

## **RFP Addendum # 2**

Request for Proposals for  
Limited Partnership Audits and Tax Services  
(Solicitation # 802921)

**Date of Addendum # 2: August 26, 2009**

The Request for Proposals (RFP) for the above named project is amended as noted in this Addendum. This Addendum consists of 4 pages.

**Item 1. The following is a list of questions received and SHA's responses to those questions.**

Question 1. Are you disclosing fees paid for 12/31/2008 audits and tax returns?

Response: *No.*

Question 2. The Alder Crest LP audit was performed in accordance with Government Auditing Standards (GAS) and a separate GAS report was issued (Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS). Why does this one partnership have a GAS audit performed?

Response: *The GAS report is a requirement of the regulatory agreement for the HOME funds.*

Question 3. Can you provide copies of the 2008 tax returns for each of the 14 partnerships?

Response: *The 2008 tax return for each LP will be made available to the selected firm assigned to that particular LP.*

Question 4. What will be the basis to allocate the audit and tax work between the firms selected?

Response: *After the selections are made, SHA will have a better understanding of each firm's qualifications and, after discussions with the firms, SHA will determine how to allocate the work. At this time, not knowing how many firms will submit a proposal, it is not possible to say how the work will be allocated. SHA hopes to select approximately 4 qualified firms. The RFP, Sections D and E asks firms to tell us how many of the Tax Credit Limited Partnership Audits and Tax Services your firm can perform within the scheduled dates, and to identify the key personnel that would perform each of those services. This will also play a part in how the LP services will be allocated.*

Question 5: Are all properties managed by the SHA? Are some properties managed by third party management firms?

Response: *SHA manages all the properties.*

Question 6: What kind of Accounting Software is used?

Response: *The accounting software used by management for GL and Payables is Oracle E1 (Enterprise One) and the Tenant AR system is Memory Lane Systems for the Alder Crest, Ravenna, Ritz, Douglas, High Rise Rehab Phase I and Seattle High Rise Rehab Phases II and III Limited Partnerships. E-Site is used for Holly Park, Othello, Desdemona, Escallonia, High Point North, High Point South, and Tamarack Limited Partnerships for the rental operations. E-site is interfaced to E1 on a monthly basis.*

Question 7: When will the books be closed and ready for auditors?

Response: *SHA anticipates that the books will be closed and available for review by the end of the third week of January.*

Question 8: How many properties are near or close to the tax credit compliance period?

Response: *Holly Park LP and Ravenna LP reach the 10 year mark in 2009. SHA is considering an early exit from Holly Park LP in 2009.*

Question 9: What is the reason for this RFP? Is this a normal practice to go for bid after a number of years, or were you unhappy with the services of previous auditors?

Response: *The Partners requested that SHA go out with an RFP and select several highly qualified firms to put under contract for up to five years to perform the LP audits. This is not a bid, but a Request for Proposals where qualifications will be given up to 90 points and price will be given up to 10 points. Please see Section E in the RFP. Services of previous firms were not a consideration in this determination.*

Question 10: How many syndicators are involved in the tax credit projects?

Response: *Each Partnership has one syndicator. Four syndicators have been used for the LPs. They are Enterprise, MMA, Boston Capital and Wachovia.*

Question 11: Section G identifies that the contract for services is expected to be for one year, with one year extensions at SHA's option for up to four additional years. How should Attachment 1 be completed to address small annual escalators in fees, should SHA opt to extend the contract for work in subsequent years?

Response: *Attachment 1 to the RFP states in part: "For this form, assume you are performing one Tax Credit Limited Partnership Audit and Tax Return with no Bond Debt Coverage Ratios or Net Cash Flow Distribution calculations required." Use your hourly rates that will be in effect during the work anticipated in this RFP (through March 31, 2010). If there is any additional work required after March 31, 2010, it would be by Change Order to the Contract, and if the Contract is extended, it will be by Change Order to the Contract. The scope and rates are negotiable at that point.*

Question 12: Section E, in the box for "Evaluation Criteria - Qualifications" identifies that the firm's "qualifications and experience with...management advice associated with Tax Credit Limited Partnerships" is one of the evaluation criteria. Although the use of this expertise is not

listed in the scope of services, how should our hourly rates for management advice services be communicated in our response in the event the Authority utilizes said services?

