

**United States Department of Defense
Air Force Materiel Command**



**Air Force Center for
Environmental Excellence
(AFCEE)**

**Privatization of Military Family Housing
Kirtland Air Force Base**

**AMENDED REQUEST FOR PROPOSALS
Part I: Solicitation Requirements, Evaluation and Notifications**

**FINANCIAL AND TECHNICAL PROPOSALS ARE DUE NO
LATER THAN 5:00 P.M. EDT 28 SEPTEMBER 2001 AT:**

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1 OVERVIEW OF SOLICITATION AND EVALUATION PROCESS

This Part I of the Request for Proposals (“RFP”) addresses the solicitation, evaluation and selection process involved in the real estate transaction for privatizing military family housing at Kirtland Air Force Base. The goal of the Air Force is to enter into a long-term business arrangement with a qualified private developer that can offer the “Best Value” to the Government in meeting the needs of the Air Force and its related family housing community. The accompanying Part II of this RFP sets forth a summary of the project, describes the pertinent existing improvements at Kirtland, and summarizes important project requirements.

1.1 HOUSING GOAL

The goal of the Kirtland AFB privatization initiative is to provide its military families access to safe, quality, affordable housing in a community where they will choose to live. Since traditional Military Construction (MILCON) funds are insufficient to meet this goal in a timely manner, Air Force officials have determined that the best solution is to privatize all of Kirtland's military family housing by leveraging available resources utilizing certain Military Housing Privatization Initiative (MHPI) Authorities.

Privatization will accelerate housing renovations, alleviate housing shortages and reduce waiting times for new housing, ultimately improving morale of Air Force personnel. Additionally, base officials will be able to achieve long term land use plans by relocating and consolidating all housing to the eastern side of the base where family services are more accessible.

1.2 AUTHORITY

Pursuant to The National Defense Authorization Act for Fiscal Year 1996, P.L. 104-106, Title XXVIII, Subtitle A-Military Housing Privatization Initiative (MHPI) (codified at 10 U.S.C. Sections 2871-2885 as amended), the Department of the Air Force is soliciting proposals from qualified private entities interested in entering into a business arrangement with the Government.

These authorities can be accessed at the following web site:

<http://www.afcee.brooks.af.mil/ebsh/asp/AdvertisedSolicitations.asp>

Sections 2874 (Leasing of Housing to be Constructed), 2875 (Investment in Non-Government Entities), 2876 (Rental Guarantees), 2877 (Differential Lease Payments), and 2879 (Interim Leases) shall not be used with this project.

1.3 SELECTION STRATEGY

The strategy for the Kirtland AFB housing privatization initiative is to utilize a streamlined, two-step, non-FAR (not governed by Federal Acquisition Regulations), “Best Value” solicitation strategy that encourages maximum flexibility in proposal development within the parameters set forth in this solicitation.

The goal of the source selection strategy is to select the proposal that best realizes the Kirtland AFB housing goal and demonstrates the private party's commitment to a long-term relationship with Kirtland AFB, the related housing and ancillary facilities, and the local community. "Best Value" is defined as the proposal offering military families housing with the most outstanding quality designs, construction, and real estate services, in a secure and well planned community for the 50-year term. The Air Force will determine the "Best Value" based on an integrated assessment of financial and technical strategy factors and the costs to the Government of any subsidized financing (Government loan guarantee and/or Government direct loan), as well as qualifications/experience and proposal risk described below. The Government reserves the right to select a proposal which is more costly to the Government over a less costly proposal, if the more costly proposal is otherwise more advantageous.

This will be a two-step, non-FAR, real estate transaction. The intent is to use fair, timely and cost-effective procedures for the development, evaluation and selection of the offer most advantageous to the Air Force.

There are two purposes for utilizing a two-step RFP process:

- One is to allow Offerors to respond to the first step in a timely and cost effective manner; and,
- Two, to allow the Government to down-select expeditiously to a reasonable number of Offerors to proceed to Step Two. Step Two will require a more comprehensive response by the Offerors than was originally submitted in Step One. The two steps are further explained below:
- **Step One: Qualifications Submittal and Evaluation.** The Qualifications Submittal evaluations in Step One will consist of an integrated assessment of financial strategies, technical concepts, qualifications/past performance and proposal risk (Volume I Parts A & B, Volume II). The Government reserves the right to down-select to no more than five fully qualified Offerors whose proposals demonstrate the highest probability of success after the "down-select." Offerors shall submit the information required in Step Two by a date established and communicated to the selected Offerors, which shall be referred to as Step Two. Discussions are not necessarily anticipated. The Government reserves the right to down-select without discussions.
- **Step Two: Proposal Submittal and Evaluation.** Evaluation of proposals for those qualified Offerors identified and notified in Step One will consist of an integrated assessment of the separate factor ratings of Volumes III, IV and V. Proposal risk will also be assessed on Volumes III, IV, and V. All business arrangement and technical elements will be evaluated at the factor level to determine the adequacy of proposal information as it relates to the Solicitation requirements. Its purposes are to:
 - (i) Assess how well the Offerors have structured the development financing (i.e., will the financing be credible in equity and debt markets and minimize Government commitments and risks); and,

- (ii) Evaluate how well the construction, management and operation of the proposed development, balanced with the projected Government costs, satisfies the requirements of the solicitation. Those Offerors identified within the “competitive range” may have an opportunity to discuss and revise their proposals before final evaluations are completed and the Successful Offeror (“SO”) is selected. The Government reserves the right, however, to award without discussions.

1.4 SUBMITTAL ORGANIZATION AND CONTENTS

The submittals are to be separated into two distinct submittals (two-step process). **It should be clearly understood that until an Offeror is notified that it has been selected to proceed to Step Two, there is no reason to prepare the Step Two Financial and Technical Proposal submittal.**

The Qualifications Submittal (Step One) shall be evaluated, and the Government will select those Offerors that are to proceed to the Financial and Technical Proposal (Step Two). At this point, the Government will establish a due date allowing sufficient time for the selected Offerors to submit their Financial and Technical Proposal submittals (Step Two). All Offerors shall submit Volume I (Part A and Part B) and Volume II by the due date identified on the cover page and in Section 5.1 below. Only those Offerors that are selected in the exercise of the sole discretion of the Government to proceed to the Financial and Technical Proposal stage (Volumes III, IV, and V) should submit Volumes III, IV, and V, and only these Offerors shall be evaluated on information contained in those Volumes.

The table below presents an overview of the Step One and Step Two submittal requirements.

Step One: Qualifications Submittal - For All Offerors		
Volume	Description	Summary of Submittal Information
I-Part A	Qualifications (Organizational, Business and Financial)	Executive Summary, Team Strength, Relevant and Recent Project Experience, Organizational and Management Approach, Credit References, Financial Statements, Preliminary Proforma and Financial Risk Assessment, Project Financing
I-Part B	Qualifications (Design and Construction, Real Estate Management, Project Concept)	Executive Summary, Relevant and Recent Project Experience, Project Concept
II	Past Performance	Concise factual material presenting relevant similar projects for each key team member, e.g., real estate management firm, design and construction firm, all completed within the last ten years; Past Performance Questionnaires (Appendix R)
Step Two: Financial and Technical Proposal For Selected Offerors Only		
Volume	Description	Summary of Submittal Information
III	Business Arrangements, Financial Plan and Structure	Government Loan Information, Military Housing Loan Guarantee Agreement Information, Modifications to Documents, Operating Revenue and Expenditures Budget, Development Budget, Development Services and Uses, Capital Repair and Replacement Schedules, Reinvestment Schedules, Guaranteed and Commercial Loan Information, Interest Rate Protection Information, Sources and Return of/on Equity, Fees, Cost comparison to local housing market, description and mechanics of Lock Box Accounts
IV	Design and Construction	Site Development Design Information, Landscaping features, Recreational facilities, Utility designs, Desired features and enhancements, Housing Unit Design, Typical building site layout, composite floor plan, building code compliance plan, exterior elevations, interior elevations, building sections, color boards, energy plan, estimated utility costs, general description of materials, material maintainability, structural features, appliances and equipment, design features and enhancements, Design project experience, relevant construction project experience, construction management plan
V	Real Estate Management	Real Estate Operations & Management Plan, Rental Rate Management and Referral Plan, Facilities Maintenance, Capital Repair & Replacement, Reimbursement Account, Operations & Management Project Experience

STEP ONE - QUALIFICATIONS SUBMITTAL

Offerors should note that drafts of the forms of governing legal documents and other documents and information relating to the proposed privatization transaction are set forth in Appendices to this Request for Proposals. These Appendices are available for download from the AFCEE privatization web page:

<http://www.afcee.brooks.af.mil/ebsh/asp/AdvertisedSolicitations.asp>

In addition, Offerors should visit the AFCEE Privatization web page frequently for updated information:

<http://www.afcee.brooks.af.mil/dc/dch/hpdata/hpdata.asp>

Offerors should further note that AFCEE has engaged KORMENDI \ GARDNER PARTNERS (“KGP”), a financial advisory firm with offices in Washington, D.C., as the Government’s representative for this solicitation and to support AFCEE in this privatization project. KGP and its team of subcontractors (the “KGP Team”) will support AFCEE in every aspect of soliciting prospective Offerors, evaluating submissions, closing the transaction and monitoring the SO’s post-closing performance. Nevertheless, the role of the KGP Team is limited to presenting analyses and recommendations. AFCEE and other Air Force and Defense Department organizations will ultimately review those analyses and recommendations, and will make the ultimate decisions that result in selection of the SO.

2 QUALIFICATIONS SUBMITTAL (STEP ONE)

In this Section, the submittal requirements and evaluation of Step One: Qualifications Submittal are explained in detail, along with the evaluation considerations.

2.1 SUBMITTAL REQUIREMENTS

The submittal requirements for Step One are:

Qualifications Submittal--Step One--For All Offerors			
Volume	Description	Number of Submittals	Page Limit¹
Volume I: Qualifications			
Part A	Business & Financial	One original, four copies & one electronic copy ²	30 pages
Part B	Design & Construction and Real Estate Management	One original, four copies & one electronic copy ²	30 pages
Volume II: Past Performance		One original, four copies & one electronic copy ²	None
Other:	Past Performance Questionnaire	At least three originals for each key team member ³	None
NOTES :			
1. Any pages exceeding the limits set above will be destroyed and not evaluated. Supporting data such as mandatory forms, resumes, financial statements, proformas, cost estimates, engineering calculations, drawings and catalog cuts <i>that are attached or appended to Parts A or B of Volume I</i> do not count against the page limits indicated above. Such items that are included within the text of Volume I do count against the page limits.			
2. Volumes I and II may be submitted on the same disk/CD-ROM. See Section 4.2 below for additional instructions on electronic copies.			
3. The Past Performance Questionnaire (Appendix R) shall be provided by the Offeror to Government agencies or private companies that will submit responses directly to the Government's representative, KGP.			

The contents of Offeror submittals are described in detail below. Offerors are required to review Section 4 below, General Submittal Requirements, for general information on submitting the following information to the Government.

2.1.1 Volume I: Qualifications

Volume I, Qualifications, shall be submitted in two separate binders and identified as Volume I - Part A and Volume I - Part B. Each binder shall be clearly labeled and shall include the following items in the same order as outlined below.

In addition to the information submitted in Volume I, the Government and its representative (KGP) may consider other projects performed by the Offerors and identified through any and all

means, including but not limited to customer surveys and comments from Government agencies. The Government's representative may hold discussions during review of Volumes I & II.

Volume I - Part A: Business & Financial

Executive Summary

The summary shall succinctly outline the major reasons why the prospective Offeror, together with others who shall participate in the project (including but not limited to joint venture parties, major subcontractors, lending institutions, etc.), is qualified to carry out the business and financial elements of the project and the associated development, operations and management tasks identified in the proposal.

Team Strength

The Offeror shall submit an organizational chart and brief commentary, clearly illustrating how the project ownership is contemplated and identifying all parties to the transaction. Offerors shall submit the following information:

- A brief description of the team's management approach to satisfying the project requirements throughout the entire 50-year term.
- A complete detailed narrative, clearly identifying each principal, partner and/or co-venturer proposing to participate in the project including ownership percentages. For each principal, partner, co-venturer or known major sub-contractor identified, identify discipline or specialty (e.g., community planning, A/E design, development, demolition, construction, demolition, and property management).
- A description of the legal form of the ownership, development, and operating entities.

Relevant and Recent Project Experience

Offerors shall describe in detail recent and relevant experience in development and teaming arrangements with emphasis on the type of financial service/structure, type of project, number of units, project value, complexity and the specific role of the prospective Offeror and those persons and organizations identified as participants in the proposed project.

Relevant residential development experience shall be limited to developments of \$25 million or more and completed within the past ten years. Illustrative or other materials (e.g., photographs and renderings) that demonstrate relevant experience may be submitted for evaluation (two copies each). For each of the projects described, also provide these project details: name, title, affiliation, current address and telephone number of members of each project team and other persons familiar with the project, including but not limited to the institutions that provided permanent and construction financing, the location (street address, city, state) of each project, length of time since involvement with project, and phone numbers for current and all previous owners, and tenants (to the extent possible). *These project details may be provided by cross-references to entries in the Offeror's Past Performance information in Volume II.*

Organizational and Management Approach

The Offeror shall include a written description of the proposed approach to the overall management of the Kirtland project. Include a list of key project personnel, their roles, resumes and experience on previous related projects.

Credit References

The Offeror shall include the names, addresses and telephone numbers of at least three credit references, together with letters addressed and mailed to each reference authorizing release of information to the Government and to its representative, KGP. If the Offeror is comprised of two or more partners or co-venturers, the same information is required of each partner or co-venturer. For those Offerors that intend to use a guaranteed or Government Direct Loan, list all retired or existing mortgage debt that is in excess of \$10 million.

If the Offeror is borrowing the required equity for this Solicitation, this must be disclosed and references for this type of borrowing must be supplied.

Financial Statements

Submit three years of audited financial statements and notes thereto for all significant parties to the transaction. A significant party is any party that shall sign the Lease of Property, own 10% or more of the project, or be the primary developer or operator.

For publicly traded entities subject to reporting to the Securities and Exchange Commission ("SEC"), this requirement is met by submitting the three latest Forms 10-K. In the event Form 8-K was submitted to the SEC within the last three (3) years, please provide. If any of the significant parties is a newly created entity for which three (3) years of financial statements are unavailable, then financial statements are required for the individual owner(s) of the significant parties. The Offeror shall clearly mark and package proprietary information separately from the other materials comprising the Statement of Qualifications, except for Forms 10-K and 8-K, which are public documents.

Preliminary Proforma and Financial Risk Assessment

Submit a preliminary proforma and financial risk assessment that conform to the requirements set forth in Appendix Q, Volume I, Preliminary Proforma and Financial Risk Assessment. The proforma will be deemed preliminary and not binding upon the SO. This information and the financial risk assessment will be used in evaluating whether the Offeror has a reasonable understanding of the costs, revenues, expenses and financial structure of this project and in appraising suggestions for improving the structure of the project.

Project Financing

Submit a commitment letter, which may be conditional, from the proposed Guaranteed Lender evidencing a review of the terms and conditions of the following: Solicitation, Appendices, Lease of Property, Government Limited Loan Guarantee, the Government Direct Loan and related documents, and their proposed terms, the credit quality of the Offeror, and the Offeror's proposed project concept.

In addition, this letter shall include a statement that the Guaranteed Lender is highly confident that they can finance the Offeror's proposed project. If other methods of financing are intended,

provide appropriate evidence. Demonstrate how the equity contribution and the first and second mortgage debt or other methods of financing fully fund this project.

The Offeror shall also submit and describe the intended method of construction financing and if a construction loan is intended, a letter from the construction lender stating that the proposed construction lender has reviewed the Offeror's preliminary concept and solicitation documents.

Volume I - Part B: Design & Construction and Real Estate Management

Executive Summary

The summary shall succinctly outline the major reasons why the prospective Offeror, together with others who shall participate in the project (including but not limited to joint venture parties, major subcontractors, lending institutions, etc.) is qualified to carry out the design, construction and real estate management elements of the project and the associated development, operations and management identified in the proposal.

Relevant and Recent Project Experience

Offerors shall describe in detail recent and relevant experience in facility demolition, design, construction, renovation, real estate management, real estate operations and maintenance, and teaming arrangements with emphasis on the type of design, construction and/or real estate management, operations and maintenance services provided, type of project, number of units, project value, complexity and the specific role of the prospective Offeror and those persons and organizations identified as participants in the proposed project.

Relevant residential development experience shall be limited to developments of \$25 million or more and completed within the past ten years. Illustrative or other materials (e.g., photographs and renderings) that demonstrate relevant experience may be submitted for evaluation (2 copies each). For each of the projects described, also provide these project details: name, title, affiliation, current address and telephone number of members of each project team and other persons familiar with the project, including but not limited to the institution that provided permanent and construction financing, the location (street address, city, state) of each project, length of time since involvement with project, and phone numbers for current and all previous owners, and tenants (to the extent possible). *These project details may be provided by cross-references to entries in the Offeror's Past Performance information in Volume II.*

Project Concept

Submit a detailed narrative describing Offeror's tentative proposed project concept. The narrative shall provide an overall description of the intended project design, construction and real estate management, operations and maintenance methodology that evidences the extent of the Offeror's understanding of the Kirtland housing privatization project and provides an indication of the nature of the development project that the Offeror foresees implementing at Kirtland. Such project concept may include but need not be limited to the following items:

- Description of proposed unit amenities
- Description of proposed project site amenities
- Description of the proposed phasing/transition plan, including length of use for the Maxwell housing area after the transition period

- Description of proposed security plans describing the extent of the security elements incorporated into the project development (i.e., street configurations, lighting and landscaping treatments)
- Description of proposed environmental design elements (i.e., compliance with applicable local, state and federal environmental protection regulations)
- Description of proposed property management administration methodology to include but not be limited to: organization of real estate management group; provisions for on-site management; process and procedures for rent collection, unit assignment, eviction and dispute resolutions
- Description of proposed process and procedures for routine maintenance, change of occupancy maintenance, periodic maintenance and replacement schedules, landscaping/grounds maintenance of units and project site and pest control procedures

2.1.2 Volume II: Past Performance

Each Offeror shall submit a past performance Volume as part of its proposal. In Volume II, Past Performance, the Offeror shall present concise factual material dealing with relevant similar projects for each corporate team member (e.g., Real Estate Management Company, Design and Construction Firm), completed within the last ten years. Offerors are advised that the Government and its representative will use data provided by each Offeror in this Volume, the other four Volumes and data obtained from other sources in the development of performance risk.

Volume II shall have the following three tabs:

- Tab 1 should include all project data for each key team/company as it pertains to the business arrangement and financial teams.
- Tab 2 should include all project data for each key team/company as it pertains to the design and construction teams
- Tab 3 should include all project data for each key team/company as it pertains to the real estate management team. Submit information on contracts or projects considered relevant in demonstrating ability to perform this effort.

This information may include data on efforts performed by other divisions, corporate management, critical team members, if such resources will be brought to bear or significantly influence the performance of the proposed effort. If other divisions, corporate management, critical team contractors perform a critical element or significantly influence the proposed effort, the information provided should demonstrate their ability to provide the specific expertise for which they are critical.

For all listed contracts/projects, for each key team/company, provide the following information:

- Company/Division Name
- Program/Project Title

- Contracting Agency/Company
- Contract Number/Request for Proposal Number (as applicable)
- Description of the Contract/Project Effort
- Type of Contract/Project
- Period of Performance
- Contract Dollar Value at Time of Award/Closing
- Current Contract Value Including all Changes and Exercised Options
- Original Completion Date
- Current or Actual Completion Date, and
- Name, address, and telephone and fax number of Program Manager,
- Administrative Contracting Officer, and Procuring Contracting Officer or key point of contact with knowledge of the specific project in question
- Indication as to whether or not a Past Performance Questionnaire has been requested from this Contracting Agency/Company

Offerors are required to explain what aspects of the contracts/projects are deemed relevant to this effort. Offerors may also submit information on significant achievements or explain past problems that they consider relevant to the proposed effort.

2.1.3 Relevance

For a description of the characteristics or aspects the Government will consider in determining relevance, see Section 2.1.1 above. Note that the Government generally will not consider performance on a newly awarded contract without a performance history or on an effort that concluded more than ten years prior to this source selection.

2.1.4 Past Performance Questionnaire

The Offeror is required to send the Past Performance Questionnaire (Appendix R) to no fewer than three (3) client companies or Government agencies for each key team member. Questionnaires should be provided to these companies or agencies in a timely manner such that their responses are received by KGP no later than the deadline for Step One submittals.

2.2 QUALIFICATIONS SUBMITTAL EVALUATION

Step One Qualifications Submittal evaluations will consist of an integrated assessment of financial strategies, technical concepts, qualifications/past performance and proposal risk. The Government reserves the right to down-select to no more than five fully qualified Offerors whose proposals demonstrate the highest probability of success. Discussions are not necessarily anticipated, but the Government's representative may communicate with Offerors if necessary.

The Government reserves the right to down-select without discussions.

Proposal risk assesses the risk associated with the Offeror's proposed approach as it relates to accomplishing the requirements of the solicitation. The Step One Qualifications Submittals will

be assessed to determine if the Offeror demonstrates a sound approach to accomplishing the solicitation requirements as well as a complete understanding of those requirements.

2.2.1 Evaluation of Volume I: Business & Financial

The evaluation will consider the extent to which the Offeror shows a comprehensive understanding of all aspects (i.e. project development, design, construction, real estate management, operations and maintenance, and project financing) of the project scope, adequate and recent relevant experience, financial strength, as well as the ability to secure adequate financing and a demonstrated approach to satisfy the project requirements over the entire 50-year term.

2.2.2 Evaluation of Volume II: Past Performance

Past Performance - Assessment.

The assessment of past performance is a significant factor that will be used in making the "Best Value" selection. Past Performance enables the Air Force to better predict the quality of, and customer satisfaction with, future work. The SO in this initiative must deliver the same high quality of service to Air Force customers as it delivers to its best commercial customers. The Air Force will, in turn, reward those Offerors that deliver quality service by giving them credit for its good performance when making a selection for this privatization project. Offerors with poor performance records must demonstrate improved performance and describe improvements in the Past Performance Volume.

The main purpose of the past performance assessment as related to the final selection of the SO is to appropriately consider each Offeror's demonstrated record of supplying projects and services that meet users' needs including cost and schedule. The emphasis placed on past performance demonstrates Air Force commitment to select the Offeror that will carry through with what it promises in its proposals for the entire term of the contract. Accordingly, Offerors will be required to submit project past performance information as related to its business arrangements, design and construction, and real estate management proposals considered to be relevant in demonstrating ability to perform the requirements of solicitation. Offerors will also be required to explain what aspect of the past performance information is deemed relevant to this effort.

