

**United States Department of the Air Force
Air Force Center for
Environmental Excellence
(AFCEE)
Housing Directorate,
Privatization (HDP)**



Privatization of Military Family Housing

Housing Privatization Web Site Revision Ledger

AFCEE/HDP

2735 Louis Bauer Drive

Brooks City-Base, Texas 78235-5133

(210) 536-3496

(210) 536-9004 Fax

240-3496 DSN

For Questions Regarding this Ledger Please Contact: afcee.hdp.generics@brooks.af.mil

HOUSING PRIVATIZATION WEB SITE REVISION LEDGER

July 2004

This AFCEE Housing Privatization Web Site Revision Ledger (“Ledger”) documents the approved, significant changes that have been incorporated into the Generic RFP and Appendices since the documents were last posted on the AFCEE Privatization Web site. Updates to this Ledger appear in numerical order and by date.

[May 20, 2003, Revisions, Numbers 1-60](#)

[November 6, 2003, Revisions, Numbers 61-85](#)

[January 20, 2004, Revisions, Numbers 86-144](#)

[February 13, 2004, Revisions, Numbers 145-149](#)

[March 4, 2004, Revisions, Numbers 150-153](#)

[May 25, 2004, Revisions, Numbers 154-155](#)

[June 7, 2004, Revisions, Numbers 156-157](#)

[July 1, 2004, Revisions, Numbers 158-221](#)

May 20, 2003, Revision, Numbers 1-60

1. RFP General Comment

Throughout the entire RFP where an appendix is referenced, it should be referenced as follows:

General Concept Map (Appendix C)
Lease of Property (Appendix U)

i.e., the full and correct name of the Appendix followed by the “Appendix [appendix letter]” in parenthesis as written = General Concept Map (Appendix C). This should be consistent throughout the RFP.

2. RFP General Comment

Any references to the housing units should be referenced as XXX units (three Xs). Any references to amount of years should be referenced as XX years (two Xs). Anything other than these listed references is incorrect.

3. RFP §1.2 Housing Goal

Insert the word “secure,” after the word “safe,” in the first sentence of this section. The sentence should read as follows:

The goal of the **Basename** Air Force Base (AFB) privatization initiative is to provide its military families access to safe, secure, quality, affordable, well-maintained housing in a military community where they choose to live.

4. RFP §1.31. Project Concept

Insert the word “located” before the words “in Parcel B” and the words “in Parcel C” in the second sentence of the second paragraph. The second sentence of the second paragraph should read as follows:

The privatized units shall consist of the **XXX** existing units located in Parcel A, the **XXX** units located in Parcel B, and the **XXX** units located in **Parcel C [add reference to New Land Units if applicable]**, as described in Section 2.0, Existing Conditions.

5. RFP §2.2 Parcel A

The word “bound” should be replaced with the word “binds” in the first sentence of this section. This sentence should read as follows:

Parcel A, is located **north** of **Street Name** in **Parcel** County, as generally shown at General Concept Map (Appendix C) and more specifically shown in the Map of Leased Property (Exhibit B in Appendix U). **Civilian housing to the north/south/east/west** binds this parcel.

6. RFP §3.2.1 Legal Instruments

The reference to Appendix U in bullet 2 is incorrect. The Quitclaim Deed or Bill of Sale is Appendix V. Bullet 2 should read as follows:

- Quitclaim Deed or Bill of Sale (Appendix V)

7. RFP §3.2.3.3 Government Direct Loan

The first paragraph of this section has many changes. It should read as follows:

The Government may provide a direct permanent loan to the SO in support of this project. Should the Offeror believe that the Government Direct Loan is necessary, the Offeror shall justify the use of said loan. Offerors proposing to use Direct Loans should consider multiple disbursements of the loan to reduce the Government’s financial participation. If multiple disbursements are proposed, the Offeror must comply with the requirements in the Forward Commitment (Appendix M) for each disbursement phase.

8. RFP §3.2.3.4 Government Limited Loan Guarantee

The second sentence (“The Offeror may justify the use of the Government Loan Guarantee by presenting alternative scenarios that demonstrate the most cost-effective use of available funds”) should be removed from this section.

9. RFP §3.2.5.4 Replacement Reserve Account

The second sentence of this section should be revised to read as follows:

The purpose of this escrow account, including all interest thereon, shall be to ensure capital repair and replacements.

10. RFP §3.2.5.9 Reinvestment Account

Insert the phrase “, after issuance of the Final Certificate of Occupancy” at the end of the last sentence of this section.

11. RFP §3.3.4.2 Land Use Requirements and Restrictions

Replace the word “guidelines” with the word “requirements” in the first sentence of this section.

12. RFP §3.3.5.2.3 General Officer Quarters (GOQ) Standards

The first paragraph of this section contains several revisions and should read as follows:

The SO shall design and construct ~~XXX~~ General Officer Quarters (GOQs) at ~~Basename~~ AFB, ~~Basestate~~. The design shall be in conjunction with local architectural and climatic conditions. (Refer to Technical References (Appendix F).) The construction of any new General Officer Quarters shall be complete and ready for occupancy prior to the demolition of the existing General Officers Quarters.

13. RFP §3.3.7 Conveyed Utilities and Infrastructures

The fourth sentence in the second paragraph of this section should be revised to read as follows:

All costs to install new utility services or to relocate existing utility services shall be the responsibility of the SO.

14. RFP §3.4.5 Capital Repair and Replacement Plan

The entire second paragraph of this section should be deleted.

15. RFP §4.3.9 Loan Justifications

The second and third sentences of this section should be removed. The section should read as follows:

Should the Offeror believe there is an absolute necessity to utilize either the Government Direct Loan or the Government Limited Loan Guarantee, the Offeror shall justify the use of either loan. The Offerors shall estimate and submit the Scored Amount of their proposal, carefully considering the best possible means of minimizing long-term risk and costs to the Government by leveraging funding for the project through a financial strategy that maximizes the use of private funding to support the development while minimizing the Scored Amount.

16. RFP §4.15.2.1 Subfactor 2.1: Credit References

The last sentence of this section should read as follows:

The Offeror shall discuss and show evidence of the Offeror's ability to retire mortgage debt in excess of \$10 million.

17. RFP §4.15.2.3 Subfactor 2.3: Preliminary Pro Forma

This entire section should be deleted and the following sections and subfactors renumbered.

18. RFP §5.2 Evaluation Factors and Subfactors and Their Relative Order of Importance

The third paragraph should read as follows:

In Step Two, three factors will be used in this evaluation: Factor 1 (Financial), Factor 2 (Design and Construction), and Factor 3 (Property Management). In Step Two, Factor 1 (Financial) is the most important factor and Factor 2 (Design and Construction) and Factor 3 (Property Management) are of equal importance. In Step Two those subfactors listed under Factor 1 (Financial) are of equal importance. Further, Subfactors 2.1 and 2.2 listed under Factor 2 (Design and Construction) are equal in importance, but more important than Subfactor 2.3. Subfactors 3.1 to 3.6 listed under Factor 3 (Property Management) are of equal importance.

19. RFP Table 13 – Evaluation Factors and Subfactors – Order of Importance

Under the column entitled Factors/Subfactors, Volume I Qualifications Subfactor 1.2 should be revised as follows:

Subfactor 1.2: Key Personnel and Management Approach

The reference to Subfactor 2.3 Preliminary Pro forma should be removed.

20. RFP §5.6.2.2 Subfactor 2.2: Financial Statements

This section should be revised to read as follows:

This subfactor has been met when the Government has determined that the Offeror is financially sound. The Government shall make this determination by utilizing the required financial statements, as well as commercially acceptable financial analytical techniques, including, but not limited to, the Altman Z-Score. In addition, the Government must determine that any adverse information, such as litigation, disputes, claims, etc., has been resolved, or it will not negatively impact this project.

21. RFP §5.6.2.3 Subfactor 2.3: Preliminary Pro Forma

This entire section should be removed and the remaining sections and subfactors renumbered.

22. RFP §5.6.5.2 Subfactor 1.2: Financial Strategy

Insert the phrase “the Government Direct Loan” before the phrase “does not finance credit support” in the first bullet of this section.

23. Glossary (Appendix A)

Insert the following definitions into this appendix:

Additional Rent

All sums payable by the Lessee to the Government under the Lease of Property, including any and all charges or other amounts which Lessee is obligated to pay the Government under the Lease of Property, other than Base Rent. All items of reimbursement, such as reimbursement for police and fire protections services provided by the Government, not otherwise payable as Base Rent shall be deemed Additional Rent. For the purposes of the Lease of Property, Base Rent and Additional Rent shall sometimes be collectively referred to as "Rent."

