

Amendment #2
RFP#082514 – Frankfort Office Building
Built-to-Suit

Official Answers to Questions Posed at the July 9, 2014 Pre-Proposal Conference and/or Submitted through E-Mail:

1. Please confirm whether the \$5,000,000 per year rent under Option A and C (or such other yearly rental rent under Option B) is subject to indexation over the term of the Lease and, if so, at what rate.
 - The annual rent will not be subject to indexation over the life of the term of the lease. See Questions #49, #71.

2. The RFP provides that the quoted base rent should include maintenance, but exclude utilities and janitorial services. It also provides that all taxes associated with the operation of the facility will be the responsibility of the Lessor. Section 7 of the Draft Lease Agreement provides that the Lessee will maintain the Leased Premises and will pay all costs and expenses associated with the Leased Premises including maintenance. Can you clarify who will be responsible for expenses associated with operating the Facility including repairs and maintenance, property taxes and insurance?
 - The Lessor will be responsible for operations, daily and preventative maintenance of all building systems, insurance of the building and site, snow removal, lawn care, etc.
 - The Lessee will be responsible for utilities, janitorial services (including pest control) and fixtures/furnishings and non-building systems equipment, insurance of the contents of the building (renter's insurance), etc.
 - Please see attached listing of maintenance/repairs specs.
 - A revised lease template will be forwarded through Amendment #3, along with geotechnical data.
 - In this transaction, the Commonwealth will be the beneficial owner of the property and no property tax will be due on the real estate and improvements.

3. Section 4 of the Draft Lease Agreement provides a purchase option in favor of the Lessee at a price equal to the unamortized portion of the total cost of erection of the Facility and that the Lessor is to transfer the Facility free of any encumbrances. Will defeasance costs associated with an early pay-off of the Lessor's financing be considered a part of the "total cost of erection" and be included in the option price?
 - No, these costs are essentially a penalty imposed by the Offeror's bank for early payment of the loan. This would be the Offeror's responsibility. See Question #26.

4. Will the Commonwealth consider amending the RFP such that the initial Submission by Proposers is solely qualifications based, primarily based on past experience, reference projects and key personnel? Under this scenario, a short list would be determined and then each Proposer would develop complete proposals as outlined in the RFP.
 - No.
5. Will the Commonwealth consider removing the option for Proposers to offer alternatives sites? This element of the RFP is problematic in that it may give a Proposer an unfair competitive advantage and will make it more challenging to objectively score the proposals.
 - No.
6. The contemplated short term (biennial) Lease structure will likely cause significant challenges in securing financing for the project. It is suggested that the Lease be structured as a long term lease (i.e. - 25-35 years) with payments subject to legislative appropriation every two years.
 - The Commonwealth cannot structure a long term lease per KRS 56.806.
7. The proposed procurement timeline appears quite optimistic. It is recommended another 30 days is added for the initial submittals, provided the RFP is revised as outlined in question 1 above. Following selection of the short listed proposers, it is recommended a 90-120 period is provided for development of specific technical and financial proposals.
 - Once the geotechnical information is reviewed by the Commonwealth, a decision regarding an extension will be made.
8. As to the structural design, what are the computer room loads? Can you enlighten us on the specs?
 - Two communications rooms on each floor remotely located. Each room to be approximately 8'x10'. Provide six 20 amp 120 volt circuits and two 30 amp 120 volt circuit in each room. The HVAC system: supply cooling at 5000 BTUH for the typical Communication Room.
9. Could you expound on the roof specifications?
 - No flat roofs are permitted. A ¼"/foot (minimum) is acceptable; however, we ask that there be no tapered insulation; the structure must slope.
10. Could you explain operations and maintenance responsibilities of the lessor? Could you provide a set of specs for minimum maintenance requirements?
 - See attached minimum maintenance specifications/requirements

11. Can you explain why prevailing wages are applicable? If the land is to be conveyed to private concern and a private concern will own the building, why is the project subject to prevailing wages?

- Because the structure will be occupied/utilized and eventually owned by a public agency and the structure will become a public facility, prevailing wages are applicable. A few years ago, the Finance and Administration Cabinet officially inquired of the Department of Labor this same question pertaining to a different RFP project. In a February 26, 2008 letter to then-Finance General Counsel Jeff Mosley from the Labor Legal Division, within Environmental and Public Protection Cabinet's General Counsel, Kembra Sexton Taylor, opines, "... KRS 337.510 requires each public authority to insert into all proposals for the construction of public works projects the applicable prevailing wage rates set by the Department of Labor. KRS 337.010(3)(a) sets the threshold for the prevailing wage requirement at contracts for public works projects fairly estimated to exceed \$250,000. According to KRS 337.010(3)(d)-(e), a 'public authority' includes all state agencies, and 'public works' are construction projects done under contract with a public authority. There is no requirement in KRS Chapter 337 that the money used to finance the construction project must include state funds. Therefore, to determine whether prevailing wage rates must be included in a request for proposal, one must answer the following question: Is a public authority seeking to enter into a contract for the construction of a public works project fairly estimated to exceed \$250,000?" See Question #64.

