

# MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

735 EAST MICHIGAN AVE • P.O. BOX 30044

LANSING, MICHIGAN 48909

MICHIGAN.GOV/MSHDA

## M E M O R A N D U M

**TO:** Earl Poleski, Executive Director  
Brian Mills, Chief of Staff

**FROM:** Procurement Office - DK

**DATE:** August 3, 2017

**RE:** Request Signature – On-Site Insight, Inc.

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The attached contract signature page is for an agency to complete Comprehensive Needs Assessments (CNAs) for Authority-financed multifamily housing developments.

The firm was selected through a competitive bidding process and agrees to a five-year contract. The recommendation to contract was presented to the Board, and approved, on July 26, 2017.

The attached contract signature page has been reviewed by the undersigned and found to be acceptable as to content and form and is, therefore, approved.

  
\_\_\_\_\_  
Scott Grammer, Procurement Officer

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AGREEMENT FOR PROFESSIONAL SERVICES

WITH

ON-SITE INSIGHT, INC.

**THIS AGREEMENT** is made and entered into as of **January 1, 2018**, by and between the **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**, a public body corporate and politic, located at 735 E. Michigan Avenue, Lansing, Michigan 48912 ("**Authority**" or "**MSHDA**") and **ON-SITE INSIGHT, INC.**, a foreign for-profit company, located at 77 Franklin Street, Boston, Massachusetts 02110 ("**Contractor**") to provide Comprehensive Need Assessment ("CNA") services for Authority financed multifamily housing developments. (The Authority and the Contractor are collectively referred to as the "Parties").

**WITNESSETH THAT:**

The Authority and the Contractor do mutually agree as follows:

1. **Services Rendered/Scope of Work.** The Contractor shall, in a satisfactory and proper manner as determined by the Authority, render the services described in *Scope of Work* ("Exhibit A"), which is attached and made a part of this Agreement.
2. **Term.** TIME IS OF THE ESSENCE to this Agreement in connection with the delivery of the products or services or both ("Products and Services") described in the *Scope of Work* attached and incorporated into this Agreement as Exhibit A. The performance of Products and Services shall begin on or after the execution of this Agreement by the Authority and shall be completed no later than December 31, 2022.

3. **Contract.** Price and Payment.

- a. The total amount to be paid by the Authority to the Contractor under this Agreement shall not exceed **Six Hundred Thousand Dollars (\$600,000)**.
- b. Billings for Products and Services shall not exceed those as provided in *Bid Summary* ("Exhibit B") attached and incorporated into this Agreement.
- c. Out-of-pocket expenses are to be reimbursed at the regular State of Michigan per diem rate and Authority policy in effect when Products and Services are rendered.
- d. Payment will be made upon presentation of invoices submitted periodically for work performed. Invoices should be submitted to the Authority's Contract Administrator and must include the following:
  - i. The Authority's contract number as shown above.
  - ii. Specific service performed and development name and number, if applicable.
  - iii. Number and amount of this invoice.
  - iv. Contractor staff member(s) and their hourly rate(s) who performed the services being invoiced (when hourly rates apply).

Final payment shall be made upon the satisfactory completion and submission of all required work and documents.

- e. **WORK PERFORMED OR PROVIDED PRIOR TO THE TERMS OF THIS AGREEMENT SHALL NOT BE ELIGIBLE FOR PAYMENT.**

4. **Permits and Licenses.** The Contractor shall be responsible for obtaining any and all permits, licenses, and other proper authorization or permission-related documents required for the performance of this Agreement.

5. **Insurance.** The Contractor shall maintain professional liability insurance sufficient in the amount to provide coverage for any errors or omissions arising out of the performance of

this Agreement. If, during the term of this Agreement, changed conditions should, in the judgment of the Authority, render inadequate the Contractor's current insurance limits, the Contractor will furnish to the Authority proof of additional insurance as may be required. All insurance required under this Agreement shall be acquired at the Contractor's expense, under valid and enforceable policies, issued by insurers of recognized responsibility. The Authority reserves the right to reject as unacceptable any insurer.

6. **Record Keeping.** The Contractor and the Authority shall maintain such personnel records as are deemed necessary by the Authority to assure a proper account for all engagement costs. These records will be made available for audit purposes to the Authority and the Auditor General of the State of Michigan, or any authorized representative, and will be retained for three years after the expiration of the Agreement unless permission to destroy them is granted by both the Authority and the State of Michigan.
7. **Reports.** The Contractor shall promptly submit to the Authority's Contract Administrator/designated project representative (see Section 11) any reports prescribed in Exhibit A attached and incorporated into this Agreement.
8. **Nondiscrimination.** In accordance with Acts No. 220 and 453 of the Public Acts of 1976, as amended, the Contractor hereby agrees in connection with the performance of Products and Services under this Agreement not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, privileges of employment, or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, height, weight, marital status, familial status, or disability. Breach of this covenant may be regarded as a material breach of this Agreement.