Base Rent

The consideration the Lessee is required to pay to the Government for the entire lease term, the receipt and sufficiency of which is acknowledged by the Government. The consideration shall include a nominal cash rent in the amount of ONE DOLLAR (\$1.00), and other good and valuable consideration as provided in the Lease of Property. For the purposes of the Lease of Property, Additional Rent and Base Rent shall sometimes be collectively referred to as "Rent."

24. Glossary (Appendix A)

Delete the sentence "Also referred to as the "SA" at the end of the definition for Selection Authority.
Insert the "SA" after the term "Selection Authority."

25. Utility Sales Rates (Appendix E)

Change "AFI 32-1061" to "Air Force Instruction (AFI) 32-1061" in the Note of item 1.

26. Technical References (Appendix F)

Place an "s" at the end of the word "survey" in item 13.

27. Technical References (Appendix F)

Change "AFI" to "Air Force Instruction (AFI)" in item 14.

- 28. Non-Disclosure Agreement (Appendix I), ¶14**
Delete the words “or delayed” from the second sentence.
- 29. Mandatory Forms (Appendix K)**
See page K-2, second bullet. Change “BAH revenues” to “Basic Allowance for Housing (BAH) revenues.”
- 30. Mandatory Forms (Appendix K)**
See page K-2, seventh bullet. Change “Property taxes IAW paragraph 3.2.4 of the RFP” to “Property taxes IAW § 3.2.4 of the Request for Proposal (RFP).”
- 31. Mandatory Forms (Appendix K)**
See page K-8, Reconciliation of Project Costs. Change “(From Page K-8)” to “(From Page K-7).”
- 32. Environmental Considerations Checklist (Appendix L), § 4.1 Clean Water Act**
Revise the first bullet so that it reads as follows:

Determine whether the proposed site is located in jurisdictional waters of the United States (Section 404).
- 33. Environmental Considerations Checklist (Appendix L), § 4.1 Clean Water Act**
Insert “Determine whether the proposed site contains wetlands” as the second bullet.
- 34. Environmental Considerations Checklist (Appendix L), § 4.4 Hazardous Materials**
Revise the first bullet so that it reads as follows:

“Determine whether the proposed site is listed as an EPA Superfund site.”
- 35. Environmental Considerations Checklist (Appendix L), § 4.8 Land Use**
See the first bullet. Change “historic” to “historical.”
- 36. Forward Commitment (Appendix M), § 1 Definitions**
Insert the following definition into this section after the definition for “Guaranty Agreement”:

‘Land’ means the real estate located off the Installation which the Project Owner is developing as part of the Project.

37. Forward Commitment (Appendix M), Attachments

See page M-13. The title of Exhibit H should read as follows:

Exhibit H. Form of Intercreditor Agreement or Lockbox Agreement

38. Lockbox Agreement (Appendix Q), § 7.08 (c)(iv) Lockbox Agent to Provide Records, Accounts, and Reports

Insert the words “in order” at the beginning of this sentence. See below.

...the Government shall select all information and supporting documentation which:

(iv) The Government needs in order to assess the financial condition, performance, occupancy, physical condition, maintenance, and operational status of the Project.

39. Lockbox Agreement (Appendix Q), § 8.01 Notices

Change the zip code for the Pentagon to 20330.

40. Loan Guaranty Agreement (Appendix R), ¶ 13 (a)

As the term “Monthly Shortfall Payments” is a defined term in the definitions and is followed by the parenthetical (MSP), the document should be revised to replace all instances of “Monthly Shortfall Payments” with “MSP,” where appropriate.

41. Guaranteed Lender Eligibility Form (Appendix T), I. General Information

Delete the word “specify” at the end of the parenthetical and reinsert it in front of “Commercial Bank” in Item 6.

42. Guaranteed Lender Eligibility Form (Appendix T), VII. Statement of Certification

Insert the word “obtained” in front of the phrase “directly from DoD” in Item 1. This item should read as follows:

Has the lender read all loan documents relating to the DoD’s Military Housing Loan Guaranty provided with this solicitation or obtained directly from DoD?

43. Guaranteed Lender Eligibility Form (Appendix T), VII. Statement of Certification

Insert the word “and” in the fourth line in Item 14, so that the item reads as follows:

... character of business, and status as an approved lender in any federal loan or loan guaranty programs?

44. Guaranteed Lender Eligibility Form (Appendix T), Instructions For Completion Of The Guaranteed Lender Application Form

See Part VI, Mortgage Lending Procedures and Internal Control. Item 1 should read as follows:

If more than one loan servicing system is used, list all and explain the purpose of each system.

45. Lease of Property (Appendix U), Condition 4 Rent

Revise § 4.1 to read as follows:

4.1. Base Rent. The Lessee shall pay to the Government nominal cash rent in the amount of ONE DOLLAR (\$1.00) for the entire lease term, the receipt and sufficiency of which is hereby acknowledged, and provide other good and valuable consideration as hereinafter provided herein.

4.1.1. Additional Rent. All sums payable by the Lessee to the Government under this Lease, which shall include any and all charges or other amounts which Lessee is obligated to pay Government under this Lease, other than Base Rent, including but not limited to all items of reimbursement, such as reimbursement for police and fire protections services provided by the Government, not otherwise payable as Base Rent shall be deemed Additional Rent. For the purposes of this Lease, Base Rent and Additional Rent shall sometimes hereinafter be collectively referred to as "Rent."

4.1.2. Late Charges and Default Interest. If any installment of Base Rent or Additional Rent is not paid within five (5) business days after the due date, then, in consideration of Landlord's additional expense caused by such failure to pay such sums, such arrearage shall bear a late charge equal to five percent (5%) of the amount due, and such amount shall be payable without demand simultaneously with the rent arrearage, and such Base Rent or Additional Rent which is not paid within five (5) business days after the same is due shall bear interest from the due date at the Default Rate (as defined herein) until paid.

46. Lease of Property (Appendix U), Condition 7, Default, Remedies, and Termination

Revise § 7.1.1 and § 7.4.5 to reflect a 90-day cure period for default instead of the 30-day period.

47. Lease of Property (Appendix U) § 10.13

In the second sentence of § 10.13, the phrase “from time to time as may be required” should be changed to “as required.” See below.

February 2003 version:

10.13. The Lessee shall have a completed and approved plan prior to commencement of operations on the Leased Premises for responding to hazardous waste, fuel, and other chemical spills. Said plan shall comply with all applicable requirements and shall be updated **from time to time as may be required** to comply with changes in site conditions or applicable requirements and shall be approved by all agencies having regulatory jurisdiction over such plan. The plan shall be

May 2003 Revision:

10.13. The Lessee shall have a completed and approved plan prior to commencement of operations on the Leased Premises for responding to hazardous waste, fuel, and other chemical spills. Said plan shall comply with all applicable requirements and shall be updated **as required** to comply with changes in site conditions or applicable requirements and shall be approved by all agencies having regulatory jurisdiction over such plan. The plan shall

48. Lease of Property (Appendix U) § 11.1

Change line 2 to read “. . . keep them in good working order. . .”

Revise line 6 as follows:

11.1. The Lessee, at no expense to the Government, shall at all times protect, preserve, maintain, and repair the Leased Premises, and all improvements located thereon, and keep them in good order and condition. The Lessee shall at all times exercise due diligence in protecting the Leased Premises, and all improvements located thereon, against damage or destruction by fire and other causes, subject to the applicable provisions of Conditions 10, 15, and 17. The Leased Premises and all improvements thereon shall at all times be maintained in an acceptable, safe, and sanitary condition in accordance with this Lease and the Operating Agreement.

49. Lease of Property (Appendix U), Condition 23 Disputes

See Condition 23.2.2. Insert the word “by” into the first sentence of this paragraph such that it reads as follows:

The Secretary shall render a decision by a date mutually agreed upon **by** the Parties.

50. Lease of Property (Appendix U), Condition 24 General Provisions

See Condition 24.12. Insert the word “by” into the last sentence of this paragraph such that it reads as follows:

This instrument may only be modified or amended by mutual agreement of the parties in writing and signed **by** each of the parties hereto.

51. Mandatory Lease Clauses (Appendix W)

See Mandatory Clauses For Active Duty Military Tenants, ¶ 2. The first sentence should be broken up as follows:

If Tenant(s) or Tenant’s family member is debarred from the Installation by the Commander in accordance with the authority provided in 18 U.S.C. § 1382 and the debarment voids the Tenant’s status as a referred tenant, the Tenant shall vacate the premises no later than 30 days from the date of the loss of status as a referred tenant. **It** shall then be lawful for Landlord to enter into said premises, and again have, repossess, and enjoy the same as if this lease had not been made, and thereupon this lease and everything contained therein shall cease and be void.

