

HARRIS COUNTY HOUSING AUTHORITY

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AMENDMENT OF SOLICITATION

ADDENDUM # 1

DATE: 12-22-17

ISSUED BY: Harris County Housing Authority

AMENDMENT TO SOLICITATION NUMBER: RFP#17-16

Financial Accounting and Audit Services – Affordable Housing Developments

THE DATE AND TIME SPECIFIED FOR RECEIPT OF PROPOSALS REMAINS AS
December 29, 2017, 3:00 PM CST.

THE SOLICITATION MENTIONED ABOVE IS HEREBY AMENDED. PROPOSERS MUST ACKNOWLEDGE RECEIPT OF THIS AMENDMENT PRIOR TO THE HOUR AND DATE SPECIFIED FOR RECEIPT OF PROPOSALS BY SIGNING THIS FORM BELOW.

RESPONSES TO SUBMITTED QUESTIONS

1. **Have there been any significant changes in your operations, programs or personnel recently or contemplated for the future that would impact the scope of services as compared to prior contracts for the same work? (Ex: changes in the audit process or those involved with the process, current year budget vs. prior year budget?).**

In April 2017 Alden Torch became the limited partner for TX Bammel Housing, LP.

2. **Have there been any changes to any of the 8 properties with respect to refinancing, new debt, significant renovations, etc. in the year under audit?**

There has been no refinancing, new debt, or significant renovations.

3. **What are the deadlines established by the equity and financing sources?**

The established deadline is the date set by the Internal Revenue Service for partnerships.

4. **What are the most challenging aspects of the audit process for HCHA and specifically the accounting and finance team?**

There are no challenging aspects to the audit process. The management companies are extremely responsive to the needs and timing of the audit process and tax return filing dates.

5. Are any of the accounting functions outsourced to another accounting firm? If so, which functions?

None of the accounting functions are outsourced to other accounting firms.

6. Is there any specific expertise and advice the organization looking for that it may not be receiving from its current provider?

No.

7. What is management's and the board's view on the desirability of transitioning to new auditors?

HCHA conducts procurements in accordance with its procurement policy and federal law.

8. How long has HCHA been with the current provider?

The partnership has been working with the current provider since 2014.

9. Is the current provider bidding on the engagement?

HCHA does not limit who can submit a response to a proposal.

10. In an effort to understand the level of effort currently exerted by the incumbent auditing firm, please provide:

a. Prior year audit fees

b. Schedule of auditors in the field (ex: 2 people for 2 weeks in November)

HCHA expects firms to submit a competitive proposal based on their knowledge and experience of providing services similar to what is being requested.

11. Pages 13 and 31 of the RFP – item 1

a. The first sentence under services to be performed indicates to “Prepare the limited partnership’s unaudited financial statements...” Should this be “audited”?

It should read “audited”.

b. In the same sentence it indicates one of the services to be performed to be “the Managing Member’s unaudited financial statements...” Is this request referring to a compilation of the financial statements?

It should read the managing members audited financial statements.

c. The dates referenced in this paragraph indicate for 2018 and 2019. Please clarify if the work is to be performed for 12/31/2017 and 12/31/2018 year-ends or 12/31/2018 and 12/31/2019 year-ends?

The work to be performed will be the year ends for 12/31/2018 and 12/31/2019.

12. Are the 8 single member LLC entities (the General Partner entities) treated as C Corporations or S Corporations that file federal tax returns or are they considered disregarded entities for federal tax reporting and only required to file the State of Texas franchise return?

The General Partner LLCs are disregarded for federal tax returns and are only required to file State of Texas franchise returns.

13. Did the LIHTC projects receive any damages as the result of Hurricane Harvey? If so, can you provide the following for each entity?

Yes

a. Amount of damages

The following are estimates of the amount of damage incurred by Hurricane Harvey. The developments are still being assessed for any possible damages.

Sierra Meadows, Ltd	\$6,000.00
TX Bammel Housing, LP	\$5,000.00
Baybrook Park Retirement Center, Ltd	\$30,000.00
Cornerstone Village Apartments, LP	\$15,000.00
Louetta Village Apartments 45, LP	\$12,000.00
Olive Grove Manor Ltd	\$ 740,000.00
Waterside Court. Ltd	\$15,000.00

b. Total of insurance money received and to be received?

At this time HCHA has not received any insurance payments.

c. Total of any federal funds received and whether these funds were received first by the housing authority and then loaned or contributed to the tax credit entity or whether the tax credit entity received the funds directly?

At this time HCHA has not received any federal funds for Hurricane Harvey damages.

d. Estimate completion date when the repairs will be completed?

HCHA anticipates that all damages incurred by Hurricane Harvey will be completed by Spring 2018.

e. Detail of any units taken out of service due to the hurricane damage.

Magnolia Estates (Olive Grove) has 24 units that are out of service due to Hurricane Harvey.

14. Does the housing authority manage the projects or is a 3rd party management agent used?

HCHA uses third party management companies.

15. Have all 8 projects had an audit performed?

Yes, annually.

16. Is it possible to obtain copies of the 12/31/2016 audit reports and tax returns for all of the tax credit projects as well as the General Partner entities?

HCHA expects firms to submit a competitive proposal based on their knowledge and experience of providing services similar to what is being requested.

17. Will other services be needed? For example, will you require a 10% carryover, final cost certification, 1st year credit calculation, and / or multifamily REAC submission?

If additional services are needed HCHA will request them accordingly from the awarded firm.

18. Who is the current CPA firm and where are they located?

Novogradac & Company LLP – Austin TX
CohnReznick - Atlanta, GA

19. Can the audit work be performed remotely or do you prefer the auditors work onsite?

HCHA does not have a preference on where the audit work is performed.

20. Do you have a preference relating to interim audit procedures?

No

21. Are any of these projects currently in construction and will be receiving their 8609s during the proposal period? If so, will Part II of the 8609s need to be completed by the CPA firm?

There is no expectation of 8609s for the calendar year ending 12-31-18. Should a need arise, this item will be discussed as a separate item with the selected firm.

22. Attachment A: #1 – Please clarify that you are requesting “unaudited” financial statements for YE 2018, and if so, are you wanting a compilation, review, or examination report?

This should read “audited” financial statements.

23. Attachment A: #4 – Please clarify the extent and scope of services requested for this item

Audits are expected to be conducted under standards generally accepted in the USA. Should an item come to the attention of the audit firm, those matters are expected to be discussed with the Managing Member.

24. Attachment A: #5 – Please clarify the extent and scope of services requested for this item

Form 8609s are not expected to be reviewed for audits and returns filed for the calendar year ending 12-31-2018.

25. Attachment I: Please clarify if the Managing Member will require an audit as well

No, the Managing Member does not require an audit.

26. Can you confirm if you have a specific contract format that is required to be submitted, or if you will accept our standard engagement letter.

The selected audit firm's will submit their engagement letter; it will be subject to the Managing Partner's legal review & acceptance.

Proposer/Respondent

Date

Signature