9. **Failure to Perform.** In the event the Contractor fails to perform Products and Services required under this Agreement or performs Products and Services in an improper manner, the Parties agree that the damage that the Authority will sustain as a result thereof will be substantial and difficult, if not impossible, to ascertain. Therefore, the Parties agree that in the event the Contractor either fails to completely perform Products and Services or performs Products and Services in an improper manner, the Authority shall be entitled to a credit against the Contractor's current unpaid billings for amounts previously paid to the Contractor after the Contractor's non-performance or improper performance. For the purposes of the foregoing, the Parties agree that the Authority shall have sole discretion in determining the adequacy of the Contractor's performance and the amount of credit to be taken. The damages for the Contractor's inadequate or improper performance, as provided in this Agreement, shall not be exclusive but shall be in addition to any other damages which the Authority may be entitled to for the Contractor's default under this Agreement.
10. **Assigned Personnel.** The Contractor warrants that the personnel it will assign to perform the Products and Services under this Agreement shall possess the requisite education, competence and experience. The Contractor further acknowledges and agrees that such personnel may be subject to the evaluation and approval of the Authority, who shall retain the right to determine the sufficiency of the education, competence and experience of the personnel assigned to perform the Products and Services identified in *Project Personnel* ("Exhibit D") attached and incorporated into this Agreement.
11. **Project Representatives.** The Contractor designates the following individual as project representative for all matters concerning this Agreement:

Lisa Longval, Account Manager  
77 Franklin Street, Boston, Massachusetts 02110  
Phone: 617.502.5949  
Email: llongval@on-site-insight.com

The Authority designates the following individual as **Contract Administrator**/project representative to be the initial point of contact for all matters concerning this Agreement:

Dace Koenigsknecht, Authority Buyer  
735 East Michigan Avenue, Lansing, Michigan 48912  
Phone: 517.241.4491  
Email: KoenigsknechtD1@michigan.gov

Except for changes to the performance schedule (not including the project's completion date), the designated project representatives shall have no authority to make promises or binding obligations on behalf of the Authority, as such authority rests with the duly authorized persons executing this Agreement.

12. **Employees of Contractor or Project Persons.**

- a. Definition of Project Persons. “**Project Persons**” shall be defined in this Agreement as individuals performing the Products and Services pursuant to this Agreement and (a) have signed this Agreement on behalf of the Contractor and/or (b) are listed in Exhibit D, attached and incorporated into this Agreement. Project Persons include the names of all employees, agents and independent contractors of the Contractor who perform or render Products and Services pursuant to this Agreement.
- b. Performance of Products and Services. The Contractor acknowledges that only Project Persons shall perform the Products and Services under this Agreement.
- c. Exhibit D – Project Personnel. Prior to executing this Agreement, the Contractor shall provide to the Authority the names of all Project Persons by completing Exhibit D, which is the Certificate Verifying Project Persons of the Contractor or a

Subcontractor, if applicable (“Certificate”). In the event the Contractor fails to provide to the Authority the names of any Project Persons, the Parties shall consider the signatory for the Contractor to be the sole Project Person for the Contractor. **If the Contractor (or Subcontractor) wishes to add an agent, employee, or independent contractor as Project Persons during the term of this Agreement, the Contractor shall complete and submit to the Authority an additional or revised Certificate for that employee, agent, or independent contractor.** (See Section 12a of this Agreement.)

- d. 2007 PA 95, MCL 38.68c. The Contractor and its employees, agents, and independent contractors acknowledge 2007 PA 95, MCL 38.68c, as amended, requires retirees of the State Employees Retirement System (i.e., former state employees who have pensions with the State of Michigan) (“Pensioned Retirees”) who become employed by the State, either directly or indirectly through a contractual arrangement with another party, on or after October 1, 2007, to forfeit their state pension for the duration of their reemployment. Effective October 2, 2010, “employed by the state” includes engagements of pensioned retirees as independent contractors.

Pensioned retirees who provide or render Products and Services under this Agreement as key persons must forfeit their pensions during the term of this Agreement if the pensioned retiree (a) is employed by the State, (b) is employed by the Contractor, (c) is a holder of an ownership interest in the Contractor, (d) is a subcontractor of the Contractor, or (e) is an employee of a subcontractor.

The Contractor acknowledges and agrees to secure the Authority's prior written consent before retaining, employing or subcontracting with a pensioned retiree to perform Products and Services under this Agreement. Retaining, employing or subcontracting with a pensioned retiree to perform Products and Services under this Agreement without the Authority's prior written consent shall be (a) a material breach of this Agreement and (b) grounds for the Authority to terminate this Agreement and provide notice to the Office of Retirement Services that the retiree has received pension payments and payments directly or indirectly through this Agreement.

**If the Contractor employs or retains a pensioned retiree as Project Persons or subcontracts with a pensioned retiree, the Contractor must submit a copy of the pensioned retiree's directions to the Office of Retirement Services ("ORS") to withhold the retiree's pension payments during the term of this Agreement. Find more information on the ORS website: <http://michigan.gov/ORS>.**

The Contractor and the pensioned retirees it employs acknowledge and agree that neither the State, nor the Authority, nor its employees, directors, agents nor board shall be liable to the Contractor or pensioned retiree for the forfeiture of the retiree's pension payments during or after the term of this Agreement. The Contractor and pensioned retiree acknowledge that the Authority has no responsibility to confirm whether the ORS has or will forfeit the retiree's pension.



13. **Conflicts of Interest.** The Contractor acknowledges that its employees, members, shareholders, agents, or independent contractors, or subcontractors and their employees, members, shareholders and agents, prior to or during the term of this Agreement are not employees of the State of Michigan or its units. Prior to the execution of this Agreement, the Contractor acknowledges and confirms that it has delivered to the Authority a written list of all interests of the Contractor, or its officers and employees, which may create conflicts between the interests of those entities or parties and the interests of the Authority. Should a constructive or actual conflict of interest arise during the term of this Agreement, the Contractor shall contact the Authority's Director of Legal Affairs immediately and describe in detail the conflict of interest.
14. **Prohibited Methods and Procedures.** The Contractor and its agents, subcontractors, employees, and representatives, in the course of the performance of Products and Services under this Agreement, shall not specify, recommend, use, or permit the use of any system, method, plan, design, process, procedure, patent, or copyright which, if used, infringes upon a proprietary interest or necessitates the payment of any royalty, fee, or commission. The Contractor shall not use or permit the solicitation for or securing of any agreement or employment in connection with this Agreement upon an agreement or arrangement for payment, either directly or indirectly, of a commission, percentage, brokerage, or contingent fee.