52. Mandatory Lease Clauses (Appendix W)

See Mandatory Clauses For Active Duty Military Tenants, ¶ 3. Insert the word “or” in the first sentence as indicated below.

It is mutually agreed that the Tenant(s), in the military service, may terminate this lease if he/she retires, is released from active duty, is transferred (PCS) beyond a 25-mile radius of **Basename** Air Force Base (AFB), **Basestate**, **or** is ordered to occupy public quarters.

53. Mandatory Lease Clauses (Appendix W)

See Mandatory Clauses For Other Eligible Tenants. The first sentence should be broken up as follows:

If Tenant(s) is debarred from the Installation by the Commander in accordance with the authority provided in 18 U.S.C. § 1382, the Tenant shall vacate the premises not later than 30 days from the date of the debarment. It shall then be lawful for Landlord to enter into said premises, and again have, repossess, and enjoy the same as if this lease had not been made, and thereupon this lease and everything contained therein shall cease and be void.

54. Use Agreement (Appendix X), Table of Contents and Article 1

Restate the title of Article 1 as “Article 1. Definitions And Interpretation”

55. Use Agreement (Appendix X), § 3.2.2 Use of Land Improvements

Change the word “moral” to “morale” in line 6 such that the sentence ends “for the morale, welfare, and recreation of members of the armed forces.”

56. Use Agreement (Appendix X), § 21.2.2. Annual Financial Information

Beginning at the 12th line down, revise as follows:

The supplemental schedule, which includes property taxes, must disclose the amount of property taxes which the Project Owner budgeted in its final pro forma submittal to the Government, and the amount of actual property taxes. A supplemental schedule shall identify all owners of any interest in Project Owner and the interest held by each, (if the Project Owner or any owner of the Project Owner is a corporation, all officers and directors of the corporations, and if the Project Owner or any owner is a limited liability company or partnership, all members and partners). A supplemental schedule. . .

57. Use Agreement (Appendix X), § 22.12. Entire Agreement

Revise this section to read as follows:

It is expressly agreed that this written instrument, together with the provisions of other documents that are expressly incorporated by reference by the terms of this Use Agreement, constitute the entire agreement between the parties regarding the use of the Project by the Project Owner. There are no understandings or agreements, verbal or otherwise, between the Parties except as expressly set forth herein. This instrument may only be modified or amended by mutual agreement of the Parties in writing and signed by each of the Parties hereto.

58. Sample SO Counsel Opinion Letter

Revise opinion 1 on Page Y-2 as indicated below.

1. Each of the Transaction Documents has been duly executed by the appropriate parties and constitutes the valid and binding agreement of the parties, and are fully enforceable in accordance with their terms, except (a) as enforceability may be limited or affected by bankruptcy, reorganization, arrangement, moratorium, or other laws affecting the rights of creditors generally, (b) to the extent that the binding effect and enforceability thereof may be limited by the application of the general principles of equity, (c) to the extent that a court may refuse to enforce any of the foregoing by reason of a finding of unconscionability, or (d) to the extent of terms which may be construed and held by a court to be in the nature of penalties or forfeitures.

59. Mandatory Clauses Required by Federal Law (Appendix Z), Buy American Act - Construction Materials § a

See page Z-8. Insert “construction materials” at the end of the first paragraph.

60. RFP § 3.4. Property Management

Delete § 3.4.2.2.3 Severable Housing from the document.

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November 6, 2003 Revisions, Numbers 61-85

61. RFP and Appendices A, M, N, O, P, R, T, U, and X and the Privatization Dictionary

All references to “Guaranteed Lender” shall be changed to “Senior Lender” and all references to “Guaranteed Loan” shall be changed to “Senior Loan.”

62. RFP § 1.3.1.4. Construction of Privatized Units and Other Improvements

Revise first sentence to read as follows:

The project requires the construction, Government issuance of its Certificate of Compliance, and occupancy of **XXX** new units within **XX** years of the closing of the transaction . . .

63. RFP § 3.2.3. Financial

Remove the gray shading from the second half of the second sentence as follows:

It is the responsibility of the Offeror to arrange the necessary debt financing and equity. Government participation in the financial agreements may include a Direct Loan and/or a Limited Loan Guarantee of a private sector commercial loan.

64. RFP § 3.2.3.3. Government Direct Loan

Add paragraph 4.1.1. from the Forward Commitment as the last bullet in § 3.2.3.3. as follows:

- The maximum principal amount may not exceed \$_____; provided that in no event shall the original principal amount of the Direct Loan exceed 50% of the total permanent debt financing for the Project.

65. RFP § 3.2.3.3. Government Direct Loan

Add paragraph 5.a.2. from the Forward Commitment as the last bullet in §3.2.3.3. as follows:

- The guaranteed percentage of the Senior Loan is _____%.

66. RFP § 3.2.3.7. Debt Service Coverage Ratio

Delete the requirement that the debt service coverage ratio be 1.20 or higher such that the section reads as follows:

3.2.3.7 Debt Service Coverage Ratio

The Offerors must demonstrate that the expected combined debt service coverage ratio will not be less than 1.05 for any one (1) year.

67. RFP § 3.3.5.2.2. Prestige Family Housing

The second sentence of this section shall read as follows:

If the SO constructs any new Prestige Family Housing units, those units shall be completed and ready for occupancy prior to the demolition of the existing Prestige Family Housing units.

68. RFP § 3.3.5.2.3. General Officers Quarters (GOQs) Standards

The second sentence of this section shall read as follows:

If the SO constructs any new General Officers Quarters, those units shall be completed and ready for occupancy prior to the demolition of the existing General Officer Quarters.

69. RFP § 3.3.5.2.4. Senior Officer Housing

The second sentence of this section shall read as follows:

If the SO constructs any new Senior Officer Housing, those units shall be completed and ready for occupancy prior to the demolition of the existing Senior Officer Housing.

70. RFP § 3.3.5.2.10 Appliance

Remove the third bullet “Built-in microwave oven” from this section.

71. RFP § 3.3.5.3 Desired New Housing Construction Features

Remove the gray shading from the last bullet “Built-in microwave oven” from this section.

72. RFP § 3.5. Execution of Proposal

Delete the phrase “company/firm/corporation” from the end of the last sentence of this section and replace it with the word “entity.”

73. RFP § 4.1.1. Discussions

Delete the term “contract award” and replace it with the term “selection” in the first sentence of this section.

74. RFP § 4.5. Execution of Proposal

Delete the phrase “company/firm/corporation” from the end of the last sentence of this section and replace it with the word “entity.”

75. RFP § 5.6.5.1, Subfactor 1.1: Project Viability Over the 50-Year Business Arrangement:

Delete the phrase “to the reinvestment account or” from the last sentence of the fourth bullet in this section.

76. RFP § 5.6.5.2, Subfactor 1.2: Financial Strategy:

Delete the requirement that the debt service coverage ratio be 1.20 or higher such that the third bullet of this section reads as follows:

- The information provided shows that the combined debt service coverage ratio is always greater than 1.05. Proposals that document maximum utilization of private sector financing, including funding, interest rates and fees, may be more favorably received

77. Technical References (Appendix F)

Add GOQ Design Guide as a Technical reference as listed: “General Officer Quarters Guide,” Volumes I-III, Office of the Civil Engineer, Directorate of Housing, August 2002. See Web site:

<http://www.afcee.brooks.af.mil/dc/products/dcproducts.asp>

78. Non-Disclosure Agreement (Appendix I)

Change all references to the term “individual” to the term “Receiving Party” in paragraph 15.

79. Lockbox Agreement (Appendix Q)

Revise introductory paragraph as follows:

THIS LOCKBOX AGREEMENT, dated as of _____ (hereinafter “Lockbox Agreement”), is by and among THE UNITED STATES OF AMERICA represented by THE SECRETARY OF THE AIR FORCE (the “Secretary” or the “Government”), _____, a _____ limited liability company (the “Lessee”), _____, a _____ corporation (the “Construction Lender”), _____, a _____ (the “Senior Lender”), and _____, a _____ corporation, as the Lockbox Agent (the “Lockbox Agent”) (all capitalized terms used herein shall have the meanings set forth in Section 1.0 hereof).

80. Lockbox Agreement (Appendix Q)

Remove the phrase “Termination for Lessee’s Convenience or the” from the first sentence in this section.

81. Lease of Property (Appendix U) and Glossary (Appendix A)

Revise definition of “Referral Rent” as follows:

Referral Rent” means, with respect to a Referral Tenant who receives Basic Allowance for Housing at the “with dependent” rate, the amount of the tenant’s monthly Basic Allowance for Housing and renters insurance less an amount sufficient to cover average utility usage.