12. Could you provide a template lease agreement for a similar project (built-to-suit)?

- The only other built-to-suit projects administered by the Commonwealth under KRS 56.816, et seq., involve structures at Bluegrass Station Division in Lexington, KY. The three lease agreements for these projects at Bluegrass Station are dissimilar to this project, since all four of the buildings constructed were prefab and were located all within the confines of a secured military installation. The maintenance/operations aspect of those three leases are different than what is proposed for the subject RFP project. That being said, these lease agreements offer some idea of a starting point for negotiations between the Commonwealth of Kentucky and the successful offeror on a lease.

13. Can the State give or ask for a tax abatement of pass-through on the taxes to be assessed to the Offeror?

- As stated in response to Question #2, the Commonwealth will be the beneficial owner of the property and no taxes may be levied or collected on the real property and improvements. However, the Offeror will be responsible for all other state taxes, including but not limited to income and, if applicable, sales and use tax as well as any appropriate local taxes, such as occupational tax. See Questions #37, #82.

14. Do the five cabinet secretaries' suites need to be the same or different sizes?

- The suites need to be the same dimensions, with the same amount of windows, and disbursed throughout the building. During the space planning phase (following award), the Division of Real Properties will provide a layout

of these spaces to be constructed. For the purpose of this proposal, Offeror is to provide a drawing showing the suites and all cubicle spaces to indicate that their footprint is efficient enough to allow for the number of spaces indicated in the proposal. See Question #88.

15. What is the consideration of the land?

- The Commonwealth will convey the land at no cost to the successful Offeror.

16. Can an LLC be formed for the purpose of the project?

- As long as the LLC includes a member or members who has/have been certified as being able to participate in the project.

17. Can you estimate the value of the State's equipment to be placed in the building for tax purposes?

- Tangible personal property owned by the Commonwealth, such as equipment, is not subject to property tax. No response regarding the value of tangible personal property is necessary.

18. Will the successful offeror have to pay school taxes?

- The successful Offeror will be required to pay all applicable school taxes.

19. Is the \$5m/year budget based on annual lease rates in Frankfort or budget?

- It was based on a number of factors, including lease rates in Frankfort for newer rental properties, budgetary constraints of the occupying agencies, estimated construction cost of the building by Finance's Division of Engineering and Contract Administration, construction costs of a similar building that had been planned for construction in this area and the project cancelled, and preliminary discussions with entities in the construction industry that construct similar buildings.

20. You mentioned you didn't know the occupying agencies/tenants yet for the building; could you elaborate? The information would be helpful to give comfort to the lending institutions, as to why an existing private landlord would insist not renewing a state lease agreement and the relocation of that state tenant from a private property.

- Approximately 750 tenants will soon be displaced from their existing leased quarters, as the private lessor requires the leased quarters to expand world-wide its private organization. The housing needs of these approximate 750 employees will come first; then, a determination will need to be made concerning the housing needs of other employees/agencies in higher leased rate space in Frankfort/Franklin County.

21. How was the timeline determined in the RFP procurement? It seems a little tight.

- The timeline is based on economy, the availability of money, and the impending need to locate substantial, tenantable housing for a large number of state employees. If the RFP deadlines/schedule are not viable from an offeror's/lending institution's opinion, an offeror/offers may ask the Buyer to

extend the RFP deadlines. If deadlines are extended, the extensions will more than likely not be great, due to the impending need for employee housing and occupancy of the new building by April 1, 2016.

22. Do you have legislative authority to go through with this procurement?

- Yes.

23. The KYTC traffic study included with the RFP... is its results adopted by the Commonwealth for Sower Boulevard?

- Yes, we will stand by the KYTC traffic study. Please refer to Questions #24, #25, #84, #85.

24. Also in the traffic study there was a \$50,000 allowance to which the developer could apply.

- The Kentucky Transportation Cabinet is aware of this construction project and has set aside a \$50,000 for this work. This allowance is for minor improvements to the intersection of Sower Boulevard and the main highway, KY 676 (East-West Connector). The Offeror will need to include this allowance in the cost of work, since the successful Offeror may be responsible for reimbursing the Kentucky Transportation Cabinet for this work. See Questions #23, #25, #84, #85.

