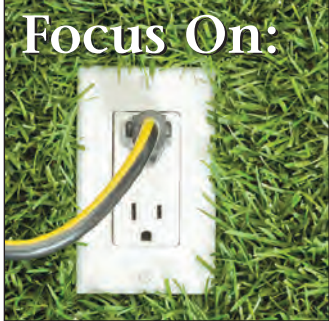




**Common Goals – Navigating the Affordable Housing Market**



**Focus On:**

**Geothermal Energy**

Geothermal heat has been around for centuries. In fact, Ancient Romans used hot springs for public baths and as under floor heating, and the Chinese used geothermal energy for spas as early as 300 B.C. Today, geothermal energy is used to heat and cool buildings by utilizing the solar energy stored in the earth to heat the buildings in the winter while using the earth to remove heat from the buildings in the summer. Geothermal energy provides clean and renewable energy at a fraction of the cost of fossil fuels.

**Getting Started**

Geothermal systems utilize the earth's energy to 'condition' a building. Although the earth's temperature can vary by region, it provides relatively stable temperatures between 45° F - 55° F year round. To tap into the earth's energy, geothermal boreholes are drilled over 600 feet into the earth. High strength polyethylene looped pipes are then permanently grouted into the bore-

Construction within the affordable housing market is experiencing positive growth due to the wide variety of governmental programs available. In most cases, developers can obtain government incentives or assistance to construct these projects.

Many affordable housing assignments are underwritten through traditional governmental programs such as the low income housing tax credit program (LIHTC), typically administered at the state level; HUD sponsored programs such as HOPE VI for severely distressed properties; and HUD 221(d)(4) and HUD 232, which can be used for both affordable and market-rate housing. The new era of government stimulus also provides assistance to affordable housing projects through the Tax Credit Assistance Program (TCAP) and the American Recovery and Reinvestment Act (ARRA).



**Scott Hoppa, Vice President**  
McShane Construction

Most affordable housing programs have specific requirements that are typically more strict than those required for traditionally financed housing assignments. These extra requirements may include:

**Bonding**

The construction contractor typically needs to provide a payment and performance bond for the project. McShane enjoys a sizable bonding capacity of \$350 Million with the ability to bond \$100 Million for a single project allowing greater capability to undertake new projects.

**Certified Payroll**

Most affordable housing projects require that all trade worker hours and payment records be submitted to a managing administrator. Specific wages must be met for all tradesmen in compliance with the Davis Bacon Prevailing Wages Act. McShane has completed multiple certified payroll projects offering an experienced staff to successfully manage this detailed process.

**MBE/WBE/Section 3 Requirements**

Many affordable housing projects have minimum requirements for

minority- and women-owned businesses and local resident participation. McShane has developed a large network of MBE/WBE and local residency firms to meet these requirements successfully.

**Affordable Experience**

In some programs, such as HUD 221(d)(4), the construction contractor is not only evaluated by price but also evaluated on overall company history, financial strength and past project performance.

**Sustainable Construction**

Most projects now require certain levels of sustainable or green construction. McShane offers experience with LEED™, EarthCraft Multi-Family, Chicago Green Homes/Green Roofs and Enterprise Green Community Standards.

Providing the resources and expertise of a strong construction partner such as McShane Construction will guarantee advantages to affordable housing developers, and ultimately, to the residents who occupy the housing units. □

holes. A glycol/water mixture is circulated through the pipes to provide a constant water temperature between 45° F - 55° F. The liquid is then pumped through a water-to-air heat exchanger to provide both heating and cooling for the building.

