



OFFICIAL NOTICE NUMBER 57916

REQUEST FOR PROPOSAL

***PROVIDE DEVELOPMENT CONSULTING AND PROGRAM
MANAGEMENT SERVICES***

DECEMBER 11, 2018

***TRAVAUX INC.
401 E. OGDEN AVENUE
MILWAUKEE, WI 53202***

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REQUEST FOR PROPOSALS

PROVIDE DEVELOPMENT CONSULTING AND PROGRAM MANAGEMENT SERVICES

I. INTRODUCTION

Travaux Inc. (“Travaux”), is requesting proposals from interested firms or entities to provide Development Consulting and Program Management Services to assist in pre-development planning and execution of current and future development projects.

II. BACKGROUND

Travaux is an instrumentality of the Housing Authority of the City of Milwaukee (“HACM”). Travaux is a discrete entity with its own governing board of directors, mission, and operations.

Travaux is a real estate company with a social mission. Its vision is to be the developer of choice for a sustainable and affordable housing and mixed-use development. Travaux, Inc. is a not-for-profit 501(c)3 corporation with the Housing Authority of the City of Milwaukee (HACM) as its sole member. Travaux’s purposes are:

- Serve as the prime developer for all HACM projects.
- Provide development, construction/ rehabilitation, and construction management services for other Public Housing Authorities’ development projects.
- Provide development and construction services for other organizations with projects that are aligned with the HACM’s primary mission. **The mission of HACM is to foster strong, resilient and inclusive communities by providing a continuum of high-quality housing options that support self-sufficiency, good quality of life, and the opportunity to thrive.**

III. SCOPE OF SERVICES

Travaux envisions this relationship with the selected respondent to be on a long-term partnership basis that goes beyond the typical “Consultant-Client” relationship. We expect the respondent’s Project Lead assigned to this engagement to be closely intertwined in Travaux’s executive management team with specifically delegated authority and accountability. Travaux is willing to consider “hold harmless” provisions in the Engagement Contract to govern this partnership so that Travaux’s reasonable business objectives in the development and management of its real estate development portfolio can be achieved. It is critical for Travaux, therefore, that the Project Lead assigned to this engagement can commit to these expected requirements – time, availability (physically), qualifications and commitment to the engagement. Any substitution of the Project Lead will be subject to Travaux’s approval and could lead to engagement termination if the Project Lead replacement is not satisfactory to Travaux. The identified Project Lead should have

access to the breadth and depth of knowledge for technical and administrative support from the respondent firm in order for the Project Lead to effectively perform these functions. To achieve Travaux's solicitation objectives, respondents are expected to respond and be able to perform the two scopes of services below.

The scope of services envisioned by this RFP is broken down into two functions.

1. **General Development Consulting.** This part of the engagement is funded through Travaux's regular operating budget and general fund and requires the Project Lead to be closely intertwined with Travaux's executive management team. Job expectations include, but are not limited to:
 - a. Active participation in the Strategic Planning on Portfolio repositioning of HACM's real estate holdings;
 - b. Assist in identifying, evaluating, and creating Travaux development projects pipeline;
 - c. Assist in the evaluation of the feasibility of development projects, including the identification of financing sources and conceptualization of initial deal structures;
 - d. Provide inputs and assistance in project execution;
 - e. On an as need basis, attend and facilitate operational and business meetings;
 - f. Provide input and feedback on Travaux's overall business strategies as it relates to real estate development.
 - g.
2. **Project Specific Consulting and Program Management.** This part of the engagement occurs after a specific development project has been determined to be feasible. Conceptual planning has been completed and is now moving into detailed planning. The funding for this scope of work will come from the specific Project's sources. This will be negotiated on a per project basis and fees are expected to mirror reasonable industry standards or "safe-harbors" when applicable. Travaux reserves the right to solicit or award this particular scope of work or a specific task(s) to another firm when it is deemed to be in the best interest of Travaux or the Project Owner. Specific tasks may include, but are not limited to:
 - a. Financial consulting; to include financial modelling, and identifying and securing possible sources of financing;
 - b. Assistance in the application for financing – grants or loans;
 - c. Assistance in the deal negotiation with investors and lenders;
 - d. Detail deal structuring or re-structuring;
 - e. Accounting services – pre-development or post-development;
 - f. Review of operating agreements and financing documents;
 - g. Procure other services, subject to Travaux's approval, such as: Underwriter, Financial Advisor, Lenders, Legal Services and Brokers
 - h. Other assistance necessary to bring the project to closing and project completion.

Travaux Inc.

