



ADDENDUM THREE

Request for Proposal 20067

AIDEA AK CARES FUND PROGRAM

June 8, 2020

EMAIL TO: All RFP recipients on record.

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

1. Proposal Due date has now changed to June 12, 2020 at 2pm AKST

QUESTIONS AND ANSWERS:

1. **Q.** How do we identify minimum requirements outlined in RFP-A Section 13.3?
A. Offeror needs to address how they meet each bullet under minimum requirement Part C, section 1.
2. **Q.** If more than one contract is awarded is each contract going to be \$130 million?
A. All funding for the AK CARES Program is subject to allocation by DCCED from the Coronavirus Relief Fund (CRF) distribution defined under the RPL. The initial Program Operator (Credit Union 1) has received a \$150 million allocation. We are seeking additional Program Operators under this RFP Amendment 2 with a total estimated allocation of up to \$130 million. The Authority does not guarantee a minimum or maximum awarded amount. The total amount of the potential contracts to be awarded under this RFP Amendment 2 is not anticipated to exceed \$130 million.
3. **Q.** Is there a possibility that the terms of the RPL will change for the second tranche?
A. The RPL has been adopted by HB313, which was signed into law by the governor on May 22, 2020. It is unlikely that the RPL wording will be changed by the legislature. However, the interpretation of the RPL text for the second tranche is under review; it has not been defined as of the date of issuing the amended RFP, and as such the Authority is requesting proposals subject to final program guidelines being provided prior to implementation of the program by Program Operator. If there is a change to its interpretation, it is anticipated that the changes will not materially alter the Addendum 2 RFP, covering the implementation of a grant program for Alaska based small business relief and related scope of work.
4. **Q.** The sample Agreement (AK CARES Program Grant Administration Agreement) references Operating Procedures and Program Guidelines, are these available to review?
A. The language of the Operating Procedures between AIDEA and Program Operator is, in principle, included in the Scope of Work section 2 bullet points.



5. **Q:** Is there a reasonable chance that a bid is awarded and there would be subsequent changes to the RPL that would allow for a wider eligibility criteria?
A: At this time it is not anticipated that any changes would take place to the wording of the RPL, which has the same effect as any Alaska law.
6. **Q:** Will the Grant Agreement be available for review?
A: A copy of the Grant Agreement will be made available.
7. **Q:** What volume is currently being processed by the initial Program Operator?
A: The AK CARES program opened for applications on June 1, 2020. As of close of business on June 4, 2020, the initial Program Operator has reported receiving 1,046 applications for grants totaling \$44.9 million. Grant applications are matching our early expectation of between \$30,000 to \$50,000 in eligible expenses per applicant business. We anticipate that there are in excess of 5,000 Alaska based small businesses which have not been able to access or qualify for SBA PPP funding.
8. **Q:** How will we know if an applicant has applied with another vendor?
A: One of the benefits we are seeking to achieve from additional Program Operator(s) is to help expedite the processing time for grant applicants. The Operating Procedures for the Program queue will need to be satisfactorily defined/coordinated between AIDEA, the initial Program Operator and the Program Operator(s) awarded under this RFP Amendment 2.
9. **Q:** What was the forecasted participation for eligible businesses that have 1-50 employees within the State of Alaska?
A: Based on census data and statistics provided by the Department of Labor & Workforce Development for 2019, there are between 14,431 and 15,572 businesses licensed in Alaska with less than 50 employees. Of this number, approximately 4,408 businesses are based in rural communities within Alaska. Additionally, there are over 57,000 sole proprietorships licensed within the state.

We note that the latest available SBA statistics (dated 6/07/2020) show 10,265 Alaska businesses approved for SBA PPP funding. Therefore, the forecasted participation in AK CARES has been between 5,000 to 7,000 Alaska licensed businesses with an average grant application of between \$30,000 to \$50,000.