**The Impact**

Increases in energy costs and interest in renewable energy

sources demonstrate the advantages of utilizing geothermal systems. Recent advances in geothermal heating and cooling technologies allow its use within larger commercial buildings. Geothermal systems have a first cost premium over traditional

**CONTINUED ON BACK PAGE**

**In This Issue:**

- Brinshore Selects McShane for Hairpin Lofts
- Defense Acquisition University Completed
- 100-Unit Felton Homes Construction Assignment
- New Office HQ Facility for Medline Industries
- 346-Unit Senior Star at Weber Place Ribbon Cutting
- Renovation Assignment at Camelback Esplanade

**McShane Construction Awarded 52-Unit Riverdale Senior Apartments Affordable Housing Assignment**

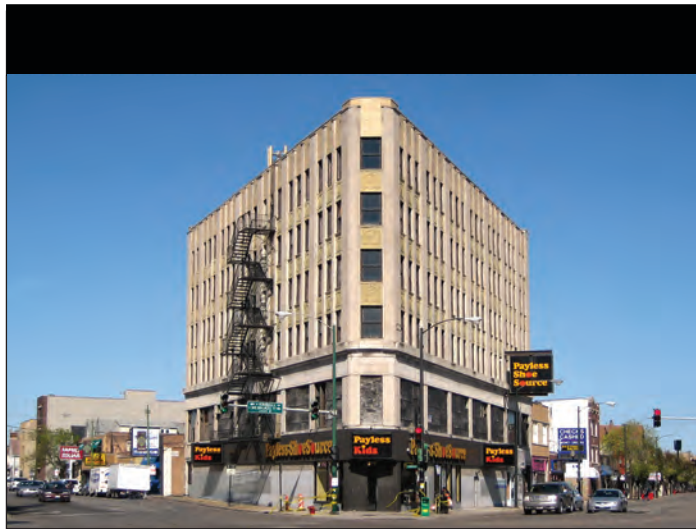
Developer Turnstone Development Corp. has selected McShane Construction for the extensive transformation of the 52-unit Riverdale Senior Apartments. The project is located at 335 West 138th Street in Riverdale, Illinois. The five-story senior living assignment will feature a combination of public and affordable housing, including 43 one-bedroom apartments and nine two-bedroom units. The reconstruction of the 45-year-old building will include a community room, on-site laundry, two new elevators and social services office. The project will receive funding from the American Reinvestment and Recovery Act (ARRA) through the U.S. Department of Housing and Urban Development (HUD), the Housing Authority of the County of Cook and the County of Cook's Department of Planning and Development. Piekarz Associates, P.C. is providing the architectural services for this assignment scheduled for a December 2010 completion. □



**Project Profile**

## Brinshore Development Awards McShane Construction Hairpin Lofts Assignment

McShane Construction was recently awarded the extensive reconstruction assignment of Hairpin Lofts and Logan Square Arts Center for Northbrook, Illinois-based developer, Brinshore Development, L.L.C. and Lester and Rosalie Anixter Center. The project is located at 2800 N. Milwaukee Avenue in Chicago, Illinois. This six-story, mixed-use development will feature 25 affordable and three market rate rental housing units on floors three through six. McShane will also complete the second floor Logan Square Arts Center and ground floor retail areas. The project will be constructed to meet LEED™-Silver standards and will feature a green roof, photovoltaic solar panels for domestic hot water, a geothermal HVAC system, low VOC materials, Energy Star appliances, recyclable content materials and a construction waste recycling system. Hairpin Lofts complies with the Chicago Green Homes program, a city-operated permitting system fostering environmental construction and design practices. The mixed-use project will offer 16 one-bedroom and 12 two-bedroom apartments, in addition to common area amenities, two elevators and an on-site laundry. McShane Construction will implement historic restoration and reconstruction techniques per federal historic preservation standards to restore the building's distinctive art deco lobby and exterior limestone facade. Hartshorne Plunkard Architecture will provide architectural services for this project, scheduled for a March 2011 completion. □



*Brinshore Development, L.L.C. and Lester and Rosalie Anixter Center have selected McShane Construction to provide renovation and historical preservation services at the Hairpin Lofts and Logan Square Arts Center located in Chicago, Illinois that will include affordable and market rate residential units, arts center and ground floor retail.*

## McShane Completes 62,500 S.F. Defense Acquisition University

The Auburn office of McShane Construction Company recently completed the 62,500 square foot, two-story office facility for tenant Defense Acquisition University (DAU) located at 7115 Old Madison Pike in Huntsville, Alabama. The build-to-suit property was