If Federal funds are used to pay the Contractor under this Agreement, no part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed

to influence in any manner a member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to members of Congress on the request of any member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business. 18 U.S.C. § 1913 (2002).

15. **Participation in Other Authority Programs.** With the exception of providing Products and Services to the Authority as described in Exhibit A of this Agreement, neither the Contractor nor the Contractor's employees, agents, officers, directors, shareholders, members or subcontractors will participate in Authority housing programs or do business with the Authority under any program in which the Authority has a direct or indirect relationship without securing approval from the Authority's Director of Legal Affairs.
  
16. **Indemnity and Non-Limitation. Mich. Const. art. IX, § 18.** The Contractor agrees to defend, indemnify and hold harmless the Authority from any claims, damages or expenses, including reasonable attorneys' fees, arising or alleged to arise in whole or in part from damage or injury caused by or resulting from any action or inaction of the Contractor, its agents or employees, or sustained in connection with the violation of any law, statute, ordinance or regulation by the Contractor, its agents or employees, or sustained in connection with the performance of this Agreement by the Contractor, its agents or employees, or sustained as a result of any breach of this Agreement by Contractor.

In any and all claims against the Authority or any of its officers, agents, or employees by an employee of the Contractor, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the indemnification obligation under this section shall not be limited in any way by any limitation in the amount or type of damages, compensation, or benefits payable by or for the Contractor or by or for any subcontractor under worker's compensation acts, disability benefit acts, or other employee benefit acts.

**17. Nonassignability and Delegation.**

- a. The Contractor shall not assign or otherwise transfer any interest in this Agreement or in the project in any manner not provided for in this Agreement.
- b. The Contractor shall not delegate any duties or obligations under this Agreement to a subcontractor or independent contractor unless the Authority's Contract Administrator and Director of Legal Affairs has given written consent to the delegation. When submitting the request to subcontract, the Contractor shall include the following information about the subcontractor:
  - i. Name of Subcontracting Firm;
  - ii. Work that will be subcontracted;
  - iii. Names of individuals who will perform the subcontracted work;
  - iv. Subcontractors project representative and/or Project Persons (See Section 12); and
  - v. List any and all Authority programs through which the subcontractor or the subcontractor's employees, officers, directors, members, shareholders or officeholders participate.
- c. In the event the Contractor retains a subcontractor in accordance with Section 17b above, the Contractor shall insert into each subcontract executed in connection with this Agreement appropriate and enforceable provisions requiring compliance with this Agreement by the subcontractor and the persons acting for it. Throughout the performance of any subcontracts, the Contractor shall monitor and verify the compliance of all subcontractors and persons acting for them and shall

immediately take any affirmative or remedial measures prescribed by the Authority or otherwise deemed necessary in the opinion of the Contractor for enforcing compliance under such subcontracts.

- d. **Delegation of duties or obligations under this Agreement to a subcontractor or independent contractor without the prior written consent of the Authority's Contract Administrator or Director of Legal Affairs shall be a material breach of this Agreement.** In the event a subcontractor is approved by the Authority's Contract Administrator and Director of Legal Affairs, the Project Persons for the subcontractor shall be subject to the requirements set forth in Section 12 of this Agreement, including, but not limited to, the restrictions on pension payments if a pensioned retiree is a Project Person of the subcontractor or an independent contractor retained by the Contractor.

**Subcontracting work to be performed under this Agreement without the prior written consent of the Authority's Contract Administrator and Director of Legal Affairs shall be a material breach of this Agreement.**

18. **Suspension and Debarment.** Pursuant to 1980 PA 278; MCL 423.322 *et seq.*, the Contractor, in performing this Agreement, shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name has been listed in the register maintained by the State of Michigan, Department of Licensing and Regulatory Affairs, of employees who have been found in contempt of court by a federal court of appeals, on not less than three occasions involving different violations during the preceding seven years, for failing to correct an unfair labor practice as prohibited by Section 8 of Chapter 372 of the National Labor Relations Act, 29 U.S.C § 158.

**The Authority may void this Agreement if the name of the Contractor or the name of a subcontractor, manufacturer, or supplier used by the Contractor in performing this Agreement subsequently appears in the register during the period of this Agreement.**

The Contractor certifies, by signing this Agreement, that it possesses business integrity and that neither it nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in grants or contracts by any federal, state, or local department or agency.

The suspension of the Contractor by the State of Michigan, an agency of the State or a department of the Federal Government, shall be at the option of the Authority, a material breach and grounds for the immediate termination of this Agreement.

19. **Independence of Contractors.** The Authority shall retain the Contractor as an independent contractor, and the Contractor hereby accepts such independent contractor relationship, upon the terms and conditions set forth in this Agreement. Nothing in this Agreement shall be construed to create the relationship of employer and employee between the Authority and the Contractor or any of its employees or agents. **The Contractor, its employees and subcontractors, shall be deemed at all time and for all purposes to be independent contractors.** The Contractor acknowledges and agrees that all payments by the Authority to the Contractor shall be made without deduction for federal, state or local income taxes, social security taxes and similar items, and that the Contractor shall be solely responsible to report income under this Agreement to the Internal Revenue Service and other appropriate taxing authorities and to pay such taxes

(including, without limitation, being solely responsible to make periodic estimated payments of such taxes in accordance with applicable law). The Contractor further acknowledges and agrees that all payments under this Agreement to the Contractor by the Authority shall be reported to the Internal Revenue Service and other appropriate taxing authorities on Form 1099 (or equivalent or replacement forms). Finally, the Authority acknowledges that the manner and means of producing the Products and Services described in Exhibit A are under the control and at the discretion of the Contractor.

