

**FLORIDA DEPARTMENT OF EDUCATION**  
**BUREAU OF CONTRACTS, GRANTS AND PROCUREMENT**  
**MANAGEMENT SERVICES**  
**325 West Gaines Street**  
**332 Turlington Building**  
**Tallahassee, Florida 32399-0400**

**Addendum #1**

**BID NO.: ITN 2019-63**

**School of Hope Revolving Loan Fund**

**12/20/2018**

This addendum is being issued to modify Section 8.12 Criteria for Evaluation and amend Attachment B Price Reply and provide answers to questions submitted timely by vendors during the Question and Answers period.

**8.1.2 Criteria for Evaluation**

The Department shall evaluate and rank responsive Replies and score them on a scale of 1 to 100 using the following criteria. The Department anticipates awarding the Contract (if any award is made) after negotiations to the responsible and responsive vendor determined to provide the best value to the state.

The following point system is established for scoring Replies.

The following criteria will be used to evaluate and rank Replies.

A) Executive Summary	N/A
B) Qualifications and Experience	15 points
C) Technical Plan	20 points
D) Management Plan	<u>15 points</u>
<b>Total</b>	<b>50 points</b>
E) Price	
Interest Rate	<del>50</del> 45 points
Origination Fee Rate (1% maximum)	<u>5 points</u>
<b>Total</b>	<b>100 points</b>

Price analysis is conducted through the comparison of Price Replies submitted. The maximum points will be awarded to the lowest acceptable percentage rate (interest rate and origination fee rate) presented in the Price Reply. Replies with higher percentage rate (interest rate and origination fee

rate) will receive the fraction of the maximum points proportional to the ratio of the lowest Price Reply to the higher Price Reply. The fractional value of points to be assigned will be rounded to one decimal place. The criteria for price evaluation shall be based upon the following formula:

(Low Percentage/Respondent's Percentage) x Points = Respondent's Awarded Points

If a respondent proposes a zero percent (0%) rate, replies with higher costs will receive the fraction of the maximum points proportional to the ratio of .1% ( one tenth of one percent) to the higher price reply.

(.01/ Respondent's Rate) x Price Points = Respondent's Awarded Points.

A separate calculation and point award will be made for interest rates and origination fee.

The total maximum number of points that can be earned in the evaluation process is 100 points.

***Please be advised all questions are keyed as submitted.***

**Reinvestment Fund**  
**Loan Terms**

**Question #1**

Do Fund loan have a loan-to-value collateral requirement? If so, please provide.

**Answer # 1**

The statute does not require a loan-to-value collateral requirement. A loan provided under this program may not exceed 25% of the total cost of the project, which is calculated based on 80% of the cost per student station established by Section 1013.64, Florida Statutes. This will likely result in a loan amount that is substantially below typical loan-to value limits.

**Question #2**

Please confirm that Fund loans can serve as subordinate debt in a facility project.

**Answer #2**

Fund loans can serve as subordinate debt in a facility project.

**Question #3**

Please confirm that Fund loans may include the following types of financing: acquisition, construction only, construction to perm, leasehold improvement, or leverage loans through a New Markets Tax Credit financing structure.

**Answer #3**

Fund loans may include the types of financing listed above.

**Question #4**

The ITN indicates that: "Loans may not exceed 25% of the total cost of a project, which shall be calculated based on 80 percent of the cost per student station established by s

1013.64(6)(b) multiplied by the capacity of the facility”. Please confirm that the cost per student station is \$17,952 for and elementary school student, \$19,386 for a middle school student, and \$25,181 for a high school student.

**Answer #4**

In accordance with section 1013.64(6)(b), Florida Statutes, the limits on cost per student station are adjusted annually to reflect increases or decreases in the Consumer Price Index. The January figures are used for purposes of establishing the limits on cost per student station, and the January 2018 limits are \$22,451 for elementary schools, \$24,244 for middle schools, and \$31,491 for high schools. The current and historical student station cost factors are published at the following link:

<http://edr.state.fl.us/Content/conferences/peco>

**Question #5**

Please confirm that the average Fund loan is expected to be \$8.0 million.

**Answer #5**

This is an estimation based upon information provided by Hope Operators.

**Question #6**

What is the expected range for the total development budget of School of Hope receiving Fund loan?

**Answer #6**

Unknown at this time

**Reporting:**

**Question #7**

The Contractor is required to ensure the Department’s compliance with any statutory reporting requirements. Please provide guidance around these requirements.

**Answer #7**

The authorizing statute requires the Department to post on its website the projects that have received the loans, the geographic distribution of the projects, and the status of the project. The Department Contractor will be expected to provide the Department the information necessary to comply with this requirement. Additionally, the Contractor will be required to provide the Department information necessary for the Department to comply with federal reporting requirements, if applicable.

**Question #8**

Please provide more information on the format and the types of information required for the monthly and quarterly reporting on the fund.

**Answer #8**

Please refer to Section 6 (Scope of Services) for information on reporting requirements. As provided for in Section 6, the contractor will be expected to provide a borrowing base report on a quarterly basis (as well as upon the occurrence of a default, when seeking

approval for a new loan, and at other times reasonably requested by the Department.) The Borrowing Base Report must include, at a minimum:

- Borrower details: Name of school, borrower, and project type. Borrower revenue, expenses, operating income, balance sheet cash and relevant dates.
- Project information: Closing date, phase, percentage of completion, expected completion date, construction period, etc.
- Loan details: Commitment amount (and % of total portfolio), outstanding principal balance (OPB), annual debt service payment, % loan-to-value (LTV), interest rate, interest-only period, amortization terms, maturity date, risk rating, and status (compliant vs. in default).
- Compliance information: Financial covenant levels required for each loan and most recent result of each covenant compliance test.