25. The traffic study reflected two other alternatives for access 1) to Glens Creek Road Connector and 2) East-West Connector Access. Are these two accesses a requirement of this project?

- No. For site design, the Commonwealth would allow Sower Boulevard to end at the property line. The scenarios contained in the traffic study do not pertain to this RFP project, other than from a traffic perspective. Again, the COK expects Sower Boulevard to extend to the west boundary line of the project site. This may be beneficial to the Offeror, as the Offeror could convey/declare as right of way to the City and the City would be responsible for snow removal/maintenance of this extension. See Questions #23, 24, #84, #85.

Note: a question was asked was the construction of a roadway extension a REQUIREMENT; also, if the offeror chose not to dedicate, how would it be dedicated or conveyed in the future. Andy said he would need to get back with management and answer in the amendment.

- The Sower Boulevard extension indicated in the Traffic Study is not required for this construction and the cost of the extension indicated in the Traffic Study is not required.

There was a question asked about the extension of Sower Boulevard to the property line to the west for future extension.

- Plan for this eventual extension in your site plan, but this extension to the property line is not required at this time. should the extension be required in the future, the entity/developer constructing a future building that needs this

extension will need to negotiate with our Offeror for an easement and the cost of the extension and construction of Sower Boulevard that can be dedicated to the City of Frankfort.

26. Please clarify that should the state terminate the lease, they will purchase the building. Please also clarify the present value of future payments. Does the 4-1/2% discount rate include or exclude present value, future operating costs associated with the building, etc.? Will the lessor be reimbursed for defeasance costs. This information will be helpful to shoring up financial institution's comfort level.

- The State will purchase the building in the event of early termination in accordance with the provisions of the RFP and KRS 56.820. The price paid for the building by the Commonwealth in the event of early termination is set forth in the RFP and KRS 56.820 and will not include any defeasance costs, to the extent these are not included in the Offeror's original proposal. See Question #3.

27. Can we receive a boundary survey in a digital form?

- Electronic versions of the boundary survey and topo were transmitted July 15 by electronic mail. Should you need this data burned to a CD, please advise.

28. May we receive the results of the geotechnical borings completed by the Commonwealth's contractor.

- The geotechnical study is now not expected to be received until around July 25. Once the study is received and evaluated, it will be electronically issued to all certified participants and the Phase I deadline extended, if warranted.

29. Is LEEDS required?

- The Commonwealth requires ASHRAE 90, 2010 edition. See Question #57.

30. There is a disconnect between the RFP and the lease exhibit with regards to maintenance responsibilities.

A revised lease agreement will be forwarded through Amendment #3, along with geotechnical data.

31. Are there any wetlands associated with the project site?

- The City completed a Phase 1 environmental when originally purchasing the entire farm, upon which the project site is located. There were no known environmental issues. There is a Native American burial ground, located near the power tower, to the front of the Commonwealth Credit Union property, closer to the East-West Connector (KY 676). The Commonwealth does not have a copy of the City's Phase 1; however, the results of the City's Phase 1 are included in the RFP. See Questions #68, 86.

32. Can the proposed building be smaller?

- In one of the options to which the offeror must respond, the square footage is variable/optional; however, size of the building is capped at 334,000 gsf as a minimum.

33. Is there additional rental consideration? Cost of White space?

- The cost of the white space should be included in the lease to the COK. The COK will sublease this area to Kentucky's Department for the Blind or a vendor for operation of a concession area. When the fit up of the white space is known, the COK will negotiate a lease increase for the cost of ROUGH-INS ONLY to accommodate this fit up. The cost of the fit up itself will be borne by the COK, Department of the Blind or the vendor selected.

34. Is the 4,000 sf white space in addition to the 334,000 gsf building requirement?

- Yes.

35. What are the requirements for the receiving/loading dock? Does a tractor trailer need to be accommodated?

- The loading dock should be positioned on the non-public side of the building. Yes, a tractor trailer truck (53') must be accommodated.

36. Are there options for expansion?

- The evaluation committee evaluates each responsive proposal, and if one proposal offered more space and was deemed to be more beneficial to the Commonwealth, then one would presume a member would award more points. It is also in the Offeror's best interest to plan for future expansion capabilities, since the COK is often in need of additional rental space. The Offeror could potentially offer an expansion of the building in the future as a response to the RFP for the leased space. However, please make note of the requirements for extension of Sower Boulevard (Question #25) should future expansion be accomplished, the Offeror, in this case, would be responsible for the extension costs. Pat is this ok to say?

37. Can you get a legal opinion/management decision on the lessor's responsibility for property taxes? Since this will be perceived/will be a public building, it would seem the City could waive property taxes for this particular project. A significant amount of the \$5m/year will go towards property taxes.