Past Performance - Risk Assessment

Performance risk relates to the assessment of an Offeror's past work and accomplishments to determine the Offeror's ability to successfully perform as required. A performance risk rating will be assessed for the overall proposal. Past performance history for each key team member (e.g., real estate management company, design and construction firms) will be reviewed for quality, timeliness, cost control, business relationships and customer satisfaction. The Past Performance Questionnaire (Appendix R) will be used by the Government's representative to obtain customer input on the projects submitted in Volume II and this information will be consolidated into an overall performance risk rating. The Government and its representative may consider other projects performed by Offerors and identified through any and all means, including but not limited to customer surveys and comments from Government agencies.

STEP TWO - FINANCIAL AND TECHNICAL PROPOSAL

3 FINANCIAL AND TECHNICAL PROPOSAL (STEP TWO)

This Section explains the submittal requirements and evaluation of Step Two: Financial and Technical Proposal.

In addition to the requirements set forth below, the Government reserves the right to require a Step Two Offeror to submit written proof of the availability of the equity and debt financing identified in the Offeror's Financial and Technical Proposal. The Government may serve notice of this requirement at any time before award.

3.1 SUBMITTAL REQUIREMENTS

The submittal requirements for Step Two are:

Financial and Technical Proposal Submittal ^{2, 3} - Step Two			
For Selected Offerors Only			
Volume	Description	Number of Submittals	Page Limit¹
III	Business Arrangements, Financial Plan and Structure	One original, four copies & one electronic copy	45 pages
IV	Design and Construction	One original, four copies & one electronic copy	60 pages
V	Real Estate Management	One original, four copies & one electronic copy	60 pages
NOTES:			
1. Any pages exceeding the limits set above will be destroyed and not evaluated. Supporting data such as mandatory forms, resumes, financial statements, proformas, cost estimates, engineering calculations, drawings and catalog cuts that are attached or appended to Volumes III, IV or V do not count against the page limits indicated above. Such items included within the text do count against the page limits.			
2. The Government, through its representative, will establish a due date for proposals. All submittal dates will be identified in the notification letter.			
3. Volumes III through V may be submitted on the same disk/CD-ROM. See Section 4.2 below.			

The contents of Offeror submittals are described in detail below. Offerors are required to review Section 4 below, General Submittal Requirements, for general information on submitting the following information to the Government.

Offerors are advised that a selection may be made without discussion or any contact concerning the proposal received. Therefore, proposals shall be submitted initially on the most favorable terms regarding financial, technical, and other factors. Do not assume that firms will be contacted or afforded an opportunity to clarify, discuss, or revise proposals. If discussions are

conducted, Offerors will be allowed to submit final proposal revisions. The Government will select the proposal representing the “Best Value.”

The following information shall be submitted in Volumes III, IV and V.

3.1.1 Volume III – Business Arrangements, Financial Plan and Structure

The Offeror shall include the following information in Volume III:

3.1.1.1 Project Financing

1) Government Direct Loan

If a Government Direct Loan is proposed, a completed Borrower Application form (Appendix O), shall be submitted which includes the following:

- a) Amount of the loan required and the proposed rate of interest to be paid on it.
- b) Expected terms and timetable for disbursement and repayment of Government funds.
- c) Any proposed exceptions or modification of terms of the Government Direct Loan (see Appendix E). However, the Offeror should be advised that the Government will not accept any material modifications and that the inclusion of any modification may cause the Offeror’s proposal to be evaluated less favorably.
- d) Any proposed deferral of principal payments and a related payment schedule.

2) Military Housing Loan Guaranty Agreement

If a Government Limited Loan Guarantee is proposed, Offeror shall submit the following:

- a) Amount of the loan to be guaranteed.
- b) Any proposed exceptions or modification of terms of the Military Housing Loan Guaranty Agreement (see Appendix F). However, the Offeror should be advised that the Government will not accept any material modifications and that the inclusion of any modification may cause the Offeror’s proposal to be evaluated less favorably.

3) Legal Documents

Offeror may submit proposed exceptions or modification of terms to the sample Lease of Property and quitclaim deed.

However, the proposal of exceptions and modifications may cause the Offeror's overall proposal to be evaluated less favorably.

4) Minimizing Risk to Air Force Resources

The Offeror shall submit a narrative describing:

- a) How the risk of financial default has been mitigated.
- b) Which parties shall infuse additional financial support, if needed.
- c) Whether the Offeror or any other parties shall guarantee the performance of the Offeror's obligations to the Government under the loan agreements, the Lease of Property, Operating Agreement and other binding agreements.

3.1.1.2 Project Viability Over the 50-Year Business Arrangement

1) Operating Revenues and Expenditures Budget

Offeror shall submit a 50-year operating revenue and expenditure budget for the life of the project that, as a minimum, shall include the line items included in Appendix Q. Submit a brief narrative that explains how each of the line items is calculated (e.g., inflation factors, vacancy rates, fees included, etc.). Identify all expected or potential fees and amounts to be charged for development and management services. Identify how and which parties shall be subordinate (if applicable) relative to fees and distribution of returns.

2) Development Budget

Offeror shall submit a total Development Budget for the project which describes in detail all hard and soft costs, including but not limited to construction costs (utilizing Davis-Bacon wage determinations), demolition costs, and infrastructure costs, design, engineering, consultant and legal fees, development fees, permit fees, financing transaction fees, construction interest, reserves and commissions. See Development Budget proforma format in Appendix Q.

3) Development Sources and Uses of Funds

Offeror shall submit a statement of Development Sources and Uses of Funds that describes proposed capital and operation funding by source. See Appendix Q for mandatory format.

4) Capital Repair and Replacement Schedules

The Offeror shall submit the required schedules that correspond to the amounts required under the Capital Repair and Replacement Plan. See Appendix Q for mandatory format.

5) Reinvestment Schedules

The Offeror shall submit the required schedules that correspond to the amounts required under the Reinvestment Plan. See Appendix Q for mandatory minimum format.

3.1.1.3 Financial Strategy

1) Guaranteed and Commercial Loans

- a) For *construction financing*, the Offeror shall provide a commitment letter from the lender. The letter may be conditional or unconditional, but unconditional letters will be evaluated more favorably. The commitment letter shall include the items set forth below:
- Amount of loan
 - Interest rate (fixed or variable, stated as a recognizable index plus some spread)
 - Recourse vs. Non-recourse (full or partial)
 - Points and fees
 - Contingencies
 - Timeline for funding
 - Interest Rate Protection Vehicle, if any
 - A statement that the construction lender has reviewed the Offeror's proposal and solicitation documents.
- b) For *permanent financing*, the Offeror shall provide a completed Guaranteed Lender Eligibility Form (Appendix N), if applying for a guarantee, and a conditional commitment letter from the lender, whether or not a guarantee is being used, that includes the items set forth below:
- A statement that the lender has reviewed the Offeror's proposal and solicitation documents
 - Required debt service coverage ratio
 - Amount of loan
 - Interest rate
 - Recourse vs. non-recourse (full or partial)
 - Loan maturity
 - Amortization period
 - Points and fees
 - Contingencies
 - Timeline for funding
 - Interest rate protection vehicles, if any
- c) The Offeror may propose bond or other types of securitized financing. However, the Government Guarantee runs to the Guaranteed Lender and the Offeror must have a commitment for the entire loan amount from the proposed Guaranteed Lender. In addition to the commitment from the Guaranteed Lender or other first mortgage lender, if bond or other securitized financing is proposed, the Offeror shall provide the following:

- Letter from underwriter stating terms, conditions and all fees of bond or other securitized financing and that the bonds or securities shall be purchased by said underwriter and resold to investors
 - Type of credit enhancement vehicle, if any, and proof of capacity
 - An affirmative statement that the underwriter agrees to principal the transaction and the ultimate responsibility for the monetization of debt is the lender's sole responsibility.
- 2) **Interest Rate Protection.** The Offeror shall include a plan to mitigate risk of short-term rate fluctuations until the SO locks its interest rate with the selected lender.
- 3) **Sources and Returns on Equity.** The Offeror shall submit a table drawn from the forms in Appendix Q, along with a narrative, which identifies its equity contributions and projected return of/on equity by year of the project.
- 4) **Fees.** Offeror shall provide details of the development, construction, management, financial and other fees associated with the project. Details shall identify fees paid to the Offeror or related parties. Detail shall include:
- a) Nature
 - b) Amount
 - c) Timing
 - d) Entity earning the fee

3.1.1.4 Development Cost Compared to Local Market

- 1) The Offeror shall submit a detailed comparison of the costs of their proposed housing and similar types of housing in the project vicinity.

Specifically, the Offeror shall provide a total cost per unit and per square foot comparison between its proposed development and at least three developments or sub-developments of similar housing (100 or more units) in the local market.

As a minimum the comparison shall explain cost differences relating to:

- a) Wages to be paid in this project under the Davis-Bacon Act and the wages in the area labor market for residential construction.
- b) Designs, square footage, unit amenities, community amenities, quality of construction materials, etc.
- c) Soft costs (e.g., overhead, administration, etc.).

3.1.1.5 Mechanics of Accounts

- 1) Offeror shall submit evidence that prior to closing it will establish the following accounts, including name of financial institution at which the accounts are proposed to be established (see Part II, Sections 3.2.5 and 3.2.6):
- a) Lockbox Account

- b) Replacement Reserve Account
 - c) Construction Escrow Account
 - d) Impositions Account
 - e) Reinvestment Account
 - f) Windfall Income Account
 - g) Tenant Security Deposit Account
- 2) Offeror shall provide the proposed dollar amount for the initial “amount per unit” to be deposited into the Reinvestment Account (see Part II, Section 3.2.6.4).
 - 3) Offeror shall provide a proposed lockbox agreement that complies with all the terms listed in this solicitation.

3.1.2 Volume IV - Design and Construction

Drawings shall be provided at half-size (15”x21”). Reference the Appendix Q for mandatory forms required for proposal submission. The Offeror shall include the following information in Volume IV for the Government to evaluate.

3.1.2.1 Community Development Plan

1) Site Development Design

- a) **Site Plans.** Provide topographic design drawings (scale: 1”=200’) of the existing and proposed site conditions showing the general arrangement of elements and typical arrangement of individual structures. Provide a listing of proposed materials. Indicate density of development, relationship of site design to surrounding area, vehicle and pedestrian traffic, proposed drainage plan, and proposed phasing. Indicate existing, to remain, to be demolished, and proposed new facilities, streets, walkways, parking and recreational areas.
- b) **Land Use Plans.** Provide land use plans at 1”=200’ scale.
- c) **Security Plan.** Provide a security plan at 1”=200” scale that indicates Offerors proposed plans for public safety to include but not be limited to, the proposed street lighting scheme.
- d) **Demolition Plan.** Provide a demolition plan (scale: 1”=200’) showing existing facilities, streets, walkways, parking, and recreational areas to be demolished as well as the proposed phasing.
- e) **Environmental Plan.** Provide a plan for environmental protection addressing storm water run-off, spill contingencies, dust control, noise control, hazardous material handling and asbestos materials and lead-base paint disposal and obtaining necessary permits.
- f) **Colored Sketch.** Furnish a colored sketch or rendering of typical proposed units and street characteristics from an angled street level view. All variations of unit style and material shall be depicted. Landscaping materials shall be depicted, as

they will appear at the time of occupancy. Sketch need not be framed for evaluation purposes.

- 2) **Landscaping Features.** Provide typical landscaping/ grounds site plans for each housing area.
- 3) **Recreational Facilities.** Provide concept drawings for all proposed new recreation/common facilities. Include layout plans and proposed materials for those recreational features discussed in Part II, Section 3.3.4.
- 4) **Utility Designs.** Provide adequate utility distribution system layouts with upgrades, as required to ensure systems remain operational throughout the duration of the agreement.
- 5) **Desired Features/Enhancements.** Part II, Section 3.3.4.3 lists a number of design features described as desired features that exceed the project basic requirements. Provide a list, narrative description and/or drawing as appropriate of any desired features or enhancements proposed for incorporation in the project. See Section 3 of Part II for an explanation of “requirements,” “desired features” and “enhancements.”

3.1.2.2 Unit Design and Construction

The Offeror shall submit drawings, specifications and descriptions to develop and design a commercial rental housing development. The following outline is provided to ensure that each proposal contains consistent and sufficient information for evaluation of technical factors. The intent of these submittals is to see that each Offeror’s concept is acceptable and that no serious misconceptions exist. The following sub-factors relate to basic requirements specified in the solicitation.

- 1) **Design of Housing Units.** Provide narrative and tabular schedule describing total number of units by style, number of bedrooms, bathrooms and gross square footage (excluding garage) of each unit type. Provide this information for the basic requirement to be provided.

Divide the description into a separate group for each site. The following list provides minimum drawings required as part of proposal submissions. Drawings shall be prepared to the concept stage (approximately 15% design) in order to convey design concept and features.

- a) **Typical Building Site Layout.** Furnish for typical living unit, yard, and landscaping plan for each different building plan (with adjoining units as appropriate) at scale 1/8"=1'-0".
- b) **Composite Floor Plan.** Furnish for each unit type at scale 1/4"=1'-0". Typical single-line floor plan of each unit type showing unit design, including spatial relationship, circulation, functional concept, room dimensions, interior and exterior storage.

Narrative describing how proposal meets or exceeds basic requirements.

- Label all rooms (include individual room dimensions and areas in square feet)

- Provide modern interior design presenting efficient arrangement of function, circulation and open spaces
 - Provide equipment layout and schedule
 - c) **Building Code Compliance.** Provide specifications and/or other reference to code compliance pursuant to the provisions of Section 12.3 of the Lease of Property (Appendix I).
 - d) **Exterior Elevations.** Provide at scale 1/4"=1'-0".
 - Depict location of materials, roof slopes, and dimensions
 - Indicate signage and decorative details
 - Identify architectural features with a high degree of modulation and variability
 - e) **Interior Elevations for Kitchens and Bathrooms.**
 - f) **Building Sections.** Provide representative wall sections for new construction.
 - g) **Color Boards.** Furnish exterior and interior color boards showing all proposed finishes and colors. The boards are to illustrate colors and materials proposed. Only one set of boards per proposal is required.
- 2) **Energy Efficiencies**
- a) **Energy Plan.** Submit an energy plan to include as a minimum life cycle energy cost for each proposed unit type and projected monthly energy bills. Define how proposed designs meet applicable energy codes. Quantify expected energy efficiencies of proposed appliances, equipment, materials, and solar orientation of units.
 - b) **Calculation of Estimated Utilities Costs.** Submit detailed calculations supporting estimated energy consumption rates by unit type.
- 3) **Quality of Materials**
- a) **General Description.** Offeror must complete and provide the mandatory form Description of Materials located under Appendix Q. Provide narrative describing the quality of materials and workmanship proposed for all finishes. For example, describe roof and wall materials, window, door and hardware quality, safety, and patio/deck areas. List and annotate all major material items and provide catalog cut sheets for major mechanical/electrical equipment, and appliances.
 - b) **Maintainability.** Describe how materials proposed for exterior use, particularly roofs and exterior walls provide durable, low-maintenance finishes. Describe how materials selected for interior finishes particularly heavy use areas; provide both aesthetically pleasing and low-maintenance qualities.
 - c) **Structural Features.** Submit detailed narrative and drawings describing the structure of the facilities, including type of construction and proposed materials, quality of materials and workmanship of proposed foundations, wall and roof structures.

- d) **Appliances and Equipment.** Submit details of design and the product manufacturer's literature and color cut sheet on major appliances and equipment, including without limitation refrigerator, dishwasher, oven, stove, water heater and heating/ventilating system. Describe low-maintenance features of proposed appliances and equipment.
- 4) **Desired Features/Enhancements.** Part II of this solicitation lists a number of design features described as desired features that exceed the project basic requirements (Part II, Section 3.3.5.2.14.) Provide a list, narrative description and/or drawing as appropriate of any desired features or enhancements proposed for the project. See Sections 3.2.1.2 and 3.2.1.3 below for an explanation of "requirements," "desired features" and "enhancements."

3.1.2.3 Project Management

1) Relevant Design Project Experience

- a) **Design Project Experience.** Document team's experience in designing major housing projects within the last ten years. Clearly indicate each key team member's roles, responsibilities and lines of authorities in the project.

Provide specifics for each project, including the following:

- Project Name and Client
- Project Scope Narrative
- Design Start and Completion Dates including estimated and actual
- Construction Cost including estimated and actual
- Site Plans
- Photographic Documentation

b) Design Personnel Experience

Address the professional background, experience and qualifications of design team personnel proposed to manage the project design development. Key positions shall include as a minimum:

- Community Planner
- Project Manager
- Project Architect
- Civil Engineer
- Landscape Architect

- c) In the event the actual personnel proposed are not available to work on this project, the Offeror shall substitute with personnel of equal or better qualifications.

2) Relevant Construction Project Experience

a) Construction Project Experience

Document the team's construction experience with major housing projects or developments within the last ten years. Clearly indicate each key team member's role, responsibilities and line of authority in the project.

Provide specifics for each project, including the following:

- Project name and client
- Project scope description
- Construction start and completion dates including estimated and actual
- Construction cost including estimated and actual
- Site plans
- Photographic documentation

b) Construction Personnel Experience

Address the professional background, experience and qualifications of personnel proposed to manage, direct, schedule and oversee quality control of the project's construction.

Key positions shall include:

- Project Manager
- Quality Control Manager
- Job-site Superintendent
- Safety Officer

c) Team Organizational Structure

Provide a proposed organizational chart showing levels of management interaction between the design and construction teams, and personnel authorities and roles within the project.

Identify to what extent the proposed design team has worked together with the proposed construction team on previous projects of similar size and scope. Describe corporate level support involvement in the planning, resourcing, cost control and implementation of the project.

3) Construction Management Plan

Reference Part II, Section 3.3.7, Offeror shall submit a detailed integrated Construction Management Plan outlining the proposed project plan showing design and construction schedules, mobilization, demolition, inspection, surveillance and acceptance plans, project phasing/transition plans and certification of occupancy.

The plan at a minimum shall address in detail the following items:

- a) **Design Review Process.** Describe how Offeror will interact with Government personnel during the design phases.
- b) **Schedules.** Provide proposed project schedules outlining all areas of the design and construction. Describe how Offeror intends to coordinate and implement design and construction schedules including design reviews and construction conferences.

Schedules shall correlate with drawings submitted in accordance with Part I, Section 3.1.2.1, Community Development Plan.

- c) **Environmental Compliance.** Confirm intent to comply with all applicable local, state, and federal environmental laws and intent to provide and adhere to hazardous waste spill plan, and hazardous material handling and abatement/disposal plans.

Describe features of the construction operation that shall minimize construction debris, waste and reduce landfill materials. Provide National Environmental Policy Act (NEPA) checklist in the appendices.

- d) **Inspections.** Describe proposed quality control program and intent to abide by any permitting and all inspection requirements. Describe Offeror's concept for inspections and intent to abide by all requirements outlined in the Lease of Property.
- e) **Transition/Phasing.** Describe proposed transition/phasing plan. Detail how Offeror intends to handle unit availability and phasing of existing and new units to minimize impact on neighborhoods and moving of military families; detail proposed plans on utilities and services during the transition period and how Offeror intends to phase utilities and services.

Describe how Offeror intends to minimize the need to continue renting out Maxwell units.

- f) **Demolition Plan.** Provide narrative demolition plan describing proposed method of clearing the site of existing structures, pavements, utilities and abatement of asbestos and lead based paint.
- g) **Project Quality Plan.** Provide narrative project quality plan that explains how project quality will be assured throughout life of project.

3.1.3 Volume V – Real Estate Management

Reference Appendix Q for mandatory forms required for proposal submission. The Offeror shall include the following information in Volume V:

3.1.3.1 Real Estate Management

- 1) **Real Estate Operations and Management Plan.** Submit a proposed Real Estate Operation and Management Plan as described in Part II, Section 3.4.3 to address day-to-day operations management of the housing development. The plan shall address

on-site property management office, staffing and functions, tenant relations and other requirements.

- a) **Administration.** Provide a basic description of the proposed property management organization; provision for on-site management, and administration and operation and maintenance of the housing project.
- b) **On-Site Office.** The plan shall include concept plans for an on-site operations/management and maintenance support facility.
- c) **Basic Property Management Requirements.** Describe the ability to provide basic property management requirements identified in Part II, Section 3.4.3.

2) Rental Rate Management and Tenant Referral Plans.

- a) **Rental Rate Management Plan.** Provide draft Rental Rate Management Plan as discussed in Part II, Section 3.4.4. Backup data for the plan shall include all calculations for rent and utilities for each housing unit type. Backup data shall be consistent with and correlated to Volumes II and III.
- b) **Tenant Referral Plan.** Provide a proposed assignment plan as discussed in Part II, Section 3.4.5. The Tenant Referral Plan shall describe project start-up procedures, tenant application and vacating processing procedures, rental referral assignment process, procedures for tenant preview of unit, rental collection procedures, requirements for security and pet deposit/refunds.

3) Facilities Maintenance Plan. Submit a proposed Facilities Maintenance Plan as described in Part II, Section 3.4.6, consistent with the codes, regulations, and standards required by Part II, Section 3.3.2. Address routine maintenance and repair, emergency service calls, change of occupancy maintenance, pest control, lockout and key service, safety, and quality control. Address the following in conceptual fashion, with examples of quality control and safety and proposed standards and performance metrics.

- a) **Property Maintenance.** Describe maintenance concept for all units and common facilities, grounds, paving and other improvements, including timelines and costs for periodic repairs to all facility sub-systems and equipment, and routine maintenance described in the solicitation.

Describe how routine, emergency and Change of Occupancy maintenance and repairs shall be performed and by whom.

- b) **Snow and Ice Removal.** Propose a plan for snow and ice removal from common areas and disposal.
- c) **Pest Control Plan.** Propose a plan for pesticide applications in accordance with local, State and Federal requirements.
- d) **Refuse Services.** Submit a narrative describing whom, when and how refuse collection shall be provided.

4) Capital Repair and Replacement Plan. Submit a proposed Capital Repair and Replacement Plan as described in Part II, Section 3.4.7 consistent with the codes,

regulations, and standards required by Part II, Section 3.3.2. Address long-term major repair and replacement requirements and performance metrics. The goal of this plan will be to ensure all housing areas, housing units, and common areas, including paving and utilities systems remain in a quality, well-maintained manner throughout the duration of the agreement in between a whole-house modernization/renovation requirement. Define the proposed concept for the Capital Repair and Replacement Plan, as well as a projected budget and funding stream to implement the plan.

See Appendix Q for mandatory Building Component Life and Unit Cost form.

- 5) **Reinvestment Plan.** Reference Part II, Section 3.2.6.4 (Reinvestment Account) and 3.4.8 (Reinvestment Plan), define the proposed concept for a Reinvestment Plan for a whole house modernization/renovation at the 25-year point and the Reinvestment Account to fund quality of life improvements, as well as a projected budget and funding stream to implement the plan.

