (if any), as well as any other sources of financial return to the entities and individuals who own the Offeror, that will be generated by the Project. Identify why the structure and its components are competitive and reasonable. Identify the sources(s) of all

equity by dollar amount and type, the recipients of fees and equity returns (if any) by percent and any other financial returns to entities and individuals who own the Offeror.”

**Item #17. 4.13.1.2 – Subfactor 1.2: Project Financial Viability and Sustainment  
Element 1.2.2: Financial Sustainability**

**DELETE** the third (3<sup>rd</sup>) bullet in its entirety.

**Item #18. Subsection 4.13.2.2, Element 2.2.2 Timeline**

**ADD** a new paragraph, as follows:

“The Offeror shall submit a phasing schedule for each of the Bases during the IDP which shall take into consideration the construction limitations of Bases located in the Northern regions due to weather conditions, BAFB demolition, construction and renovation period restrictions, and the three (3) year IDP at WAFB.”

**Item #19. Subsection 4.13.2.2 - Subfactor 2.2, Project Concept  
Element 2.2.3: Conceptual Plans**

At the second (2<sup>nd</sup>) bullet, **DELETE** the last sentence and **REPLACE** it with:

“Submitted floor plans shall provide modern interior design presenting a sample furniture layout for BAFB and FEWAFB Prestige Housing.”

**Item #20. Subsection 4.13.2.2 - Subfactor 2.2, Project Concept  
Element 2.2.3: Conceptual Plans**

**REPLACE** third (3<sup>rd</sup>) black bullet (•) with:

- “• Exterior Elevations. The Offeror shall provide one elevation drawing for each of the new units and each of the renovated units listed above, at scale 1/8”=1’-0”, to demonstrate the exterior design and architectural features:
  - Front elevation views for the units
  - A depiction of the types of materials, finishes, dimensions, and other relevant characteristics
  - An indication of the signage and decorative details”

**Item #21. Subsection 5.6.2 – Subfactor 1.2: Project Financial Viability and Sustainment  
Element 1.2.2: Financial Sustainability**

**DELETE** the sixth (6<sup>th</sup>) bullet and **REPLACE** it with:

- “• The proposed equity returns, fee structure and fee position, including incentive fees and objective and quantifiable metrics for the Government to use in determining the award of such incentive

fees (if any), as well as any other sources of financial return to the owners of the Offeror, that will be generated by the Project are competitive and will reward good service and high-quality maintenance over the life of the Project.”

**Item #22. Subsection 5.7.1.2 - Subfactor 2.2: Project Concept  
Element 2.2.2: Timeline**

Within the first bullet, **DELETE** the word “demolition”.

**Item #23. Subsection 7.1: Documentation**

**DELETE** the second sentence, which reads as follows:

“In addition, certain documents (some in electronic format, others as printouts only) are available for purchase from Emax Financial & Real Estate Advisory Services, LLC at 60 Broad Street, Suite 3501, New York, NY, 10004, 212.813.3510, western@emaxllc.com.”

**Item #24. Appendix B – Existing Inventory**

**DELETE:**

- “• MAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final” and
- “• WAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final(1)”; and

**REPLACE** those documents with the attached revised documents as follows:

- “• MAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final 09 Aug 2010” and
- “• WAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final 09 Aug 2010”

Note: The revised Appendix B for MAFB (“MAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final 09 Aug 2010”) includes revised FEU designations.

Note: The revised Appendix B for WAFB (“WAFB\_App\_B\_Conveyed\_Housing\_Inventory\_Final 09 Aug 2010”) includes FEU designations and also updated “Type of Facility” information for Parcel 9-W (Bear Lake).

**Item #25. Appendix M – “Mandatory Tenant Lease Clauses”**

**At section A - “Mandatory Tenant Lease Clauses for All Tenants”**, under “Installation Commanders Rights Not Impaired”, **ADD** the following bullet:

- “• The authority to establish disclosure processes for privatized housing applicants and residents to determine if anyone who intends to reside in a unit, or who resides in a unit, is a sex offender, pursuant to AFI 32-6001, as amended on 12 July 2010, and “AF Guidance Memorandum Sex Offenders in Privatized Family Housing” (12 July 2010).”

**At section B – “Mandatory Clauses for Active Duty Military Tenants”**, under “Installation Commanders Rights Not Impaired”, **ADD** the following bullet:

- “• The authority to establish disclosure processes for privatized housing applicants and residents to determine if anyone who intends to reside in a unit, or who resides in a unit, is a sex offender, pursuant to AFI 32-6001, as amended on 12 July 2010, and “AF Guidance Memorandum Sex Offenders in Privatized Family Housing” (12 July 2010).”

**At section C – “Mandatory Clauses for Other Eligible Tenants”**, under “Installation Commanders Rights Not Impaired”, **ADD** the following bullet:

- “• The authority to establish disclosure processes for privatized housing applicants and residents to determine if anyone who intends to reside in a unit, or who resides in a unit, is a sex offender, pursuant to AFI 32-6001, as amended on 12 July 2010, and “AF Guidance Memorandum Sex Offenders in Privatized Family Housing” (12 July 2010).”

**Item #26. Appendix F –Technical References**

**REPLACE** Appendix F with the attached revised Appendix F dated August 9, 2010.

**Item #27. Appendix N - Mandatory Clauses Required by Federal Law**

**REPLACE** Appendix N with the attached revised Appendix N dated August 9, 2010.

**Item #28. Appendix O – Firms of Interest List**

**DELETE:** “Mr. Dan Ray, Jefferies & Company, Inc. 8310 S. Valley Highway, Suite 300 Englewood CO 80112, [Dan.ray@jefferies.com](mailto:Dan.ray@jefferies.com) (303) 881-5803”

and **REPLACE** it with the following:

“Mr. Dan Ray, Jefferies & Company, Inc. 8310 S. Valley Highway, Suite 300 Englewood CO 80112, [danray@jefferies.com](mailto:danray@jefferies.com) (303) 881-5803”

**Item #29. Solicitation No. AFCEE-09-0002**, except as specifically modified by this Amendment 1, shall remain unchanged and in full force and effect.

END OF AMENDMENT 1