*Response: Management advice most likely will not be required for these services; however if SHA and a selected firm feels it may be necessary for any particular partnership assigned to the firm, it will be negotiated in the cost for that work. Management advice is not to be considered in completing the Price / Rates Form (Attachment 1 to the RFP).*

Question 13: Were the adjusting journal entries included in Addendum #1 typical for all entities? Or were there other entities that had significantly more? We are trying to determine how much, if any, bookkeeping is required before doing the audit since this is typically considered out of scope work.

*Response: Adjusting journal entries vary by partnership. For some of the partnerships, the adjusting entries may include depreciation, amortization and moving Construction in Progress to Fixed Assets in the year construction is completed.*

Question 14: Will we have an opportunity to do interim audit fieldwork? This was not contemplated in the timeline in the RFP.

*Response: Yes, SHA staff will be available to assist with any interim audit fieldwork that is necessary to complete the audits by the stated dates.*

Question 15: It appears there could be three different property managers based on review of the financial statements, however the RFP implied that SHA manages all properties? Can you confirm that SHA manages all properties? We are trying to understand if we only need to obtain an understanding of key controls for one property manager, or if there are multiple property managers.

*Response: SHA manages all of the operations of the Limited Partnerships.*

Question 16: Were the two entities that did not have audited financial statements available first year audits?

*Response: Tamarack and Douglas did not require audits for 2008, so will require audits for the first time in 2009.*

Question 17: Were there any entities that completed construction in 2009? If so, which entities?

*Response: By the end of 2009, SHA expects construction to be completed on the following three LP properties: Seattle High Rise Rehabilitation Phase III; High Point South; and Douglas Apartments.*

Question 18: Is there any out of scope work that is typically associated with the audits in the RFP? If so, what types of services (maintenance of depreciation schedules, adjusting entries, etc.)?

*Response: Adjusting journal entries and maintenance of depreciation and amortization schedules vary among the various partnerships. For some partnerships, these are maintained by SHA personnel.*

Question 19: How is investor correspondence handled? We typically assume the GP will handle this. In our experience the amounts ranges from very little to a significant amount, which we consider out of scope.

Response: *SHA as General Partner expects to handle correspondence with the investor.*

Question 20: Can we get a copy of a couple of the tax returns for 2008? Are there any entities that require minimum gain calculations, special allocations of income (loss)? Are any of the properties in their first or last year of credits, because this typically would affect the fees charged in that specific year?

Response: *See response to Question 3 above relating to tax returns for 2008. No entities require minimum gain calculations, but in 2008, there was one special loss allocation and will likely have at least one entity that will require one for 2009.*

Question 21: The RFP shows the due date for submitting proposals as Tuesday, September 3, 2009. Is it supposed to be Tuesday, September 1<sup>st</sup> or Thursday, September 3<sup>rd</sup>?

Response: *This is an error in the RFP. The actual due date is correct, September 3, 2009. The day of the week is incorrect. It is actually Thursday (also see Item 2 – Corrections below).*

**Item 2. Corrections to RFP and Addendum # 1:**

- In the Request for Proposals document, the Due Date for submitting your Proposal had an incorrect day shown. It showed the Due Date to be Tuesday, September 3, 2009. The correct Due Date is 2:00 p.m., Pacific Daylight Time on Thursday, September 3, 2009.
- In Addendum # 1 to this project, in the response to Question 3 regarding the syndicator for the Douglas Apartments LP, the response said that the syndicator was Community Economics Financing. That was incorrect. The Douglas Apartments LP syndicator was Enterprise Community Investment, Inc.

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**Please go to <http://www.seattlehousing.org/business/consulting/requests/802921/index.html> for links to the Request for Proposals, Addendum # 1 and Addendum # 2.**

**The deadline for questions has now passed. Proposals are due no later than 2:00 p.m. Pacific Daylight Time, Thursday, September 3, 2009.**

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End of Addendum # 2 to Solicitation # 802921