*On behalf of developer, Triad Properties Corporation, McShane Construction's Auburn office recently completed the new 62,500 square foot, two-story office and training center in Huntsville, Alabama for the General Services Administration tenant, Defense Acquisition University.*

completed for developer Triad Properties Corporation on behalf of the General Services Administration. DAU is a division of the Department of Defense that provides mandatory, assignment specific and continuing education courses for military and civilian personnel. McShane Construction completed the project utilizing 100,000 man hours without a single recordable safety incident. Additionally, the property has been submitted for LEED™-Silver certification with the U.S. Green Building

Council. Green building strategies included storm water quality control, water efficient landscaping and preferred parking for fuel efficient vehicles. Recycled content and regionally produced materials, certified wood and low VOC materials were implemented whenever possible. McShane Construction utilized exterior brick and glass components to complete this contemporary training facility that offers 13 classrooms, administrative and staff offices and a fitness center, while also featuring high-end finishes throughout the interior. McShane completed all sitework, landscaping and parking for 552 vehicles as part of the assignment. □

## McShane Awarded Construction of 100-Unit Felton Homes Apartments

McShane Construction's Auburn office was recently awarded the Felton Homes Apartments renovation and transformation assignment by Felton Partners LP, on behalf of the Macon Housing Authority. The 100-unit multi-family project, located at Felton Avenue and Sessions Drive in Macon, Georgia, consists of the redevelopment of 50 single-story duplex buildings encompassing a total of 77,088 square feet on 11.5 acres. McShane Construction will perform extensive updates to the buildings' exteriors including newly oriented entrances with porches, new roof lines, energy efficient windows and new siding. The project will be constructed in compliance with Enterprise Green Communities standards and will offer low-flow plumbing fixtures, energy efficient heating and air conditioning, and Energy Star rated light fixtures and appliances.

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The project will also utilize solar generated energy. The Felton Homes Apartments project was awarded a Capital Fund Recovery Competition Grant from the U.S. Department of Housing and Urban Development (HUD) through the American Reinvestment and Recovery Act (ARRA). Private revenue from bond issuance and Low Income Housing Tax Credits (LIHTC) administered through the Georgia Department of Community Affairs (DCA) will also fund this project. Brittain Thompson Bray Brown Inc. is providing the architectural services for this assignment. □



*Ribbon cutting ceremonies were recently conducted at the new 346-residence Senior Star at Weber Place senior living community completed by McShane Construction in Romeoville, Illinois on behalf of operator, Senior Star Living.*

## Medline Selects McShane Construction for BTS Office Project

The Rosemont office of McShane Construction has been selected to construct the new 130,000 square foot, LEED™-registered office facility for Medline Industries, Inc., a leading medical supplies distribution firm. The new three-story build-to-suit office will serve as an expansion to the firm's existing two-building office campus located at One Medline Place in Mundelein,

Illinois. The exterior will utilize attractively-designed architectural precast and glass while the interior of the facility will accommodate approximately 300 employees and contain private offices, open workstations, conference/training areas and a glass entryway. McShane Construction will complete the interior build-out for approximately 60,000 square feet of space. The project also includes two fully enclosed walkways that will provide protection from inclement weather as employees conveniently travel throughout the multi-building campus. McShane will complete sitework and a surface parking lot offering

425 parking spaces. Ware Malcomb is providing the architectural services for this build-to-suit office project. □

## Ribbon Cutting Marks Completion of Senior Star at Weber Place

On a bright April afternoon, a ceremonial ribbon cutting took place at the recently completed 346-unit Senior Star at Weber Place senior living community in Romeoville, Illinois. Hosting the ceremonies and showcasing the facility's beautiful spacious environment

were representatives of Senior Star Living, the family-owned operator with a heart for helping families. This expansive senior living community completed by McShane Construction consists of two separate residential environments – the two-story, 47,000 square foot Memory Care building, featuring 77 Memory Care apartments, and a 360,000 square foot, three-story residential building offering 269 independent and assisted-living apartments. The Memory Care building was designed to provide autonomy and support for people living with the challenges of Alzheimer's disease and other forms of dementia and each residence features a private half bath. The independent and assisted-living component offers residences ranging in size from 500 to 1,100 square feet. McShane also completed gathering areas, library, wellness area, Internet café, hair salon, two spacious dining areas, an indoor pool and a large 110-car underground parking level. McShane also completed the sitework for the 29-acre development, including landscaping, walking paths and outdoor seating areas. Eppstein Uhen Architects, Inc. provided the architectural services for this residential community. □