20. **Ownership of Documents, Reports and Other Products.** All documents, reports and any other products developed and/or delivered to the Authority under this Agreement shall become and be the property of the Authority.
  
21. **Disclosure of Information.** Other than as contemplated by this Agreement, the Contractor, its agents, and subcontractors, without the prior consent of the Authority shall not:
  - a. disclose information or documents created or maintained in connection with this Agreement to anyone;
  - b. use information or documents created or maintained in connection with this Agreement to further any private interest.

**Use or disclosure of documents or information without the prior written consent of an authorized officer of the Authority shall be a material breach of this Agreement.**

22. **Modifications.** The Authority or the Contractor may request modification of the scope of work, products, budget, or project work schedule to be performed by the Contractor.

Modifications shall comport with the intent and purpose of this Agreement and shall be consistent with applicable state and federal regulations, limitations, guidelines, policies, and interpretations prescribed by the Authority pursuant to law. All requests for modification shall be submitted in written form by the duly authorized representative, as specified in Section 11, of the party requesting modification prior to modification implementation. Failure to obtain prior approval will result in the disallowance of expenditures.

**No verbal representation, understanding, agreement, or interpretation of any officer, agent, employee of the Authority or Contractor, either before or after execution of this Agreement, shall modify any of the terms of this Agreement, unless such representation, understanding, agreement, or interpretation is expressly stated in this Agreement or an amendment to this Agreement executed by both parties.**

23. **Termination of Agreement.** Termination is the cancellation of this Agreement, in whole or in part, at any time prior to the date of completion.
- a. Termination for cause. The Authority may terminate this Agreement, in whole or in part, at any time before the date of completion, whenever it is determined that the Contractor has failed to comply with the terms and conditions of this Agreement. The Authority will promptly notify the Contractor in writing of the termination and the reasons for the termination, together with the effective date. Payments made to the Contractor or recoveries by the Authority under this Agreement when it is terminated for cause will be in accordance with the legal rights and liabilities of the parties.
  - b. Termination for convenience. The Authority or the Contractor may terminate this Agreement in whole or in part when the Parties agree that the continuation of the

project would not produce beneficial results commensurate with the further expenditure of funds. The Parties will agree upon the termination conditions, including the effective date, and in the case of partial terminations, the portion to be terminated. An amendment of the terms of this Agreement is required for all terminations for convenience.

- c. Termination by Contractor. At any time prior to the first payment on the Agreement, the Contractor may, with written notification to the Authority, unilaterally cancel this Agreement. Once initiated, no Product or Services financed with Authority assistance shall be terminated by the Contractor prior to satisfactory completion without approval of the Authority. After the first payment, the Product or Services may be terminated, modified, or amended by the Contractor only by mutual agreement of the Parties. Termination requests prior to completion of the Product or Services must fully explain the reasons for the action and detail the proposed disposition of the uncompleted Product or Services.

- d. Termination of Agreement for Unavailability of Authority or Federal Funds.

It is the intent and understanding of the Parties that this Agreement is contingent upon the availability of Authority or Federal funds or the receipt by the Authority of Federal funds. If Authority funds or Federal funds approved or obligated by the Authority in connection with this Agreement are at any time rendered unavailable, the Authority shall then have the right to terminate this Agreement by the giving of a written notice, the basis, and the effective date of the termination to the Contractor. Should this Agreement be terminated by reason of the unavailability of Authority or Federal funds for the purposes of this Agreement, all finished or unfinished documents, data, studies, reports, and other materials prepared by the Contractor under this Agreement prior to the effective date of the termination shall be delivered



in a format specified by the Authority.

In the event of termination under this section for lack of Authority or Federal funds, the Contractor shall be entitled to receive payment for Products and Services incurred under this Agreement prior to the effective date of termination.

- e. Commitments. If this Agreement is terminated, the Contractor will not incur new obligations for the terminated portion after the effective termination date. The Contractor will at its own expense cancel any outstanding obligations. Costs incurred after the effective date of the termination will be disallowed. In the event of termination, all finished or unfinished documents, data, studies, reports, and other materials prepared by the Contractor under this Agreement prior to the effective date of termination shall become the property of the Authority. The Contractor will provide all finished and unfinished material as previously described within 30 days of terminating. However, the Contractor will be entitled to retain copies. The Contractor, in the event of termination under this provision, is entitled to receive reimbursement for Products and Services satisfactorily performed under this Agreement prior to the effective date of such termination. Notwithstanding the foregoing, the Contractor shall not be relieved of its liability to the Authority for the damages sustained by the Authority as the result of any breach of this Agreement until the Authority so releases the Contractor and has determined for the purpose of set-off the exact amount of damages due the Authority.

24. **Severability of Provisions.** It is declared to be the intent of the parties that if any provision of this Agreement executed by both parties or its application to any persons or circumstances is adjudged by any court of competent jurisdiction to be invalid, the court's

judgment shall not affect or invalidate the remainder of this Agreement nor its application to other persons or circumstances, unless so provided by the court or unless the severance of the invalid provision alters the basic intent or purpose of this Agreement, would cause an increase of the Authority's financial obligation, or renders impossible the compliance with any applicable statute, regulation, limitation, guideline, policy.