10. **Q:** Is the borrower attesting that they did not get an EIDL or federal funding enough verification for the program, or is it up to the Program Operator to verify?
A: The application process currently in place requires the applicant to state yes or no whether it has received a Small Business Administration (SBA) Paycheck Protection Program loan (PPP), an SBA Economic Injury Disaster Loan (EIDL), or other federal program funding under the CARES Act. By signing the application, the applicant is certifying that the information submitted in the application is true and correct to the best of their knowledge. The Operating Procedures do not require the Program Operator to verify an applicant's answer to this question in the application. Grants remain subject to audit and grantees remain liable to the state for the misuse of funds or misrepresentation of information.



11. **Q:** Is the amended RFP intended to identify program operators to operate under existing guidelines and procedures or is the intention of the RFP to locate program operators different from the existing program?

A: The intention is to add additional capacity to process grant applications for the AK CARES program using the CRF and providing small business relief to Alaska-based businesses. The final program guidelines will be defined by DCCED before implementing the second phase of the program. We seeking to receive bids from those parties that have the systems, operational capacity, and interest to work with AIDEA and DCCED in providing an equal access/non-preferential small business relief grant program to Alaska's businesses based upon principally the same forms of agreements and procedures as established for the initial phase of the program.

12. **Q:** Will AIDEA be the bank's customer and will there only be one deposit account?

A: As defined within the AK CARES Program Grant Administration Agreement, AIDEA will establish a deposit account with the Program Operator to be used to fund grants awarded under the program through the Program Operator.

The disbursement of grant funds to applicants takes the form of checks written to an applicant's vendors for eligible expenses, as well as potentially a deposit of a portion of the funding into an applicant's account with the Program Operator. The program Operating Procedures may be amended to work with the specific requirements of the awarded Program Operator. We ask that you please identify any limitations in your services to applicants, if any, in your bid response. However, please keep in mind that the program requires equal/non-preferential access by grant applicants.

13. **Q:** Any interest generated under AIDEA's AK CARES account, would that be the interest of AIDEA?

A: It would be the interest earned of the federal funding that is coming into the program and that would be utilized to cover some of the expenses for the program as required by the CRF.

14. **Q:** Deposit account typically carries a deposit contract, is there an agreement in place with the current Program Operator?

A: There is a Security Agreement in place on the account with the current Program Operator related to deposits. The Authority's preference is for a control agreement to be established for the Authority's deposit of CRF.

15. **Q:** Program Operator will verify expenses of the Grantee and will provide payment to the Grantee. Will future expenses of the Grantee be paid directly by the Program Operator to the vendor or contractor of the Grantee?

A: The grant and vendor payments are funded upon signing of the grant agreement. Vendor payments for expenses are part of the controls of the program. A portion of the funding may also be paid directly to the applicant.

16. **Q:** Clarify the meaning of "Approving Program Operator official will be subject to approval by AIDEA and DCCED"?

A: It identifies the principal contact at the respective institution.



17. **Q.** Is there a time frame for when the program guidelines will be finalized with potential changes to the RPL for the second tranche?
A: Please see responses to questions 3 and 5 above.
18. **Q.** Is 2.62 percent the highest that the Program Operator can bid?
A: The RFP Amendment 2 allows a bidder to propose a higher processing fee. However, the Authority is looking for additional Program Operators to match or do better than the current 2.62 percent processing fee due to the funding, operating procedures, program framework, and agreement structure already defined for the grant program. Please be aware that pricing is a higher evaluation criteria in this RFP Amendment 2.
19. **Q.** RFP Part C (Criteria Form) is there more than two pages?
A: No, Part C should be two pages.
20. **Q.** Is there a price proposal form?
A: No, please reference Part C, Criteria 2, All-in program administration cost.

Please see **Attachment One** for AK CARES Funding Program Grant Agreement.

All other terms and conditions remain the same.

END OF ADDENDUM

We appreciate your participation in this solicitation.