The goals of this plan will be to ensure that a major modernization will take place for the housing stock and that the funding for proposed community improvements is acceptable.

3.1.3.2 Experience

- 1) **Operations and Management Personnel Qualifications.** Document the professional background, experience and qualifications of personnel proposed to manage, operate and maintain real property assets. Address nationally recognized professional certification, education and continuing training.
- Provide position descriptions for the following key personnel.
- a) Project Manager
 - b) Manager, On-site Property Management Office
 - c) Maintenance Manager
- 2) **Operations and Management Project Experience.** Document the key personnel's experience managing significant real property developments within the last ten years. Clearly indicate each key person's role in the project.

Provide specifics for each project, including the following:

- a) Development name and type description (including development size)
- b) Client name and address
- c) Scope of Operations & Management activity
- d) Duration of involvement in the property management activity

3.2 PROPOSAL EVALUATION

Selection of the SO will be based on the Offeror's proposal that is the most advantageous to the Government in that it provides the "Best Value" to satisfy the requirements of this solicitation for the fifty year term. This will be determined based on an integrated assessment of the

Volumes listed below. The Volumes will be weighted in importance, from greater to lesser, in the following sequence:

- Past Performance (Volume II) and Business Arrangements and Financial Plan and Structure (Volume III) are of equal importance to each other, but each is of greater importance than Design and Construction (Volume IV) or Real Estate Management (Volume V). Volumes IV and V are, in turn, equal to each other in importance. The Government reserves the right not to make a selection under the solicitation.
- Volumes III, IV, and V will be evaluated based on the requested information/data. The Offeror's proposal must demonstrate and clearly describe an effective and efficient business, financial, and technical approach for accomplishing the stated requirements. Unrealistic information/data, may be grounds for eliminating a proposal from competition either on the basis that the Offeror does not understand the requirement, or has made an imprudent proposal. The financial data must correlate with other Volumes, attachments, and mandatory forms.
 - **After selection**, the SO shall submit the following:
 - **Proof Of Equity.** Within ten (10) days of Government notification of selection, provide proof of equity including, but not limited to amount of equity, location and number of account, financial institution and name of contact at the financial institution.
 - **Loan Commitment.** Commitment for both the construction and permanent financing other than the Government Direct Loan, if applicable, is contingent only upon closing within thirty (30) days of Government notification of selection. If the Offeror can show good cause for delay, the Government may, in the exercise of its sole discretion, elect to extend this period or to proceed to the next Offeror.
 - **Financial Documentation.** Copies of all financial documents not included in the solicitation shall be provided within thirty (30) days of Government notification of selection. If the Offeror can show good cause for delay, the Government may, in the exercise of its sole discretion, elect to extend the 30-day period or to proceed to the next Offeror.

3.2.1 Evaluation Approach and Ratings.

3.2.1.1 Evaluation Methodology.

Three ratings will be applied during the evaluations - a color rating, a proposal risk rating and a performance confidence assessment. When the integrated assessment of all aspects of the evaluation is accomplished, the color ratings, proposal risk ratings, and performance confidence assessments will be considered equal in importance. The decision authority, using sound business judgment, will base the source selection decision on an integrated assessment of the factor color and proposal risk ratings (derived from evaluating the proposal against the solicitation factors) and the performance confidence assessment.

3.2.1.1.1 A color rating will be assigned to the factors within Volumes III, IV, and V.

The solicitation identifies both basic requirements (the absolute lowest threshold the Government will accept) and desired features (additional attributes deemed by the Government to be beneficial to the military families). The color rating depicts how well the Offeror's proposal meets or exceeds the project requirements (by including some or all desired features listed in the RFP, Part II, Section 3, and/or enhancements not specifically listed in the RFP) in a way beneficial to the Air Force.

3.2.1.1.2 A proposal risk rating will also be assigned to the factors within Volumes III, IV, and V.

Proposal risk represents the risks identified with an Offeror's proposed approach as it relates to accomplishing the solicitation requirements listed in the RFP, Part II, Section 3.

3.2.1.1.3 A performance confidence assessment will be assigned to each of Volumes II, III, IV and V.

Performance confidence represents the Government's confidence in an Offeror's ability to successfully perform as proposed and is based on an assessment of the Offeror's present and past work record and the specifics of the Financial and Technical Proposal.

3.2.1.2 Basic Requirements and Desired Features

The solicitation identifies both basic requirements (the absolute lowest threshold the Government will accept) and desired features (additional attributes deemed by the Government to be beneficial to the military families).

3.2.1.3 Enhancements.

Offerors are encouraged to submit enhancements, which they believe will enhance the project even though they are not identified as a basic requirement or desired feature in this solicitation. The Air Force reserves the right to award additional evaluation credit to such enhancements based upon its assessment of their added value.

3.2.1.4 Evaluation.

Evaluation of desired features and enhancements will involve the exercise of subjective judgments and trade-offs as part of an integrated assessment to determine which combination of desired features and enhancements, weighed against proposal risk and performance confidence, offers the Best Value to military families. The Government reserves the right to evaluate and give evaluation credit for proposed features that are in addition to the basic requirements and stated desires. The quality level of a proposed desired feature or enhancement will also be factored into the integrated assessment.

Desired features and enhancements will be evaluated within the factor to which they apply, and for which they have been submitted.

3.2.1.5 Color Codes.

The following chart summarizes the code system to be used to assign color ratings for each of the factors.

Color	Rating	Definition
Blue	Exceptional	Exceeds the project requirements (by including some or all desired features listed in the RFP, Part II, Section 3, and/or enhancements not specifically listed in the RFP) in a way beneficial to the Air Force.
Green	Acceptable	Meets the project requirements listed in the RFP, Part II, Section 3 necessary for acceptable performance.
Yellow	Marginal	Does not clearly meet some specified project requirements listed in the RFP, Part II, Section 3 necessary for acceptable performance, but any proposal inadequacies are correctable.
Red	Unacceptable	Fails to meet specified project requirements listed in the RFP, Part II, Section 3. Proposals with an unacceptable rating for any factor are not awardable.

3.2.2 Proposal Risk Assessment and Rating.

Proposal risk assesses the risk associated with the Offeror's proposed approach as it relates to accomplishing the requirements of the solicitation. All business and technical proposal information will be assessed to determine if the Offeror demonstrates a sound approach to accomplishing solicitation requirements as well as a complete understanding of those requirements. Proposal risk will be assessed on Volumes III, IV, and V at the factor level as follows:

High (H)	Likely to cause significant disruption of schedule, increased cost, or degradation of performance even with special Offeror emphasis and close Government monitoring.
Moderate (M)	Can potentially cause some disruption of schedule, increased cost, or degradation of performance. However, special Offeror emphasis and close Government monitoring will probably be able to overcome difficulties.
Low (L)	Has little potential to cause disruption of schedule, increased cost, or degradation of performance. Normal Offeror effort and normal Government monitoring will probably be able to overcome difficulties.

3.2.2.1 Basic Assessment Criteria.

Basic assessment criteria for this proposal risk assessment are defined as follows and both are of equal importance.

3.2.2.1.1 Understanding the Requirement.

The Offeror's proposal will be assessed in terms of the degree to which the Offeror understands the requirements relating to each factor as evidenced through compliance with the requirements of the solicitation. The proposal must indicate concise, complete responses that are clearly cross-referenced or indexed with the solicitation. The proposal must clearly describe how each factor set forth in the technical area shall be performed.

3.2.2.1.2 Soundness of Approach.

The Offeror's proposal will be assessed in terms of the degree to which the proposal, relating to particular items, is logical, defensible and consistent with all other parts of the proposal. Additionally, offers will be assessed as to whether or not all assertions made by the Offeror are supported and thoroughly documented, and assumptions are clearly labeled and justified. Also, the proposal will be assessed as to whether it provides an effective and efficient method of performing the work.

3.2.2.2 Specific Financial Assessment Criteria.

Volume III will be evaluated based on the requested information/data. The Offeror's proposal must demonstrate and clearly describe an effective and efficient business and financial approach for accomplishing the stated requirements. Unrealistic information/data, may be grounds for eliminating a proposal from competition either on the basis that the Offeror does not understand the requirement, or has made an imprudent proposal. The financial data must correlate with other Volumes, attachments, and mandatory forms. Evaluation of the business arrangement and financial data/information is a mandatory evaluation criterion that shall be conducted to consider the following:

3.2.2.2.1 Reasonableness.

The Offeror's methodology used in developing the proposal is fair, sound, fully justified and supported under current market conditions.

3.2.2.2.2 Completeness.

The Offeror provides all the data, assumptions and estimates necessary to support the offer, demonstrates responsiveness, and provides traceable assumptions and data for all tasks and requirements.

3.2.2.2.3 Realism.

The Offeror's proposal is compatible with proposed scope of effort, and operations reflect reasonable economy and efficiency.

3.2.3 Performance Confidence Assessments.

The performance confidence assessments, in conjunction with the color and proposal risk ratings, will be used in making the "Best Value" selection. The main purpose of the performance confidence assessment is to appropriately consider each Offeror's demonstrated record of supplying projects and services that meet users' needs including cost and schedule. Evaluation of past performance enables the Air Force to better predict with a certain level of confidence the quality of, and customer satisfaction with, future work. The SO in this initiative must deliver the same high quality of service to Air Force customers as it delivers to its best commercial customers. The Air Force will, in turn, reward those Offerors that deliver quality service by giving credit for good performance when making a selection for this project. Offerors with unsatisfactory or marginal performance records must demonstrate substantially improved performance and describe improvements in Volume II, Past Performance. The emphasis placed on assessing performance confidence demonstrates the Air Force's commitment to selecting the Offeror who will carry through with what it promises in its proposals.

3.2.3.1 Relevance.

Offerors will be required to submit relevant past performance information as it relates to its business arrangements, design and construction, and property management proposals to demonstrate an ability to perform the requirements of this project. Offerors will also be required to explain what aspect of the past performance information is deemed relevant to this effort. More recent and relevant performance will have a greater impact on the Performance Confidence Assessment than less recent or relevant effort. A more relevant past performance record may receive a higher confidence assessment and be considered more favorably than a less relevant record of favorable performance. The following are definitions for assigning the relevancy to the Offeror's past and present performance:

RATING	DEFINITION
Highly Relevant	The magnitude of the effort and the complexities on this contract are essentially what the solicitation requires.
Relevant	Some dissimilarities in magnitude of the effort and/or complexities exist on this contract, but it contains most of what the solicitation requires.
Somewhat Relevant	Much less or dissimilar magnitude of effort and complexities exist on this contract, but it contains some of what the solicitation requires.

3.2.3.2 Performance Confidence Assessment (Volume II).

A performance confidence assessment was determined for Volume II during Step One. Past performance history for each key team member (e.g., property management company, design and construction firms) will be reviewed for quality, timeliness, cost control, business relationships, and customer satisfaction as they relate to Volumes III, IV, and V, and in Step Two a performance confidence assessment will be determined for each of Volumes II, III, IV and V.

3.2.3.3 Questionnaire.

The Government's representative may use a questionnaire to obtain input on the projects submitted in Volume II. Each Offeror shall furnish a copy of the Past Performance Questionnaire (Appendix R) to each point of contact (i.e., Program Manager, Contracting Officer, Administrative Contracting Officer, etc.) for each contact referenced at Section 2.1.2 above. Responses shall be faxed directly to the Government's representative identified on the form at Appendix R. The information provided through the questionnaires and other sources will be consolidated into an overall performance confidence assessment. The Government's representative may consider other projects performed by Offerors and identified to the Government's representative through any and all means, including but not limited to customer surveys and comments from other Government agencies.

3.2.3.4 Assessment Ratings. Performance confidence is assessed as follows:

Exceptional/ High Confidence	Based on the Offeror's performance record, essentially no doubt exists that the Offeror will successfully perform the required effort.
Very Good/ Significant Confidence	Based on the Offeror's performance record, little doubt exists that the Offeror will successfully perform the required effort.
Satisfactory/ Confidence	Based on the Offeror's performance record, some doubt exists that the Offeror will successfully perform the required effort.
Marginal/Little Confidence	Based on the Offeror's performance record, substantial doubt exists that the Offeror will successfully perform the required effort. Changes to the Offeror's existing processes may be necessary in order to achieve contract requirements.
Unsatisfactory/ No Confidence	Based on the Offeror's performance record, extreme doubt exists that the Offeror will successfully perform the required effort.

3.2.3.5 Due Diligence.

The Government's representative(s) may physically visit places where the Offeror is performing, or has performed, the services. If the Government deems necessary, these visits may include visits to customer sites of any subcontractor that the Offeror will use in performance of the services required pursuant to the provisions of the Lease of Property (Appendix I to this solicitation), customer sites of any key personnel that will be involved in the Lease, and if the Offeror is a combination of firms (for example, a partnership or joint venture), customer sites of any companies that make up the Offeror. Furthermore, the Government's representative may have teleconferences with Offeror's other customers if the representative deems necessary.

3.2.3.5.1 The Government's representative has the flexibility to pick any customer sites it chooses.

However, the Government's representative intends to select the sites based on the amount of relevancy and recency that the sites have to the requirements in this solicitation.

- During the customer site visits, the Government's representative will interview customers and Offeror's employees working on the site, as well as survey the location and the services the Offeror is providing.
- Due to its interactive nature and purpose, due diligence will be semi-structured and not rigid. This will allow the Government's representative flexibility in performing due diligence. This means that due diligence on one Offeror may not be exactly the same as due diligence on another Offeror. However, the overall purpose and focus of due diligence will be consistent among Offerors.
- The Government's representative will evaluate due diligence against the Qualifications and Past Performance, Volumes I and II.

3.3 BASIS FOR SELECTION.

Selection of the SO will be based on the Offeror's proposal that is the most advantageous to the Government in that it provides the "Best Value" to satisfy the requirements of this solicitation for fifty years. This will be determined based on an integrated assessment of the factor color and proposal risk ratings (derived from evaluating the proposal against the solicitation requirements) and the performance confidence assessments (determined for each of Volumes II, III, IV and V). The Volumes will be: Past Performance (Volume II), Business Arrangements, Financial Plan and Structure (Volume III), Design and Construction (Volume IV), Real Estate Management (Volume V). Of these Volumes, Volumes II and III are equal to each other in importance but are each of greater importance than Volumes IV and V; Volumes IV and V are, in turn, equal to each other in importance. The Government reserves the right not to make a selection under the solicitation. When the integrated assessments of all aspects of the evaluation is accomplished, the color ratings, proposal risk ratings, and performance confidence assessments will be considered equal in importance. The decision authority, using sound business judgment, will base the source selection decision on an integrated assessment of the factor ratings, proposal risk ratings, and the performance confidence assessments.

3.3.1 Restrictions on Project Participation.

In accordance with Government policies and 10 U.S.C. 2327, this project will not be awarded to, there shall be no participation in connection with the project by, and the Government will not provide a loan to, or guarantee any loan made by, a firm or a subsidiary of a firm if the Government of a terrorist country has a significant interest in the firm or subsidiary, unless a waiver is granted by the Secretary of Defense. Nor shall any firm or subsidiary thereof that assisted the Government in any way in the requirement identification or solicitation preparation be allowed to participate in this solicitation.

3.3.2 Evaluation Factors

In addition to the performance confidence assessment that will be determined for each of Volumes III, IV and V, these Volumes will be evaluated and assessed color and proposal risk ratings on the following factors based on the information and data submitted as evidence of the Offeror's commitment to meet, or exceed, the requirements of this solicitation.

3.3.2.1 Volume III – Business Arrangements, Financial Plan and Structure

The factors for Volume III are as follows, listed in descending order of importance:

3.3.2.1.1 Factor 1, Project Financing. Proposals will be evaluated to assess compliance with requirements of Section 3.2.3 in Part II of the RFP. Minimizing Air Force subsidy cost, as determined by the schedule for distribution of Government funds, the terms for repayment of principal and associated interest payments, and the cost of providing the Government loan guarantee (estimated to be approximately 10% of the loan amount), is a primary requirement of this solicitation. The lower the subsidy cost, the more favorable the evaluation rating of this element. Offerors using the guarantee must demonstrate how using the Government guarantee has resulted in an additional benefit to the project. Another primary requirement of this solicitation is the minimization of Government participation in the project development above and beyond the conveyance of housing and lease of property. Evaluations will assess the Offeror's ability to deliver private financing arrangements that maximize the use of income available to cover debt service. The proposed use of authorities granted under the MHPI Legislation will be evaluated for conformance with basic requirements identified in Sections 3.2.3.1 and 3.2.3.2 (and their respective Sub-Sections) in Part II of the RFP. Proposed revisions to transactional documents will be assessed for impact on the material terms of the solicitation, and such revisions must not materially affect the terms of the solicitation. Minimization of risk to Government funding will be evaluated based on long-term provisions to mitigate financial default, including but not limited to establishment of a debt service reserve, a standby lending source, or other risk mitigation approaches. Additional evaluation credit will be assessed to proposals that pledge greater than 10% of proceeds from the sale or refinancing of the development to the Government as additional interest on the Direct Loan. Also, additional evaluation credit will be assessed to proposals that contain unconditional commitment from a financially substantial and responsible party of additional funding support that will be available to mitigate the risk of financial default. Additional evaluation credit will also be assessed to proposals that include a plan that either dedicates to the project any savings realized from an exemption from or an abatement of property taxes on the project, or a failure or inability of the local taxing authority to assess property taxes on the project, or that otherwise provides the benefit to the Government. Finally, if a Government Direct Loan is proposed, proposals may be evaluated less favorably if principal payment deferrals are proposed.

3.3.2.1.2 Factor 2, Project Viability Over the 50-Year Business Arrangement. The Offeror's development and operating budget must clearly identify all sources and uses

of funds throughout the 50-year existence of the project. All data must support, or be supported by, the accomplishment of stated and proposed requirements to design, construct, operate and maintain a quality housing development. Evaluation of data submitted will assess the consistency of calculations, estimates, assumptions, statements of financing and proposed cashflow management. Debt service coverage requirements identified in Section 3.2.3.6 of Part II are requirements for this solicitation.

- 3.3.2.1.3 Factor 3, Financial Strategy.** The Offeror's complete financing strategy will be evaluated for demonstration of the Offeror's ability to deliver a complete financing package that complies with the requirements of this solicitation. All information submitted by the Offeror and its respective lender(s) will be evaluated to assess the rating for this factor. The material terms of proposed private financing will be evaluated for compatibility with the material terms of any proposed Government participation, and the material terms of the Lease of Property in Appendix I. The Offeror's repayment schedule for the private loan (if used in conjunction with a Government Direct Loan) must be a fixed level payment for the term of the loan. The information submitted by the Offeror and respective lender(s) must fully disclose any conditions or contingencies that have to be satisfied to finalize financing commitments. The evaluation of Offeror's equity contributions will be based on compliance with the basic requirements outlined in Section 3.2.3.8 of Part II.
- 3.3.2.1.4 Factor 4, Development Cost Compared to Local Market.** The Offeror's cost of development will be evaluated for differences in cost between the housing to be provided in this effort and similar housing in the local community. The closer the proposed costs are to the local market costs, after factoring in acceptable variances, the more favorable the evaluation rating. The Offeror's must provide a detailed listing of all fees and demonstrate that these fees are reasonable and when viewed in their entirety do not create an excessive burden on the project.
- 3.3.2.1.5 Factor 5, Mechanics of Accounts.** The Offeror's evidence of complying with the solicitation requirements identified in Sections 3.2.5 and 3.2.6 of Part II will be evaluated using the information submitted. The evaluation will assess a rating based on the Offeror's provisions for (1) planned distributions into the accounts, (2) maintaining Government review and approval of account status and withdrawals, and (3) reasonable estimates of account sufficiency to satisfy future requirements. A more favorable rating will be assessed to account provisions that clearly support the long-term protection of development operations, maintenance and future renovation requirements.

3.3.2.2 Volume IV - Design and Construction

The factors for Volume IV are as follows, listed in descending order of importance:

- 3.3.2.2.1 Factor 1, Community Development Plan.** The Offeror's proposed site design will receive a comprehensive evaluation to assess the Offeror's ability to deliver an

attractive and livable residential environment that conforms to the basic requirements contained in Section 3.3.4 of Part II and effectively blends the new and existing housing communities. The Offeror's proposed utility distribution system additions and modifications must ensure systems remain operational throughout the term of the Lease.

3.3.2.2.2 Factor 2, Unit Design and Construction. The Offeror's strength and technical merit of the proposed unit design and construction will be evaluated for conformance to all requirements contained in Sections 3.3.5 and 3.3.7 of Part II. Additionally, the evaluation will assess the design concept for its approach to incorporating quality of life features, ease of maintenance provisions, and architecturally compatible requirements. A more favorable assessment will be awarded to floor plans that reflect concepts of open space planning in the living area with good functional relationships and visual definition. The evaluation of the Offeror's construction management plan will assess the effectiveness of proposed scheduling, phasing, demolition, environmental compliance and inspections and permits in minimizing tenant moves and disruptions and ensuring satisfactory quality in the completed project and job-site safety. Additional evaluation credit will be assessed to proposals that incorporate desired features listed in Section 3.3.5.2.14 of Part II. Also, additional evaluation credit will be assessed to proposals that exceed project schedule (including project phasing) and demolition plan time requirements in order to minimize disruption to housing residents as well as impacts to the achievement of base missions.

3.3.2.2.3 Factor 3, Project Management. The Offeror's successful teaming of development, design and construction organizations will be evaluated for an ability and capacity to manage the delivery of the proposed real property development. Relevant design and construction experience will be assessed as a predictor of the Offeror's ability to succeed with this project. The Offeror must clearly demonstrate adequate access to resources necessary to meet project schedule requirements.

3.3.2.3 Volume V – Real Estate Management

The factors for Volume V are as follows, listed in descending order of importance:

3.3.2.3.1 Factor 1, Real Estate Management. The Offeror's concept for the development operations and maintenance will be evaluated to assess the Offeror's provisions for an on-site, well structured, organization and procedures to operate and maintain a quality real property development for the 50-year duration of this project. The Rental Rate Management Plan (RRMP) must satisfy all requirements of Section 3.4.4 of Part II for an acceptable evaluation. The RRMP must clearly identify how the New Pershing and newly constructed units will be used in establishing the designated unit requirements of Section 1.3.1.5 of Part II. The goal will be to avoid multiple moves of existing tenants, with no tenant in New Pershing being relocated to the other existing housing areas at any time. Additionally, the Tenant Referral Plan must provide a clear strategy for assuring the enforcement of requirements in Section 3.4.5 of Part II, and the proposed Tenant Lease must appropriately address all provisions listed in Part II,

Section 3.4.5.6. The Offeror's Facilities Maintenance Plan will be evaluated against all requirements identified in Section 3.4.6 of Part II. The Offeror's quality control provisions shall identify the mechanism for tenant interface. Additional evaluation credit will be assessed to plans providing enhanced service above that required in this Section.