82. Lease of Property (Appendix U) and Glossary (Appendix A)

Revise definition of “Referral Rent” as follows:

Referral Rent” means, with respect to a Referral Tenant who receives Basic Allowance for Housing at the “with dependent” rate, the amount of the tenant’s monthly Basic Allowance for Housing and renters insurance less an amount sufficient to cover average utility usage.

83. RFP § 5.5

- a. Revise § 5.5 title to read “STEP TWO EVALUATIONS.” Please revise the Table of Contents accordingly.
- a. Delete the phrase “and factor” after the phrase “within the subfactor” from the last sentence of the first paragraph.
- b. Revise the first two sentences of the last paragraph to read as follows:

In Volumes IV and V all technical and property management data will be evaluated at the subfactor level to determine the adequacy of proposal information as it relates to the solicitation requirements.

84. RFP § 5.6

Revise the title of § 5.6 to read “STEP ONE FACTORS/SUBFACTORS” instead of “PROJECT REQUIREMENTS.” Please revise the Table of Contents accordingly.

85. RFP § 5.7

Create a § 5.7 by using the subtitle “STEP TWO” before § 5.6.5 Factor 1: Financial. Use the title: “§ 5.7 STEP TWO FACTORS/SUBFACTORS” and renumber the remaining paragraphs accordingly, so that 5.6.5 through 5.6.7.6 are now 5.7.1 through 5.7.3.6. Please also revise the Table of Contents.

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86. RFP Global Change

Please make the phrase “Use Agreement (Appendix X)” a gray text item throughout the RFP.

87. RFP List of Appendices

Add “Appendix N-1 Agreement to Share Proceeds” to the List of Appendices after the Table of Contents.

88. RFP § 1.3.1.6 Operation of Housing Pending Designation and Completion of **XXX Limits**

Insert the following at the end of the third sentence in this section:

“unless the military member elects (with Government approval) to rent a unit designated for a higher grade at the unit’s associated BAH (except as noted in Section 3.4 herein). Any member who does “rent-up” must sign a statement that they recognize they are renting a unit above their bedroom or size requirement and are paying an amount out-of-pocket for that reason.

89. RFP § 1.3.1.7 Additional Housing Requirements

Add a new § 1.3.1.7 as follows:

1.3.1.7 Additional Housing Requirements

The parties recognize that the Government may have additional requirements for housing at this base. The Government may satisfy these requirements by privatizing through the SO, existing housing owned by the Government, or by having the SO construct additional privatized housing. Accordingly, the Government may modify its written agreements with the SO to add some or all of the additional housing required at this base, provided the Government and SO are able to negotiate mutually satisfactory terms and conditions. The Government may add these additional requirements, subject to the mutual agreement of the parties, at any time during the term of the initial agreement (as may be extended by mutual agreement of the parties), but is not required to do so.

90. RFP § 2.2.4 Infrastructure

Revise the second sentence of this section to read as follows:

There is a proposal for some utilities to be sold (privatized) to a private or public sector entity.

91. RFP § 3.2.1 Legal Instruments

Add “Agreement to Share Proceeds (Appendix N-1)” after “Mortgage for Government Direct Loan (Appendix N)” in the bulleted section of § 3.2.1.

92. RFP § 3.2.5.2 Lockbox Revenue Account

Replace the word “which” with the word “that” in the first line of this section.

93. THIS ITEM HAS BEEN RESCINDED – Please do not make this change.

RFP § 3.3.4.1 Site Development Design

Delete the following two sentences at the end of this paragraph:

The CDP shall identify housing areas that the SO must immediately and physically segregate from other areas occupied by Referral Tenants when a unit is occupied by the General Public. The Plan shall also identify the source of funds for the construction of fencing and roadways needed for the SO to implement this requirement.

94. RFP § 3.3.4.1.3 Force Protection

Revise the second sentence of this section to read as follows:

For calculating force protection requirements, the SO should use the Vulnerability Assessment Management Program (VAMP) database and such other non-classified force protection information as a guideline.

95. RFP § 3.4.2.5 Vacancy Rates

Add the following paragraph at the end of this section:

Vacant units shall have a rent structure established by the SO, but will not exceed the BAH of any referred accompanied military member unless the military member elects (with Government approval) to rent a unit designated for a higher grade at the unit’s associated BAH (except as noted in Section 3.4 herein). Any member who does “rent-up” must sign a statement that they recognize they are renting a unit above their bedroom or size requirement and are paying an amount out-of-pocket for that reason.

96. RFP § 3.4.2.11 Tenant Renter’s Insurance

Revise the deductible amount for renter’s insurance from a “non-deductible” to a “\$250.00 deductible” in the second sentence of this section.

97. RFP § 3.4.3.1 Rental Rates for Referred Accompanied Active Duty Military Tenants

(a) Insert the following phrase at the end of the first sentence in this section:

(unless otherwise approved by the Government in accordance with Section 3.4 herein).

(b) Insert the following sentence at the end of this section:

Unit rents will be fixed by unit type and shall not exceed the BAH “with dependent” rate of the military grade for which the particular unit was designated less a utility allowance (unless otherwise approved by the Government in accordance with Section 3.4 herein).

98. RFP § 3.4.8 Municipal Services To Be Provided By The Government

(a) Insert the following sentence before the last sentence in this section:

The Government’s current annual estimate for the aforementioned services is \$XX per unit.

(b) Revise the last sentence of this section so that it reflects the monthly payment requirement. The sentence should read as follows:

Payment for fire and police protection services will be made on a monthly basis, within 30 days after receiving billing from the Government.

99. RFP § 4.3.1 Mandatory Forms

Insert the following sentence after the first paragraph in this section:

The Offeror shall incorporate the Mandatory Clauses Required by Federal Law (Appendix Z) into its proposal, including, but not limited to, the Davis-Bacon Act provisions.

100. RFP § 4.3.2 Applicable Wage Rates

Revise this section to read as follows:

4.3.2 Applicable Wage Rates

The provisions of the Davis-Bacon Act and the wage determinations thereunder will apply to the work on the project at all times. A link to the Davis-Bacon Act wage determinations may be found at the following site:

<http://davisbacon.fedworld.gov/>.

101. RFP § 4.14.1 Submittal Requirements, Table 11 Qualifications Submittal – Step One (For All Offerors)

Remove the word “*pro formas*” from the second sentence of Note 1 in Table 11.

102. RFP §§ 4.15.2.1 Subfactor 2.1: Credit References, 4.15.2.2 Subfactor 2.2: Financial Statements, and 4.15.2.3 Subfactor 2.3: Project Financing

Revise these sections so that the order is now Subfactor 2.1: Financial Statements, Subfactor 2.2: Project Financing, and Subfactor 2.3: Credit References.

103. RFP § 4.18.1.2.3 Sources and Returns on Equity

Insert a new paragraph at the end of this section to read as follows:

If a letter of credit is used it must be an obligation of an investor in the Project Owner. The letter of credit must not be an obligation of the Project Owner and must not be secured by any project asset; and such letter of credit must be converted to cash equity before completion of initial construction and renovation of the project.

104. RFP § 4.18.1.3.3 Legal Documents

Insert “Lockbox Agreement (Appendix Q),” before “Lease of Property” in this section.

105. RFP § 4.18.1.3.4 Minimizing Risk to Government Resources

Insert “Lockbox Agreement (Appendix Q),” before “Lease of Property” in the third bullet of this section.

106. RFP § 4.18.1.4.4 (Untitled)

Delete the requirement that the Offeror provide a proposed Lockbox Agreement. The entire section should be deleted.

107. RFP § 5.2 Evaluation Factors and Subfactors and Their Relative Order of Importance, Table 13 Evaluation Factors and Subfactors – Order of Importance

Revise the order of the Subfactors under Factor 2 of Step One (Qualifications Submittal) as follows:

Factor 2:	Financial
Subfactor 2.1:	Financial Statements
Subfactor 2.2:	Project Financing
Subfactor 2.3:	Credit References

108. RFP §§ 5.6.2.1 Subfactor 2.1: Credit References, 5.6.2.2 Subfactor 2.2: Financial Statements, and 5.6.2.3 Subfactor 2.3: Project Financing

Revise the order of the Subfactors under § 5.6.2 Factor 2: Financial in the following order:

5.6.2.1	Subfactor 2.1:	Financial Statements
5.6.2.2	Subfactor 2.2:	Project Financing
5.6.2.3	Subfactor 2.3:	Credit References

109. RFP § 5.7.1.3 Subfactor 1.3: Government Participation in Project Financing

Revise the last two sentences of the first bullet to read as follows:

If a Government Direct Loan is required, then the Government may give additional evaluation credit to the proposal most financially advantageous to the Government.