Sincerely,

Lex Sargento
Chief Procurement Officer
asargento@aidea.org
907-771-3951



DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

AK CARES FUNDING PROGRAM
 Small Business Relief Program
 Grant Agreement

Grant Agreement Number		Amount of Federal Grant
Program Operator & Contact Information [INSERT INFO]	Lapse Date December 31 2020	Title AK Cares Funding Program (AK CARES)
Grantee		
Business Legal Name of Grantee	DBA or Tradename (if applicable)	
Business TIN (EIN or SSN)	Principal Business Address	
Type of Tax Exempt Status (501(c)(3) or 501(c)19)	DUNS # for non-profit entity	
Contact Person Name	Contact Person Phone (CFO, Executive Director or similar position)	
Contact Person Email	Business Mailing Address (city, state, zip)	
Grantee Fiscal Year End	Facsimile Number	
	CFDA Number(s) for federal funds disbursed to Grantee 21.019	

AGREEMENT

The Alaska Department of Commerce, Community, and Economic Development (hereinafter 'Department') and **Insert Business Legal Name** (hereinafter 'Grantee') agree as set forth herein.

Section I. The Department shall facilitate the payments to or on behalf of the Grantee as identified under the terms outlined in this Agreement. The amount of the grant is based upon expenses incurred or expected to be incurred, which are authorized under this Agreement. In no event shall the payment exceed **\$ Insert total amount of grant**.

Section II. For the purposes of this Agreement, Eligible Expenses shall mean only those necessary expenses incurred or expected to be incurred as a result of the public health emergency stemming from the Coronavirus Disease 2019 (COVID-19) (i) incurred during the period March 11, 2020 through the application date and (ii) incurred within eight weeks after the application date but no later than December 30, 2020, and of the following type:

- Payroll costs and expenses;
- Any short term (less than 24 months) or credit card debt incurred by the applicant to support the applicant's business during the emergency, provided the debt was incurred during the above referenced period;
- Rent or mortgage payments (unless otherwise waived by lessor/lender);
- Utilities payments;
- Purchase of personal protective equipment required by the business;
- Business related equipment; and
- Expenses incurred to replenish inventory or other necessary re-opening expenses.

Section III. The Grantee may only use the funds provided under this Agreement to pay Eligible Expenses. Unexpended funds must be returned to the Department on or before March 1, 2021.

Section IV. The Agreement consists of this page and the following:

	<u>ATTACHMENTS</u>		<u>AMENDMENTS</u>
Attachment A:	Scope of Grant		Any fully executed amendments to this Agreement
Attachment B:	Payment Method		
Attachment C:	Standard Provisions		<u>APPENDIX</u>
			Appendix A: State Laws and Regulation

Grantee	Program Operator
Authorized Signatory of Grantee	Signature
Printed Name and Title	Printed Name and Title
Date	Date

Reviewed by: _____

Attachment A Scope of Grant

1. Authorized Use of Grant Funds

The purpose of this grant (the “Grant”) is to provide Grantee with funding available under the AK CARES Funding Program (“AK CARES”), to pay certain expenses as authorized under AK CARES.

Expenditures must be used for actions taken to respond to the public health emergency declared by the Governor on March 11, 2020. Such actions may include expenditures incurred to allow Grantee to respond directly to the emergency, such as the payment of costs and expenses incurred due to business interruptions due to COVID-19-related business closures.

Funds received under this Grant may be used by the Grantee to pay or cause to be paid the following COVID-19 emergency related Eligible Expenses, and no other:

- Payroll costs and expenses;
- Any short term (less than 24 months) or credit card debt incurred by the applicant to support the applicant’s business during the emergency, provided the debt was incurred during the above referenced period;
- Rent or mortgage payments (unless otherwise waived by lessor/lender);
- Utilities payments;
- Purchase of personal protective equipment required by the business;
- Business related equipment; and
- Expenses incurred to replenish inventory or other necessary re-opening expenses.

The funding received under this Grant shall be used for no other purpose.