## McShane Construction to Provide Camelback Esplanade Update in Phoenix

Camelback Esplanade Association has selected the Phoenix office of McShane Construction for the 45,000 square foot plaza reconstruction assignment at the Camelback Esplanade corporate business park. Camelback Esplanade is a premier mixed-use development that includes high-end office space, retail and residential components and is located at the intersection of 24th Street and Camelback Road in Phoenix, Arizona. The assignment includes the complete renovation of the existing 20-year-old plaza, incorporating the removal and replacement of concrete pavers and borders, drainage systems and stairs. McShane Construction will also retrofit existing lighting, complete all landscaping and add aesthetic shade canopies for the comfort and protection of patrons. The contemporary redesign of the plaza will enhance the appeal of this mixed-use development, creating additional attraction for potential corporate tenants and local and national retailers. Butler Design Group has been selected to provide the architectural services for this mixed-use reconstruction assignment. □



*The reconstruction and upgrade of over 45,000 square feet of pedestrian mall space and site amenities at the highly-popular Camelback Esplanade mixed-use development at 24th Street and Camelback Road in Phoenix, Arizona is currently underway by McShane Construction.*

# Feature Department

## Projects in Progress



McCLURE ELEMENTARY SCHOOL – MCKINNEY, TX



CVS/PHARMACY – OLATHE, KS



OAKBEND DOCTORS CENTER – SW FREEWAY – RICHMOND, TX

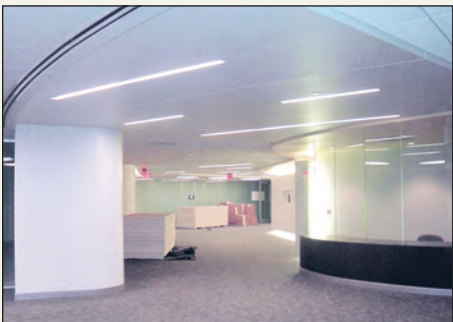


LARGE INTERNET RETAILER – STOREY COUNTY, NV

Pictured are current projects under construction by McShane Construction and Cadence McShane that include build-to-suit, design/build and general construction projects for the warehouse, distribution, healthcare, office, retail and educational markets.



MEDLINE INDUSTRIES, INC. – MUNDELEIN, IL



LONE STAR COLLEGE SYSTEM – HOUSTON, TX



CAMELBACK ESPLANADE – PHOENIX, AZ



RED OAK HIGH SCHOOL – RED OAK, TX

## CONTINUED FROM FRONT PAGE Geothermal Energy

heating and cooling systems. However, the U.S. Dept. of Energy has cited that these initial upfront costs are recovered within five to ten years of operation. For larger commercial projects, the first cost premiums are recovered within three to five years combined with ongoing energy savings. Benefits accrue to owners/developers from federal tax credits equal to 10% of the cost

of the geothermal system (with no maximum credit) and accelerated depreciation under the federal Modified Accelerated Cost-Recovery System (MACRS) where geothermal systems are classified as five-year property. However, the greatest benefit is likely realized by the 40% to 70% savings generated on monthly energy costs.

### Experience

Several recent McShane Construction and Cadence McShane projects that have integrated geothermal technology include the 73-unit Casa Maravilla affordable senior housing

development in Chicago; the 340,000 square foot Red Oak High School in Red Oak, Texas; and the 130,000 square foot office build-to-suit for Medline Industries, Inc. in Mundelein, Illinois.

The benefits of geothermal heating and cooling systems are increasingly apparent and represent just one component of the wide range of sustainable development and construction technologies that can be incorporated into your project. Contact the construction professionals at McShane Construction and Cadence McShane to discuss

opportunities for geothermal technology and other green construction/cost savings techniques within your next development or construction project. □

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