110. Forward Commitment (Appendix M) § 5(a)(10)

Remove this section in its entirety in order to delete the requirement that the debt service coverage ratio be 1.20 or higher.

111. Intercreditor Agreement (Appendix P) § 23

- (a) Revise all references to the office symbol of “DCP” to the new symbol of “HDP” throughout the notice addresses.
- (b) Revise the Portfolio Management address to read as follows:

HQ AFCEE/HDP
Attn.: Portfolio Manager
2735 Louis Bauer Drive
Brooks City-Base, TX 78235-5133
(financial reports and records only)

- (c) Revise the Contracting Officer address to read as follows:

_____, Asset Manager
____th Civil Engineering Squadron
[Street Address]
Basename AFB, Basestate

112. Lockbox Agreement (Appendix Q) § 1.01 Definitions

- (a) Place the term “Capital Repair and Replacement Plan” alphabetically, after the term “Business Day” and before the term “Completion Date.” Remove the term from its original position.
- (b) In the definition of the term “Lessee,” delete the word “Secretary” and replace it with the word “Government.”
- (c) Remove both definitions for the term “Project” and replace it alphabetically with the following definition:

“Project” means (1) the demolition of certain existing Improvements and the rehabilitation of certain existing Improvements located on the Project Site and the construction of new Improvements to be located on the Project Site and certain site work; and/or (2) collectively, the Project Site and the Improvements located thereon.

- (d) Add the definition for the term “Project Owner” alphabetically, after the term “Project Operations Subaccount” and before the term “Project Site” as follows:

“Project Owner” means _____, a _____, or any of its successors or assigns which are approved as the owner of the Project by the Government, and which is (1) the Borrower under a Senior Loan, a Direct Loan, if any, or any other financing secured by a mortgage on the Project; and/or (2) the Lessee under the Lease of Property on the Project.

113. Lockbox Agreement (Appendix Q) § 4.08 Utilities Reserve Account

Remove the word “we” from the Note (second sentence) in this section and replace it with the phrase “the Government.”

114. Lockbox Agreement (Appendix Q) § 5.02(a) Annual Project Budgets

Revise the review and approval time of the preliminary annual project budget from thirty (30) days to sixty (60) days in the fifth line of this section.

115. Lockbox Agreement (Appendix Q) § 8.01 Notices

(a) Revise all references to the office symbol of “DCP” to the new symbol of “HDP” throughout the notice addresses.

(b) Revise the Portfolio Management address to read as follows:

HQ AFCEE/HDP
Attn.: Portfolio Manager
2735 Louis Bauer Drive
Brooks City-Base, TX 78235-5133
(financial reports and records only)

(c) Revise the Contracting Officer address to read as follows:

_____, Asset Manager
____th Civil Engineering Squadron
[Street Address]
Basename AFB, Basestate

116. Lease of Property (Appendix U) § 1.1 Term and Delivery of Possession

Place the following footnote at the end of the phrase “and of a duration as set forth below:”

- ¹(i) As to the “Parcelname, a term not to exceed three (3) years ending on _____, 20__, (“West Capehart Term Expiration Date”) unless sooner terminated in accordance with the provisions of this Lease;
- (ii) As to all remaining parcels, a term of fifty (50) years ending on _____, 20__, (“Term Expiration Date”) unless sooner terminated in accordance with the provisions of this Lease.

117. Lease of Property (Appendix U) § 4.2 Rent

Replace the word “which” with the word “that” in the second line of the first sentence.

118. Lease of Property (Appendix U) § 7.3.3 Default, Remedies and Termination

Revise the referenced conditions in the first line of the first sentence to 9 and 21, not 9 and 23.

119. Lease of Property (Appendix U) § 7.6.2 Liens for Sums Due

Replace the word “which” with the word “that” in the third line of the first sentence of this section.

120. Lease of Property (Appendix U) § 10.6 Environmental Protection

Remove the space between the words “window” and “sills” in the third line of this section.

121. Lease of Property (Appendix U) § 12.5 Compliance with Applicable Laws

In the last sentence of this section, place the following footnote on the word “jurisdiction”:

²[Edit with exclusive, concurrent, or proprietary jurisdiction, as appropriate.]

122. Lease of Property (Appendix U) § 15.6 Insurance

Revise the deductible amount for renter’s insurance from a “non-deductible” to a “\$250.00 deductible” in the second sentence of this section.

123. Lease of Property (Appendix U) § 20.1 Notices

In the first notice area of this section, place the following footnote on the phrase “If intended for the Lessee:”

³[Edit with Lessee’s name and address.]

124. Lease of Property (Appendix U) § 20.1 Notices

- (a) Revise all references to the office symbol “DCP” to the new symbol “HDP” throughout the notice addresses.
- (b) Revise the Portfolio Management address to read as follows:

HQ AFCEE/HDP
Attn.: Portfolio Manager
2735 Louis Bauer Drive
Brooks City-Base, TX 78235-5133
(financial reports and records only)

- (c) Revise the Contracting Officer address to read as follows:

_____, Asset Manager
____th Civil Engineering Squadron
[Street Address]
Basename AFB, Basestate

125. Lease of Property (Appendix U) Operating Agreement (Exhibit E) § 7(g) Occupancy and Eviction

In the first sentence, place the following footnote on the first word, “Neither”:

⁴[Edit to reflect must be outside demographics.]

126. Use Agreement (Appendix X) List of Exhibits

Add “Exhibit F - Title X Lead-Based Paint Disclosure Statement” to the List of Exhibits after the Table of Contents.

127. Use Agreement (Appendix X) Recitals § C

Replace the phrase “Land and the Leased Premises” with the phrase “Project Site” in this section.

128. Use Agreement (Appendix X) Article 1 Definitions and Interpretations

Remove the underline after the word “Article.”

129. Use Agreement (Appendix X) § 1.1 Definitions

Remove the phrase “; and of the Government is _____” in the second sentence of the definition of “Authorized Representative.”

130. Use Agreement (Appendix X) § 1.1 Definitions

Remove the phrase “or contracting officer” from the definition of “Certificate of Occupancy.”

131. Use Agreement (Appendix X) § 1.1 Definitions

Insert the following definitions alphabetically:

“Land” means the real estate located off the Installation which the Project Owner is developing as part of the Project.

“Leased Premises” means the real estate located on the Installation which the Project Owner is developing as part of the Project.

132. Use Agreement (Appendix X) § 1.1 Definitions

In the definition for “Unit Occupancy Plan,” delete the phrase “Leased Premises” and replace it with “Project Site.”

133. Use Agreement (Appendix X) §§ 8.6, 8.7, 8.8, 8.8.1, 8.9, and 8.10 Environmental Protection

In the listed sections above, delete the phrase “Lessee” and replace it with “Project Owner,” delete the term “Lease” and replace it with “Use Agreement,” and delete the phrase “Leased Premises” and replace it with “Project Site.”

134. Use Agreement (Appendix X) § 8.8.1 Environmental Protection

Revise the referenced section “8.8.1.” to read “8.0.”

135. Use Agreement (Appendix X) § 8.11 Environmental Protection

Delete the term “Lessee” and replace it with “Project Owner.”

136. Use Agreement (Appendix X) § 8.11.1 Environmental Protection

Delete the term “Lessee” and replace it with “Project Owner,” delete the phrase “Leased Premises” and replace it with “Project Site,” and delete the term “Lease” and replace it with “Use Agreement.” Further, revise the referenced “Exhibit G” to “Exhibit F” and add the Exhibit to the document. The referenced exhibit is Title X Lead-Based Paint Disclosure Statement.

137. Use Agreement (Appendix X) §§ 8.11.2, 8.12, 8.12.1, 8.13, 8.14, 8.15, 8.16, 8.17, 8.18, 8.19, 8.20 Environmental Protection, and 16.9 Vacant Units

Delete the term “Lessee” and replace it with “Project Owner,” and delete the phrases “Leased Premises” and “leased premises” and replace it with “Project Site.”

138. Use Agreement (Appendix X) § 13.2(a)(2) Types of Insurance Coverage

Correct the typographical error in line 10 of this section from “mortgagae” to “mortgagee.”

139. Use Agreement (Appendix X) § 17.1 Notices

(a) Revise all references to the office symbol “DCP” to the new symbol “HDP” throughout the notice addresses.