## **Goals**

### **Question #9**

ITN indicates that the five-year contract will have an optional five-year renewal contingency upon satisfactory performance evaluations and fund availability. Please clarify the metrics that will be considered in the performance evaluations. What are the performance criteria necessary for a successful contract renewal?

### **Answer #9**

Renewal is at the Department's discretion. Quality of work, accuracy and timeliness of reporting, and customer (loan recipient) satisfaction are some of the factors that will be considered by the Department.

## **Timeline**

### **Question #10**

Please clarify timeline for deploying the \$100,000,000 revolving loan fund given that the ITN indicates: a ) Fund loans must be deployed by 6/30/23 (~4 years); b) the Fund has an initial five-year term: and c) two Fund Loans of \$8,000,000 per loan are expected to be made during the life of the Fund ( supporting ~6.25-years for full deployment).

### **Answer #10**

The timing and amount of loans included in the ITN are projections. Actual loan frequency and amounts may vary. The law currently provides that the funding appropriated for this program is available through June 30, 2023. However, the Florida Legislature has the authority to extend that date.

## **Other**

### **Question #11**

Please confirm that the Contractor may charge a 1% origination fee in addition to the interest rate included in its price reply.

### **Answer #11**

Section 6.0 (Scope of Services) provides that the Contractor is responsible for all expenses incurred, excluding industry standard costs traditionally paid by the borrower, which includes origination fees.

Please see addendum to ITN regarding pricing.

**Question #12**

ITN indicates that “Contractor must have a plan to minimize and handle any losses incurred as a result of the fund”. As the Fund Manager, we would expect to monitor repayment and lead any work out scenario in the event a Hope Operator defaults on a Fund loan, however it is our understanding that the Contractor does not own the Fund loan fund, and that losses shall be borne by the Department. Please confirm these assumptions.

**Answer #12**

Confirmed, assuming the Contractor takes all reasonable steps to protect the fund.

**Question #13**

We understand that the Fund must be audited annually, which would include a financial audit and no tax preparations. Is this correct?

**Answer #13**

Correct

**Question # 14**

When loans are funded, will the contractor advance payment and invoice to draw down? If so, what is the time period that funds must be advanced?

**Answer #14**

The Department will not expect the Contractor to make advance to borrowers using their own capital.

**Questions #15**

We understand that the \$100 million Fund has been fully allocated and does not rely on any other appropriations. Can you please confirm?

**Answer # 15**

Confirmed

**Potential proposers have 72 hours from posting of addenda to protest the requirements of each addendum. Failure to file a protest within the time prescribed in Section 120.57(3), or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under Chapter 120, Florida Statutes.**

**YOUR REPLY MAY NOT BE COMPLETE WITHOUT THIS PAGE SIGNED  
AND INCLUDED!**

Vendor Name – *written*: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Authorized Name – *written*: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State & Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

## Attachment B Respondents Price Reply Amended 12/20/18

We propose to provide the services being solicited within the specifications of ITN 2019-63. All work shall be performed in accordance with this ITN, which has been reviewed and understood. There shall be no additional costs charged for work performed under this ITN. The price on this page will be used for evaluation and scoring purposes.

- The Contractor will be responsible for all expenses incurred, excluding industry-standard costs traditionally paid by the borrower. Please see Section 6 for a list of excluded costs.
- Interest collected on the loans may be used to fund operations based on parameters set forth in the final Contract. Please note that by statute the amount of interest cannot exceed **a rate equal to 50 percent** of the rate authorized under the provisions of Section 215.84, Florida Statutes.
- Section 215.84, Florida Statutes, provides, a "rate not to exceed an average net interest cost rate, which shall be computed by adding 300 basis points to The Bond Buyer "20 Bond Index" published immediately preceding the first day of the calendar month" in which the loan is approved. *(Note: The interest rate charged by the Contractor may not exceed 50 percent of the rate authorized above.)*
- To complete the Price Reply, the Respondent should indicate the maximum interest rate it will charge to Hope Operators as a percentage of the rate authorized in Section 215.84, Florida Statutes. For example, if the Respondent will charge the full 50 percent of the rate authorized in Section 215.84 (this is the maximum rate that may be charged), the Respondent should enter 50% in the table below. However, if the Respondent will charge a maximum of 25% of the rate authorized in Section 215.84, the Respondent should enter 25.000% in the table below (three decimal places).

Description			Maximum Interest Rate (as a percentage of the maximum authorized in Section 215.84, Florida Statutes.	Origination Fee Rate
School of Hope Revolving Loan Fund	Initial Contract and Optional Renewal Period	Years 1-5 and Years 6-10		

SIGN BELOW. UNSIGNED OFFERS WILL NOT BE CONSIDERED.

VENDOR NAME: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

CITY/STATE/ZIP: \_\_\_\_\_

AUTHORIZED AGENT (typed): \_\_\_\_\_

AUTHORIZED AGENT (manual): \_\_\_\_\_

DATE: \_\_\_\_\_ TELEPHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_