- See responses to Questions #2 and #13. No further response to this question is necessary.

38. Explain the zoning issue again.

- The current project site is zoned SG; however, upon conveyance of the site to the successful offeror, the zoning will revert back to Rural Residential, which is what the area was zoned when it was farmland. The COK is working with the City to change the RR to PO, so that the RR goes away. The City is completing public hearings now to change to PO and this zoning

designation will be in place at the August 2014 meeting of the Frankfort/Franklin County Planning and Zoning Commission. See Question #61.

39. Is there an error in the evaluation sheet, where it describes the calculation of net present value? 150 vs 200?

- Please review the evaluation scoring sheet. The 150 points is for selection committee scoring of Qualifications, 50 points is for financial data (financial statements, etc). and 200 points is for the NPV. Only the NPV score (Max. of 200 points) carries forward to Phase II.

40. Is there any way the State would consider a net lease with a two year budget for maintenance? Did the State contact lending institutions/financial institutions with the proposed lease terms for this project to determine/verify its viability?

- The RFP stands as is.

41. What level of financial commitment does the State expect in Phase I? I do not believe the time constraints involved will allow actual letters of commitments from banks, but possibly preliminary letters of commitments.

- We need a bid in Phase I. We need a firm commitment from a lender prior to execution of the Lease Agreement and construction ready to begin at the end of procurement process. See Question #52.

42. What is the penalty for not properly maintaining the property? Is there some process in place?

- Termination for default under the provisions of the Lease Agreement.

43. Can you provide specs for parking lot?

- The parking lot is to be constructed in accordance with the requirements of the Frankfort/Franklin County Planning and Zoning Ordinance and shall take into consideration the design criteria indicated in the geotechnical report. The construction of either concrete parking pavement or bituminous parking pavement is at the option of the Offeror.

44. Can you verify if the rent is paid quarterly (page 12; section A, and page 21; section D) or monthly in arrears (page 20 section C)?

- See Questions #55, #76.

45. The minimum requirement for experience is 2 projects completed within the last 10 years of similar size (page 34). Please verify what you consider similar size, i.e. is 50% of the proposed project adequate? Is this a minimum of 2 for the team, including the Contractor and Architect, or just the Developer?

- No, offeror's experience must include structures of at minimum of 80% size of this structure. Each member of the team must have completed two similar size structures, whether the same two (as a team) or not. Each team member must have experience with this size building.

46. Are there any security requirements of the Lessor either inside or outside of the building?

- The security requirements are outlined in the building criteria. Space Planning Security Design: Controlled access is required to the entire building from the exterior (at all building entrances) and to each individual floor. The card access management system is to match existing Commonwealth of Kentucky access system operated by the Office of Building and Mechanical Services (Hirsch Version 3.5). The access system is to be capable of tracking the issuing and revocation of access cards along with generating reports of all access into the building. Provide card readers at all building entrances, loading docks, and stairwell doors and elevators. The Commonwealth of Kentucky will provide the access badges and activation of these badges. A central data base computer is to connect all access locations, be equipped for stand-alone operation upon power failure and programmed for automatic locking/unlocking of building doors. The failsafe for exterior and interior doors with security is locked from the outside but provide free egress from the inside. See Questions #90, #98.

47. With regards to the taxes and annual building operating/maintenance costs, do these two items have to be factored into the base cost lease (either \$5mm or \$5.5mm) from the Commonwealth, or is there flexibility in considering one or both of these expenses as a separate line item payment/reimbursement?

- See responses to Questions #2, #13, and #40.

48. To confirm our understanding regarding the alternatives (A, B, C) in the RFP, Offeror is being asked to restrict its proposals only to those three alternatives AND propose on ALL three, correct?

- The offeror must submit a proposal on all three Options.

49. There is no discussion in the RFP of escalation of the rent payment. In the Pre-Proposal Meeting on 7/9/14, it was discussed and sounded from the Commonwealth that there was likely to be no escalation. However, given the 30+ year term and the fact that maintenance is included in the rent, we would recommend that some type of escalation factor be applied annually to the base rent, as is typical. 30+ years of inflation risk on maintenance costs is a lot for a private party to accept and price.

- No escalation provision is permitted; however, the Commonwealth understands and expects that proposals will account for inflation risks. One option to reduce this uncertainty is to shorten the lease term in the proposal. See Questions #1, #71.

50. Can you please expand the definition of the private maintenance portion of the project? Will you be providing a more detailed definition of what is included in the maintenance as well as the performance standards of the facility? If the facility is not meeting these standards, how will that be determined and what will be the process for curing the issues prior to offeror/lessor being considered in default?

- See Question #2.

