ADDENDUM ONE

Request for Proposal 20067
AIDEA Emergency Loan Guaranty Program

April 22, 2020

EMAIL TO: All RFP recipients on record.

The Request for Proposal (RFP) is hereby clarified or changed as follows:

1. Reference RFP-A Request for Proposal, Section 13.2 change the reference to Lex Sargento’s email address to asargento@aidea.org.

QUESTIONS AND ANSWERS:

2. **Q:** Define Direct Lending.
   
   **A:** Borrower to come into lending institution and complete an application. The lending institution will review information, accept application, and directly fund (qualified) borrowers with program operator capital or direct funding from AIDEA.

3. **Q:** There is confusion on SBA requirements (for similar loans) and the required Prudent Lending practices for proposed program.
   
   **A:** It is understood that loan size may be an issue for some financial institutions or customer base that is currently being reviewed. AIDEA’s concern is that there are small businesses that are just not getting access to the SBA programs, new loans, or having to go through a very long process to establish loans. AIDEA understands, in some cases, that issued loans may be structured on an unsecured basis. It is AIDEA’s hope that lending institution may have more comfort addressing a loan in an unsecured basis if there was a different source of capital, in a different defined program.

4. **Q:** Timeline is very short with RFP and concern with responders to meet those timelines.
   
   **A:** We are in a state of economic emergency and there are small businesses that are not getting access to any type of funding. Current timeline includes AIDEA’s procurement process and the time needed by engaged institutions to establish proposed program. At best, it is projected that the program would impact Alaskans by mid-May to the later part of May and possibly into June.

5. **Q:** Is this program intended only as a bridge loan for borrowers who may receive a PPP loan as additional federal funds become available?
A: No. What we are looking for is a new program to businesses that have not gained access to PPP. AIDEA is not looking to bridge the processes that are currently in place with existing PPP.

6. Q: For borrowers ineligible for a PPP loan, is the program intended to replicate the PPP’s features, including the forgiveness clause?

A: Current PPP has established a multiplier of payroll as a qualifier. It is AIDEA intention that the program be more broadly applicable. AIDEA would like to highlight that the intention is the funds go toward workforce, retention of workforce, or working capital needs of businesses.

7. Q: PPP loans are unsecured. Under Emergency Regulations, what is meant by the statement, “a participating financial institution and the authority or its subsidiary will apply the collateral requirements set out under the Paycheck Protection Program…”?

A: AIDEA would like to highlight that if we were doing a guarantee on a “back to back” (source of funding and direct lending program), AIDEA would be looking for the same obligation. With the direct lending program, we are looking to define it as “accessible” as it needs to be. We are focusing on unsecured loans.

8. Q: What are the required terms and conditions of the loans?

A: AIDEA is looking for feedback, based on institutions experience, and what is being observed with these small businesses (potential borrowers) for terms and conditions. AIDEA envisions collaboratively developing terms and conditions with program operators.

9. Q: What is the overall size of the program and what is the program’s intended source of funds?

A: AIDEA’s Resolution, approved April 9, 2020, is directly funding 25 million dollars into the Emergency Loan and Guaranty Program (ELGP) account. The funding is for what is applied for under the regulations. We are anticipating additional State and Federal funding, to augment that initial funding of the account. The total amount that in the ELGP account will be applied to the direct lending program or guarantee programs that will be established with program operator. We are currently looking to define the full amount. We will be catering different elements of direct lending to non-profit organizations and seasonal businesses. Provide, in proposals, the minimum program size required to make the program of interest.

10. Q: What obligations are there on the program administrator to review and confirm accuracy of borrowers’ use of proceeds, application data, etc?

A: AIDEA would be looking to develop with prospective program operator based off recommendations proposed in the program structure of the program. We are not looking to have the same application of the PPP program, because those are structured as a grant program. These will be loans. AIDEA would like to understand what “carve outs” would be required under proposal to be a program operator.
11. Q: What is the purpose of the language in the final bullet under **Scope of Work**: Federal Funding: Participating bank agrees to comply and ensure borrowers comply with all applicable federal and state regulations and requirements to federal funding utilized in the loan programs administered. Participating bank is responsible for any non-compliance either by the participating bank or borrower, including the return of any federal funds determined to be refundable to the federal granting agency.

A: Language is provided in the event specific conditions that are attached to the federal funding sources that AIDEA and prospective program operator would establish under the terms and conditions for direct lending program.

12. Q: Unless Congress acts to change federal law, marijuana-related businesses are a problem for banks.

A: AIDEA reviews this as access to businesses that are trying to be reached. Define the limitations.

13. Q: The Governor earlier this evening (April 21, 2020) announced his plan for allocating Alaska's share from the Federal CARES Act, which includes $300 million for small business relief via AHFC, AIDEA, and the DED: “AHFC, AIDEA, and the investments section of DCCED will temporarily bolster their existing loan programs to provide support to struggling small business.”