The Capital Repair and Replacement Plan must provide a sound approach for repair and replacement of capital assets to ensure long-term facility maintenance needs are met and quality is maintained throughout the duration of the agreement. The Reinvestment Plan must offer a sound approach for the proper uses of the Reinvestment Account and demonstrates that the requirements of this Solicitation for a whole house modernization/renovation as well as proposed community improvements can be achieved.

3.3.2.3.2 Factor 2, Experience. This factor will be evaluated on the level of experience and qualifications of key operations and maintenance staff personnel. The Offeror's key property management staff must have successful experience and sufficient qualifications to manage a project of this scope and magnitude. Staff proficiencies must cover all significant areas of property management operations and maintenance activities identified in Section 3.4 of Part II.

4 GENERAL SUBMITTAL REQUIREMENTS

These general submittal requirements apply to both Step One: Qualifications Submittal and Step Two: Financial and Technical Proposal.

Offerors are required to meet all solicitation requirements, such as terms and conditions, representations and certifications, and technical requirements, in addition to those identified as factors or subfactors to be eligible for award. Failure to comply with the terms and conditions of the solicitation may result in the Offeror being removed from consideration for award. Any exceptions to the solicitation's terms and conditions must be fully explained and justified.

4.1 SUBMITTAL REQUIREMENTS

Offers and modifications, if applicable shall be submitted in sealed envelopes or packages addressed to the office specified in the solicitation cover letter and showing the time specified for receipt, the solicitation number, and the name and address of the Offeror.

(a) This Section provides general guidance for preparing proposals as well as specific instructions on the format and content of the proposal. The Offeror's proposal must include all data and information requested by the RFP and must be submitted in accordance with these instructions. The offer shall be compliant with the requirements as stated in the RFP and all attachments thereto. Non-conformance with these instructions may result in an unfavorable proposal evaluation.

- (b) The proposal shall be clear, concise, and shall include sufficient detail for effective evaluation and for substantiating the validity of stated claims. The proposal should not simply rephrase or restate the Government's requirements, but rather shall provide convincing rationale to address how the Offeror intends to meet these requirements. Offerors shall assume that the Government has no prior knowledge of their facilities and experience, and will base its evaluation on the information presented in the Offeror's proposal.
- (c) The proposal acceptance period is specified at Appendix P. The Offeror shall make a clear statement regarding the proposal acceptance period as required at Appendix P.
- (d) The Government will retain one copy of all unsuccessful proposals. Unless the Offeror requests otherwise, the Government will destroy extra copies of such unsuccessful proposals.
- (e) Telegraphic or facsimile offers and modifications will not be considered without express written authorization of the Air Force.
- (f) Offers submitted by electronic means, including modifications, will not be considered without express prior written authorization of the Air Force.

4.1.1 Mandatory Forms

The Appendices of this solicitation include all mandatory forms, which are required for this project. Offeror shall include a narrative with all mandatory forms providing source of information, backup data, and underlying assumptions.

4.1.2 Applicable Wage Rates

The Davis Bacon wage determination current at the time of issuance of a notice to proceed will apply to the work on the project. A sample Davis Bacon Act wage determination may be found at Internet site <http://davisbacon.fedworld.gov/>.

4.1.3 Submittal Letter

Each Offeror shall submit the information required by the solicitation. The Offeror shall sign the offer and print or type its name on a submittal letter and on each continuation sheet on which it makes an entry. The person signing the offer must initial erasures or other changes. The person signing the offer must have the authority to bind the Offeror.

4.1.4 Clarity and Completeness

Clarity and completeness of the proposal in both Step One and Two is of the utmost importance. Offerors may be required to provide additional information on any item in the proposal however; the Government is under no obligation to request such information at any point in the evaluation process. The proposal must be written in a practical, clear and concise manner. Each Volume shall be clearly labeled with the Volume number and title. Each Volume shall contain a glossary of all abbreviations and acronyms used, with an explanation for each. Glossaries do not count against the page limitations for their respective Volumes.

4.1.5 Proposal Presentation

Each Volume shall be submitted in a loose-leaf 3-ring binder. The page size of the Offeror's proposal shall not exceed 8 1/2" by 11" with a minimum 12-pitch font. A page is defined as single-spaced, one printed side of one 8 1/2" by 11" sheet of paper or one printed side of a foldout page. Foldout pages shall fold entirely within the Volume. Each printed side of a foldout counts as one page. Page limits as specified in this RFP do not include attachments or appendices consisting of drawings, cost estimates, mandatory forms, legal documents, or specifications. The original proposal shall be provided on white paper with any changes made during the solicitation process submitted on different colored paper for each change. Changes shall be submitted on a replacement page basis. **Offerors are cautioned to ensure that any changes are reflected in all supporting tables and Volumes.** The Government and its representatives reserve the right to hold oral and/or written discussions with those Offerors in the competitive range, but there will not necessarily be any such discussions.

4.1.6 Solicitation Identification

All Volumes shall be marked with the solicitation name. Every page in the proposal shall have the solicitation name ("Kirtland AFB Housing Privatization Project"), the Volume number, and the consecutive page number (using Arabic numerals 1, 2, 3...). All Volumes shall include the Offeror's identity, and the Volume number on the cover page. Each Volume shall have a transmittal cover letter of no more than one page. This page will not count against the page count for the Volumes.

4.1.7 Volume Sections

During proposal evaluation each Volume will be reviewed separately. Therefore, each Volume shall be a stand-alone document requiring no referral to other Volumes for full understanding. Referrals to other Sections of the same Volume shall also be kept to a minimum. Each Volume must contain both a detailed table of contents for the Volume and an overall table of contents covering all Volumes. Cross-referencing within a proposal Volume is permitted where its use would conserve space without impairing clarity. The Offeror shall provide a cross-reference matrix indicating by RFP Section or Appendix the corresponding proposal paragraph in that Volume that addresses the referenced item.

4.1.8 Financial Proforma

Financial proforma data shall be submitted in electronic format in accordance with the provisions of Section 4.2 below. All financial spreadsheets shall be submitted in a format compatible with MS Excel Office 97 version. In addition, five hard copies of the financial proforma data shall also be provided. See Appendix Q, Mandatory Forms.

4.1.9 Incomplete Submittals

Incomplete submittals and/or submittals without mandatory forms may be rejected. Incomplete submittals may be deemed to be non-responsive. The Government is under no obligation, therefore, to request additional information relating to incomplete submittals.

4.1.10

All cost or pricing information shall be addressed ONLY in the Business Arrangements, Financial Plan and Structure Volume. Cost trade-off information, work-hour estimates and material kinds and quantities may be used in other Volumes only as appropriate for presenting rationale for alternatives or design and trade-off decisions.

4.2 ELECTRONIC COPIES

Electronic copies shall be submitted on a 1.44MB 3.5" hard disk or CD-ROM, in a protective sleeve. Each disk or CD-ROM and protective sleeve shall be clearly marked as to the Volume number, Title, RFP Identification and the Offeror's name. Volumes I and II may be submitted on the same disk/CD-ROM. Volumes III through V may be on the same disk/CD-ROM. All Disk(s) or CD-ROMs will be included with the "original" paper copies of each Volume as identified in the RFP. The electronic submittals shall be compatible with the following equipment and software products:

- Pentium Class PC's
- Microsoft Office 97 (Excel, Word, PowerPoint)
- Microsoft Project 98
- Adobe Acrobat Reader 3.0

The electronic copy of the proposal shall be an exact duplicate of the "original" paper proposal. The disk(s) will be used for proposal evaluation. If there are discrepancies between the electronic proposal and the "original" paper proposal, however, the paper "original" shall be deemed to govern.

4.3 PROPOSAL PACKAGING

Proposals shall be delivered within an outer container. The outer containers shall be addressed as indicated below. The inner container shall be appropriately labeled and sealed, marked and addressed as follows:

FROM: Offeror's Return Address

TO: Kormendi \ Gardner Partners
1025 Connecticut Avenue, N.W. Suite 308
Washington, D.C. 20036

4.4 EXECUTION OF PROPOSAL

Offeror shall submit a signed cover letter as shown in Appendix P. A copy of this cover letter shall accompany each Volume submittal. Each proposal must contain the full address of the Offeror and be properly executed (signed with its usual signature). If the prospective Offeror is a joint venture, it must be signed by the authorized representatives of the joint venture parties. A proposal executed by an attorney or agent on behalf of the Offeror shall be accompanied by two authenticated copies of the power of attorney or other evidence of authority to act on behalf of the Offeror. If the Offeror is a corporation, a corporate officer who is authorized to bind the corporation must execute the corporate certificate. In lieu of the certificate, include with the proposal copies of the records of the corporation showing the name and authority of the vice

president or a higher officer to bind the corporation, duly certified by the Secretary or Assistant Secretary, under the corporate seal, as true copies. If the Offeror is a general or limited partnership, limited liability company or any other entity, the Offeror must provide evidence that the party signing the offer has the authority to bind the Offeror.

4.5 RFP ERRORS OR OMISSIONS

If an Offeror believes that the requirements in these instructions contain an error, omission, or are otherwise unsound, the Offeror shall immediately notify KGP in writing with supporting rationale. The Offeror is reminded that the Government reserves the right to award this project based on the initial proposal, as received, without discussion.

5 GENERAL NOTIFICATIONS TO OFFERORS

5.1 STEP ONE: QUALIFICATIONS SUBMITTAL DUE DATE

Offerors are required to submit Step One: Qualifications Submittals no later than 5:00 P.M. EST November 17, 2000. The due date for Step Two: Financial and Technical Proposals will be established and communicated to those Offerors selected at a later date.

5.2 PROVISIONS

Offerors are required to comply with the following provisions while developing their proposal. Where instructions conflict and no order of precedence is specified, the most stringent requirement applies. A reference to, or direction to comply with, a particular Section shall include, as appropriate, all Sub-Sections thereunder. Oral explanations or instructions given before the signing of the Lease will not be binding. Any information concerning the solicitation given to any prospective Offeror will be furnished promptly to all other prospective Offerors. If the information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective Offerors, the information will be furnished as an amendment to the solicitation.

5.2.1 Cancellation of Solicitation by the Government

The Government is sponsoring this solicitation solely for the purpose of achieving the goals established in the enabling legislation. While the Government intends to enter into agreements with the SO, it is under no obligation to do so, and reserves the right to cancel this solicitation and reject all submissions. The Government reserves the right to suspend or modify all aspects of this solicitation and to waive informalities and minor irregularities in offers received where it is in the best interest of the Government to do so.

5.2.2 Hold Harmless

By participating in the solicitation process, Offerors agree to hold the United States, its officers, employees, representatives and consultants harmless from and to waive all claims, liabilities and costs related to all aspects of this solicitation and/or the Kirtland privatization project. Under no

circumstances shall the Government be liable for any real estate brokerage commissions, finder's fees, loan fees, equity placement fees, or other forms of compensation related in any way to activities undertaken by any person as a result of this solicitation.

5.2.3 Amendments to Solicitation

This solicitation may be amended by formal amendment document, letter, or facsimile. If this solicitation is amended, then all terms and conditions that are not expressly modified remain unchanged. Offerors shall acknowledge receipt of any amendments to this solicitation by the date and time specified in the amendment(s). Acknowledgement shall be made by signing and returning the amendment(s), or sending a letter or telegraphic acknowledgement.

5.2.4 Restrictions on Project Participation

In accordance with Government policies and 10 U.S.C. 2327, this project will not be awarded to, there shall be no participation in connection with the project by, and the Government will not provide a loan to, or guarantee any loan made by, a firm or a subsidiary of a firm if the Government of a terrorist country has a significant interest in the firm or subsidiary, unless a waiver is granted by the Secretary of Defense. Nor shall any firm or subsidiary thereof that assisted the Government in any way in the requirement identification or solicitation preparation be allowed to participate in this solicitation.

5.2.5 Material Changes

Throughout the solicitation process, the Offeror shall provide to KGP any material changes to Volume I, and a written description explaining the reason for the change, not later than five business days after the change. Failure to disclose any material changes may result in disqualification from competition for this project. Material changes include, but are not limited to:

- Bankruptcy/reorganization of any of the participating entities/individuals in the Offeror's proposal
- Default on any loans or any other type of debt instrument
- Twenty (20) percent decrease in net worth/owner's equity
- Twenty (20) percent decrease in assets
- Twenty (20) percent increase in liabilities
- A sale of a portion of all of the Offeror's or participating entities' interest in said asset
- Litigation actions, pending or threatened, that may materially affect the Offeror's ability to successfully complete the transaction
- Judgment or lien against the Offeror imposed by any state or federal local taxing authority
- Other material events which may effect the Offeror's ability to complete the transaction
- Changes in commitments in the project team
- Key employee resignations

Upon receipt of a written description of a material change, the Government reserves the right to request additional information relating to said material change and reassess the Offeror's Step One Volume I.

5.3 LATE SUBMISSIONS

Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before selection is made and it was:

- Sent by U.S. Postal Service or any other means (i.e., Federal Express, UPS, etc.) and it is determined by the Government that the late receipt was due solely to mishandling by KGP or the Government after receipt.
- Sent by U.S. Postal Service Express Mail Next-Day Service, Post Office to Addressee, not later than 5:00 PM at the place of mailing, two working days prior to the date specified for receipt of proposals. The term “working days” excludes weekends and U.S. Federal holidays; or
- The only proposal received.

5.4 MODIFICATIONS

Any modification of a proposal, except a modification resulting from the Government’s request (through its representative, KGP) for “final” offers, is subject to the same conditions as listed in Section 4.1 above. A modification resulting from a request for “final” offers received after the time and date specified in the request will not be considered unless received before selection and the late receipt is due solely to mishandling by KGP.

5.5 WITHDRAWALS OF PROPOSALS

Proposals may be withdrawn by written notice or telegram (including mailgram) received by KGP at any time before selection. Proposals may be withdrawn in person, by an Offeror or an authorized representative of the Offeror, if the representative’s identity is made known and the representative signs a receipt for the proposal before award. Proposals may not be withdrawn by facsimile or electronic mail.

5.6 RESOLUTION OF ADMINISTRATIVE DETAILS

The Government anticipates there will be a need to resolve additional administrative details after selection of the SO. This may include finalizing the remaining administrative financial contingencies and completing all agreements in order to close with the SO. This post-selection process to resolve details will not encompass issues that affect the basis on which the source selection decision was founded. If, for whatever reason, the Government and SO are unable to complete this process within 60 days of notification of selection, the Government reserves the right to establish a new closing date or to select a new SO. In the event a new SO is selected, neither the old SO nor the Government will be entitled to reimbursement of costs or other indemnification from the other party.

5.7 EVIDENCE OF DATES/TIMES OF MAILING RECEIPTS

The only acceptable evidence to establish the date of mailing of a late proposal or modification sent either by U.S. Postal Service registered or certified mail is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or

Canadian Postal Service. Both postmarks must show a legible date or the proposal, or modification, shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, Offerors shall request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

The only acceptable evidence to establish the time of receipt at the evaluation office is the time/date stamp of that evaluation office on the proposal wrapper or other documentary evidence of receipt maintained by the evaluation office.

The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined above, excluding postmarks of the Canadian Postal Service. Therefore, Offerors shall request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

Notwithstanding Section 5.4, a late modification by the SO that makes its terms more favorable to the Government will be considered at any time it is received and may be accepted.

5.8 RESTRICTION ON DISCLOSURE AND USE OF DATA

Offerors who include in their proposals data that they do not want disclosed to the public for any purpose or used by the Government except for evaluation purposes, shall mark the title page with the following legend: "This proposal includes data that shall not be disclosed outside the Government and its representatives and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate this proposal." Mark each sheet of restricted data with the following legend "Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal." If, however, a Lease is signed with this Offeror as a result of or in connection with the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting Lease or needed for Environmental Documentation. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. Prospective developers should be aware; however, that the Air Force may share financial information with Congressional committees, if requested by the committees as part of their oversight function.

The firms of Avila Government Services Inc., Ernst & Young, and Booz-Allen & Hamilton have provided assistance to the Air Force in past efforts on the Kirtland privatization project. Kormendi \ Gardner Partners is currently retained as the Government's representative to assist the Air Force with the Kirtland privatization project. Avila Government Services, Ernst and Young, Booz-Allen & Hamilton, and their sub-contractors will be required to sign "conflict of interest" statements if interested Offerors utilize one of these firms. Kormendi \ Gardner Partners and its subcontractors, PricewaterhouseCoopers LLC, Eastham Johnson Monnheimer &

Jontz, P.C., and Greenhorne & O'Mara, Inc., shall not be engaged by prospective developers to assist them with their submissions for the Kirtland privatization project.

5.9 DEBRIEFINGS

KGP will promptly notify Offerors of any decision to exclude them from the competition. The Offeror may request a pre-award briefing from Air Force personnel by submitting a written request for debriefing to KGP within three days after receipt of the notice of exclusion from the competition. At the Offeror's request, this debriefing may be delayed until after award. If the debriefing is delayed until after award, it shall include all information normally provided in a post-award briefing. KGP will notify unsuccessful Offerors of the source selection decision. Upon such notification, unsuccessful Offerors may request and receive a debriefing from Air Force personnel. A request for such debriefing must be in writing and received by KGP within three days after the date on which that Offeror received notification of contract award. KGP may support the Air Force in connection with debriefings in such respects as the Air Force determines is appropriate.

6 REFERENCE SOURCES AND POINTS OF CONTACT

6.1 HOUSING PRIVATIZATION ELECTRONIC DOCUMENT ROOM

The web page is a comprehensive source of information pertinent to this project in electronic format suitable for downloading and/or printing. Documents relevant to this project are available electronically for downloading. Documents for download may be found at:

<http://www.afcee.brooks.af.mil/ebsh/asp/AdvertisedSolicitations.asp>. In addition, certain documents (some in electronic format, others as printouts only) will be available for purchase from Greenhorne & O'Mara, Inc. Contact Y. Jack Marcus, Sr. Manager, at (301) 220-2594 or by email at jmarcus@g-and-o.com.

Prospective Offerors should also visit the AFCEE Privatization web page for updated information: <http://www.afcee.brooks.af.mil/dc/dch/hpdata/hpdata.asp>.

6.2 INFORMATION AND CLARIFICATIONS

If further clarification is needed after accessing the information source above, contact the following individual:

Office	Name	Address	Phone, Email
Kormendi \ Gardner Partners	Cyrus Gardner	1025 Connecticut Ave., NW Suite 308	(202) 822-0900 kafb@kgpartners.com

Office	Name	Address	Phone, Email
		Washington, D.C. 20036	

6.3 CITY POINTS OF CONTACT

Points of contact for the City of Albuquerque and Bernalillo County can be found on the following web pages, respectively: www.cabq.gov. and www.bernco.gov.

7 POST SELECTION REQUIREMENTS

7.1 KICK-OFF MEETING

The Successful Offeror (SO) shall attend a Kick-Off meeting. The purpose of this meeting is to identify all tasks and documents that must be completed prior to closing.

7.2 CLOSING

Execution of the Lease of Property by the Government shall be contingent upon satisfactory evidence that the SO has:

- Proof of approved construction and permanent financing
- Deposited the equity contribution with the approved financial institution that will service the lockbox arrangement.

7.3 DESIGN AND CONSTRUCTION CONFERENCES

The SO shall conduct design and construction conferences as outlined in Part II, Section 3.3.7.

**United States Department of Defense
Air Force Materiel Command**



**Air Force Center for
Environmental Excellence
(AFCEE)**

**Privatization of Military Family Housing
Kirtland Air Force Base**

AMENDED REQUEST FOR PROPOSALS

**Part II: Project Summary, Existing Conditions and Project
Requirements (replaces version dated 3 August 2001)**

**FINANCIAL AND TECHNICAL PROPOSALS ARE DUE NO
LATER THAN 5:00 P.M. EDT 28 SEPTEMBER 2001 AT:**

KORMENDI \ GARDNER PARTNERS
1025 Connecticut Avenue, N.W. Suite 308
Washington, D.C. 20036
Voice (202) 822-0900 Fax (202) 331-1151
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1. EXECUTIVE SUMMARY

1.1 AUTHORITY

Pursuant to The National Defense Authorization Act for Fiscal Year 1996, P.L. 104-106, Title XXVIII, Subtitle A-Military Housing Privatization Initiative (codified at 10 U.S.C. Sections 2871-2885 as amended), the Department of the Air Force is soliciting proposals from qualified private entities interested in entering into a business arrangement with the Government. These authorities can be accessed at the following web site:

<http://www.afcee.brooks.af.mil/ebsh/asp/AdvertisedSolicitations.asp>; however, Sections 2874 (Leasing of Housing to be Constructed), 2875 (Investment in Non-Government Entities), 2876 (Rental Guarantees), 2877 (Differential Lease Payments), and 2879 (Interim Leases) shall not be used with this project.

1.2 HOUSING GOAL

The goal of Kirtland AFB is to provide its military families access to safe, quality, affordable housing in a community where they will choose to live. Since traditional Military Construction (MILCON) funds are unavailable to meet this goal in a timely manner, Air Force officials have determined that the best solution is to privatize all of Kirtland's military family housing by leveraging available resources. Privatization will accelerate housing renovations, alleviate housing shortages and reduce waiting times for new housing, ultimately improving morale of Air Force personnel. Additionally, base officials will be able to achieve long term land use plans by relocating and consolidating all housing to the eastern side of the base where family services are more accessible.

1.3 PROJECT SUMMARY

1.3.1 PROJECT CONCEPT.

The project involves a non-FAR real estate transaction with the Successful Offeror (SO) under which the Government will convey 1,784 existing housing units and certain associated improvements, and lease approximately 650 acres of land divided among six parcels (West Capehart, Maxwell, East Capehart A and B (hereinafter referred to as East Capehart), Loop, New Pershing Park, and Zia Park). The Government may provide or facilitate the provision of permanent financing in accordance with Section 3 below. In exchange, the SO shall obtain necessary construction financing, provide required equity and shall plan, design, develop, demolish, construct, own, operate, maintain, and manage a rental housing development, including all paving and drainage, as well as any utilities conveyed to or constructed by the developer, for a minimum of 1,164 military families for 50 years. The 1,164 required housing units are sometimes referred to as the "privatized units." The 1,164 privatized units shall consist of the 211 existing units located in New Pershing Park and the construction of 953 new units in the Loop, East Capehart, and New Pershing Park areas, as described in Section 3 of this Part II. All 1,164 privatized units shall be designated for occupancy by paygrade, and shall not exceed the Basic Allowance for Housing (BAH) at the dependent rate for the designated military paygrade, minus an amount sufficient to cover 110% of average estimated utility charges. The SO will be paid rent directly from the military members by allotment retroactively, one month in arrears.