51. There is a disconnect between what is stated in the RFP regarding operations and what is stated in the sample lease attached to the RFP. We assume the RFP is correct. However, please confirm. Additionally, is it possible to get a draft of the actual lease that will be executed for the project prior to the proposal?

- The RFP is correct. The sample lease will be revised and transmitted through Amendment #3, along with geotechnical data.

52. What level of financing commitment from lenders is expected by the August 25th proposal date? In order to provide "firm commitments," lenders require a due diligence process that likely would require more time. We recommend either pushing back this deadline by at least 45 days or requiring only financing plans with preliminary commitments by August 25th and then pushing back the September 16th Phase II Submittal deadline by 45 days and requiring firm lender commitments at that Phase II Submittal stage.

- See the answer to Question #41.

53. The scoring of the financing plan and its feasibility seems relatively low, given the importance of being able to execute on whatever financing plan is proposed, especially in light of the tight schedule.

- The Commonwealth believes that the scoring weight is correct for the Commonwealth's best interests.

54. The limitation of the Commonwealth to enter into a maximum of two year lease terms raises financing concerns, coupled with two-year appropriation risk and the ability for the Commonwealth to break the lease with 30 days notice. We understand that these are statutory requirements of the Commonwealth and that long-term public debt has been issued on this credit for a number of years by the Kentucky State Property Building Commission. We also understand that this private financing on the proposed office building will likely be viewed as a moral obligation on the Commonwealth, similar to those public issuances in the past by the Kentucky State Property Building Commission. However, in order to give lenders comfort that the lease will be continuously renewed for 30+ years, it would be helpful if additional reassurances from the Commonwealth could be added, especially in light of the fact that this is slightly different (private debt vs. public debt). We have listed some possible provisions below:

1. Commonwealth (lessee) commit to paying all financing breakage costs if it terminates the lease prior to the 30+ year term, assuming lessor is not in default.
- The Commonwealth cannot agree to any provision wherein it pays an Offeror's penalty owed to its lender in the event of early terminaton.
2. Commonwealth commit to purchasing the facility (including breakage costs) if the lease is not renewed, again assuming the lessor is not in default.

- This is already required by KRS 56.20 and is provided for in the RFP.
3. Build in the provision that the lease automatically renews every two years up to the pre-agreed term (or the term of the debt financing) unless the Commonwealth terminates it.
- The Lease Agreement resulting from the solicitation process will probably contain a provision substantially similar to this.
55. Will rent be paid in monthly or quarterly payments? I think it mentioned both in the RFP.
- See Questions #44, #76.
56. Regarding the \$5,000 Proposal Guaranty Check, when is that due and who is it made out too?
- The check is to be submitted with Phase I proposals from the three short-listed Offerors and made payable to the Kentucky State Treasurer. Please make note of this discrepancy in your copy of the RFP. See Question #99.
57. Even though this project will not be required to be LEED Certified per Commonwealth of Kentucky's mandate, does the Commonwealth desire it to be either LEED Certified or at a minimum LEED Designed without the formal certification?
- The Commonwealth desires the building to be compliant with ASHRAE 90.1 (2010) instead of LEED. We are not making any requirement for LEED Certification or compliance. However, should the offeror desire this certification or design for their own needs, purposes or favor, they may do so that their option. See Question #29.
58. When will the Phase 1 and the geotechnical reports be released?
- The Geotechnical Engineering firm has completed the laboratory work for the approximately 88 core samples. They are compiling their report and it will be available very soon. The Report, after evaluation by the Division of Engineering and Contract Administration, will immediately be forwarded to all certified Offerors as an addendum along with any time adjustments that the Commonwealth believes is necessary due to the delay in making this report available. See Question #28.
59. Will a digital site and topography site plan be provided and if so when? Will the survey be in digital AutoCAD format with "z" values for contour lines and will benchmarks be shown? Will the specific location of all existing utilities be shown on the survey?
- Please see Question #27. The survey is in AutoCAD format with "z" values for contour lines. Benchmarks as available are indicated. Existing utilities are indicated on the plan. Should you need this burned to a CD, please advise.