I am just wondering if you/AIDEA know yet how much might be allocated to AIDEA’s emergency loan and guaranty program as discussed earlier today?

A: It has not been told specifically how much will be directed towards AIDEA for this small business emergency loan and guaranty program. It is however, one of the sources, if not the primary source of funding, we were discussing for the program to be developed with the Program Operator partner.

Please see [Attachment One](#) for CARES Act Funding summary sheet.

All other terms and conditions remain the same.

**END OF ADDENDUM**

We appreciate your participation in this solicitation.

Sincerely,

Lex Sargento
Chief Procurement Officer
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907-771-3951
On March 27, 2020, Congress passed the federal act known as the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This Act includes funding for a variety of State agencies for the response and mitigation of the public health crisis. It is anticipated that this will be an iterative process, with numerous additional items forthcoming as funding opportunities arise. This package includes a variety of known items that have been received by the State. Several other items such as homeless grants, housing programs, and broadband grants will be put forward as additional federal guidance becomes clear.

**CARES Act Funding**

This funding is provided to the State for items that “are necessary expenditures incurred due to the public health crisis with respect to the Coronavirus Disease 2019 (COVID-19).”

**Commerce – Direct Municipal Relief ($562.5 million):**

- Funding will be allocated using existing state distribution methods and metrics to provide assistance to municipalities due to the COVID-19 public health crisis. This allocation is aligned with the CARES Act §601 provision that 45% of the State’s funding shall be distributed to local governments. Municipalities shall submit monthly reports to the Office of Management & Budget (OMB) that list the expenditures used to cope with the COVID-19 public health emergency.

**Commerce/AHFC/AIDEA – Small Business Relief ($300.0 million):**

- The Alaska Housing Finance Corporation (AHFC), the Alaska Industrial Development and Export Authority (AIDEA), and the Investments Section of the Department of Commerce, Community and Economic Development will temporarily bolster their existing loan programs to provide support to struggling small businesses.

**Health – Non-Profit Support ($50.0 million):**

- Basic essential human services, including, but not limited to: soup kitchens & food banks, non-residential emergency shelters, religious non-profits, homeless shelters, clothing items, and other entities supporting social welfare. No RPL is required as DHSS has adequate authorization to accept federal receipts.

**Health – Health-Related COVID-19 Costs ($337.5 million):**

- Support ongoing response and mitigation efforts with federal receipts and maintain a contingency for potential unknown impacts. No RPL required as DHSS has adequate authorization to accept federal receipts.

**Direct Agency Funding Items Included in RPL Package:**

**Education - Emergency Education Relief Funds ($48.0 million):**

- Emergency grants to Local Education Agencies that are impacted by COVID-19.

**Education – Child Nutrition Funding ($5.0 million):**

- Funding to schools and other institutions participating in the National School Lunch Program and related programs.

**Education – National Endowment for the Arts Funding ($0.4 million):**

- Grants to arts organizations, local arts agencies, and partners for emergency relief to sustain operations in response to COVID-19.

**Transportation - Federal Transit Administration Grants ($29.0 million):**

- Funds are available for operating expenses for all Federal Transit Administration 5311 recipients (non-urbanized areas) including Anchorage, Fairbanks, and the Alaska Marine Highway System.

**Transportation - Federal Aviation Administration Rural Airport System Maintenance ($49.0 million):**

- Airport Grants will be used for statewide aviation and rural airport system operating and maintenance expenses, where revenue or expenditure impacts have occurred.

**Transportation - Measurement Standards and Whittier Tunnel Support ($3.0 million):**
COVID-19 RESPONSE FUNDING
APRIL 21, 2020

- Funding for unbudgeted and unanticipated expenditures related to ensuring continuity of operations and program delivery within this appropriation.

Commerce - Economic Stimulus for Alaskan Fisheries ($100.0 million)
- Through the Federal CARES Act funding is being allocated to the National Fisheries Marine Service who will distribute funding to states to provide assistance to subsistence, charter/guide, and commercial fishery participants affected by COVID-19.

Public Safety - U.S. Department of Justice Byrne-JAG Grant ($3.6 million):
- The program provides states with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, corrections, crime victim and witness initiatives, and mental health programs.

University – Higher Education Emergency Relief Fund ($5.0 million):
- Grants directly to students and institutions impacted by the COVID-19 public health crisis.

Items Not Requiring RPL

Transportation - International Airport ($32.1 million)
- Funds will be accepted directly by the International Airport System.

Office of the Governor – Elections Support ($3.0 million)
- Funds are used to support modifications to the current elections process in light of the COVID-19 public health crisis. Authority already exists to deposit funds into the Election Fund, but a subsequent project appropriation will be required in the near future.

Commerce - Community Development Block Grants ($2.8 Million):
- Funds to alleviate the causes and conditions of poverty in communities. Sufficient prior-year funding exists to receive these federal receipts.

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*Open ended authorization allows the agencies to accept any amount of federal funds that may be received in connection to COVID-19 response.