1.3.1.1 Housing Conveyed. At the closing of the transaction, the Air Force will convey its interest in 1,784 family housing units constructed in various phases since 1947. The homes are located in different neighborhoods. West Capehart, East Capehart, Loop, New Pershing Park and Zia Park are located on the main base, while Maxwell is geographically separated from the main base, as indicated on the General Concept Site Map under Appendix C and the detail plans, under Appendix S. The following table provides a list of the base neighborhoods, the number of existing units to be conveyed to the SO and final disposition of the existing units:

Existing Housing Area	No. Units	Year Built	Disposition
West Capehart	141	1956-60	Demolish
East Capehart A and B	251	1956-60	Demolish
Loop	198	1947-51	Demolish
New Pershing Park	211	1996-97	Privatize
Zia Park	759	1947-51	Demolish
Maxwell	224	1956-60	Demolish
TOTAL	1,784		

1.3.1.2 Land Leased. At the closing of the transaction, the Air Force will lease approximately 650 acres of improved land to the SO. Upon successful completion of demolition and the project construction to the satisfaction of other conditions set forth in this Solicitation and in the controlling documents, two parcels containing approximately 220 acres (West Capehart and Zia Park) will be returned to the Air Force and the lease of those parcels will be terminated. One parcel containing approximately 60 acres (Maxwell) will continue to be leased by the Government to the SO for up to ten years beyond the transition period. See following chart:

Land Area	Approximate Acres	Disposition
East Capehart A and B	100	Continue out-Lease (50 years).
Loop	158	Continue out-Lease (50 years).
New Pershing Park	113	Continue out-Lease (50 years).

Land Area	Approximate Acres	Disposition
West Capehart	60	Lease terminated <3 years. Return to AF control.
Zia Park	159	Lease terminated <6 years. Return to AF control.
Maxwell	60	Continue out-Lease, ten years max. after the end of 6 year transition period. Return to AF control.

1.3.1.3 Construction of Privatized Units and Other Improvements. The project requires the construction of 953 new units within six years of the closing of the transaction, and the demolition of 1,349 existing units within six years of the closing of the transaction. The 224 Maxwell units will be demolished any time after the end of the six year transition period but no later than 10 years after the end of the transition period. The 953 new units will consist of a mixture of three- and four-bedroom, single-family units and two-, three-, and four-bedroom multiplex family units. Most if not all of the 953 new units will be sited in the Loop and East Capehart areas. A limited number of the new units may be sited in the New Pershing area. Other required improvements to be constructed by the SO include recreational facilities, new roadways proposed by the SO, new utility mains proposed by the SO, utility connections from housing units to mains and any other new improvements shown in the SO's proposal.

1.3.1.4 Long Term Modernization. The project will require the substantial upgrade and modernization of all of the 1,164 privatized units no later than 25 years after original construction completion. The modernization shall be an upgrade including, but not limited to, updating the unit functionality and space requirements, integration of new technologies, modernization of the units as a whole, including energy efficiencies, electrical and mechanical systems, updating of architectural finishes, kitchen appliances, cabinetry and plumbing fixtures.

1.3.1.5 Project Development Demographics. The chart below reflects the anticipated demand based on housing requirements and tenant rank for the development. Project requirements in Section 3 below are based on these demographics. The SO shall demonstrate in its proposal how to satisfy this demand.

Project Development Demographics

Rank	2 Bedroom Units	3 Bedroom Units	4 Bedroom Units
O7			2
O6			11
O5		9	6
O4		13	3
O3	28	19	8
O2	12	2	1
O1	62	13	5
E9			2
E8		4	1
E7		11	2
E6	23	17	13
E5	149	99	35
E4	318	30	5
E3	113	11	2
E2	75	3	1
E1	51	5	
TOTAL	831	236	97

1.3.1.6 Requirements for Maxwell Housing Units. After successful completion of construction and demolition (the end of the six year transition period), the SO shall be permitted to continue renting out the existing Maxwell units to Air Force referred families at BAH, if all utilities are provided free of charge to the tenant, or at BAH minus an amount sufficient to

cover 110% of average estimated utility charges, if the SO requires tenants to pay utility charges.

1.3.1.7 Operation of Housing Pending Designation and Completion of 1164 Units. The SO will be required to operate and maintain all existing units in habitable condition until, if applicable, the units are demolished in accordance with the approved Transition Plan. At the closing of the transaction, all conveyed, occupied units shall have their rents set no higher than the BAH rate of the current occupant. Also during the transition period, vacant units shall have a rent structure, established by the SO, that is equal to or less than the BAH rates structure for accompanied military members. Military members may elect (with Air Force approval) to rent a unit with an established rent for a higher grade (i.e., rent exceeds the member's BAH) and pay the unit's established rent. This will allow the SO some flexibility in keeping units occupied while meeting the basic Project Development Demographics. In addition, all conveyed units, including Maxwell housing, must be made available to Air Force-referred tenants exclusively during the transition phase. Within one year from the closing of the transaction, the SO must install individual electric and gas meters on the 211 New Pershing units. Once those meters are installed, the SO shall establish a fixed rent for those units established at an amount not to exceed the BAH rate minus an amount sufficient to cover 110% of estimated average reasonable utility charges at the dependent rate of the military member that the unit is designated for, in accordance with the Project Development Demographics. Additionally, all newly constructed units shall also have individual electric and gas meters installed prior to occupancy and have their rent established in the same manner. Until the New Pershing units are metered and for all units that are to be demolished, rents will also include all utilities. After the installation of electric and gas meters on the 211 New Pershing units and for all newly constructed units, rents will be fixed by unit type and shall not exceed the BAH with dependent rate of the military member's grade for which the particular unit was designated. After the New Pershing units are metered and for all newly constructed units, rental rates will be adjusted to provide a "reasonable utility allowance." The SO shall designate handicapped accessible units regardless of grade based on the occupant's BAH.

1.4 KEY CONTROLLING DOCUMENTS

Documents governing the project include, but are not limited to, a Lease of Property, Operating Agreement, a Quitclaim Deed and appropriate financial instruments as discussed in Section 3.2.1 below.

1.5 SELECTION STRATEGY

The strategy for the Kirtland AFB housing privatization initiative is to utilize a streamlined, two-step, non-FAR (not governed by Federal Acquisition Regulations), "Best Value" solicitation strategy that encourages maximum flexibility in proposal development within the parameters set forth in this solicitation.

The goal of the source selection strategy is to select the proposal that best realizes the Kirtland AFB housing goal and demonstrates the private party's commitment to a long-term relationship with

Kirtland AFB, the related housing and ancillary facilities, and the local community. “Best Value” is defined as the proposal offering military families housing with the most outstanding quality designs, construction, and real estate services, in a secure and well planned community for the 50-year term. The Air Force will determine the “Best Value” based on an integrated assessment of financial and technical strategy factors and the costs to the Government of any subsidized financing (Government loan guarantee and/or Government direct loan), as well as qualifications/experience and proposal risk described below. The Government reserves the right to select a proposal which is more costly to the Government over a less costly proposal, if the more costly proposal is otherwise more advantageous.

2. EXISTING CONDITIONS

2.1 GENERAL EXISTING CONDITIONS

This Section describes existing conditions of each site and their associated improvements (facilities and infrastructure) thereon to be leased and/or conveyed to the SO. All existing utility systems are currently owned and operated by the Government, but are under review for possible privatization. Additional detailed information may be found in the appendices as follows:

- Appendix B – Existing Housing Inventory
- Appendix C – General Concept Site Plan
- Appendix I, Exhibit A – Description of Leased Premises
- Appendix I, Exhibit D – Environmental Baseline Surveys
- Appendix S – Technical References

The Government has made every effort to ensure the accuracy of the information in this Section. However, should a conflict exist between the general information in this Section and the more detailed information in the Appendices, the information in the Appendices should be used.

2.2 WATER RIGHTS

The Government presently owns all water rights.

2.3 MAXWELL HOUSING

Maxwell housing is located north of Gibson Boulevard (a major Albuquerque arterial street), as shown on the West Boundary Plan under Appendix S. Civilian housing to the north, east and west bound the 1950’s neighborhood. At the closing of the transaction all improvements except utility systems will be conveyed and the land will be leased to the SO for a period not to exceed 16 years. By the conclusion of the lease period, the SO will have demolished all units and related improvements (see Appendix I) and the land will remain Government property.

- 2.3.1 UNIT STRUCTURE.** The site is fully developed with a combination of 224 duplex and single family housing units. 106 units have single car garages; the remaining units have a single car carport. Unit structures are a combination wood and brick frame on concrete slabs with built-up roofs. Exterior finishes are a combination of brick, wood, and stucco. 166 of the built-up roofs have been replaced within the last 10 years. All of the kitchens were remodeled approximately 15 years ago, and 16 of the baths were renovated within the past four years. Over 95% of the gas forced air furnaces and evaporative coolers have been replaced within the last eight years.
- 2.3.2 ENVIRONMENTAL.** Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.
- 2.3.3 INFRASTRUCTURE.** The following is a general description of the site improvements, including but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.
- 2.3.3.1 Electric.** The Government owns and provides infrastructure and service. Both primary and secondary lines are overhead and are in fair to poor condition. The 1950's system is free of PCB's. The housing area is not metered at the community or unit level. The electrical infrastructure is expected to be privatized during or after the transition period.
- 2.3.3.2 Gas.** The Government owns and provides infrastructure and service. The original black steel lines were installed in the 1950's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The gas infrastructure is expected to be privatized during or after the transition period.
- 2.3.3.3 Water.** The Government owns and provides infrastructure and service. The original cast iron lines were installed in the 1950's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The water infrastructure is expected to be privatized during or after the transition period.
- 2.3.3.4 Sewer.** The Government owns and provides infrastructure and service. The concrete mains were installed in the 1950's. The laterals were replaced with PVC within the past 15 years. The system is in fair to poor condition. The sewer infrastructure is expected to be privatized during or after the transition period.
- 2.3.3.5 Storm Drainage.** Drainage is primarily surface drainage with limited catch basins and reinforced concrete drainage pipes on south and east Mercury Circle.
- 2.3.3.6 Telephone.** Qwest provides both the lines and the service. The Government owns the poles, PVC ducts in concrete, and manholes, which will remain Government property.

2.3.3.7 Cable TV. Comcast provides the lines, service, and maintenance under a cable agreement. The cable lines are installed on the same poles as the telephone lines. The Government will not provide Cable TV infrastructure.

2.3.3.8 Government Telephone Cable. The Government owns and will retain ownership of its overhead and underground telephone cable that transverses the area.

2.3.3.9 Pavements. All road surfaces, curbs, and gutters are in fair to poor condition. Sidewalks exist on both sides of the residential streets.

2.3.4 OTHER IMPROVEMENTS TO BE CONVEYED. None.

2.3.5 OTHER REAL ESTATE INTERESTS. None.

2.4 WEST CAPEHART HOUSING

West Capehart is located south of Gibson Boulevard, as shown on the West Boundary Plan under Appendix S. The 1950's neighborhood is bounded by base industrial uses to the south, runways to the west and base recreational areas to the east. At the closing of the transaction, all improvements except utility systems will be conveyed. The SO shall demolish all West Capehart units within three years of the closing of the transaction. The land will be leased to the SO for a period not to exceed 3 years for the purpose of providing housing to military families prior to demolition.

2.4.1 UNIT STRUCTURE. The housing units are moderately degraded. The site is fully developed with a combination of 141 duplex and single family housing units. 27 units have single car garages, the remaining have a single car carport. Unit structures are a combination of wood and brick frame on concrete slabs with built-up roofs. Exterior finishes are a combination of brick, wood, and stucco. All of the baths were renovated within the past four years. Over 95% of the gas forced air furnaces and evaporative coolers have been replaced within the last eight years.

2.4.2 ENVIRONMENTAL. Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.

2.4.3 INFRASTRUCTURE. The following is a general description of the site improvements, including, but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.

2.4.3.1 Electric. The Government owns and provides infrastructure and service. Both primary and secondary lines are overhead and are in fair to poor condition. The 1950's system is free of

PCB's. The housing is not metered at the community or unit level. The electrical infrastructure is expected to be privatized during or after the transition period.

- 2.4.3.2 Gas.** The Government owns and provides infrastructure and service. The original black steel lines were installed in the 1950's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The gas infrastructure is expected to be privatized during or after the transition period.
- 2.4.3.3 Water.** The Government owns and provides infrastructure and service. The original cast iron lines were installed in the 1950's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The water infrastructure is expected to be privatized during or after the transition period.
- 2.4.3.4 Sewer.** The Government owns and provides infrastructure and service. The concrete mains were installed in the 1950's. The laterals were replaced with cast iron within the past 15 years. The system is in fair to poor condition. The sewer infrastructure is expected to be privatized during or after the transition period.
- 2.4.3.5 Storm Drainage.** Catch basins and a reinforced concrete pipe storm drainage system service the area.
- 2.4.3.6 Telephone.** Qwest provides both the lines and the service. The Government owns the poles, ducts, and manholes, which will remain Government property.
- 2.4.3.7 Cable TV.** Comcast provides the lines, service, and maintenance under a cable agreement with the Government. Contact Comcast for location of lines.
- 2.4.3.8 Government Cable.** The Government owns and will retain ownership of its underground cable that services three key and essential houses.
- 2.4.3.9 Pavements.** All road surfaces, curbs, and gutters are in good condition. Sidewalks exist on one side of the residential streets.
- 2.4.4 OTHER IMPROVEMENTS TO BE CONVEYED.** A park is sited west of 4133 Jason as indicated on the West Playground Plan under Appendix S. The park includes a pavilion, awnings, picnic tables, playground equipment, grill, and a basketball court, all in fair condition. Park facilities shall be demolished after the housing is vacated.
- 2.4.4.1 Maintenance of Recreational Facilities.** Subject to the provisions of the SO's Community Development Plan, all of the recreational facilities described in Section 2.4.4 must be maintained as the type of recreational facility described above. The SO shall be responsible for maintenance and upkeep of these facilities.
- 2.4.5 OTHER REAL ESTATE INTERESTS. None.**

2.5 ZIA PARK HOUSING

Zia Park (sometimes referred to as North Zia and South Zia) is as shown on the East Boundary Plan under Appendix S. The 1940's neighborhood is bounded by private community housing and recreational areas to the west, base dormitories, child development center and recreational areas to the east, an elementary school to the north and vacant land to the south. At the closing of the transaction, all improvements except utility systems will be conveyed. The SO shall demolish all Zia Park units within six years of the closing of the transaction. The land will be leased to the SO for a period of up to 6 years to provide housing to military families during the transition phase.

2.5.1 UNIT STRUCTURE. The site is fully developed with 759 single-family housing units. All units have a single car garage (CMU, slab on grade construction). Unit structures are a combination wood frame on concrete slabs with either built-up or pitched roofs. Exterior finish is stucco. The built-up roofs on 411 units were replaced with pitched roofs from 1993-1997. All of the units received a whole house upgrade (kitchens, baths, windows, and doors) in the late 70's, early 80's. Over 95% of the gas forced air furnaces and evaporative coolers have been replaced within the last eight years. The units located on the south end of Zia Park are within an area with high noise levels from the nearby airport.

2.5.2 ENVIRONMENTAL. Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.

2.5.3 INFRASTRUCTURE. The following is a general description of the site improvements, including, but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.

2.5.3.1 Electric. The Government owns and provides infrastructure and service. Both primary and secondary lines are overhead and are in good condition. The 1940's system is free of PCB's. The housing is metered at the community but not the unit level. A 46KV line transverses the area to serve the main base and serves as a secondary feed to Zia Park. The electrical infrastructure is expected to be privatized during or after the transition period.

2.5.3.2 Gas. The Government owns and provides infrastructure and service. The original black steel lines were installed in the 1940's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The gas infrastructure is expected to be privatized during or after the transition period.

2.5.3.3 Water. The Government owns and provides infrastructure and service. The original cast iron lines were installed in the 1940's. Sections of lines have been replaced as needed with polyethylene. The system is in good condition. The water infrastructure is expected to be privatized during or after the transition period.

- 2.5.3.4 Sewer.** The Government owns and provides infrastructure and service. The concrete mains were installed in the 1940's. The laterals were replaced with PVC within the past 15 years. The system is in fair condition. The sewer infrastructure is expected to be privatized during or after the transition period.
- 2.5.3.5 Storm Drainage.** All drainage is surface drainage except for perimeter storm drainage. The perimeter storm drainage is by catch basins and a limited concrete pipe storm drainage system.
- 2.5.3.6 Telephone.** Qwest provides both the lines and the service. The Government owns the poles, ducts, and manholes, which will remain Government property.
- 2.5.3.7 Cable TV.** Comcast provides the lines, service, and maintenance under a cable agreement with the Government. The cable lines are underground.
- 2.5.3.8 Government Cable.** None.
- 2.5.3.9 Pavements.** All road surfaces, curbs, and gutters are in good condition; however, streets are narrow. Sidewalks exist on one side of the streets.
- 2.5.4 OTHER IMPROVEMENTS TO BE CONVEYED.** There is a playground area south of the housing and a park sited north of 1803 Perimeter Circle, as indicated on the East Playground Plan under Appendix S. The playground area equipment is in good condition. The park includes picnic tables, playground equipment, and benches, all in fair condition. All improvements on these two sites shall be demolished after the Zia Park housing is vacated and demolished.
- 2.5.4.1 Maintenance of Recreational Facilities.** Subject to the provisions of the SO's Community Development Plan, all of the recreational facilities described in Section 2.5.4 must be maintained as the type of recreational facility described above. The SO shall be responsible for maintenance and upkeep of these facilities.

2.5.5 OTHER REAL ESTATE INTERESTS. None.

2.6 LOOP HOUSING

Loop housing is located east of Wyoming, as shown on the East Boundary Plan under Appendix S. The 1940's neighborhood is bounded by New Pershing Park housing to the west, East Capehart housing to the south, vacant land and lodging/officers' club to the east and vacant land to the north. At the closing of the transaction, improvements, less specified utility systems, will be conveyed and the land will be leased. The SO will demolish existing units and build new privatized housing on this site. Upon successful completion of all project demolition and construction, the land will continue to be leased to the SO for a period of 50 years.

- 2.6.1 UNIT STRUCTURE.** The site is fully developed with a combination of 198 duplexes and single family housing units. The housing units are severely degraded. All units have a single carport. Unit structures are a combination wood frame on concrete slabs and crawl spaces with built-up roofs. Exterior finishes are stucco and limited wood siding. The built-up roofs, gas forced air furnaces, and evaporative coolers have been replaced on an as needed basis.
- 2.6.2 ENVIRONMENTAL.** Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.
- 2.6.3 INFRASTRUCTURE.** The following is a general description of the site improvements, including, but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.
- 2.6.3.1 Electric.** The Government owns and provides infrastructure and service. The entire primary and most of the secondary lines are overhead and are in poor condition. An overhead 46KV transmission line transverses the area. The 1940's system is free of PCB's. Electricity is not metered at the community or the unit level. The electrical infrastructure is expected to be privatized during or after the transition period. The electrical primary and secondary infrastructure will be conveyed to the SO, as needed, to allow for demolition to support demolition of conveyed housing and construction for new housing.
- 2.6.3.2 Gas.** The Government owns and provides infrastructure and service. The original black steel lines were installed in the 1940's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The gas infrastructure is expected to be privatized during or after the transition period. The gas infrastructure will be conveyed to the SO, as needed, to allow for demolition to support demolition of conveyed housing and construction of new housing.
- 2.6.3.3 Water.** The Government owns and provides infrastructure and service. The original cast iron lines were installed in the 1940's. Sections of lines have been replaced as needed with polyethylene. The system is in fair condition. A capped well (Well #5), located within the east boundary of the area has been abandoned since 1979. The water infrastructure, exclusive of Well #5, will be conveyed to the SO, as needed, upon closing of the transaction.
- 2.6.3.4 Sewer.** The Government owns and provides infrastructure and service. The concrete mains were installed in the 1940's. The laterals were replaced with PVC within the past 15 years. The system is in fair condition. The sewer infrastructure will be conveyed to the SO, as needed, upon closing of the transaction.
- 2.6.3.5 Storm Drainage.** Catch basins and a reinforced concrete pipe storm drainage system service the area.

- 2.6.3.6 Telephone.** Qwest provides both the lines and the service. However, the Government owns the poles, ducts, and manholes, which will remain Government property.
- 2.6.3.7 Cable TV.** Comcast provides the lines, service, and maintenance under a cable agreement with the Government. Depending upon location, cable lines are installed either underground or on the same poles as the telephone lines.
- 2.6.3.8 Government Cable.** The Government owns and will retain ownership of its cable that services and transverses this area.
- 2.6.3.9 Pavements.** All road surfaces, curbs, and gutters are in good condition; however, streets are one way on the loops. Sidewalks exist on one side of the streets.
- 2.6.4 OTHER ASSETS TO BE CONVEYED.** Reference the East Playground Location Plan under Appendix S.
- 2.6.4.1** A park is sited west of 1023 25th Loop. The park includes playground equipment and a picnic table, all in fair condition.
- 2.6.4.2** A park (facility 21999) is located behind 1121 17th Loop. The park includes benches, playground equipment, a volleyball court, and a basketball court, all in fair condition.
- 2.6.4.3** Three soccer fields are located behind 829 13th Loop. The field and associated parking lot are in fair condition.
- 2.6.4.4 Maintenance of Recreational Facilities.** Subject to the provisions of the SO's Community Development Plan, all of the recreational facilities described in Section 2.6.4 must be maintained as the type of recreational facility described above. The SO shall be responsible for maintenance and upkeep of these facilities.
- 2.6.5 OTHER REAL ESTATE INTERESTS. None.**

2.7 NEW PERSHING PARK HOUSING.

New Pershing Park is located west of Wyoming Boulevard, as shown on the East Boundary Plan under Appendix S. The 1997 neighborhood is bounded by Loop housing to the east, base community facilities to the south, vacant base land to the west and to the north. At the closing of the transaction, all improvements, except specified utility systems, will be conveyed and the land will be leased to the SO for a period of 50 years. The SO will utilize the 211 existing units to meet part of the 1164 rental housing development requirement.

- 2.7.1 UNIT STRUCTURE.** The site is fully developed with 211 single-family housing units. The housing units are in excellent condition. All units have an oversized single car garage. Unit structures are wood frame on concrete slabs with pitched roofs and stucco exteriors.