25. **Michigan Law.** This Agreement shall be governed by the laws of the State of Michigan and shall be binding upon the Contractor's successors, assigns, and legal representatives. All records pertinent to this Agreement are subject to public disclosure under the Michigan Freedom of Information Act; 1976 PA 442; MCL 15.231 *et seq.* The Contractor shall insert the provisions of this section into any subcontract entered into to accomplish the terms of this Agreement.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

**IN WITNESS WHEREOF** the Authority and the Contractor have executed this Agreement as of the date first above written.

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

By:  \_\_\_\_\_

**Earl Poleski, Executive Director**  
**OR**  
**Brian Mills, Chief of Staff**

**ON-SITE INSIGHT, INC.**

By:  \_\_\_\_\_

**Christopher Hes"en, Chief Executive Officer**

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

AGREEMENT FOR PROFESSIONAL SERVICES

WITH

ON-SITE INSIGHT, INC.

EXHIBIT A

SCOPE OF WORK

I. Overview

- A. The Authority is contracting with a **Comprehensive Needs Assessment** service provider ("Contractor") to complete CNAs for Authority-financed multifamily housing developments.
- B. The Contractor will provide services to help/assist/address and determine the current and future physical and financial needs of Authority-financed multifamily developments projected over the next 20 years. The CNA will enable the Authority to accurately determine the current and future physical needs of Authority-financed developments while also ensuring that adequate funding exists to maintain the developments in safe, decent, and sanitary condition over the next 20 years. The current condition and future physical needs are established through a detailed physical inspection of the development. Projected financial needs to maintain the physical condition of the development are established through a detailed analysis of the financial history, current status including escrow balance and funding levels, and future needs based on results of the physical inspection.

In addition, the Contractor will provide these services to identify the physical needs and resulting needed funding on the Authority's aging portfolio. The services will protect the Authority's mortgage loan interest by assuring adequate funding and completion of physical repairs on multifamily developments which are eight or more years old. The CNA is used in budget preparation; determining rent increases; prioritizing the use of development reserves which include replacement reserve and surplus cash; planning for future physical and financial needs of the developments. The CNA is used extensively with Preservation proposals.

The previous CNA must be updated to reflect current physical conditions and Replacement Reserve funding if a development has an existing CNA that is ten or more years old **OR** the Authority has specifically requested a CNA. This will include a complete re-inspection of the development, analysis of Replacement Reserve funding and recommendations for funding adjustments if necessary.

The Authority reserves the right to add or delete properties to *2018-2022 CNA Property List* ("Exhibit C") during the term of this contract.

Preservation CNAs will be completed when specifically requested by the Authority. Additional detail is in Section II.B.5 below.

## **II. Objectives, Tasks & Activities**

**A. General Objectives.** To successfully perform the services described in Section III above, the Contractor must meet the following general objectives:

1. Provide detailed physical inspection of development.
2. At a minimum in multifamily developments, 10% of the units will be individually inspected on developments with 150 or more units and 15% of the units will be inspected on developments with 149 or less units. Each type of unit must be included in the inspection process.
3. Verify dimensional data from plans and/or field measurements to assure proper costing of repairs and/or replacement.
4. Review and analyze capital expenditures, escrow balances and resulting future financial needs.
5. Provide a detailed analysis of the Replacement Reserve escrow and estimated future needs will be completed for a 20-year term.
6. Provide a preliminary report for each development with detailed narrative presentation, photographs enhanced with graph presentations and spreadsheet format for projected Capital Needs and Replacement Reserve funding of the development.
7. The preliminary report will be reviewed with Authority staff, the management agent, and/or owner. A final report will then be prepared.

**B. General Tasks & Activities.** To achieve the objectives, the Contractor shall perform the following activities:

1. The Authority will receive five (5) printed and bound copies each of the preliminary and final report. In addition, the Physical Needs Assessment Narrative, Fannie Mae Spreadsheet, Capital Needs Summary, and Replacement Reserve Analysis will be received on CD or electronically using Microsoft Word and Excel format with each report.
2. The Contractor will complete between one and three (1-3) CNAs each month unless an accelerated or reduced rate is agreed to by both parties. The Contractor will be expected to complete between six and thirty-five (6-35) CNAs each year over a five-year period unless otherwise directed by the Authority.

3. The Contractor will be responsible for all scheduling, notifying specific developments and Authority staff for completion of CNAs. Unless otherwise acceptable to all parties, at least 30-days advance notice of impending inspections will be provided to the development and Authority. At least 15 calendar days' notice of inspection date and time will be provided to the development and Authority for specific site inspections.
  4. During the five-year term of the agreement, the Authority may request priority for approximately 40 developments for completion of a CNA. A priority may be placed resulting from an application for preservation, refinancing, sale, workout, etc. The Contractor will make necessary arrangements to complete such CNA as soon as reasonably possible.
  5. Developments identified for Preservation will include a special Capital Needs Analysis and related Replacement Reserve Analysis. These analyses will include a substantial amount of development capital needs to be completed in year one. Appropriate additions to the narrative section of the CNA will be required to reflect the Preservation proposal.
    - a. An Excel spreadsheet listing all capital improvements for the duration of the CNA is to be provided. The spreadsheet shall be laid out to easily track changes from the initial to final PCNA.
  6. To the extent available, the Authority and/or management agent will provide the Contractor with:
    - a. Development and management agent names, addresses, phone numbers and contract persons.
    - b. Access to original plans and specifications.
    - c. Financial information including escrow balances, mortgage amounts and terms, monthly escrow balances, previous 12-months income and expenses, monthly escrow deposits, mortgage maturity dates, and any other pertinent information requested by the Contractor.
    - d. Access to developments.
- C. Specific Tasks & Activities.** The Contractor shall perform the tasks/activities and complete the objectives in accordance with the following standards:
1. At a minimum in multifamily developments, 10% of the units will be individually inspected on developments with 150 or more units and 15% of the units will be inspected on developments with 149 or less units. Each type of unit must be included in the inspection process.
  2. Provide detailed physical inspection of development including: (a) site concrete/asphalt walks, driveways, parking areas and play areas; (b) site lighting must be reviewed along with plantings, lawn areas, grading for soil erosion and trash dumpster areas; (c) all interior and exterior building components, including common area and unit plumbing, mechanical and electrical systems.