(b) Revise the Portfolio Management address to read as follows:

HQ AFCEE/HDP
Attn.: Portfolio Manager
2735 Louis Bauer Drive
Brooks City-Base, TX 78235-5133
(financial reports and records only)

(c) Revise the Contracting Officer address to read as follows:

_____, Asset Manager
____th Civil Engineering Squadron
[Street Address]
Basename AFB, Basestate

140. Use Agreement (Appendix X) § 17.1 Notices

Remove the underline on the word “writing.”

141. Use Agreement (Appendix X) §§ 21.1, 21.1.1.1, 21.1.1.2, 21.1.1.3, 21.1.1.4, 21.1.1.5, 21.2, and 21.2.1 Reporting Provisions

Delete the term “Lessee” and replace it with “Project Owner,” delete the phrase “Leased Premises” and replace it with “Project Site,” delete the term “Lease” and replace it with “Use Agreement.”

142. Use Agreement (Appendix X) §27.1 Exhibits

Insert “Exhibit F – Title X Lead-Based Paint Disclosure Statement.”

143. Use Agreement (Appendix X), Operating Agreement (Exhibit E)

Throughout the entire document replace the following terms and/or phrases: “Lessee” to “Project Owner,” “Lease” to “Use Agreement,” and “Leased Premises” to “Project Site,” except for § 6(d), where “Leased Premises” should remain as the correct term.

144. Mandatory Clauses Required by Federal Law (Appendix Z) Davis-Bacon Act

Insert the following at the end of the Davis-Bacon Act language:

[NOTE: Any reference to the term “Contracting Officer” in the above listed Davis-Bacon Act language refers to the Asset Manager in the related Transaction Documents.]

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145. RFP § 3.3.9 Controlling Provisions

Insert the following new section:

3.3.9 Controlling Provisions

In the event of any inconsistencies between the provisions of Section 3.3 and the provisions of the Appendices and Tables that are a part of this RFP, the provisions of Section 3.3 shall control.

146. RFP § 5.2 Evaluation Factors and Subfactors and Their Relative Order of Importance

Revise the third paragraph of this section to note that all Step Two factors are of equal importance.

In Step Two, three factors will be used in this evaluation: Factor 1 (Financial), Factor 2 (Design and Construction), and Factor 3 (Property Management). Step Two factors are of equal importance as stated in Table 13 below. In Step Two those subfactors listed under Factor 1 (Financial) are of equal importance. Further, Subfactors 2.1 and 2.2 listed under Factor 2 (Design and Construction) are equal in importance, but more important than Subfactor 2.3. Subfactors 3.1 to 3.6 listed under Factor 3 (Property Management) are of equal importance.

147. RFP § 5.2 Evaluation Factors and Subfactors and Their Relative Order of Importance, Table 13 Evaluation Factors and Subfactors – Order of Importance

Remove all references to Volumes and Parts from Table 13 and revise to note that all Step Two factors are of equal importance. See revised Table below:

Table 1 – Evaluation Factors and Subfactors – Order of Importance

STEP	FACTORS/SUBFACTORS	ORDER OF IMPORTANCE
STEP ONE (QUALIFICATIONS SUBMITTAL)	Factor 1: Business Arrangements Subfactor 1.1: Team Strength Subfactor 1.2: Key Personnel and Management Approach Factor 2: Financial Subfactor 2.1: Financial Statements Subfactor 2.2: Project Financing Subfactor 2.3: Credit References Factor 3: Project Concept Subfactor 3.1: Project Concept Factor 4: Past Performance	Step One Factors are of equal importance. Subfactors within factors are in descending order of importance.
STEP TWO (FINANCIAL AND TECHNICAL PROPOSAL)	Factor 1: Financial Subfactor 1.1: Project Viability over the 50-year Business Arrangement Subfactor 1.2: Financial Strategy Subfactor 1.3: Government Participation In Project Financing Subfactor 1.4: Mechanics of Accounts Factor 2: Design and Construction Subfactor 2.1: Community Development Plan Subfactor 2.2: Facility Design and Construction Subfactor 2.3: Construction Management Plan Factor 3: Property Management Subfactor 3.1: Property Operations and Management Plan Subfactor 3.2: Unit Occupancy Plan Subfactor 3.3: Rental Rate Management Plan Subfactor 3.4: Facilities Maintenance Plan Subfactor 3.5: Capital Repair and Replacement Plan Subfactor 3.6: Reinvestment Plan	Step Two Factors are of equal importance. Subfactors 1.1 through 1.4 are of equal importance. Subfactors 2.1 and 2.2 are of equal importance, but more important than Subfactor 2.3. Subfactors 3.1 through 3.6 are of equal importance.

148. RFP § 5.3 Step One Qualification Ratings

Revise the second paragraph of § 5.3 as follows and merge the remaining sentence into the prior paragraph:

5.3 STEP ONE QUALIFICATION RATINGS

In Step One, Factor 1 (Business Arrangements), Factor 2 (Financial) and Factor 3 (Project Concept) will be evaluated at the subfactor level and a qualification rating will be assigned at the subfactor level. Factor 4 (Past Performance) will be evaluated against the Step Two subfactors for relevance/performance and assigned a confidence assessment rating as referenced in Section 5.4. A more recent and relevant effort will have a greater impact than a less current project. The ratings will be identified as highly qualified, qualified, or unqualified, as described below:

- Highly Qualified: the Offeror's proposal exceeds the stated minimum requirements in a way that is deemed beneficial to the Government

149. Forward Commitment (Appendix M) § 1 Definitions

Place the following footnote on the term, "Use Agreement":

¹ [The term/reference "Use Agreement" may be deleted if private land is not part of the project.]

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[March 4, 2004, Revisions, Numbers 150-153](#)

150. RFP § 3.4.3.1 Rental Rates for Referred Accompanied Active Duty Military Tenants

Delete the last sentence of this section, as it is duplicative of the first sentence of this section.

Unit rents will be fixed by unit type and shall not exceed the BAH “with dependent” rate of the military grade for which the particular unit was designated less a utility allowance (unless otherwise approved by the Government in accordance with Section 3.4 herein).

151. RFP § 4.3.2 Applicable Wage Rates

Please remove the referenced Web site (<http://davisbacon.fedworld.gov/>) in this section and replace it with the following: <http://www.access.gpo.gov/davisbacon>. The prior Web site was a member site only and required payment to view the Davis Bacon information.

152. Appendix K – Mandatory Forms

On page 6 under the heading “Debt Service Coverage Ratio”, remove the parenthetical “(Shall not be less than 1.2)” in the second row of the table. This revision is consistent with current policy.

153. RFP § 5.5 STEP TWO EVALUATIONS

Delete the entire paragraph following Table 16 – Color Ratings from this section. The paragraph reads as follows:

The financial data, Volume III, must correlate with other volumes, attachments, and mandatory forms. Evaluation of financial data and information is a mandatory evaluation criterion that will be given a subfactor color rating. Its purpose is to assess how well the Offerors have structured the development financing (i.e., will the financing be credible in equity and debt markets and minimize Government commitments and risks?).

[May 25, 2004, Revisions, Numbers 154-155](#)

154. RFP § 3.5.3 Radon

Revise the reference to “Air Force Radon Assessment and Management Program” to “Air Force Radon Assessment and Mitigation Program” in order to reflect the correct title of the program. Also, revise the action level of Pico curies per liter from 3.7 to 4 to reflect the correct action level.

155. RFP § 5.1 STRATEGY

In order to state clearly that proposals are evaluated at the subfactor level, revise the first sentence of the second paragraph of RFP § 5.1 to read as follows:

“The Government will determine the “Best Value” based on an integrated assessment of the Offeror’s proposal as evaluated against the subfactors of the Financial, Design and Construction, and Property Management factors, identified in Step Two.”

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[June 7, 2004, Revisions, Numbers 156-157](#)

156. Appendix X – Use Agreement, § 1.1 Definitions

Revise the definition of the term “Termination Date” so that the term is 50 years instead of 40 years. This is an administrative change.

“Termination Date” means a total of 50 years from the execution date hereof, unless the term of this Use Agreement is extended as provided herein or this Use Agreement has been earlier terminated.

157. Appendix X – Use Agreement, § 14.1.2.1

In the first sentence of this section, remove the word “Delaware” and replace it with “**Basestate**” (non-gray text). This is an administrative change.

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158. Appendix A - Glossary

Add the following definitions in alphabetical order to reflect the incorporation of the Financial RFP, approved by the ESG, into the Generic documents:

All-in Cost of Financing - A total interest rate expressed as a percentage including the underlying benchmark rate, all credit spreads, premiums and expenses associated with providing the principal amount of the loan. The calculation shall account for the timing of all applicable expenses including, but not limited to any underwriting fees, debt service reserve amounts or surety policy costs, registration costs, trustee fees and commitment fees.