- 2.7.2 ENVIRONMENTAL.** Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.
- 2.7.3 INFRASTRUCTURE.** The following is a general description of the site improvements, including, but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.
- 2.7.3.1 Electric.** The Government owns and provides infrastructure and service. Both primary and secondary lines are underground and are in excellent condition. The 1997 system is free of PCB's. Electricity is not metered at the community or unit level. However, electric meter blanks are provided at the unit level. A 1940's 46KV transmission line to be retained by the Government transverses the area to serve the main base. The electrical infrastructure (excluding lines in easements necessary to maintain existing service to all Government facilities) will be conveyed to the SO at closing and the SO shall be responsible for operations and maintenance. SO shall disconnect the electrical service currently serving the DOE Coronado Club and adjacent facilities from the SO owned system and reconnect to the Kirtland electrical distribution system at a location identified by Kirtland and / or the utility provider. Disconnection and reconnection shall occur on or before the end of the transition period.
- 2.7.3.2 Gas.** The Government owns and provides infrastructure and service. The 1997 polyethylene lines are in excellent condition. The gas infrastructure (excluding lines in easements necessary to maintain existing service to all Government facilities) will be conveyed to the SO at closing and the SO shall be responsible for operations and maintenance. SO shall disconnect the gas service currently serving the DOE Coronado Club and adjacent facilities from the SO owned system and reconnect to the Kirtland gas distribution system at a location identified by Kirtland and / or the utility provider. Disconnection and reconnection shall occur on or before the end of the transition period.
- 2.7.3.3 Water.** The Government owns and provides infrastructure and service. The 1997 original cast iron lines are in excellent condition. The water infrastructure (excluding all lines in easements necessary to maintain existing service to all Government facilities) will be conveyed to the SO upon closing of the transaction.
- 2.7.3.4 Sewer.** The Government owns and provides infrastructure and service. The 1940's concrete mains were retained and are in good condition. The laterals were replaced with cast iron in 1997 and are in good condition. The sewer infrastructure (excluding all lines in easements necessary to maintain existing service to all Government facilities) will be conveyed to the SO upon closing of the transaction.

- 2.7.3.5 Storm Drainage.** Drainage is handled by a 1997 reinforced concrete storm drainage system and catch basins. SO will maintain the storm sewer system.
- 2.7.3.6 Telephone.** Qwest provides both the lines and the service. The Government owns the ducts and manholes, which will remain Government property.
- 2.7.3.7 Cable TV.** Comcast provides the lines, service, and maintenance under a cable agreement with the Government.
- 2.7.3.8 Government Cable.** The Government owns and will retain ownership of its cable.
- 2.7.3.9 Pavements.** All roads, curbs, and gutters were built in 1997 and are in good condition. Sidewalks exist on both sides of the streets.
- 2.7.4 OTHER ASSETS TO BE CONVEYED.** Reference the East Playground Plan under Appendix S.
- 2.7.4.1** A park is sited behind 8108 Sumac Circle. The park includes an awning, bench, playground equipment, grill, and bicycle rack, all in fair condition.
- 2.7.4.2** A park is sited at Oak Court and 47th Avenue. The park includes an awning, a picnic table, bench, playground equipment, grill, and a softball field, all in fair condition.
- 2.7.4.3** Two full basketball courts in fair condition are located between 45th and 47th Avenues at Pennsylvania Street.
- 2.7.4.4** A park is sited at Cedar Court and West Sandia Circle. The park includes an awning, a picnic table, playground equipment, and grill, all in fair condition.
- 2.7.4.5** A new volleyball court is located at Aspen Court and West Sandia Circle and another is located behind Laurel Court and Juniper.
- 2.7.4.6** A park is sited at Aspen Court and West Sandia Circle. The park includes an awning, picnic tables, and a bike rack, all in fair condition.
- 2.7.4.7** A park is sited at 7807 Juniper and 7806 Ironwood Court. The park includes an awning, picnic tables, playground equipment, and grill, all in fair condition.
- 2.7.4.8** A sand volleyball court is located east of 7801 Laurel Court and south of 7800 Juniper.
- 2.7.4.9 Maintenance of Recreational Facilities.** Subject to the provisions of the SO's Community Development Plan, all of the recreational facilities described in Section 2.7.4 must be maintained as the type of recreational facility described above. The SO shall be responsible for maintenance and upkeep of these facilities.

2.7.5 OTHER REAL ESTATE INTERESTS. None.

2.8 EAST CAPEHART HOUSING

East Capehart is located adjacent to the Loop Housing Area as indicated on the East Boundary Plan under Appendix S. The 1950's neighborhood is bounded by base administration facilities to the south and vacant base land to the east. At the closing of the transaction, all improvements, except specified utility systems, will be conveyed and the land will be leased to the SO for a period of 50 years. The SO will demolish existing units and build new privatized housing on this site. This housing area includes approximately 18 acres of land identified as the "Senior Officers" housing area. The Senior Officers site is identified as East Capehart B, on the East Boundary Plan under Appendix S.

2.8.1 UNIT STRUCTURE. The site is fully developed with 251 multi-family housing units. The housing units are severely degraded.

2.8.2 ENVIRONMENTAL. Environmental Baseline Surveys (EBS) were completed June 1999. These surveys revealed asbestos and lead-based paint in and around the housing. The SO accepts these improvements as is and shall comply with all Federal, State, and local laws, regulations and standards related to the occupancy and demolition of these structures. See Lease of Property, Section 10.

2.8.3 INFRASTRUCTURE. The following is a general description of the site improvements, including, but not limited to utility systems. See Appendix S for details. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.

2.8.3.1 Electric. The Government owns and provides infrastructure and service. Both primary and secondary lines are overhead with minor underground lines. The system is in fair to poor condition. The 1950's system is free of PCB's. The housing area is not metered at the community or unit level. A 1960's 46KV transmission line to be retained by the Government transverses the area to the main base. The electrical infrastructure is expected to be privatized during or after the transition period. The underground and overhead electrical primary and secondary infrastructure will be conveyed to the SO, as needed, to support demolition of conveyed housing and construction of new housing.

2.8.3.2 Gas. The Government owns and provides infrastructure and service. The original black steel lines were installed in the 1950's. Sections of lines have been replaced as needed with polyethylene. The system is in fair to poor condition. The gas infrastructure is expected to be privatized during or after the transition period. The gas infrastructure will be conveyed to the SO, as needed, to support demolition of conveyed housing and construction of new housing.

2.8.3.3 Water. The Government owns and provides infrastructure and service. The original cast iron lines were installed in the 1950's. Sections of lines have been replaced as needed with

polyethylene. The system is in fair to poor condition. The water infrastructure will be conveyed to the SO, as needed, upon closing of the transaction.

2.8.3.4 Sewer. The Government owns and provides infrastructure and service. The concrete mains were installed in the 1950's. The laterals were replaced with cast iron within the past 15 years. The system is in fair to poor condition. The sewer infrastructure will be conveyed to the SO, as needed, upon closing of the transaction.

2.8.3.5 Storm Drainage. Catch basins and a reinforced concrete pipe storm drainage system service the area.

2.8.3.6 Telephone. Qwest provides both the lines and the service. The Government owns the poles, ducts, and manholes, which will remain Government property.

2.8.3.7 Cable TV. Comcast provides the lines, service, and maintenance under a cable agreement with the Government. Depending upon location, the cable lines are installed either underground or on the same poles as the telephone lines.

2.8.3.8 Government Cable. The Government owns and will retain ownership of its cable that transverses the area.

2.8.3.9 Pavements. All road surfaces, curbs, and gutters are in good condition. Sidewalks exist on one side of the residential streets.

2.8.4 OTHER ASSETS TO BE CONVEYED. Reference East Playground Plan under Appendix S.

2.8.4.1 A park is sited north of D Avenue and Foster Street. The park includes picnic tables, benches, grills, and playground equipment, all in fair condition.

2.8.4.2 A park is sited between 1360 and 1380 Baker Drive. The park includes playground equipment and benches, all in fair to poor condition.

2.8.4.3 Maintenance of Recreational Facilities. Subject to the provisions of the SO's Community Development Plan, all of the recreational facilities described in Section 2.8.4 must be maintained as the type of recreational facility described above. The SO shall be responsible for maintenance and upkeep of these facilities

2.8.5 OTHER REAL ESTATE INTERESTS. None.

3. PROJECT REQUIREMENTS AND DESIRED FEATURES

This Section 3 identifies both the minimum project requirements and desired features (attributes deemed by the Government to be of additional benefit). Offerors are encouraged to submit enhancements, which they believe will enhance the project even though they are not identified as a basic requirement or desired feature in this solicitation. The Air Force reserves the right to award

additional evaluation credit to such enhancements based upon its assessment of their added value. The project requirements and desired features are structured to mirror the Proposal Submittal Requirements and Evaluation Factors. Proposals shall demonstrate how the Offeror will achieve all requirements and include desired features or other enhancements to achieve quality housing for Air Force families.

3.1 QUALIFICATIONS

Offerors shall demonstrate a thorough understanding of the project, adequate and relevant experience, sufficient financial strength, and ability to secure adequate financing to successfully perform the project over its term of 50 years.

3.2 BUSINESS ARRANGEMENTS, FINANCIAL PLAN AND STRUCTURE

3.2.1 BINDING INSTRUMENTS. At or before the time of Closing, the Government and SO will execute all applicable instruments, and the SO shall enter into possession of the property and commence performance of its obligations under the Selection. The Government foresees that the documents to be executed may include, but are not limited to, the following:

- Lease of Property, with companion Operating Agreement
- Quitclaim Deeds of Improvements
- Forward Commitment
- Intercreditor Agreement
- Guaranty Agreement
- Note for Government Limited Guaranteed Loan
- Mortgage for Government Limited Guaranteed Loan
- Note for Government Direct Loan
- Mortgage for Government Direct Loan
- Lockbox Agreement
- SO Counsel Opinion Letter

3.2.2 REAL ESTATE AGREEMENTS. At the closing of the transaction, the Government will lease all parcels to the SO under a Lease of Property with companion Operating Agreement and convey all housing units and associated improvements by a Quitclaim Deed. The Lease of Property will expire in 3 years with respect to the West Capehart parcel, in 6 years with respect to the Zia Park parcel, between 6 and 16 years with respect to the Maxwell parcel, and in 50 years with respect to the East Capehart, Loop, and New Pershing Park parcels.

- 3.2.2.1 Lease of Property and Operating Agreement.** The Lease of Property is at Appendix I with Operating Agreement as Exhibit E of Appendix I. The purpose of the Operating Agreement is to implement the terms and conditions of the Lease of Property for the design, construction, operation, management and maintenance of the housing development. The SO shall be responsible for all costs of recordation of all instruments necessary to protect the interest of the Government, including but not limited to, the Lease of Property.
- 3.2.2.2 Quitclaim Deed for Conveyance of Improvements.** The sample quitclaim deed conveying improvements, attached as Exhibit J to Appendix I, will be subject to all existing restrictions, if any, and any access rights that may be necessary to include but not be limited to those with respect to utility distribution systems.
- 3.2.3 FINANCING.** It is the responsibility of the Offeror to arrange the necessary debt financing and equity. The Government participation in the financial agreements may include a Direct Loan, and/or a Limited Loan Guarantee of a private sector commercial loan. Offerors shall utilize their equity contribution and private sector commercial loan proceeds before using the Government Direct Loan in project financing. The Air Force has the authority to obligate Government funds to support this project. Refer to Part I of the Amended RFP, Section 3.3.2 (and the Sub-Sections thereof) for specifics of the evaluation of proposed project financing.
- 3.2.3.1 Government Direct Loan.** The Government is willing to provide a direct permanent loan to the SO in connection with this Project. The Government's subsidy cost for providing the direct loan is estimated as the sum of the interest rate subsidy and the default subsidy. Together with such other terms and conditions as may be desirable or necessary to protect the interests of the Government, the material terms of the Government Direct Loan include:
- 3.2.3.1.1** The Borrower must be the same entity as the SO.
- 3.2.3.1.2** The Government Direct Loan will be a permanent loan (the Government will not make construction loans). The proceeds of the Government Direct Loan will only be disbursed following: (i) the issuance of "Certificates of Occupancy"; (ii) the contribution by the SO of its equity contribution in the amount set forth in the selected proposal; and (iii) the closing by the SO on its private sector permanent financing.
- 3.2.3.1.3** The Government Direct Loan proceeds may be disbursed in phases (but no more than three) with respect to the newly constructed units.
- 3.2.3.1.4** The maximum amount of the Government Direct Loan will be (i) the total cost of the Project as approved by the Government minus (ii) the sum of the original principal balance of the first mortgage loan, the SO's cash equity contribution to the Project and estimated proceeds deposited into the construction escrow account generated from net project cashflow during construction. The Government Direct Loan shall not finance any credit support (e.g. bond insurance, mortgage insurance, LOCs, etc.) and/or reserve funds for the debt on this project, shall not be used to pay or repay any related party fees, and shall not cash out any of the Offeror's required equity contribution.

- 3.2.3.1.5** The term of the Government Direct Loan shall be no longer than 30 years.
- 3.2.3.1.6** The initial principal amount of the Government Direct Loan shall not be greater than any first mortgage.
- 3.2.3.1.7** The interest rate on the Government Direct Loan may be below current market rates of interest as proposed by the SO and approved by the Government. Negative amortization of the Government Direct Loan shall not be permitted.
- 3.2.3.1.8** The Government Direct Loan may be prepaid in whole or in part at anytime without prepayment penalty or premium.
- 3.2.3.1.9** The Government shall receive as additional interest on its Direct Loan a minimum of 10% of the proceeds of sale or refinancing of the Project in consideration of the Government making the Government Direct Loan. Offerors may propose a higher percentage.
- 3.2.3.1.10** The Government Direct Loan shall be secured by a lien on the SO's interest in the Project, and a recorded security interest in the Project's cash flow, leases and rents, accounts, contracts and agreements, and permits of every description subordinate only to the lien of any original first mortgage.
- 3.2.3.1.11** Loan documents and applications for the Government Direct Loan shall be prescribed by the Government and shall, subject to certain modifications required by the Government, be in a form typically required by commercial mortgage lenders.
- 3.2.3.1.12** The SO shall pay all mortgage recordation costs and fees, document preparation cost, title insurance (together with any curative work that may be required), attorneys' fees and its own closing costs and charges.
- 3.2.3.1.13** As a condition to providing a Government Direct Loan, the Government will require the execution of an Intercreditor Agreement between the Guaranteed Lender or other first mortgage lender and the Government.
- 3.2.3.1.14** Interest payment deferrals shall not be permitted. Principal payment deferrals are permitted, but may be evaluated less favorably.
- 3.2.3.2 Government Limited Loan Guarantee.** The Government is willing to provide a limited loan guarantee to an approved private lender who makes a permanent loan (“Guaranteed Loan”) to the SO in connection with the Project. Set forth below is a brief description of some but not all of the material provisions that will be included in the limited loan guarantee.
- 3.2.3.2.1 Scope of Guarantee.** The Government will be obligated to pay the Guaranteed Loan on behalf of the SO only in the event there is an uncured mortgage payment default directly resulting from a base closure, downsizing/realignment or deployment as defined in the Guaranty Agreement. “Mortgage Payment Default” means a failure by the SO to make the full monthly payment due under the Guaranteed Loan within 30 days of the scheduled due date.

- 3.2.3.2.2 Phasing.** The Limited Loan Guarantee cannot be granted in phases.
- 3.2.3.2.3 Maximum Amount of the Guarantee Payment.** The Guarantee Payment made by the Government to the Guaranteed Lender will not exceed the outstanding principal balance of the Guaranteed Loan. The Guarantee Payment by the Government under the Guaranteed Loan will not include post-default interest, late fees, prepayment penalties or premiums, or other amounts due under the Guaranteed Loan or cover advances made by the Guaranteed Lender for items such as taxes, insurance premiums, etc.
- 3.2.3.2.4 Material Terms.** The original principal balance of the Guaranteed Loan cannot exceed 80% of the value of the Project. The Government has determined that the “value of the Project” will be equal to the approved total project cost. The Guaranteed Loan must be a permanent loan (the Government will not guarantee construction loans). The Guaranteed Loan must bear a fixed rate of interest (although there may be a split-rate as long as the rates are known and fixed) and be fully amortizing (no deferral of principal is allowed) for a term not to exceed 30 years (360 months). The Government must approve the lender and all other material terms of the Guaranteed Loan, in advance, in writing.
- 3.2.3.3 Guaranteed Loan Documents.** The Guaranteed Loan must use a note and security instrument (i.e., mortgage) utilizing the form provided at Appendix H. In order to enter into a Loan Guaranty Agreement with the Government and be the beneficiary of a Loan Guarantee, a lender must complete the Guaranteed Lender Eligibility Form under Appendix N and be approved by the Government. The Guaranteed Lender must be an experienced multifamily mortgage lender in both the origination and servicing of multifamily loans.
- 3.2.3.4 Forward Commitment.** The Government shall enter into a Forward Commitment with the SO, which sets forth the specific terms and conditions under which the Government has agreed to provide the Loan Guarantee and Government Direct Loan. The Forward Commitment may be assigned or pledged by the SO to the Guaranteed Lender.
- 3.2.3.5 Additional Financing.** Any additional financing related to this project is subject to Government approval.
- 3.2.3.6 Risk.** Overall project financing will be evaluated on the basis of the risk to the Government and the SO’s long term financial commitment to the project. The Offerors must demonstrate that the expected debt service coverage ratio for the first mortgage loan will always be greater than 1.20, and the combined debt service coverage ratio will always be greater than 1.05.
- 3.2.3.7 Cross Collateralization/Cross Default Provisions.** This privatization project is expected to “stand alone” and as such, the SO is prohibited from cross collateralization and/or cross default of the project with any other assets. Moreover, the SO is prohibited from assigning, pledging, hypothecating or otherwise transferring its interest in the net cash flows and/or ownership of the project in part or in its entirety without prior Government approval. Any additional debt shall require Government approval in writing, in advance.

3.2.3.8 Offeror's Equity and Net Cash Contribution.

3.2.3.8.1 The Government requires an equity contribution in the amount of at least 5% of total project costs unless a superior project can be provided, with no increase in Government financial participation, with less than 5% equity. This Offeror equity shall be a direct cash contribution at the time of project closing unless the SO provides an irrevocable letter of credit in a form acceptable to the Air Force in an original principal amount equal to the total amount of required equity. The SO may propose funding its cash equity contribution pro rata with phases of construction financing as specifically set forth in the Offeror's proposal. Other sources of equity, not included in the 5%, may include direct infusions by the Offeror at later dates, equity from project cash flow during development, interest on unutilized loan proceeds, earned but unfunded developer fees, and other sources that the Offeror may propose.

3.2.3.8.2 The Government also requires that, at the time of permanent financing, the Offeror shall demonstrate that its net cash contribution to the project is at least 5% of total project costs net of Offeror fees and credit support costs unless a superior project can be provided, with no increase in Government financial participation, with less than 5% equity. The Offeror's net cash contribution is defined as total project costs less the amount of the permanent loans and the net operating income during the construction period. The Offeror shall commit its initial cash equity prior to any commitment of Government funds, but may propose funding its required equity pro rata with phases of construction financing. The Government will not finance credit support on either the Direct or Government Guaranteed Loan. To the extent that there are related party fees, credit support costs, or reserve funds in an Offeror's proposal, the Government will require that such amounts be funded with equity over and above the minimum 5% that is generally required. For example, if an Offeror proposed a 3% development fee, the Offeror would generally have a minimum of 8% for its respective equity requirement (unless a superior project can be provided, with no increase in Government financial participation, with less than 5% equity).

3.2.3.9 Related Party Fees. The Offeror shall disclose all construction management, asset management, and other fees that are accrued and/or paid to the Offeror or related parties during the life of this project.

3.2.4 PROPERTY TAXES. The SO shall be responsible for the payment of any property taxes assessed on the project. Although the State of New Mexico Taxation and Revenue Department has issued a tax ruling dated April 5, 2001 related to this project, for purposes of evaluation, the Offeror's proposal shall assume that property taxes will be assessed on the entire project and such costs shall be included in its financial projections. The Offeror's proposal shall also include a plan for use of any savings realized from an exemption from or an abatement of property taxes on the project, or a failure or inability of the local taxing authority to assess property taxes on the project. The Air Force will favor proposals which dedicate any such savings to the project or which otherwise provide the benefit to the Government. Should the tax consequences to the project change for any reason, the SO acknowledges that the Air Force will not be held responsible for the results of such changes and that the SO remains responsible for any property taxes assessed.

- 3.2.5 LOCKBOX ACCOUNT.** On or before closing, the SO shall enter into a Lockbox Account agreement in a form acceptable to the Government. All revenues from the project shall be deposited into an account at a depository institution acceptable to the Government. The Lockbox Agreement shall reflect the priority of application of project revenues for items such as utilities, normal and reasonable operating expenses, debt service, escrow and reserve accounts, and required impounds under construction financing, the Government Limited Guaranteed Loan and the Government Direct Loan. Any change in Lockbox priorities require prior written Government consent. Any unused funds from the annual operating and expense budgets shall flow through the Lockbox priority of funds.
- 3.2.5.1** Between the forty-fifth and thirtieth days preceding each anniversary of the effective date of the Lease of Property, the SO shall submit to the Air Force (i) a proposed operating budget for the twelve months following such anniversary, (ii) a report that proposes any modifications of the Capital Repair and Replacement Plan and the Reinvestment Plan that the SO deems appropriate, and (iii) a report of the SO's projections for total expenditures from the Replacement Reserve Account and the Reinvestment Account, by line item, during the twelve months concluding with such anniversary, which report shall explain and justify, by line item, each material variance from the applicable approved Plan. Air Force approval of such proposed budget and proposed modifications shall not be unreasonably withheld or delayed.
- 3.2.5.2** Expenditures for operations and maintenance, or from the Replacement Reserve Account or the Reinvestment Account, that cumulatively exceed by 15% or more the respective approved annual operating budget and Plans then in effect shall require advance Air Force approval except in emergencies, which approval shall not be unreasonably withheld or delayed.
- 3.2.6 ESCROW AND RESERVE ACCOUNTS.** On or before closing, the SO shall establish the following separate interest bearing accounts with a federally insured institution:
- 3.2.6.1 Replacement Reserve Account.** The sole purpose of this escrow account, including all interest thereon, shall be to ensure capital repair and replacements to the project and demolition of all units at the end of the project. Any and all amounts in this account shall remain with the project as a condition of the Government's consent to any sale or transfer of the project's ownership.
- 3.2.6.1.1 Account Maintenance.** The adequacy of the account shall be analyzed annually by the Government. The SO shall, at all times, maintain the account with a sufficient balance to pay for all capital repair and replacement costs and demolition costs (of all units at the end of the project) detailed in the Offeror's Capital Repair and Replacement Plan. The amount of the monthly deposit to the account must be consistent with the Capital Repair and Replacement Plan and may not be decreased without prior written Government approval, which approval shall not be unreasonably withheld or delayed. Upon termination of the account, excess funds will be released to Offeror upon fulfillment of its obligations related to this account.