60. Will either the site survey or geotechnical report indicate locations of the known sink holes? Will the geotechnical report make recommendations for treatment of the sinkhole areas? Will the boring/sounding locations be shown on a digital survey?
- It is anticipated that the geotechnical report will indicate sinkhole locations and recommendations for treatment of sinkhole areas. The Geotechnical engineer will provide a boring location map in AutoCAD format.
61. Will the existing SG zoning category be changed to a PO category prior to a NTP by the Developer and is the State facilitating the zone change? Will the development team be required to participate with any time and costs for the zone change?
- The SG zoning designation will be automatically removed at the time the property is transferred to the Offeror. The Commonwealth is working with the city to make the new designation PO. There will be no cost to the Offeror for this zoning change. See Question #38.
62. Will the development team be exempt with building permit costs for the building through the City of Frankfort?
- No, the development team, as a private developer on private land, will be responsible for a building permit with the City of Frankfort.
63. What is the anticipated time to receive a NTP after the development team has been selected?
- See Question #67.
64. Is the decision final regarding the prevailing wage rates since this is a private project?
- Prevailing Wage is a requirement of this RFP. See Question #11.
65. Page 8 and 30 of the RFP – a firm which fails to meet the deadline for the notice (...) shall be barred from the RFP procurement process. Please clarify whether every member of a consortium submitting a response to the solicitation must have had submitted the notice or whether the consortium will be allowed to participate in the RFP procurement process if at least one of its members did submit the notice.
- At least one member of the consortium must have submitted the notice.
66. Should the notice be signed by all team members for the submission of the response to the RFP?
- Phase I proposal must be signed by the developer, as the person with whom the Commonwealth will enter into the lease agreement and other legal documents.
67. Please explain the process for the negotiation of the lease agreement, including the Exhibit A.
- Once an award is made following Phase II of the solicitation process, the successful Offeror will negotiate the specific terms and conditions of the

Lease Agreement, as well as any other instruments or other documentation required by the successful Offeror's lender. Once these documents are executed, and the Deed from the Commonwealth to the successful Offeror and Lease Agreement is executed, the successful Offeror will be expected to begin construction promptly.

68. Page 14 – references the exhibit G, Phase 1 ESA. However, the exhibit G is not provided. Could you please provide the Phase 1 ESA document to the bidders?

- The Environmental Site Assessment Phase I is not available, but the results have been included in the RFP. See Questions #31, #86.

69. Page 21 – please comment on the envisioned deadline to obtain proper financing.

- Financing will need to have been arranged/consummated prior to execution of the Lease Agreement, which will occur following the procurement process.

70. Page 21 – please comment on how the approval of the financing by the Commonwealth will work.

- The selection committee, with assistance from the Office of Financial Management, will evaluate the financing proposal submitted by all Offerors.

71. Would the Commonwealth consider indexing the lease payment (or a portion of thereof) to inflation or including an escalation clause to account for the Offeror's operational costs that will increase over time by inflation?

- See Questions #1, #49.

72. Page 34, in the case of a company that has been in existence for less than 3 years and does not have audited financial statements for the past 3 years, please allow for submission of a letter certifying to that effect alongside of financial statements and tax records actually available.

- The RFP requires:

➤ Financial

Offerors must provide evidence that the completion of its proposed project (including design and construction) will be financially viable to its organization or team. The Offeror shall provide:

1. An audited financial statement for each of the last three years must be provided for the applicable legal entity submitting a proposal. This statement should, at a minimum, list all assets and liabilities and be certified by a registered certified public accountant who is not an officer of the company or individual submitting the proposal. Offeror should also include a statement of changes of financial position of the business entity within the last three- (3) years. If the Offeror is a new entity incorporated for the purposes of operation of this project, then Offeror must provide individual income tax records and financial statements for all owners and/or general partners with more than twenty percent- (20%) interest, for each of the last three (3) years.
2. A current (unaudited) financial statement.

3. Bank references for the company shall be provided including name, address, and current telephone number of the given financial institution. This should include a signed authorization for release of financial information from each bank listed.
 4. Projected design, development costs, and explained contingencies must be detailed. This section provides the opportunity for the Offeror to show the attributes of their design, diligence and competitiveness in controlling costs and their ability to plan for and overcome obstacles they may encounter.
 5. A description of the proposed financing plan including, but not limited to, source of credit, terms of credit and repayment schedule. Source of credit will identify credit for construction, as well as long term financing of structures.
73. Page 39 – the RFP states that the Evaluation of the Financial data will be “carried over from Phase I” evaluation. Please explain whether changes to the financial proposal (Option A or 1, B or 2, and C or 3) will be allowed.
- Changes will not be permitted once the Phase I is evaluated.
74. Page 40 – please confirm that the lowest NPV bidder should receive 200 points not 150 points.
- Please review the evaluation scoring sheet. The 150 points is for selection committee scoring of Qualifications, 50 points is for financial data (financial statements, etc) and 200 points is for the NPV (pg 36). Only the NPV score (Max. of 200 points) carries forward to Phase II.
75. Please clarify whether the financial data on page 36 of the RFP will or will not be considered in the evaluation of the phase 1 (shortlist).
- Please see response to question 74 above.
76. On multiple occasions, the RFP states that the rent will be paid in equal quarterly installments. However, the exhibit J page 5 reads monthly installments. Please clarify whether the payments will be monthly or quarterly.
- See Questions #44, #55.
77. Under Option C, is the Offeror allowed to lease a portion of the building to third parties other than the Commonwealth?
- No, the entire facility must be leased to the Commonwealth. The Commonwealth reserves the right to sublease to third parties at its sole discretion.
78. Please verify at which point the \$5,000 proposal guaranty should be submitted. Page 11 states Phase II and page 32 states Phase I.
- See Questions #44, #55.