3. Dimensional data will need to be obtained from plans and/or field measurements to assure proper costing of repairs and/or replacement.
4. Review and analysis of capital expenditures, escrow balances and resulting future financial needs. A detailed analysis of the Replacement Reserve escrow and estimated future needs will be completed for a 20-year term.
5. Provide a preliminary report for each development with detailed narrative presentation, photographs enhanced with graph presentations and spreadsheet format for projected Capital Needs and Replacement Reserve funding of the development. Reports will be developed with the Fannie Mae model for multifamily physical needs assessments or another similar product approved by the Authority.
6. The preliminary report will be reviewed with Authority staff, the management agent, and/or owner. Developments noted to be “troubled” or with otherwise unique conditions may, at the discretion of the Authority, require face-to-face meetings with the Contractor. Such meetings will be conducted at the Authority’s Detroit or Lansing office (or other agreeable location) at such time as the Contractor has staff available in Michigan. The Contractor will have staff available in Michigan at least once a month for the duration of the contract. A final report will then be prepared and delivered.

**CONTRACT NO. 17-43-AM**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**AGREEMENT FOR PROFESSIONAL SERVICES**

**WITH**

**ON-SITE INSIGHT, INC.**

**EXHIBIT B**

**BID SUMMARY**



**MSHDA 2018 - 2022 Bid Summary**

**Scheduled Capital Needs Assessments (Net Fee After Discount)**

2018	\$ 91,360
2019	\$ 37,130
2020	\$ 123,265
2021	\$ 81,960
2022	\$ 209,800
<b>TOTAL BID SUMMARY</b>	<b>\$ 543,515</b>

**Capital Needs Assessments - Scheduled Properties 2018 - 2022**

<u>Unit Count</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1-125	\$ 5,950	\$ 6,130	\$ 6,315	\$ 6,505	\$ 6,700
126-250	\$ 6,275	\$ 6,465	\$ 6,660	\$ 6,860	\$ 7,065
250+	\$ 10,875	\$ 11,200	\$ 11,535	\$ 11,880	\$ 12,245

*Scheduled Properties Discount*

New - OSI has not completed an assessment	<u>Discount %</u>
10 years or less	0%
More than 11 years	10%
	5%

**Preservation Transactions**

<u>Unit Count</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1-125	\$ 6,350	\$ 6,540	\$ 6,735	\$ 6,935	\$ 7,145
126-250	\$ 6,675	\$ 6,875	\$ 7,080	\$ 7,290	\$ 7,510
250+	\$ 7,025	\$ 7,235	\$ 7,450	\$ 7,675	\$ 7,915

*Preservation Properties Discount*

New - OSI has not completed an assessment	<u>Discount %</u>
10 years or less	0%
More than 11 years	10%
	5%

**MSHDA 2018 - 2022 Budget Summary**

Labor Costs	\$ 461,147
Travel Costs	\$ 52,448
Production Printing & Mailing	\$ 29,920
<b>BUDGET TOTAL</b>	<b>\$ 543,515</b>

**CONTRACT NO. 17-43-AM**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**AGREEMENT FOR PROFESSIONAL SERVICES**

**WITH**

**ON-SITE INSIGHT, INC.**

**EXHIBIT C**

**2018-2022 CNA PROPERTY LIST**

Dev #	Development Name	# of Units	Asset Manager	Management Company	City	County
<b>CNA to be Completed 2018</b>						
3362	Bridgeton Place Apts	230	Bucht	KMG Prestige	Saginaw	Saginaw
3145	Devon Square	60	Black	KMG Prestige	Ferndale	Oakland
3363	Edge of the Woods	80	Bucht	Freedomview Management	Sault Ste. Marie	Chippewa
3181	Gardenview Estates	96	Kuhn	SPR Management (Premier Management)	Detroit	Wayne
3326	Ginger Square Apts	108	Bucht	Independent Management Services	Owosso	Shiawassee
3364	Grandview Tower Apts	111	Black	Independent Management Services	Port Huron	St. Clair
3100	Hawks Ridge Apts	136	McCray	Michigan Asset Group	Bath	Clinton
3110	Heron Manor Enhanced	55	Hawley	Dwelling Place of Grand Rapids	Grand Rapids	Kent
3387	Maxwell Homes	30	Ray	NRP Management	Detroit	Wayne
3190	Maxwell Place	49	McCray	Michigan Asset Group	South Haven	Van Buren
3333	McCalla Green	32	Andrew	Woda/Vahalla Management	Milan	Monroe
895	Rickman House	49	Miller N.	Medallion Management Co	Kalamazoo	Kalamazoo
3313	Sheldon Place II Apts	32	Kuhn	GLD Management	Gaylord	Otsego
3256	Silver Star	76	Miller N.	Medallion Management Co	Battle Creek	Calhoun
693	Village Park	57	Hawley	MHT Management	Detroit	Wayne
2352	Woodside Square	85	Owens-Bush	Independent Management Services	Romulus	Wayne
		16				