- 3.2.6.1.2 Account Disbursements.** Funds shall be advanced from the account based on the actual invoices of the SO, sub-contractors for SO, and suppliers for materials and equipment or services actually provided.
- 3.2.6.2 Construction Escrow Account.** The purpose of the account is to ensure that the net cashflow after operating expenses, debt service, impositions and reserves from all rental units is utilized to fund demolition and construction costs. The SO shall also deposit its initial cash equity contribution into this account.
- 3.2.6.2.1 Account Maintenance.** The account shall be maintained until the satisfactory completion and Government certification of occupancy of the new housing units, demolition of the existing housing units, and all other improvements of this project in accordance with approved plans.
- 3.2.6.2.2 Account Disbursements.** The account, including all interest thereon, shall be used solely for the purpose of making the required improvements in the residential housing community. Funds shall be advanced from the account based on the actual invoices of the SO, sub-contractors for the SO, and suppliers for materials and equipment or services actually provided. Upon termination of the account, excess funds shall be governed by the provisions of the Lockbox Agreement.
- 3.2.6.3 Impositions Account.** The SO shall establish and maintain this account throughout the life of the project to cover applicable property tax payments and insurance premiums. The SO shall deposit the estimated monthly impositions into this account. Upon termination of the account, excess funds will be released to Offeror upon fulfillment of its obligation under this account.
- 3.2.6.4 Reinvestment Account.** The Government requires the SO to establish and maintain a Reinvestment Account. At a minimum, the projected amount in the Reinvestment Account must be enough to fully fund modernization/renovation of all the privatized housing units when they are 25 years old (from original date of construction of each unit) in accordance with the provisions of Sections 3.3.6 and 3.3.7 below. Any additional funds in the Reinvestment Account, including all quarterly Windfall Income Account transfers, shall be used to make reinvestments in the project in the form of quality of life improvements that will directly benefit military families. Deposits other than those from the Windfall Income Account shall be made into the Reinvestment Account in an annual amount calculated at not less than [Offeror is to insert amount in its proposal] _____ Dollars (\$_____) per year per Housing Unit (“Amount Per Unit”). On each anniversary of the Term Beginning Date, the Amount Per Unit shall be adjusted for inflation by the most recently published Consumer Price Index (CPI-U) for U.S. City Average, All Items 1982-84=100, as published by the United States Bureau of Labor Statistics (or if the CPI-U is no longer published, by such other similar index selected by the Air Force) (“CPI”). Any and all amounts in this account shall remain with the project as a condition to the Government’s consent to the sale or transfer of ownership in the project by the SO. The Government shall have authority to direct the SO to expend any and all funds in this account for use on this project.

3.2.6.4.1 Account Maintenance. Deposits shall be made monthly. The adequacy of the account shall be analyzed annually by the Government. The SO shall, at all times, maintain the account with a sufficient balance to pay for all renovation costs for all the privatized housing. The amount of the monthly deposit to the account must be consistent with the Reinvestment Plan and may not be decreased without Government approval, which approval shall not be unreasonably withheld or delayed. Upon termination of the account, excess funds will be released to Offeror upon fulfillment of its obligations related to this account.

3.2.6.4.2 Account Disbursements. Funds shall be advanced from the account based on the actual invoices of the SO, sub-contractors for SO, and suppliers for materials and equipment or services actually provided.

3.2.6.5 Windfall Income Account. The Government requires the SO to establish and maintain a federally insured, interest bearing account to be known as the Windfall Income Account into which it will deposit on a monthly basis the “Windfall Income” described below. The SO shall disburse 100% of the balance of the Windfall Income Account quarterly in the following order of priority:

- 1) Pre-pay principal on the Government Direct Loan, if any, until the principal balance is zero;
- 2) Pre-pay principal on the Government guaranteed loan, if any, until the principal balance is zero; and,
- 3) Thereafter transfer all Windfall Income to the Reinvestment Account.

3.2.6.5.1 “Windfall Income” is defined as that portion of the SO’s gross income attributable to changes in BAH due to legislation or policy changes over the life of this business arrangement—any BAH increases that are adjusted over and above the current policy of 85% of the cost against the economy.

3.2.6.5.2 The Secretary of Defense announced in January 2000 plans to significantly increase military housing allowances (BAH) over the next five years. The planned increases in BAH are intended to eliminate the present “out-of-pocket” housing expenses. These planned increases are contingent and may not occur. Financial proformas for this RFP should not anticipate the announced revenue increase because the increase has not yet been approved through the governmental budgetary process. As set forth in the Lease, to the extent that such increases do occur they will be deemed Windfall Income.

3.2.6.6 Tenant Security Deposit Account. The purpose of the account is to maintain tenants’ security deposits in accordance with applicable State law.

3.2.7 BANKRUPTCY. Bankruptcy provisions are contained in Appendix I, Lease of Property. Such provisions shall be binding upon the SO.

- 3.2.8 DEFAULT.** In the event of an uncured default by the SO the Government shall have such rights as set forth in the applicable documents including termination rights as appropriate.
- 3.2.9 END OF LEASE OF PROPERTY FOR ALL 1164 PRIVATIZED UNITS.** At the expiration of the 50 year Lease of Property there are three options available at the sole discretion of the Government:
- 3.2.9.1** Upon expiration of the Lease of Property, or any extended term thereof, the SO, at its sole cost shall demolish the housing units and other facilities, improvements and underlying utilities or remove them from the leased land, restore the land, and then surrender it to the Government.
- 3.2.9.2** The parties may negotiate an extension of the Lease of Property provided that the project has been and is being properly maintained; the SO is not in default of any of its obligations under the Lease of Property; the units continue to be occupied primarily by referral military tenants, and renewal is in the best interest of, and acceptable by, both parties.
- 3.2.9.3** The Government may acquire the facilities and improvements if authorized by appropriate legislation.
- 3.2.10 BOOKS, RECORDS, ACCOUNTS AND REPORTS.** The Successful Offeror shall keep and maintain accurate, true and complete books and records (hereinafter collectively referred to as "books and records"), which shall fully reflect the financial condition, occupancy, physical condition, maintenance and operational status of the Project, together with all business licenses and permits required to be kept and maintained pursuant to the provisions of any applicable state or local law, regulation or rule now or hereafter in effect. These books, records, accounts and reports shall be in addition to those documents and information required to be maintained or delivered to the Government by the closing documents. All books and records shall be kept at the Successful Offeror's principal office, or at the Project, or at such other place as the Government and the Successful Offeror both agree upon in writing. The books and records shall be available to the Government and its representatives for examination, audit, inspection and transcription. The Government is herewith granted the right to photocopies of same, at the sole expense of the Successful Offeror. The Successful Offeror shall deliver to the Government, upon such schedule as the Government may establish from time to time, and in such media, including electronic media as the Government shall select, all information and supporting documentation which the Successful Offeror has maintained, or which the Government needs in order for the Government to file any report to the Department of the Air Force, the Department of Defense, including but not limited to Program Evaluation Plan (PEP) reports (*Executive Summary, Fact Sheet* including Authorities Matrix, Risks and Protections Matrix, and *Project Matrix*), or required to be submitted by the Government to any governmental or nongovernmental agency, or which the Government needs to assess the financial condition, performance, occupancy, physical condition, maintenance and operational status of the Project. Such items shall: (a) be in a form satisfactory to the Government, (b) be certified to the Government as true, complete and accurate by the Successful Offeror, and (c) be taken from the books and records maintained by the Successful Offeror as aforesaid.

3.3 DESIGN, CONSTRUCTION AND DEMOLITION REQUIREMENTS

3.3.1 PROFESSIONAL CERTIFICATION. All drawings, specifications, and engineering calculations shall be certified by a licensed architect or professional engineer currently licensed by the State of New Mexico.

3.3.2 CODES, STANDARDS AND REGULATIONS. All development, demolition, construction and renovation shall comply with the requirements of Section 12.3 of the Lease of Property, Appendix I.

3.3.3 PERMITS. SO shall acquire all permits and pay all fees required by the federal, state, and local Governments as applicable.

3.3.4 COMMUNITY DEVELOPMENT PLAN

3.3.4.1 General Guidelines. Offerors shall develop a comprehensive Community Development Plan (CDP) for the New Pershing Park (NP) and Loop/East Capehart (L/EC) sites, that responds to the military family needs and reinforces the connection between the families and the community. All new Senior Officer housing will be constructed in the East Capehart "B" area across from the parade ground.

3.3.4.2 Neighborhood Design. Integrate the housing community with the larger, surrounding community. Create a network of neighborhoods within the community by creating a full range of compatible private and shared recreation and community-desired facilities. Provide efficient and separate vehicular and pedestrian traffic patterns. Identify constraints such as easements, drainage, and offensive environments (i.e., blight, bright lights, and loud noises) and to ensure activities within and surrounding the site are compatible. Building arrangements shall be informal, with varying setbacks to provide for best view, privacy and variety. Building orientations shall provide residents with safe and convenient access to the units, as well as passive energy efficiencies. Variety within groupings, arrangements and siting configurations of buildings is desired. The site design shall conform to varying terrain conditions to provide attractive residential patterns and attractive, pedestrian-friendly streetscapes. Site development shall provide an optimum balance of structures, common green spaces with native landscaping and ornamental highlights, recreational areas, appropriate buffer area/screening, street lighting, pedestrian and vehicular circulation, consistent with good land use planning, practices and economics. Incorporate green space, landscaping, underground utilities, and recreation areas to enhance the overall environment of the neighborhood and improve quality of life. To the extent possible, maintain separate housing areas for officer and enlisted personnel.

3.3.4.3 Recreation/Common Areas. Open areas of the housing site shall be designed to encourage creative play and learning for children and a pleasant outdoor experience for adults. The areas shall be open for viewing with no secluded areas. Recreation facilities shall be sited where easily accessible while causing minimum disturbance to nearby occupants.

3.3.4.4 Landscaping. Landscaping of common areas and building unit perimeters shall be designed to enhance the aesthetic quality of each unit and surrounding neighborhood. Sufficient landscaping and earth shaping techniques shall be provided to establish privacy screening and soften the visual environment. Existing trees shall be saved to the maximum extent possible giving consideration to tree health, safety and infrastructure impacts. Both general site and unit landscaping shall provide year-round focus and interest, and use hardy, predominately native, low maintenance plant materials, and durable mulches and surfacing materials, with provisions at the units for occupant plantings. Landscaping designs shall incorporate philosophies and features that conserve water and require minimal maintenance. All landscaped areas shall be irrigated.

3.3.4.5 Security. To increase public safety and reduce fear of crime, the CDP shall use site design elements (e.g., environmental, traffic, lighting, and landscaping designs) to minimize access from surrounding communities, eliminate places of concealment, offer the most protection against crime, and discourage undesirable traffic.

3.3.4.6 Conservation. Incorporate pollution prevention, energy, and water conservation initiatives into all facilities and activities where practicable. The objectives of such initiatives shall be to improve: 1) waste reduction and waste management practices; 2) energy efficiency and energy conservation practices; 3) water resource conservation and management practices (e.g., xeriscaping); and, 4) recycling and re-use practices (e.g., curbside recycling).

3.3.4.7 Specific Requirements. In addition to the above general guidelines, the following specific requirements shall be met:

3.3.4.7.1 Land Use. The Loop, East Capehart and New Pershing sites shall be used to satisfy only Air Force new construction requirements, required by this solicitation. These sites provide ample space to locate the required new housing, recreation, and associated infrastructure. Approved uses shall be limited to the following uses:

- Single-family residential and town-house residential units with or without ancillary facilities
- Recreational facilities

3.3.4.7.2 Land Use Restrictions. The development of any resale merchandise, services and commercial recreational operations or activities is prohibited on all land parcels. See Appendix I, Lease of Property for specific information on these restrictions.

3.3.4.7.3 Density. The maximum density for new construction shall not exceed 6 multi-family housing units per acre and no more than 4 single-family units per acre. The 13 Senior Officer units shall be sited on the East Capehart B area. Other units may be sited in this area. The site shall be configured to segregate the Senior Officer's homes from any other such units in the East Capehart B area.

3.3.4.7.4 Recreational Areas. In all newly constructed housing areas, provide tot lots for children up to 5 years of age (1 per 50 units), play areas with equipment for children 6 to 12 years of age (1 per 60 units), covered bench seating for adults, two lighted half-size basketball courts, one lighted regulation size basketball court, one regulation size soccer field (including irrigation, nets, and goals) that can be used as 2 youth size fields, adequate off-street parking, and a jogging trail/bike path. All recreational areas shall be available to military occupants at no charge.

3.3.4.8 Desirable Community Features. The desires below are listed in descending order of priority.

- Group picnic areas (with amenities such as pavilions, tables, grills, etc.)
- Covered bus shelters
- Tennis courts (preferably lighted)
- Community center/clubhouse
- Volleyball courts

3.3.5 UNIT DESIGN AND CONSTRUCTION. This Section applies to the design and construction of all new housing units.

3.3.5.1 General Guidelines. Residential housing design and construction shall comply with all applicable codes, standards, and regulations, meet basic requirements described herein, and shall be appropriate to the climate and life-style of the area. Offerors shall provide innovative design and construction techniques conforming to local market (private sector) standards for quality housing. Offerors shall exercise best professional judgment in choice of style, types, designs, configurations, functional solutions and materials in their design.

3.3.5.1.1 Floor Plans. Floor plans shall incorporate orderly arrangement of functions, circulation and open spaces. Designs shall provide inviting entrances, indoor/outdoor integration and pleasing interior appearance. Kitchens shall have a modern, well-organized work area with quality fixtures, appliances and finishes. Kitchen cabinets shall be constructed with raised solid wood panel doors and concealed hardware. Layout of bathrooms shall follow modern planning techniques and utilize quality fixtures. Master bedrooms shall have walk-in closets. Adequate storage space is an essential element due to the mobility requirement of Air Force families. Interior storage shall include conveniently located and adequately sized cabinets and coat, linen, pantry, bulk storage and clothes closets. The Senior Officer unit designs (O-6 & O-7 pay grades) shall provide ample area for entertaining dignitaries and officials. The quality and size of floor plans, elevations, materials, equipment, finishes, and amenities for units with same number of bedrooms shall correspond to the amount of rent.

3.3.5.1.2 Elevations. Overall design shall provide a pleasing and interesting appearance comparable to other quality residential developments currently being built and marketed in the area.

The elevations shall be inviting with modulated facades and rooflines to provide interest. Materials and colors shall be varied to break up facades on larger structures and prevent excessive uniformity among the smaller units. Exterior trash storage areas shall be screened and hidden from view. Provide front and rear exterior electrical outlets and security lighting at front and rear entrances.

3.3.5.1.3 Energy Efficiency. Design, materials, equipment, and construction methods shall reduce energy and water consumption. Design features shall include, but are not limited to optimal glass locations and areas, optimizing insulation in exterior walls (*to provide no less than R-19 insulating value*) and ceilings (*to provide no less than R-30 insulating value*), and between adjoining units, weather stripping throughout, and minimizing duct leakage. Attention to construction details, exterior fenestration materials, and passive solar energy systems shall be employed wherever possible.

3.3.5.1.4 Materials, Equipment, and Finishes. Offerors shall ensure materials, equipment, and finishes are durable, low maintenance, and functional. Basic quality features include copper potable water plumbing, copper electrical wiring, dual pane insulated windows and patio doors, storm doors with screens at main entrances and overhead lighting in bedrooms. Choice of finishes shall be aesthetically pleasing with a richness of texture and detailing.

3.3.5.2 Specific Requirements. In addition to the above general guidelines, the following specific requirements shall be met:

3.3.5.2.1 Non Senior Officer Housing. Design and construct a total of 940 units and associated improvements in the Loop, East Capehart and New Pershing Housing Areas. The 940 units shall be a mixture of multiplex and detached single family housing. The construction of the development shall be complete within six years of project closing. In the New Pershing Housing Area, new units may only be constructed in the area east of 7807 Ironwood Court to across the street from 802 Aspen Court on West Sandia Court. Additionally, other construction in the New Pershing Housing Area may occur, except for new housing units, in the area between 45th Avenue and Oak Court, east of Pennsylvania Street, in the vicinity of the existing two full basketball courts, which remain subject to the provisions of Section 2.7.4.9 of the RFP Part II. Units by minimum size and quantities are as follows:

	2 BR	3 BR	3 BR	3 BR	4 BR	4 BR	4 BR	4 BR
Number of Units	759	113	10	22	22	4	9	1*
Minimum Heated Square Feet**	1,175	1,490	1,675	1,736	1,675	1,800	1,920	1,980
* This unit will be assigned to the Senior Chief Master Sergeant. **Pursuant to the provisions of American National Standards Institute (“ANSI”) Z765-1996								

Two of the four-bedroom units will be designated for Command Chief Master Sergeants (E-9 units). The overall appearance shall convey that this is housing for the most senior

enlisted of the installation. These units shall be located within the enlisted housing community to allow these individuals to influence and interact with enlisted personnel in a residential setting.

- 3.3.5.2.2 Senior Officer Housing.** Design and construct 13 single family detached units and associated improvements, for the O-6 and O-7 personnel. The construction of the new Senior Officer housing should occur prior to the demolition of the existing Senior Officer housing units. In addition to standard residential telephone service, the SO shall supply and install a minimum of six pair copper cable and six strand fiber optics single mode cable and associated terminals and distribution boxes designated for AF use only for each unit. The location within the units shall be the same as for the regular telephone boxes. The Government shall own and maintain the terminals, cable, and the distribution box after installation. Telecommunication standard 568A shall apply to dedicated Government cable. Units by size and quantities are as follows:

	4 BR	4 BR	4 BR
Number of Units	10	1*	2
Min. Heated Square Ft.**	2,110	2,320	2,600
* This unit will be assigned to the Installation Commander (377 ABW/CC)			
** Pursuant to the provisions of ANSI Z765-1996			

Provide additional landscaping and enhanced aesthetic architectural exterior characteristics commensurate with higher levels of command for one of the 2,110 square feet four bedroom units (the Test Wing Commander's unit), the 2,320 square feet four bedroom unit (the Installation Commander's unit), and the two 2,600 square feet four bedroom units. The Senior Officer Housing area will be subdivided with these four units forming an area with a more distinguished appearance relative to the other Senior Officer units and all other units.

- 3.3.5.2.3 Multiplex Units.** Units may be common wall units. Stacked units are not acceptable. No more than six dwelling units per building. Units shall include privacy features including, but not limited to, sound transmission class rating of 50 between units and screening to provide private area in rear of each unit.
- 3.3.5.2.4 Parking.** All units shall have provision for parking two vehicles off-street. Additional parking spaces shall be provided throughout the neighborhoods for guest parking at a rate of 1 parking space for every 2 units. All multiplex units shall have a minimum one-car garage with automatic door opener. All single-family (detached) units shall have a minimum one-car garage with automatic door opener.
- 3.3.5.2.5 Privacy.** Patios shall be screened with fencing and/or landscaping.

- 3.3.5.2.6 Window treatments.** All new units shall be provided with window coverings (such as mini-blinds).
- 3.3.5.2.7 Floor Finishes.** Provide wall-to-wall carpet in bedrooms and living areas.
- 3.3.5.2.8 Appliances.** Each new unit shall be provided with a new refrigerator, (minimum 18 CF for 2 bedroom units and 21 CF for 3 and 4 bedrooms), built-in two-level dishwasher, 4-burner stove with self-cleaning oven, garbage disposal, and CO detector. Interior floor space and connections shall be provided for full size washer, dryer (electric and gas connections), and freezer. All appliances shall be energy efficient, new and from a quality manufacturer.
- 3.3.5.2.9 Equipment.** All units shall be provided with high-energy efficient heating, ventilation and air conditioning systems, new and from a quality manufacturer.
- 3.3.5.2.10 Telephone and Cable.** All residential units shall be pre-wired for cable television and telephone jacks. Telephone systems shall be in accordance with those standards set forth by the local telephone company. Each bedroom, living areas, and kitchen shall have one phone jack which can accommodate two lines and one cable outlet. The coordination of equipment locations and final design of utilities and services is subject to final approval by the Government.
- 3.3.5.2.11 Mailboxes.** Provide cluster mailboxes for all 940 units in accordance with US Postal Service regulations. Provide single mailboxes for the 13 new Senior Officer units.
- 3.3.5.2.12 Utilities.** All new utility systems shall be designed and constructed by the SO. The SO shall coordinate all tie-in locations with the Government and utility provider. The SO shall provide and install meters for gas and electric service. All newly constructed units and the 211 New Pershing units must have individual electric and gas meters within one year from the closing of the transaction. Utilities shall be connected to a utility provider other than the Air Force by the SO, by the end of the construction period for the New Pershing, Loop and East Capehart housing areas (retained by the SO).
- 3.3.5.2.13 Termites.** New foundations shall have soil treated for termites in accordance with state law, to include a certificate of termite treatment by the provider.
- 3.3.5.2.14 Desired Features** (listed in descending order of priority). The following desired features were identified by military families as features that would greatly enhance the attractiveness of the development.

1	Provide increased heated square footage in 2BR and the smallest of the 3 and 4 BR units that substantially enhances the unit's useable space for occupant sleeping, recreational living, and/or eating.
2	Provide greater than 60 square feet of unheated, enclosed and secure permanent storage space at all units.

3	Construct all units greater than 1,700 square feet (heated) as single-family detached units.
4	Provide fenced rear yards (masonry on detached or duplex units).
5	Provide two-car garages with automatic door openers.
6	Reduce the maximum number of dwelling units in multiplex buildings.
7	Security systems.
8	Vaulted ceilings and/or two-story living areas.
9	Programmable thermostats.
10	Ceiling fans with light fixtures.
11	Double sinks in bathrooms.
12	Earlier demolition of the existing obsolete housing units.
13	Reduction in the post-transition phase lease of the Maxwell housing area to less than ten years.

3.3.6 MODERNIZATION/RENOVATION. The SO shall provide for upgrades and modernization to all privatized housing units no later than 25 years from the date of their original construction completion. The upgrades shall include, but not be limited to, updating the unit functional area relationships between major living spaces, integration and accommodation of new technologies, modernization of the units as a whole, including energy efficiencies, electrical and mechanical systems, updating of architectural finishes, kitchen appliances, cabinetry and plumbing fixtures.

3.3.7 CONSTRUCTION MANAGEMENT PLAN. Offerors shall establish and implement a Construction Management Plan to ensure quality control in design and construction of this project. The SO shall be responsible for establishing, coordinating, updating, and implementing construction schedules. The Offeror's Construction Management Plan shall address, but is not limited to, the provisions of the Lease of Property pertaining to Construction of Improvements, Installations and Alterations, and those items listed below.

3.3.7.1 Design Review Conferences. The SO shall conduct a 35% design session, and review conferences at both the 65% and 100% design complete stages. Plans shall at a minimum include the following:

- Phasing Plan
- Demolition plan
- Civil and site utility plans and details
- Detailed layout of recreational areas
- Landscaping plans
- Foundation and framing plans
- Unit floor plans, elevations and sections
- Unit material finish schedules and samples
- Floor plans and elevations of supporting facilities (as applicable) for compatibility review
- Job Site Safety Plan (narrative job site safety plan that explains how job safety will be assured throughout life of project)

3.3.7.2 Schedules. The SO shall be responsible for establishing, coordinating, updating, and implementing design and construction schedules. The schedules shall show an integrated phasing plan identifying all phases of design, demolition, construction, utilities, movement of residents, etc. The Government will pay for one directed move per family. The SO shall pay for additional forced moves.