79. Submittal will be by a newly formed LLC by the principals responding to the RFP. There are no audited statements for the LLC and the parties will provide personal tax and financial information. Will the tax returns and personal information be held in confidence and not part of the public record?
- Yes, this information will remain confidential as long as it is clearly identified as proprietary/confidential by the person(s) submitting same.
80. Clarify Phase II submission date. Page 30 states on or about September 16. Page 38 states on September 3, 2014 at 4:00 p.m.
- On or about Sept. 16 Receipt date for Phase II submittals (pg 30) is correct.
81. Can the presentation of the finalist be extended from 30 minutes to 45 minutes?
- Yes; the oral presentations can go up a maximum of 45 minutes.
82. Will the project be classified as "state controlled" and will it be exempt from property taxes?
- See response to Questions #2 and #13.
83. The RFP states that the development plan should provide for an easement that would accommodate a potential extension of Sower Blvd to the west even if it is not required for this project. (See Exhibit H Traffic Study) and (Exhibit I Page 3). Is this still a requirement? If so, what is the width of such an easement/right of way?
- Development of the site should be such that a future expansion/ dedication of Sower Blvd. extension to the west property line can be accomplished. The width of easement/ right of way is the same as the existing Sower Blvd. right of way indicated on the site plan. This extension does not need to be constructed at this time and the site can be developed in that area, but the development must be such that this extension can be accommodated at a future date should it become necessary. See Questions #23, #25, #84, #85.
84. Will the right of way be dedicated to the City of Frankfort at this time or should it be an area that will be reserved for future dedication?
- Right of way will be reserved for future dedication, see response to Questions #23, #25, #83, #85.
85. Does the Finance Cabinet concur with and adopt the recommendations of the KYTC Traffic Study for the Level of Service at the Sower Blvd and Connector Road intersection that no improvements will be required? Will the \$50,000 allowance for signalization modifications be required?
- The Finance Cabinet concurs with the recommendations of the KYTC Traffic Study. The \$50,000 allowance for signalization modifications is required and will be borne by the development team. See Questions #23, #24, #25, #84.

86. Are there any environmental issues with any local, State or Federal agencies at the site that have to be mitigated or permitted before or during construction?

- There are no known environmental issues that need to be mitigated. See Questions #31, #68.

87. What are the requirements for the Loading Dock? How many dock doors? Will there be a manned office in this area? Is a staging area required?

- Loading dock needs one dock overhead door 12' wide by 10' high and one man door 3' wide by 7'4" tall. Receiving area should be at least 600 sf. An adjacent receiving office of 200 sf should be provided. This loading dock is envisioned for the receipt of mail and other supplies that will be distributed immediately to the occupants in the building. No storage space is required with this loading dock. The loading dock must be able to accommodate a 53' wide semi-trailer truck and another panel truck type vehicle at the same time. Space should be allowed in the dock area for a trash dumpster and a recycling dumpster (This must be readily accessible from the building but do not need to be adjacent to it).

88. Other than information already provided regarding the Five Cabinet Secretary Offices Suites and the allowances provided for conference rooms and private offices, does any of the five Cabinet spaces require a greater proportion of floor area and support space than the others? If so, can you please provide this information?

- All five Cabinet Secretary Office Suites and the allowances for Conference Rooms and private offices are to be provided as indicated. If the space planning process requires adjustment to these quantities, an adjustment will be made to the lease agreement and lease cost. See Question #14.

89. Assuming that there was more programming information developed during the initial feasibility study phase, is this information available for distribution?

- There is no programming information that has been developed that would be applicable to this project. The tenants anticipated to become the occupants of this facility are just now being studied.

90. What is required for the data/security systems? It appears to be rough-in only per the RFP.

- No, the security systems for all exterior doors of the building and each floor of the building (stairwells and elevators) have been indicated in the RFP as being provided in this offer. This system shall be compatible with the Commonwealths Hirsch 3.5 system. Data outlets, conduit and wiring shall be provided from IT closets (two per floor, remotely located) to each office and cubical space. These are indicated in the RFP as being provided by this offer. See Questions #46, #98.

91. What are the cooling and heating temperature settings required for the spaces?

- Required space temperatures shall be 69 degrees F. (heating) and 72 degrees F. (cooling), maximum relative humidity of 55%.