Commitment Letter – A formal offer by an investor making explicit the events leading up to and terms under which it agrees to lend money to a specific borrower over a certain period of time.

Term Sheet - A document summarizing the details of a potential financing structure, and anticipated timeline and the terms under which a final business agreement would be executed.

Add the following definition in alphabetical order in order to clarify the term “Transition Period” throughout the Generic documents:

Transition Period - Following the closing of the transaction, the project will enter into a transition period (up to **XX** years) during which units will be demolished or renovated and new units constructed.

159. Appendix AA – Firms of Interest List

Begin using Appendix AA – Firms of Interest List in all transactions in accordance with the incorporation of the Financial RFP, approved by the ESG, into the Generic documents. This document is a “live” document and a frequently updated version will be available through a link on AFCEE’s Web site. An electronic copy will be posted with the other Generic documents on the AFCEE Web site and updated periodically. A cover sheet will be posted separately.

160. Appendix BB – Quantitative Evaluation Financing Chart

Begin using Appendix BB – Quantitative Evaluation Financing Chart in all transactions in accordance with the incorporation of the Financial RFP, approved by the ESG, into the Generic documents. A cover sheet will be posted separately.

161. Appendix G – New Construction Standards

The content of Appendix G has been incorporated into 3.3 DESIGN AND CONSTRUCTION REQUIREMENTS. This Appendix will remain a placeholder for future use.

162. Appendix H – Offeror’s Cover Page

Revise paragraph 4, second sentence to remove the term “awarded” and replace it with the term “selected for.” In the same sentence, remove the term “award” and replace it with the term “selection.” This is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.

163. Appendix J – Past Performance Questionnaire

Revise item I.9. under the “Past Performance Evaluation” section to remove the term “award” and replace it with the term “selection.” This change is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.

164. Appendix K – Mandatory Forms

- (i) In Volume III: Financial, Development Budget Format, revise the third column of the table to read “Dollars per Gross SF” instead of “Dollars per SF.”
- (ii) Under the “Hard Costs” column, add a line item for “Demolition” to concur with RFP § 4.18.1.1.2.
- (iii) In Volume III: Statement of Development Sources and Uses of Funds Format, delete the line item “Construction Period Interest” under the USES portion as it is already accounted for as a Soft Cost line item on the previous page.

165. Appendix N – Government Direct Loan and Associated Legal Instruments

- (i) Revise the first sentence of Section 3 to read: “Section 5 of the Instrument is hereby amended and restated in its entirety as follows:” This is an administrative change for clarity.
- (ii) Revise Section 4 to read as follows:

“4. Escrows For Taxes, Insurance, and Other Charges

Notwithstanding the provisions of Section 7 of the Instrument:

- a. So long as the Borrower is specifically required under the terms of the Lockbox Agreement executed by the Borrower and Lender to make payments to the Lockbox Agent (as defined in the Lockbox Agreement) for the items set forth in Section 7 of the Instrument, and provided that Lender is provided with written evidence from the Lockbox Agent that such payments have been timely and fully made; and
- b. Until there has been a default in the performance by the Borrower in its obligations under the Instrument and/or the Note, the Borrower shall not be required to make the payments to Lender pursuant to Section 7 of the Instrument. However, from and after either (i) noncompliance with any or all of the conditions set forth above at subparagraphs a and b, or (ii) the termination of the Lockbox Agreement, the Borrower shall be required upon notice from the Lender to commence making such payments in accordance with the provisions of Section 7 of the Instrument.”

The amendment to Appendix N relates the trigger event for payments to the imposition accounts for taxes, insurance, and other charges under the Multifamily Note to the Lockbox Agreement (which will be in effect throughout the term of the project) rather than the Senior Mortgage (which will not).

- (iii) Revise the introductory sentence of Section 5(a) to read: “Section 14(b) of the Instrument is hereby amended and restated in its entirety as follows:” This is an administrative change for clarity.
- (iv) Revise the introductory sentence of Section 5(b) to read: “Section 14(f) of the Instrument is hereby amended and restated in its entirety as follows:” This is an administrative change for clarity.
- (v) Revise the second clause of the sentence in Section 6 to read: “or any approval of a transfer granted by the Lender under Section 21 of the Instrument” This is an administrative change for clarity.
- (vi) Revise Section 7 to insert the phrase “of the Instrument” after the phrase “any actions described in Section 39” in the second line of the first sentence. Also, revise Section 7 to insert the phrase “of the Instrument” after the phrase “the right to collect rents under Section 3” in the fourth line of the first sentence. These are administrative changes for clarity.

166. Appendix U – Lease of Property

- (i) Make “transition period” a defined term throughout Generic Appendix U – Lease of Property for clarity.

(ii) Revise § 15.6 to read as follows in order to comply with current Air Force policy:

15.6. Tenant's Renters Insurance

15.6.1. Notice of Tenant's Responsibility. At the time of the execution of the Tenant Lease, the Lessee shall advise tenants in writing, that neither the Government nor the Lessee insures the personal property and leasehold improvements of the tenant and that it is the sole responsibility of the tenant to apply for and maintain at all times renters insurance.

15.6.2 Desired Renters Insurance for Active Duty Military Tenants. It is desired that the Lessee offer Tenant's Renters Insurance to all active duty military tenants. The Lessee shall, at its sole cost and expense, make this insurance available to active duty military tenants, upon application of the tenant and acceptance by an insurer, at the time of the execution of its Lease application. This insurance policy shall be a \$250.00 deductible comprehensive, named-peril replacement cost value policy with a replacement cost endorsement valued at no less than \$20,000 per eligible military member and their family. The policy shall cover the tenant's personal property in the Premises including, without limitation, any property removable by the tenant under the provisions of this Lease, and all leasehold improvements installed in the Premises by or on behalf of the tenant, against loss or damage caused by the following: theft, fire or lightning, windstorm or hail, explosion, riot or civil commotion, aircraft or vehicle damage, smoke damage, vandalism or malicious mischief, loss breakage, glass breakage, falling objects, damage caused by weight of ice, snow or sleet, water damage from an accidental discharge from plumbing or HVAC system, sudden and accidental tearing apart, cracking, burning, or bulging of an HVAC, fire prevention or sprinkler system or an appliance for heating water, freezing damage to plumbing, HVAC or household appliances, and electrical surge damage. The policy shall provide \$100,000 in liability coverage for active duty military tenants and their families. The Lessee shall not be responsible for providing supplemental coverage or costs for coverage provided by a different policy. [Use white text language if the SO's proposal includes Renter's Insurance. Otherwise, ensure that rent under the Tenant Lease is decreased by an amount equal to that portion of the tenant's BAH that is attributable to the renters insurance benefit.]

(iii) Revise § 17.1.3 to incorporate the following at the end of the section in order to allow for phased performance and payment bonds if phased construction is contemplated:

; provided, however, if the approved construction schedule contemplates completion of the Leased Premises Improvements in distinct construction phases, then the Lessee may satisfy this obligation by providing a performance and payment bond for each construction phase in an amount equal to the cost of construction of the Leased Premises Improvements which are all included in that phase.

167. Appendix X – Use Agreement

Revise § 13 to incorporate the following new § 13.5 in order to comply with current Air Force policy. Renumber as necessary.

13.5 Tenant’s Renters Insurance

13.5.1 Notice of Tenant’s Responsibility. At the time of the execution of the Tenant Lease, the Project Owner shall advise tenants, in writing, and the tenants shall acknowledge, in writing, that neither the Government nor the Project Owner insures the personal property and leasehold improvements of the tenant and that it is the sole responsibility of the tenant to apply for and maintain at all times renters insurance.

13.5.2 Desired Renters Insurance for Active Duty Military Tenants. It is desired that the Project Owner offer Tenant’s Renters Insurance to all active duty military tenants. The Project Owner shall, at its sole cost and expense, make this insurance available to active duty military tenants, upon application of the tenant and acceptance by an insurer, at the time of the execution of its Lease application. This insurance policy shall be a \$250.00 deductible comprehensive, named-peril replacement cost value policy with a replacement cost endorsement valued at no less than \$20,000 per eligible military member and their family. The policy shall cover the tenant’s personal property in the Premises including, without limitation, any property removable by the tenant under the provisions of this Lease, and all leasehold improvements installed in the Premises by or on behalf of the tenant, against loss or damage caused by the following: theft, fire or lightning, windstorm or hail, explosion, riot or civil commotion, aircraft or vehicle damage, smoke damage, vandalism or malicious mischief, loss breakage, glass breakage, falling objects, damage caused by weight of ice, snow or sleet, water damage from an accidental discharge from plumbing or HVAC system, sudden and accidental tearing apart, cracking, burning, or bulging of an HVAC, fire prevention or sprinkler system or an appliance for heating water, freezing damage to plumbing, HVAC or household appliances, and electrical surge damage. The policy shall provide \$100,000 in liability coverage for active duty military tenants and their families. The Project Owner shall not be responsible for providing supplemental coverage or costs for coverage provided by a different policy. [Use white text language if the SO’s proposal includes Renter’s Insurance. Otherwise, ensure that rent under the Tenant Lease is decreased by an amount equal to that portion of the tenant’s BAH that is attributable to the renter’s insurance benefit.]