3.3.7.3 Environmental Quality Controls and Procedures. Offeror shall comply with applicable federal, state, and local environmental laws and regulations.

3.3.7.4 Pre-Construction Conference. SO shall conduct a Pre-Construction Conference in conformance with the provisions of the Lease of Property (Appendix I). Topics for discussion shall include, but are not limited to:

- Phasing of demolition and construction.
- Provision for and location of field offices and fenced material and or storage yards
- Utility cutovers (new and existing)
- Location for project sign to be erected by the Offeror
- Coordination and approval of haul routes and disposal sites
- Issuance of permits
- Site security and access

- Final construction schedules

3.3.7.5 Inspection. The SO shall maintain in effect throughout the period of construction for all new and renovated units an effective quality control program in conformance with the provisions of the Lease of Property (Appendix I). The Government and/or Government representative will have full construction surveillance rights under the Lease of Property to ensure compliance with applicable standards and codes and compliance with approved design standards, Offeror's proposal and City of Albuquerque codes and standards. The Government's rights will be exercised through representative agents and/or employees. Certificate of Occupancy will be provided by the Government and/or Government representative when the SO has complied to the Government's satisfaction with all applicable codes, standards, regulations, drawings, plans, specifications as submitted in the SO's proposal.

3.3.7.6 Transition/Phasing

3.3.7.6.1 Unit Availability. Following the closing of the transaction, the project will enter into a transition period (up to 6 years) during which older units will be demolished and new units constructed. The number of units available to military families during the transition period will gradually be reduced from 1784 to 1164 units. At all times during the transition period, at least 1164 units must be available for military families and meet the Project Demographics Criteria.

3.3.7.6.2 Transition/Phasing Plan. The Offeror shall propose a detailed transition/phasing plan that outlines the proposed schedules and actions to occur during the transition period. The plan shall include, but not be limited to: project development, phasing out of existing units, how Offeror intends to maintain the availability of the 1164 units, how Offeror plans to structure the phasing of the utilities and services, methodology for providing utilities and services during and after the transition period, and plans for the Maxwell housing area after the transition period.

3.3.7.6.3 Desired Feature. Proposals that reduce the post-transition phase lease of Maxwell to less than ten years is a desired feature for the SO to provide.

3.3.7.7 Demolition

3.3.7.7.1 General Guidelines. Offerors shall establish and implement a Demolition Plan as part of the overall Construction Management Plan. The Demolition Plan shall provide a phased approach to demolition of existing units, appurtenances, and infrastructure.

3.3.7.7.2 Facilities. All facilities scheduled for demolition are as indicated on the East and West Demolition Plans under Appendix S. Unless otherwise indicated, after demolition is complete, all areas not scheduled to receive new construction at a minimum, shall be graded to drain and seeded.

- 3.3.7.7.3 Utilities.** All utilities scheduled for demolition shall be capped at the main, abandoned in-place, and poles removed. Unless otherwise indicated, after demolition is complete, all areas not scheduled to receive new construction at a minimum, shall be graded (cut and fill) to drain and seeded. The SO shall provide “as-built” drawings to the Government showing where utilities have been capped and abandoned. All utility lines abandoned in the New Pershing, Loop and East Capehart housing areas (retained by the SO) as a result of new lines installed by the SO, shall be demolished and capped at locations determined by the Air Force and/or utility provider.
- 3.3.7.7.4 Roads and Fences.** All roads and fences scheduled for demolition shall be removed completely. Unless otherwise indicated, after demolition is complete, all areas not scheduled to receive new construction at a minimum shall be graded (cut and fill) to drain and seeded.
- 3.3.7.7.5 Haul Routes.** All haul routes shall be submitted by the SO to the Government for approval prior to the commencement of any construction work (to include demolition).
- 3.3.7.7.6 Government Landfill.** A landfill located on Kirtland AFB may be utilized by the SO for the disposal of construction and demolition debris of facilities generated on Kirtland AFB. Recycling is highly encouraged. The SO shall research and pursue economical means of selling/recycling construction and demolition debris to local New Mexico sources. A maximum use of the recycling process will minimize the waste volume placed in the Kirtland AFB landfill. “Construction and demolition debris” is defined as materials generally considered to be not water soluble and nonhazardous in nature, including, but not limited to, steel, glass, brick, concrete, asphalt roofing materials, pipe, gypsum wallboard and lumber from the construction or destruction of a structure project, and includes rocks, soil, tree remains, trees and other vegetative matter that normally results from land clearing. If construction and demolition debris is mixed with any other types of solid waste, it loses its classification as construction and demolition debris. Construction and demolition debris does not include asbestos or liquids including but not limited to waste paints, solvents, sealers, adhesives or potentially hazardous materials.

3.3.8 HOUSING AREA UTILITIES

- 3.3.8.1 Infrastructure.** The Government will continue to be the utility supplier to all housing areas until any or all utilities are privatized under a base-wide utility privatization effort. The SO will arrange for supply of all electricity, gas, water and wastewater from the commercial services for all privatized housing (New Pershing, Loop and East Capehart) areas retained by the SO after the transition period. The Government requires all (conveyed and new) gas, electricity, water and wastewater lines in the New Pershing, Loop and East Capehart housing areas (retained by the SO) to be permanently connected to the Utility Provider’s distribution system by construction completion. The base-wide utility privatization program is expected to be completed during the transition phase. The Government will continue to maintain existing utility systems not conveyed to the SO until each respective utility is privatized, until the end of the transition period, or at the end of the post transition lease period for the

Maxwell housing area, whichever occurs first. All new utility systems installed by the SO will be owned and maintained by the SO. The SO will be responsible for reimbursing the Government for utility consumption, including operations and maintenance, for as long as the Government is the utility supplier. The Air Force will bill the SO monthly for all utilities provided. It is the intention of the installation to privatize all utilities. After construction completion and utility meter installation, payment of utilities will be directly to the utility provider, not the Air Force. The utility privatization contractor may not be the commodity provider. The SO, in conjunction with the utility provider, shall be responsible for developing and implementing a plan which could allow tenants to pay for their utilities directly to the provider. Installation and maintenance of individual meters and/or bulk meters will be the responsibility of the SO. Reference Appendix S for Utility Transition and Provider Tables, by housing area covered in this transaction.

3.3.8.2 Rates for Government Supplied Utilities. While the Government furnishes utilities, military tenants will be charged the then current "Other-Federal" rate and all other tenants will be charged the "Non-Federal" rate. Current utility rates are included in Appendix M.

3.4 REAL ESTATE MANAGEMENT

Ability to properly manage the proposed 1,164 unit project is critical to the long-term viability of the development. The plans identified in this Section 3.4 are incorporated by reference into the Operating Agreement to govern day to day Real Estate Management of the project.

3.4.1 REQUIRED REAL ESTATE MANAGEMENT. Compile and maintain a waiting list for all units based on grade and bedroom from Air Force referred tenants.

3.4.2 DESIRED REAL ESTATE MANAGEMENT (listed in descending order of priority):

- Provide certified or accredited management staff in addition to the certified property manager.
- No tenant security deposits.
- Establish a web site for the purpose of accessing waiting lists, tenants submitting work requests and tenant newsletter, etc.
- Scheduling of routine service call maintenance after normal duty hours to accommodate occupants' work schedule.
- No pet deposits.

3.4.3 REAL ESTATE OPERATIONS AND MANAGEMENT PLAN. Offerors shall establish a Real Estate Operations and Management plan for the privatized housing throughout the 50 year project term. The plan shall describe the approach to day-to-day operations of the housing development. The plan shall encompass on-site property management staffing and functions, tenant relations, interface with the Management Review Committee and other property management requirements. The Offeror shall also include a copy of the Property Management

Contract. The Management Review Committee is discussed in the Operating Agreement to the Lease of Property (Appendix I). The on-site property management office shall be staffed with professionally trained management and maintenance staff able to interface with military members and their families. The property manager shall be certified by a professional real estate management association. The fee for the property manager shall be expressed as a percentage of gross rents and shall compensate the property manager for the provision of all services.

3.4.4 RENTAL RATE MANAGEMENT PLAN. Offerors shall establish a Rental Rate Management Plan, which shall include, but not be limited to the requirements of this Section.

3.4.4.1 Rental Rates for Referred Accompanied Military Tenants. Rents shall include water, sewer, refuse collection, ground maintenance for common areas, and operations and maintenance of the project. Until the New Pershing units are metered and for all units that are to be demolished, rents will also include gas and electricity. Rents will be fixed by unit type and shall not exceed the BAH with dependent rate of the military members' grade for which the particular unit was designated. After the New Pershing units are metered and for all newly constructed units, rental rates will be adjusted to provide a "reasonable utility allowance" as defined in Section 3.4.4.1 below. Tenants may "rent-up or down" (e.g., an E4, may choose to pay the cost difference out of pocket in order to rent an E6 unit.) units if they elect based on unit availability and Government approval. The following Sub-Sections address rental rates and utilities for the metered New Pershing units and all newly constructed units. See Section 1.3.1.7 above for rental rates and utility allowances during the transition phase.

3.4.4.1.1 Utility Allowance. The utility allowance is intended to enable tenants to pay the cost of utilities (electricity and natural gas only) directly to the utility providers. The SO shall pay for water, sewer, and refuse collection. The monthly utility allowance is calculated as 110% of estimated average utility consumption multiplied by the utility rates. Offerors shall compute estimated average utility consumption for each unit type. The Offerors shall propose these calculations in detail for evaluation by the Government.

3.4.4.1.2 Rates for Government Supplied Utilities. If utilities are furnished by the Government, military tenants will be charged the then current "Other Federal" rate and all other tenants will be charged the then current "Non-Federal" rate. Current Government utility rates are included in Appendix M. In this instance, the SO shall read utility meters and bill tenants directly. The SO shall pay a single bill to the Government monthly.

3.4.4.1.3 Rent and Utilities Allowance Changes. Rent is subject to change on an annual basis when BAH changes for the military members' grade for which the particular unit was designated. The Government will inform the SO of annual changes in BAH - these changes are generally published in December or early January. The monthly utility allowance may also change no more frequently than once a calendar year to reflect changes in the utility rates. However, the estimated consumption component of the utility allowance shall not change except in years in which any of the following occur:

- Major renovations occur.
- Energy saving devices and/or appliances are installed, removed, or otherwise affected.
- Average actual annual consumption for any unit type is 15% greater or less than the estimated annual consumption for that unit type.
- Annually, the SO will submit for approval to the Government its calculations for the utility allowance for each unit type by December 1st of each year (the consumption provided on December 1, 2001 for example, would be used to set the allowance for 2002. For the first five years after construction, the SO shall utilize the calculations and supporting documents from the following web site: <http://www.homeenergysaver.lbl.gov>. For the sixth year after construction, the cost will be determined by the average annual consumption over those five years, applied to the previous year's rate. For the seventh year and all subsequent years, the cost will be determined by the immediately preceding five-year moving average annual consumption applied to the previous year's rate. The SO shall incorporate provisions to ensure a single, annual rent adjustment for both BAH and utility allowance changes. The Government's intention is that an individual tenant's rent should change each year when his/her lease is renewed. Each tenant will be responsible for changing his/her allotment as applicable.

3.4.4.2 Tenant Deposits. There shall be no tenant security deposits to ensure payment of rent by Referred Tenants, but the SO may require an interest-bearing refundable security deposit from Referred Tenants for damage and cleaning and an additional refundable deposit or non-refundable fee for pets. The amount of each such deposit or fee must be the minimum amount that is reasonable in the circumstances, the total of such fee and deposits shall not exceed one month's BAH, and the SO must permit a new Referred Tenant to fund the total of such fee and deposits by payments made over at least four months. Such fee and deposits must be disclosed to and approved by the Air Force in advance, which approval shall not be unreasonably withheld or delayed. Retention of deposits and notices relating to them must, at minimum, comport with local and state laws regarding such deposits. Unless forbidden by applicable law, all deposits must be placed in an interest-bearing Tenant Deposit Escrow Account. Within twenty-one days after the end of a tenancy, the SO shall (i) provide written notice to the tenant of the amount of the retention of a deposit in whole or in part, if any, and, if so, the good faith reasons therefor, and (ii) pay to the tenant the interest earned on any such deposit and the amount thereof to be returned to the tenant. If, for any reason, the SO has not reached a good faith determination as to the appropriate deposit retention within twenty-one days of the end of a tenancy, the SO shall then refund the entire amount of such deposit with the interest earned thereon. If deposits or pet fees of any kind are imposed, such deposits or fees shall not apply to occupants living in Government housing as of the closing of this transaction.

3.4.5 TENANT REFERRAL PLAN. Offerors shall establish a Tenant Referral Plan, to include, but not be limited to the requirements of this Section. The Government will not guarantee occupancy of the units. However, the base Housing Referral Service (HRS) will provide priority referral to this development to mirror as closely as possible the target demographics.

All military personnel assigned to the local area are required to process through the base HRS upon arrival and prior to signing a lease for housing. Freedom of housing choice (except where restrictive sanctions apply) shall be preserved.

- 3.4.5.1 Tenant Referrals.** Priority referral (“Priority Referrals”) of tenants by the base HRS will mirror as closely as possible, the demographics of the chart provided in Section 1.3.1.5 above, to match projected vacancies of the development. The base HRS will determine eligibility of military members’ appropriate housing entitlements based on the service members’ grade and family composition using applicable Air Force policy to include effective date of application for placement on the waiting list and will refer the eligible personnel to the SO. The SO will be responsible for providing a monthly vacancy list to the HRS.
- 3.4.5.2 Rights of Refusal.** Acceptance or rejection of the SO’s housing unit will be the sole decision of each referred military member.
- 3.4.5.3 Vacancy Rates.** Vacancy rates shall be determined by dividing the total number of vacant available units by the total number of available units in the inventory. Units shall not be considered available when: (i) undergoing change of occupancy maintenance or repairs that prohibit occupancy, (ii) when a unit does not meet the standards contained in Section 3.4.6 below as determined by the Government.
- 3.4.5.4 Renting to Other Eligible Tenants.** After the transition period, the SO may rent to other eligible tenants at market rents in accordance with the Operating Agreement, only when vacancies have exceeded 5% for more than three consecutive months, and only through the use of an HRS provided referral list. “Other eligible tenants” means actual or prospective tenants of the leased premises other than military priority referred tenants who are permitted to occupy the housing units. In other words, if the vacancy rates are exceeded, and the base HRS has no priority referrals to refer to a particular unit, then the base HRS will provide the SO with a list of other eligible tenants based on the priority list provided below. In turn, the SO may fill the vacancy based on the HRS provided referral list. In the event the base HRS has no other eligible tenants to refer to the SO, the SO may fill the vacancy with the general public. Offerors shall limit tenant lease agreements with other eligible tenants to a 1-year duration. In the event a greater than 5% vacancy rate exists for more than three consecutive months, the SO can only fill that number of vacant units necessary to bring the vacancy rate to 5%. For example, if a 5% vacancy rate is equivalent to 41 vacant units and there are 42 vacant units for three consecutive months, then the SO may fill only one unit with an other eligible tenant, thus reducing the vacancy rate to 5%. The Government may agree to permit any other individual on the priority list noted below, except members of the general public, to occupy vacant units if the units are not required by referred military members even though more than 95% of the units are occupied.

Priority List For Other Eligible Tenants (Descending Order)

Other Active Duty Military Members
Federal Civil Service Employees
Retired Military Members
Active Guard and Reserve Military Members
Retired Federal Civil Service
DoD Contractor/Permanent Employees (US Citizens)

- 3.4.5.5 Change in Tenant Status.** Tenants will not be required to move from one unit to another when military members are promoted/demoted, but the rent for any housing unit shall be no greater than: (a) the BAH for accompanied military tenants with dependents of the pay grade designated for the particular unit, minus (b) the utility allowance for such housing unit. If at any time after entering into tenancy following referral, a member's status changes such that the member would no longer be eligible for priority referral, the member will not be allowed to renew the lease without HRS approval, but shall be allowed to terminate his/her lease with thirty days notice. The SO may place a requirement in the Tenant Lease that referred tenants provide immediate notice of a change in referral eligibility status. If a tenant is evicted from the base, they will no longer be eligible for the privatized housing.
- 3.4.5.6 Tenant Lease Agreement.** A sample Tenant Lease Agreement shall be submitted to the Government for review and approval, which approval shall not be unreasonably withheld or delayed. The sample lease shall include provisions for: change of occupancy cleaning; pets (including pet deposits, if any); in-home child care and other business operations; facility modifications by tenant, tenant regulations regarding use, storage, and disposal of environmentally hazardous materials, tenant leases/eviction/dispute resolutions in accordance with the laws of the State of New Mexico; termination of the tenant lease agreement upon barment of tenant/family member from the installation (applicable during the term of the Lease of Property), military clause; itemization of fees and charges (if any) which may be imposed upon a tenant, and the purpose for such; and changes in dependent/marital status. A form of such sample lease is attached as Exhibit F to Appendix I, Lease of Property. Any material change in the approved sample lease must be approved by the Government, which approval shall not be unreasonably withheld or delayed.
- 3.4.6 FACILITIES MAINTENANCE PLAN.** Offerors shall establish a Facilities Maintenance Plan for the housing units and other facilities (including all common grounds, units, and support facilities). The SO shall maintain housing in such a manner that the development will prove attractive to military members and their families and ensure high occupancy rates over the term of the Lease of Property. The following types of maintenance are the minimum that shall be addressed in an Offeror's Facilities Maintenance Plan:

- Service Response (Emergency and Routine)
- Preventive Maintenance and Repair
- Change of Occupancy Maintenance (COM)
- Infrastructure (Streets and Utilities) Maintenance and Repair
- Grounds Maintenance (individual yards, common and recreational areas)
- Curb-Side Refuse Collection and Recycling
- Snow and Ice Removal
- Entomology and Pest Control
- Lockout and Key Services
- Safety/Security
- Personnel (Property Manager and On-call Emergency personnel and plan)
- Quality Control (procedures and customer feed-back)

3.4.6.1 Maintenance Management. The plan shall provide a local maintenance manager responsible for work performance. The maintenance manager or alternate shall be available by telephone for eight hours a day Monday-Friday between the hours of 6:00 a.m. and 6:00 p.m. The maintenance manager shall have at least three years of quality past performance in residential property management.

3.4.6.2 Quality Control. Offerors shall include Quality Control provisions for evaluation and review. The provisions shall include, but not be limited to, a description of the inspection system to cover all maintenance services, frequency of inspections, control procedures, and methods for identifying and preventing defects in the quality of service performed. The provisions shall also describe the type of records to be maintained to document inspections and corrective or preventive actions and proposed maximum response times and completion goals for each maintenance area.

3.4.6.3 Service Responses. Emergency service is the priority response to a breakdown, stoppage, or loss of a critical system or equipment for which life, health or property may be endangered if the repair is not promptly accomplished. Examples of emergency service calls include breaks in water, sewer or gas lines, gas leaks, equipment and appliance failures, utility outages, doors and windows that cannot be secured. Emergency services may be downgraded to routine once the threat to life, health and safety has been temporarily abated. Routine Service calls include maintenance or repair actions requiring 16 work-hours or less to complete which do not meet the criteria of an emergency call. Service responses by category are shown in the

table below. The SO shall be available to respond to emergency and routine service calls during the hours indicated below.

Service Responses – Required Hours of Operation

<u>CATEGORY</u>	<u>DAYS PER WEEK</u>	<u>TIMES</u>
Emergency Service Call	Monday – Sunday	24 Hrs/Day
Routine Service Call	Monday – Friday	8 Hrs/Day between the hours of 6am and 6pm

Service Responses -- Required Response and Completion Times

<u>CATEGORY</u>	<u>RESPONSE TIMES (a)</u>	<u>COMPLETION TIMES</u>
Emergency	One Hour	One Day
Routine	Five Calendar Days	Fifteen Calendar Days
(a) Response time includes contacting resident, appraising the problem and scheduling a solution.		

3.4.6.4 Recurring/Preventive Maintenance and Replacement. The SO shall accomplish recurring/preventive maintenance and replacement on all development assets pursuant to the detailed requirements set forth in the Lease of Property, Appendix I, at Section 12.3.

3.4.6.5 Change of Occupancy Maintenance (COM). The SO shall provide change of occupancy maintenance on the housing unit to repair any damaged or inoperable components to provide a housing unit that has all components in good working order, is aesthetically pleasing, and clean. During change of occupancy, the SO shall ensure all equipment is in proper working order, paint interior/exterior of units where necessary, replace damaged floor covering, and ensure complete cleaning. Tenants may be held responsible for some change of occupancy cleaning in accordance with the Tenant Lease Agreement (see Section 3.4.5.6 above). The Government shall review and approve change of occupancy maintenance standards prior to implementing by the SO.

3.4.7 CAPITAL REPAIR AND REPLACEMENT PLAN. Offerors shall establish a Capital Repair and Replacement Plan to program for long-term major repair, replacement and demolition (at the end of the project) requirements to ensure the site development and housing are maintained in quality condition throughout the duration of the Lease of Property and properly demolished at its conclusion. This plan shall include, but not be limited to, site

conditions such as pavement repair, utility upgrades (utility components owned and operated by the SO), landscaping improvements and recreational equipment. It shall also include repair and replacement of housing unit components or systems such as re-roofing, equipment replacement, interior upgrades, etc. The Offeror shall demonstrate that the repair/replacement plan is in accordance with guidelines from the National Association of Home Builders (NAHB) in its 1998 Housing Facts, Figures, and Trends publication, manufacturers' recommendations, other recognized industry standards or other federal, state and local codes and standards. The plan shall be supported with funds from the Replacement Reserve Account (see Section 3.2.6.1 above).

3.4.8 REINVESTMENT PLAN. Offerors shall establish a Reinvestment Plan that provides whole-house/whole-community renovation of all privatized housing when the units are 25 years old to ensure a livable community. This plan shall include the modernization of all units consistent with the whole-house renovation standards. The Offeror shall apply the same standards of performance as the Capital Repair and Replacement Plan. The plan shall be fully supported with funds from the Reinvestment Account. The Offeror shall fully describe the cost and scope of the proposed reinvestment and shall declare a fixed ceiling percentage of profit on the execution of all reinvestment plan related work.

3.4.9 MUNICIPAL SERVICES TO BE PROVIDED BY THE GOVERNMENT. The Government will provide fire, security protection and emergency medical services to housing located within Kirtland AFB boundaries. Note: In areas of proprietary jurisdiction (i.e., Maxwell Housing and New Pershing) Air Force Security Forces have limited authority over civilians. In these areas, Security Forces members may act to protect life and property, but have no authority to arrest or cite civilian offenders. The SO shall make its best efforts to cooperate with and support the Kirtland AFB Base Agencies (i.e., Security Forces, Base CE and others) that will develop appropriate emergency services arrangements, including coordination with the Albuquerque Police Department (Maxwell Housing) and the Bernalillo Sheriff's Department (New Pershing). The SO shall notify tenants of contact information for emergency services providers.