<b>CNA to be Completed 2019</b>						
3129	Gateway Village of Frankfort* (aka Frankfort Family)	36	Andrew	KMG Prestige	Frankfort	Benzie
3124	Piquette Square	150	Ray	Southwest Housing Solutions	Detroit	Wayne
3435	Reflections (FKA Madison Square Sr)	60	Barner	Dwelling Place of Grand Rapids	Grand Rapids	Kent
3369	Spring Lake Village	250	Fedewa	Independent Management Services	Pontiac	Oakland
3305	St. Aubin Square	49	Ray	KMG Prestige	Detroit	Wayne

Dev #	Development Name	# of Units	Asset Manager	Management Company	City	County
3334	Sycamore House	40	Andrew	Woda/Vahalla Management	Durand	Shiawassee
		6				

**CNA to be Completed 2020**

386	8330 On the River	280	Drumm	Preservation Housing Management	Detroit	Wayne
317	920 On the Park	297	Drumm	Preservation Housing Management	Troy	Oakland
565	Cadillac Shores	110	Black	First Housing Corporation	Cadillac	Wexford
630	Capitol Commons	200	Barner	First Housing Corporation	Lansing	Ingham
612	Deerpath	126	Barner	PK Housing Management	East Lansing	Ingham
3361	East Side Manor	51	Black	KMG Prestige	Sandusky	Sanilac
534	Elmwood Park	156	Barner	First Housing Corporation	Lansing	Eaton
3382	Grandview Estates	48	Kuhn	GLD Management	Caro	Tuscola
508	Greenwood Villa	298	W. Owens-Bush	KMG Prestige	Westland	Wayne
631	Maple Village	201	Black	First Housing Corporation	Adrian	Lenawee
803	Meadowcrest	83	Andrew	KMG Prestige	Southfield	Oakland
3386	Northwest Unity Homes II	45	Ray	NRP Management	Detroit	Wayne
402	River Village	340	Black	Independent Management	Flint	Genesee
3406	Sarah Garrett Homes	35	McCray	Continental Management	Hamtramck	Wayne
3383	Southside II	48	Kuhn	GLD Management	West Branch	Ogemaw
3486	St. George Tower	205	Fedewa	Millennia	Clinton Twp.	Macomb
628	Stadium Drive	167	Black	First Housing Corporation	Kalamazoo	Kalamazoo
3206	The Village of Royal Oak@ Starr Crossings	147	Hawley	MHT Management	Royal Oak	Oakland
600	Vineyard Place	120	Bucht	First Housing Corporation	Dowagiac	Cass
3388	West Oakland Homes	45	Ray	NRP Management	Detroit	Wayne
		20				

**CNA to be Completed 2021**

667	Alpine Haus	50	Bucht	KMG Prestige	Gaylord	Otsego
3099	Barnett Station	32	Wieber	Medallion Management	Shelby	Oceana
1727	Cedarshores	144	Thelen, N	Lockwood Management	Flint	Genesee

Dev #	Development Name	# of Units	Asset Manager	Management Company	City	County
929	Centre Street Village	65	McCray	Lockwood Management	Portage	Kalamazoo
3507	Herkimer Apts	55	Ray	Dwelling Place of Grand Rapids	Grand Rapids	Kent
3105	Midtown Village	30	Hawley	Dwelling Place of Grand Rapids	Holland	Ottawa
566	Riverfront	278	Barner	First Housing Corporation	Lansing	Ingham
3490	Serenity Place	100	Barner	First Housing Corporation	Grand Ledge	Clinton
3473	Silver Star II	101	Miller N.	Medallion Management Co	Battle Creek	Calhoun
292	Springview Tower	175	Thelen, N	KMG Prestige	Battle Creek	Calhoun
3542	Stonebrook I & II	150	Wieber	KMG Prestige	Grand Rapids	Kent
3091	The Village at the Pines	89	McCray	Heritage Property Mgt.	Grand Haven	Ottawa
3106	Windsong	32	McCray	Michigan Asset Group	Ann Arbor	Washtenaw
		13				

<b>CNA to be Completed 2022</b>						
934	Bay Hill	150	Evans	KMG Prestige	Traverse City	Grand Traverse
1043	Bellevue Place	48	Wieber	MTH Management	Ionia	Ionia
524	Breton Village Green	162	Barner	KMG Prestige	Grand Rapids	Kent
856	Carrington Place	100	Hawley	Huntington Mgmt. L.L.C.	Farmington Hills	Oakland
3359	Cass Apartments	41	Hawley	MHT Management	Detroit	Wayne
124	Cliffview	126	Drumm	Higgins Group	Rochester Hills	Oakland
1064	Emerald Park Apt	49	McCray	Michigan Asset Group	Otsego	Allegan
546	Fraser Woods	241	Bucht	KMG Prestige	Fraser	Macomb
3467	Hamilton Crossing	70	Thelen, N	Millennia Housing Management	Ypsilanti	Washtenaw
609	Harbor View	131	Booth	Millennia Housing Management	Cadillac	Wexford
3024	Heritage Place at Ridge Valley *NOTE: Must be done between 6/1/2022 - 9/30/2022.	130	Rollis	American House Mgt.	Milford	Oakland
618	Kona Villa	120	Bucht	Millennia Housing Management	Owosso	Shiawassee
924	Lakewood Manor	30	Hawley	Continental Management	Detroit	Wayne
3471	Mack Ashland	39	Ray	Southwest Housing Solutions	Detroit	Wayne
1078	Mapleview Apts. II	56	Rollis	Lockwood Management	Saginaw	Saginaw
1045	Marsh Ridge III	131	Drumm	Medallion Management Co	Grand Rapids	Kent
1074	Orianna Ridge	80	Drumm	Medallion Management Co	Marquette	Marquette