2. Grant Compliance

Funds must be expended in compliance with federal and state law, including, without limitation, Section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), House Bill 313, adopted May 20, 2020 by the Alaska Legislature, and RPL #08-2020-0251 (“Program Guidelines”) (available here:

http://www.akleg.gov/basis/get_documents.asp?session=31&docid=71960). The Grantee will also comply with the latest version of AK Cares Funding FAQ (available here:

<https://www.commerce.alaska.gov/web/ded/AKCARESGrant/FAQ.aspx>) and any amendments thereto.

The Grantee understands and agrees that if it submits any false, inaccurate or incomplete information with respect or in any way connected to this Grant Agreement it will be required to immediately repay the Department all grant proceeds received by Grantee under this Grant. Grantee is also subject to possible prosecution for fraud and misrepresentation, as well as other claims or causes of action as may be permitted under state and/or federal law.

3. Grant Budget

[placeholder for listing of payments for grantee’s expenses]

4. Grant Management

The Grantee must establish and maintain separate accounting for the use of the Grant proceeds in accordance with the requirements of the Department. The use of Grant funds in any manner contrary to the terms and conditions of this Grant Agreement may result in the subsequent revocation of the Grant. In such event, no further grant funds will be disbursed to Grantee, and Grantee may also be required to return to the State all grant funds paid to Grantee.

Attachment B Payment Method

1. Payments to Grantee

The Program Operator may disburse funds directly to the Grantee sufficient to reimburse Grantee for verified Eligible Expenses paid by Grantee, or Eligible Expenses to be paid by Grantee in accordance with this Grant Agreement and Program Guidelines. The Program Operator will not disburse funds to the Grantee without sufficient documentation of the expenses, which must be provided by the Grantee to Program Operator. The total amount of Eligible Expenses which cannot be verified or funded through controlled disbursement will not exceed twenty-five percent (25%) of the total amount.

2. Payment to Vendors

The Program Operator may make direct payments to Grantee's vendors or creditors to pay Eligible Expenses. The Program Operator will not make payments to vendors without an approved Schedule of Eligible Expenses, prepared and submitted by the Grantee. Before approving the Schedule of Eligible Expenses for payment, the Program Operator may require the Grantee to submit documentation of the vendor charges (e.g., copies of vendor billings/invoices, contracts, purchase orders, etc.).

3. Return of Unused Grant Funds

Should actual Eligible Expenses paid during the term of this Grant Agreement total less than the full amount of the Grant, the Grantee will repay or return the unexpended amount to the Department when requested to do so by the Department, or on March 1, 2021, whichever first occurs.

Attachment C Standard Provisions

Article 1. Definition

“Department” refers to the Department of Commerce, Community, and Economic Development with the State of Alaska.

Article 2. Indemnification

It is understood and agreed that this Grant Agreement is solely for the benefit of the parties to the Grant Agreement and gives no right to any other party. No joint venture or partnership is formed as a result of the Grant Agreement.

The Grantee, its successors and assigns, will protect, save, and hold harmless the Department, the State of Alaska, and Program Operator, and their authorized agents and employees, from all claims, actions, costs, damages, or expenses of any nature whatsoever by reason of the acts or omissions of the Grantee, its subcontractors, assigns, agents, contractors, licenses, invitees, employees, or any person whomever arising out of or in connection with any acts or activities authorized by this Grant Agreement. The Grantee further agrees to defend the Department and the State of Alaska and their authorized agents and employees in any litigation, including payment of any costs or attorney’s fees for any claims or actions commenced thereon arising out of or in connection with acts or activities authorized by this Grant Agreement. This obligation shall not include such claims, costs, damages, or expenses which may be caused by the sole negligence of the Department, the State of Alaska, Program Operator or their authorized agents or employees, provided, that if the claims or damages are caused by or result from the concurrent negligence of (a) the Department, the State of Alaska, and Program Operator and their agents or employees, and (b) the Grantee, its agents or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Grantee, or Grantee’s agents or employees.