Primary points of contact



Donald Bernards
Partner
Madison, WI
Partner-in-charge



Chris Tristis
Senior Managing
Director
Chicago, IL
Project and client
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Kaitlin Scopoline
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Michael Ross
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Austin, TX
New Market Tax
Credits



Kimberly Shult
Partner
Minneapolis,
MN
Audit



Colleen Wevodau
Senior Manager
Washington, D.C.
Property
management auditor



Engagement approach Tailored specifically for Travaux

2. Engagement approach

Understanding your needs

Travaux is a discrete, separate, legal 501(c)3 real estate development company with its own governing board or directors, mission and operations. It is an instrumentality of HACM and serves as the prime developer for all of HACM's projects, other public housing authorities and organizations that are aligned with HACM's primary mission. As an instrumentality of HACM, Travaux provides housing options to more than 10,000 Milwaukee families, seniors and disabled adults, Travaux is seeking a qualified consultant to assist in the pre-development planning and execution of current and future development projects.

We understand Travaux is looking for a project leader to join your team to provide technical and administrative support during the two functions of your planned engagement. Job expectations include:

1. General development consulting (Scope #1)

- Active participation in the strategic planning on portfolio reposition of HACM's real estate holdings
- Assist in identifying, evaluating and creating Travaux development projects pipeline
- Assist in the evaluation of the feasibility of development projects, including the identification of financing sources and conceptualization of initial deal structures
- Provide inputs and assistance in project execution
- On an as needed basis, attend and facilitate operational and business meetings
- Provide input and feedback on Travaux's overall business strategies as it relates to real estate development

After a specific development project has been identified as feasible and conceptual planning has been completed and is moving into detailed planning, the following will be performed.

2. Project specific consulting and program management (Scope #2)

- Financial consulting; to include financial modeling and identifying and securing possible sources of finance
- Assistance in the application for financing — grants or loans
- Assistance in the deal negotiation with investors and lenders
- Detail deal structuring or re-structuring
- Accounting services — pre-development or post-development
- Review of operating agreements and financing documents
- Procure other services, subject to Travaux's approval, such as underwriter, financial advisor, lenders, legal services and brokers
- Other assistance necessary to bring the project to closing and project completion

6. Fee structure

With Baker Tilly, you will never need to question the value you get for the fees you pay. Compared to international accounting firms, Baker Tilly offers equivalent services at a more competitive price. Compared to smaller firms, we offer greater thought leadership and increased efficiency. We have a strong team of subject-matter specialists to help Travaux develop solutions for your most important issues.

General development consulting

We strive to provide exceptional service with a fair, competitive fee arrangement to deliver you continuous value throughout our relationship. For our housing industry clients, we can perform each of the specific tasks for a blended hourly rate. During the first portion of our engagement with Travaux (Scope #1. General Development Consulting), we will use a blended hourly rate of **\$310**. As stated in Travaux's Addendum #1, you anticipate the maximum number of service hours for the consultant to be 700 in the first year of the engagement and 500 for years two, three, four and five. Based on this level of commitment, we propose a not-to-exceed amount for five years to equal **\$837,000**. Below is a break down by monthly hours/fees per engagement year.

Engagement year	Hours per month	Monthly fee estimate
Year 1	59	\$18,083
Year 2	42	\$12,917
Year 3	42	\$12,917
Year 4	42	\$12,917
Year 5	42	\$12,917

Proposed additional time commitment

Because of the significant volume of developments and complexities of the proposed transactions, we believe Travaux's proposed maximum number of hours will require more to sufficiently review, analyze and advise effectively. The additional hours Baker Tilly is proposing will create better strategic projects, reduce risk, provide a greater developer fee, additional cash flow and residual value for Travaux.

Should Travaux consider the proposed additional time commitment, we would provide an additional percentage discount to our blended hourly rate in an effort to offset the additional hour cost burden.

Project specific consulting and program management

During Scope #2, Baker Tilly will provide services (as previously detailed in our response, found under: How would we assist Travaux in bringing a project to completion listed in sections above) to take projects from feasibility through tax credit planning, through identifying resources, structuring, completing tax credit applications, assisting in identifying various service providers into project financing close— *we enter into one flat fee for all these services that would equal approximately 1 percent of total development project costs (1.5 percent if the project includes RAD services)*. If the project has no LIHTC (market rate) the application, modeling fee would be half of LIHTC. This fixed fee is earned at various phases:

- Phase 1 -Project Analysis & Structuring (5 percent),
- Phase 2 –Application (10 percent)
- Phase 3- Tax Credit Reservation/42 M Letter (25 percent)
- Phase 4- Project Close for start of construction (60 percent)

The fee would be paid at project closing, not from Travaux.

We have found that our clients many times prefer this fee structure because it is a known amount and encompasses many steps of the process. *Due to economies of scale, Baker Tilly will credit 20 percent of any project Scope #2 fee back to Travaux, for Scope #1 services, when Scope #2 fees are paid at project closing.*

Proposed additional time commitment above Scope #2

It is unknown how many development project's Travaux will complete, entirely in house or with a partner. If Travaux is able to complete projects in-house, more development fees (up to \$1 million) will be recognized (than if split with a co-developer). Additional work will be required by the project leader to run the entire development process. We can price the costs out of the project so Travaux will not have to come out of pocket. The goal should be to have more projects completed entirely by Travaux to generate more development fees, cash flow and residual value.