Dev #	Development Name	# of Units	Asset Manager	Management Company	City	County
556	Oxford II/Winchester	189	Booth	Millennia Housing Management	Mount Pleasant	Isabella
158	Oxford Row I	130	Thelen, N	Millennia Housing Management	Mount Pleasant	Isabella
3412	Palmer Park Square	202	Ray	Elite Property Management	Detroit	Wayne
1046	Park Terrace	151	Rollis	Heritage Property Mgt.	Muskegon	Muskegon
1082	Phillip C. Dean	48	Drumm	Whitney Management Corp	Lansing	Ingham
955	Pinehurst	97	Evans	Medallion Management Co	Kalamazoo	Kalamazoo
1095	Pineview Apts.	139	Drumm	Preservation Management	Essexville	Bay
617	River Terrace	270	Black	MHT Management	Benton Harbor	Berrien
3451	Rivertown Assisted Living	80	Whitmore	United Methodist Retirement	Detroit	Wayne
321	Royal Oak Tower	200	Thelen, N	MHT Management	Ferndale	Oakland
1013	Setters Point	48	Thelen, N	Affinity Property Management	Coopersville	Ottawa
523	Snowberry Heights	191	Bucht	Millennia Housing Management	Marquette	Marquette
300	Trumbull Crossing (Research Park)	245	McCray	KMG Prestige	Detroit	Wayne
1050	Village at Park Terrace	122	McCray	Heritage Property Mgt.	Muskegon	Muskegon
1057	Village Crossings	39	Andrew	Gardner Group	Edmore	Montcalm
564	Village Manor	122	Bucht	First Housing Corporation	Sturgis	St. Joseph
		33				

Gray shaded developments have never had a CNA and CNA must be completed by June 30 of each year.

**CONTRACT NO. 17-43-AM**

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

**AGREEMENT FOR PROFESSIONAL SERVICES**

**WITH**

**ON-SITE INSIGHT, INC.**

**EXHIBIT D**

**PROJECT PERSONNEL**

**CERTIFICATE VERIFYING PROJECT PERSONNEL OF THE  
CONTRACTOR/SUBCONTRACTOR**

The Contractor/Subcontractor acknowledges that the following personnel are Project Personnel of the Contractor/Subcontractor:

(1) Name David Jackson  
(Print or type name above line)

Title with Contractor/Subcontractor Senior Associate and Mechanical Systems Specialist

Is this person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ / No X

(2) Name Daniel Iles  
(Print or type name above line)

Title with Contractor/Subcontractor Senior Associate

Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ / No X

(3) Name Robert Labadini  
(Print or type name above line)

Title with Contractor/Subcontractor Senior Associate and Mechanical Systems Specialist

Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ / No X

Name of Signatory for Contractor/Subcontractor:

Printed Name: Christopher P. Heser  
(Print or type name above line)

Its: Chief Executive Officer

Signature: 

Federal Identification Number: 04-3260287



**CERTIFICATE VERIFYING PROJECT PERSONNEL OF THE  
CONTRACTOR/SUBCONTRACTOR**

The Contractor/Subcontractor acknowledges that the following personnel are Project Personnel of the Contractor/Subcontractor:

(1) Name Bruce Hutchinson  
*(Print or type name above line)*

Title with Contractor/Subcontractor Senior Associate

**Is this person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_/No X**

(2) Name Matthew Chown  
*(Print or type name above line)*

Title with Contractor/Subcontractor Senior Associate

**Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_/No X**

(3) Name Steve Ninos  
*(Print or type name above line)*


Title with Contractor/Subcontractor Associate

**Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_/No X**

Name of Signatory for Contractor/Subcontractor:

Printed Name: Christopher P. Hesen  
*(Print or type name above line)*

Its: Chief Executive Officer

Signature: 

Federal Identification Number: 04-3260287

**CERTIFICATE VERIFYING PROJECT PERSONNEL OF THE  
CONTRACTOR/SUBCONTRACTOR**

The Contractor/Subcontractor acknowledges that the following personnel are Project Personnel of the Contractor/Subcontractor:

(1) Name Tina Cardoso  
*(Print or type name above line)*

Title with Contractor/Subcontractor Senior Associate

**Is this person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ /No**

(2) Name John Eppert  
*(Print or type name above line)*

Title with Contractor/Subcontractor Subcontractor

**Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ /No**

(3) Name \_\_\_\_\_  
*(Print or type name above line)*

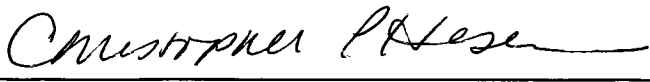
Title with Contractor/Subcontractor \_\_\_\_\_

**Is the person a retiree who receives a pension from the Michigan State Employees Retirement System? Yes \_\_\_\_\_ /No \_\_\_\_\_**

Name of Signatory for Contractor/Subcontractor:

Printed Name: Christopher P. Heslen  
*(Print or type name above line)*

Its: Chief Executive Officer

Signature: 

Federal Identification Number: 04-3260287