Article 3. Legal Authority

The Grantee certifies that it possesses legal authority to accept grant funds from the State of Alaska and to execute this Grant Agreement by signing the Grant Agreement document. The Grantee’s relation to the Department and the State of Alaska shall be at all times as an independent contractor.

Article 4. Waivers

No conditions or provisions of this Grant Agreement can be waived unless approved by the Department in writing. The Department’s failure to insist upon strict performance of any provision of the Grant Agreement, or to exercise any right based upon a breach thereof, or the acceptance of any performance during such a breach, shall not constitute a waiver of any right under this Grant Agreement.

Article 5. Access to Records

The Department and duly authorized officials of the State of Alaska and their authorized agents and employees shall have full access and the right to examine, excerpt, or transcribe any pertinent documents, papers, records, and books of the Grantee, and of persons or organizations with which the Grantee may contract, involving transactions related to this Grant Agreement.

Article 6. Reports

The Grantee, at such times and in such forms as the Department may require, shall furnish the Department with such reports as it may request pertaining to this Grant Agreement.

Article 7. Retention of Records and Audit

The Grantee shall retain financial and other records relating to the performance of this Grant Agreement for a period of six (6) years from the date when the final financial status report is submitted to the Department, or until final resolution of any audit findings, claims, or litigation related to the grant.

If Grantee is a non-profit entity, Grantee shall comply with the audit guidelines under US Office of Management and Budget, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, including, without limitation, Subpart F which provides:

The expenditure of funds of \$750,000 or more in a fiscal year in federal funds from all sources, direct and indirect, are required to have an audit conducted in accordance with 2 CFR Part 200. Audits of non-profit organizations are to be conducted by certified public accountants selected by the Grantee in accordance with 2 CFR Part 200. Grantee shall include the above requirements in any Subgrants/subcontracts.

Article 8. Recordkeeping

The Grantee agrees to keep such records as the Department may require. Such records will include information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays and income. They will also include information pertaining to grant performance and efforts to comply with the provisions of the Grant Agreement.

Article 9. Personal Information

Communications regarding this Grant with the Departments and its authorized agents are considered part of the public record and may be subject to disclosure under AS 40.25.110 – 40.25.120. Personal information is governed by AS 40.25.300 – 40.25.350, which requires notice when collecting personal information that may become part of the public record.

Article 10. Assignability

The Grantee shall not assign any interest in this Grant Agreement and shall not transfer any interest in the same (whether by assignment or novation).

Article 11. Amendments and Modifications

The Grantee or the Department may request an amendment or modification of this Grant Agreement. However, such amendment or modification shall not take effect until approved, in writing, by the Department and the Grantee.

Article 12. Obligations Regarding Third-Party Relationships

No permission for subcontracting shall create, between the Department or the State of Alaska and the subcontractor, any contract or any relationship.

Any subcontractor that is not the Grantee shall be required by the Grantee to comply with all the provisions of this Grant Agreement.

The Grantee shall bind all subcontractors to each and every applicable Grant Agreement provision. Each subcontract for work to be performed with funds granted under this Grant Agreement shall specifically include a provision that the Department and the State of Alaska are not liable for damages or claims from damages arising from any subcontractor's performance or activities under the terms of the subcontracts.

Article 13. Conflict of Interest

No officer or employee of the Department shall have any direct personal or pecuniary gain or interest in any contract, subcontract, or the proceeds thereof, for work to be performed in connection with the project assisted under this Grant Agreement. No member of or delegate to Congress or the Legislature, or officials or employees of the Federal Government may share any part of any benefit arising from this Grant Agreement.

Article 14. Notices

The Grantee shall comply with all public notices or notices to individuals required by applicable state and federal laws and shall maintain a record of this compliance.

Article 15. Prohibition against Payment of Bonus or Commission

The assistance provided under this Grant Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining approval or concurrence under this contract provided, however, that reasonable fees of bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as eligible costs.