92. Is there a need for any electrical sub metering in this building?

- No.

93. The RFP mentions “K” rated transformers to be used for computer circuits to minimize transients. The “K” rated transformers do nothing to minimize transients or harmonic distortion. Are harmonic mitigating transformers required for this project?

- Please delete from the RFP the requirement for “K” rated transformers.

94. Are there any heating or cooling elements of the building desired to be connected to emergency power?

- The building heating system shall be connected to the emergency power system and shall be full-operable while running on the emergency generator. The building cooling system, with the exception of electronic equipment rooms with dedicated HVAC systems, need not be operable with the emergency generator.

95. Is the IT infrastructure required to be connected to emergency power?

- Rooms housing electronic infrastructure equipment, including but not limited to VOIP phone data equipment, building automation systems, and security systems shall be on emergency power circuits. Each room have a stand-alone HVAC system that shall provide full heating or cooling, as required, and shall be operable from the emergency generator.

96. Do individual offices need to have their own thermostat or can they be grouped together with several other offices?

- Each individual office space shall have independent temperature control. Open areas shall be separate zones for spaces within ten feet (10') of an exterior wall. Otherwise, open spaces may have areas with similar occupancy and orientation controlled as a single zone.

97. Is water softening required for the hot and cold water systems of this building?

- Water softening systems will not be required for this building.

98. Is the card access system rough-in only?

- No, the card access system is to be provided at all exterior doors, at each stairwell and elevator for each floor to be controlled separately. See Questions #46, #90.

99. In the checklist of documentation/items that must be included in the Phase I submission on pages 31 and 32 of the RFP, the “\$5,000 Proposal Guaranty” is listed. However, on page 11 of the RFP, in subsection H it is indicated that the \$5,000 Proposal Guaranty is to accompany the Phase II proposals from the three short listed firms. Can you clarify when the deposit is due?

- See Question #56. The proposal guaranty is due with Phase I proposals. Please duly note this discrepancy in your copy of the RFP.

100. An anticipated schedule for the solicitation is set out on pages 9 and 10 of the RFP. The schedule calls for Phase I proposals to be submitted on August 25, 2014 with an award to be made on September 17, 2014 and a lease to be entered into that same day. Assuming the process does not proceed that quickly, rent proposals may become stale due to changes in interest rates and escalations in construction costs. How far beyond September 17 do you expect the proposed rental rates to be held firm by the proposer?

- The Commonwealth will be prepared to convey its property to the successful Offeror and execute a Lease Agreement soon after award, and in no event longer than thirty (30) days after award. Should the successful Offeror require additional time, to finalize financing for instance, such delay will be at the successful Offeror's sole risk. Page 33 of RFP states that the Phase I transmittal letter must contain following: A statement that the Offeror's proposal shall remain valid for ninety (90) days after the closing date for the receipt of proposals.

101. On page 5 of Exhibit I, the proposers are asked to include allowances for different types of interior spaces in the rent. Should individual allowances be quoted for each type of space listed or will a single lump sum allowance for all space build out be sufficient?

- Individual allowances are not necessary. The Offeror is to incorporate each type of space listed (in the quantities indicated) on their building plans. If there is to be an adjustment, the measurements will be taken from the plan to determine the square footages of the materials included in the allowances.

102. Geotechnical—A geotechnical report is currently not available. The known existence of bedrock and a minimum of two sinkholes means a geotechnical report is critical for establishing accurate site costs.

- The full geo-tech report is now expected the latter part of the week of July 21, 2014. The geo-tech report will be electronically issued by Amendment #3 to all certified participants. We apologize for the delay.

103. Operating Expenses—The RFP calls for a hybrid operating expense allocation with janitorial and utilities paid by COK and all other operating expenses paid by the developer/Offeror. The applicability of real property taxes was unclear. The lease sample in the RFP is a triple net form and is, therefore, contradictory to the RFP. At the pre-conference meeting it was stated that COK would review and clarify regarding the operating expenses. The allocation of operating expense costs may be the most significant issue associated with the RFP. Virtually no developer, lender or shareholder will assume the risk of thirty (30+) plus years of operating expense cost escalations. Clarification on this point is absolutely essential.

- The sample lease will be revised and forwarded through Amendment #3, along with geotechnical data.
- There will be no cost escalation associated with this project.

Accordingly, we respectfully request that you and your team consider extending the submission deadline by a minimum of ten (10) days while these and other points are further clarified by COK.

- We have taken this request under advisement and a decision will be made upon examination/review of the geotechnical data to be issued by the Commonwealth later this week.

End of Amendment #2 – RFP#082514