Article 16. Tax Compliance

The Grantee is responsible for determining its applicable tax requirements, and complying with all applicable tax requirements. The Department or its agents may issue an IRS Form 1099 for any grant funds transferred. The Department may consider the non-payment of any taxes due by the Grantee a breach of contract. Under this agreement, such an occurrence may result in the termination of this Grant Agreement.

Article 17. Termination by Mutual Agreement

This Grant Agreement may be terminated, in whole or in part, prior to the completion of the Grant period when both parties agree that continuation is not feasible or would not produce beneficial results commensurate with the further expenditure of funds. The parties must agree on the termination conditions, including effective date and the portion to be terminated. The Department shall make funds available to the Grantee to pay for allowable expenses incurred before the effective date of termination.

Article 18. Termination for Cause

If the Grantee fails to comply with the terms of this Grant Agreement, or fails to use the Grant for only those purposes set forth herein, the Department may take the following actions:

- A. Suspension – After notice in writing by certified mail to the Grantee, suspend the Grant and withhold any further payment or prohibit the Grantee from incurring additional obligations of grant funds, pending corrective action by the Grantee or a decision to terminate. Response must be received within fifteen (15) days of receipt of the written notice.
- B. Termination – Terminate the Grant in whole or in part, at any time before the final grant payment is made. The Department shall promptly notify the Grantee in writing of its determination to terminate, the reason for such termination, and the effective date of the termination. Payments made to the Grantee or recoveries by the Department shall be in accordance with the legal rights and liabilities of the parties.

Article 19. Recovery of Funds

In the event of a default or violation of the terms of the Grant Agreement by the Grantee, the Department may institute actions to recover all or part of the Grant funds paid to the Grantee. Repayment by the Grantee of grant funds under this recovery provision shall occur within thirty (30) days of demand.

All remedies conferred on the Department by this agreement or any other instrument or agreement are cumulative, not exclusive, and may be exercised concurrently or consecutively at the Department's option.

Article 20. Disputes

Except as otherwise provided in this agreement, any dispute concerning a question of fact arising under this agreement that is not disposed of by mutual agreement shall be decided by litigation before the State Courts of the State of Alaska.

Article 21. Governing Law

This Grant Agreement shall be governed by the laws of the State of Alaska and any federal laws and regulations pertaining to the Coronavirus Relief Funds.

Article 22. Severability

If any provision under this Grant Agreement or its application to any person or circumstance is held invalid by any court of rightful jurisdiction, this invalidity does not affect other provisions of the contract agreement which can be given effect without the invalid provision.

Article 23. Performance

The Department's failure to insist upon the strict performance of any provision of the Grant Agreement or to exercise any right based upon breach thereof or the acceptance of any performance during such breach shall not constitute a waiver of any rights under this Grant Agreement.

Article 24. Designated Agents of the Department

The Department has designated the Alaska Industrial Development and Export Authority (AIDEA) to structure AK CARES. AIDEA on behalf of the Department has appointed [] to assist as Program Operator for AK CARES. All questions or comments regarding this Grant Agreement should be addressed to the Program Operator, at the address specified above.

Appendix A State Laws and Regulations

Grantee is responsible for all applicable state laws, regulations; including but not limited to the following.

1. Restriction on Use—AS 37.05.321

A grant or earnings from a grant under AS 37.05.315 - 37.05.317 may not be used for the purpose of influencing legislative action. In this section “influencing legislative action” means promoting, advocating, supporting, modifying, opposing, or delaying or seeking to do the same with respect to any legislative action but does not include the provision or use of information, statistics, studies, or analyses in written or oral form or format. A grant or earnings from a grant made under AS 37.05.315 - 37.05.317 may not be used for purposes of travel in connection with influencing legislative action unless pursuant to a specific request from a legislator or legislative committee.

2. **RPL #08-2020-0251 (“Program Guidelines”)** as adopted by HB313 (available here: http://www.akleg.gov/basis/get_documents.asp?session=31&docid=71960)