168. RFP – Global Change

Capitalize the term “transition period” throughout the RFP so that it is now a defined term in order to clarify the meaning of “Transition Period”.

169. RFP – List of Appendices

- (i) In order to incorporate the terms of the “Financial RFP,” which has been approved by the ESG, add the following Appendices to the List of Appendices:

Appendix AA – Firms of Interest List

Appendix BB – Quantitative Financing Evaluation Chart

- (ii) Next to Appendix G in the List of Appendices, remove “New Construction Standards” and replace it with “Placeholder”.

170. RFP § 1.3.1 – Project Concept

In order to comply with the terms of the “Financial RFP,” which has been approved by the ESG, remove the phrase “construction and permanent” from the second sentence in the first paragraph of this section.

171. RFP § 3.2.1 – Legal Instruments

Revise § 3.2.1 to allow further negotiations with the ASO post-closing. Delete the first paragraph in its entirety and replace it with the following:

“Attached as appendices to this RFP and listed below are draft legal instruments containing terms and conditions acceptable to the Government for implementation of the Project:”

After the bullet list of legal documents, add the following paragraph:

“These are draft documents only and modifications necessary to close the real estate transaction may be negotiated with the Apparent Successful Offeror (ASO). Additional legal instruments necessary to accomplish these purposes may also be negotiated with the Apparent Successful Offeror. At or before the time of the closing, the Government and ASO will execute all applicable instruments, and the SO shall enter into possession of the property and commence performance of its obligations under the Selected Proposal.”

172. RFP § 3.2.2.1 – Lease of Property and Operating Agreement

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the first bullet in this section to read as follows: “Provided proof of approval from the selected financing firm for the project financing”.

173. RFP § 3.2.2.3 – Use Agreement

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the second bullet in this section to read as follows: “Provided proof of approval from the selected financing firm for the project financing”.

174. RFP § 3.2.3.1 – Private Sector Financing

In order to comply with the “Financial RFP,” which has been approved by the ESG, add a new paragraph 3.2.3.1 as follows, and renumber the remaining paragraphs accordingly:

“3.2.3.1 Private Sector Financing

The Offeror must evaluate all financing proposals and select the financing firm that provides financing most beneficial to the overall proposal and is consistent with the Government’s most advantageous proposal approach and selection factors. The Offeror shall provide an evaluation summary describing the basis of the selection. The Offeror shall complete the Quantitative Financing Evaluation Chart (Appendix BB) and in doing so calculate an All-in Cost of Financing for each proposal. The Quantitative Financing Evaluation Chart shall identify the Offeror’s selected firm in the leftmost column. The evaluation summary and the Quantitative Financing Evaluation Chart together shall communicate the Offeror’s rationale for choosing the selected proposal.”

175. RFP § 3.2.3.2 – Offeror’s Equity and Net Cash Contribution

- (i) In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the word “construction” from the fifth sentence of the first paragraph of this section.
- (ii) In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the phrase “the permanent loans” and replace it with the phrase “any financing” in the second sentence of the second paragraph of this section.

176. RFP § 3.2.3.4 – Government Direct Loan

- (i) In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the second bullet in this section to read as follows:

- The Government Direct Loan will be a permanent loan. The proceeds of the Government Direct Loan will only be disbursed following: (a) the issuance of a “Certificate of Compliance”; (b) the contribution by the SO of its equity contribution in the amount set forth in the Selected Proposal; and (c) the closing by the SO on its private sector permanent financing.

(ii) In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the third bullet in this section to read as follows:

- The maximum amount of the Government Direct Loan will be (a) the total cost of the project as approved by the Government minus (b) the sum of the original financing principal, the SO’s cash equity contribution to the project, and estimated proceeds deposited into the construction escrow account generated from net project cash flow during construction. The Government Direct Loan shall not finance any credit support (e.g., bond insurance, Letters of Credit (LOCs), etc.) and/or reserve funds for the debt on this project, shall not be used to pay or repay any related party fees and shall not cash out any of the Offeror’s required equity contribution.

(iii) In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the fifth bullet in this section to read as follows:

- The initial principal amount of the Government Direct Loan shall not be greater than any original financing principal.

(iv) In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the eighth bullet in this section to read as follows:

- The Government Direct Loan shall be secured by a lien on the SO’s interest in the project and a recorded security interest in the project’s cash flow, leases and rents, accounts, contracts and agreements, and permits of every description subordinate only to the lien of any original financing.

177. RFP § 3.2.3.5 – Government Limited Loan Guarantee

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

“The Government may provide a limited loan guarantee to an approved financing firm who makes a permanent loan (Senior Loan) to the SO in support of the project. Should the Offeror believe that the Government Loan Guarantee is necessary; the Offeror shall justify the use of said guarantee. The original principal balance of the Senior Loan cannot exceed 80% of the value of the project. The Government has determined that the “value of the project” will be equal to the approved total project cost. The Senior Loan must be permanent financing. The Senior Loan must be in accordance with the terms identified in the Forward Commitment (Appendix M). If a Senior Loan is used, the SO shall execute the Military Housing Loan Guaranty Agreement (Appendix R).”

178. RFP § 3.2.3.6 – Senior Loan Documents

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

“The most current version of either the Fannie Mae or Freddie Mac form of note and security instrument for the State of **Basestate** should be used. Military Housing Riders to the Note and the Security Instrument (Appendix S) shall be attached to the note and security instrument. In order to enter into a Loan Guaranty Agreement (Appendix R) with the Government and be the beneficiary of a Loan Guarantee, a financing firm must complete the Senior Lender Eligibility Form (Appendix T) and be approved by the Government.”

179. RFP § 3.2.3.7 – Additional Financing

In order to comply with the “Financial RFP,” which has been approved by the ESG, delete this section in its entirety and renumber the remaining paragraphs accordingly.

180. RFP § 3.2.3.8 – Cross Collateralization and Cross Default Provisions

In order to comply with the “Financial RFP,” which has been approved by the ESG, delete the last sentence of this section in its entirety.

181. RFP § 3.2.3.9 – Intercreditor Agreement

In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the phrase “first mortgage lender” and replace it with the phrase “financing firm” in this section.

182. RFP § 3.2.3.10 – Related Party Fees

As “asset management” fees are not considered to be market for housing privatization projects and are not expected, revise this section to read as follows:

“The Offeror shall disclose all construction management, development management, property management, and any other fees that are accrued or paid to the Offeror or related parties during the life of this project.”

183. RFP § 3.2.5.1 – Windfall Income

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the second bullet in this section to read as follows:

- Pay principal on any financing guaranteed by the Government

184. RFP § 3.3.5.2 – Specific Requirements

In order to incorporate Appendix G – New Construction Standards in its entirety into the RFP, this section has been revised as follows:

- (i) RFP § 3.3.5.2.1 and Table 4 – Enlisted and Non-Senior Officer Housing has been moved and is now § 3.3.5.2.4 and Table 5. No content changes were made in these sections. The numbering of the paragraphs is now as follows:

- 3.3.5.2.1 – Prestige Family Housing
- 3.3.5.2.2 – General Officer Quarters (GOQ) Standards
- 3.3.5.2.3 – Senior Officer Housing
- Table 4 – Senior and General Officer Quarters
- 3.3.5.2.4 – Enlisted and Non-Senior Officer Housing
- Table 5 – Enlisted and Non-Senior Officer Housing

- (ii) Revise 3.3.5.2.6 – Housing Minimum Requirements as follows:

3.3.5.2.6 Housing Minimum Requirements

Enlisted and Non-Senior Officer Housing and Senior Officer Housing should meet at a minimum the following standards:

- Two car garages for detached homes; finished garages with automatic door openers , size as specified above, for all other units
- Two bathrooms for three and four bedroom units
- Central heating/air conditioning/ventilating systems for each unit
- At least one off-street parking space per unit in addition to garage
- Laundry rooms provided within conditioned space and dedicated utility connections for a freezer, clothes washer and dryer
- Floor treatments
 - Hard finish flooring in kitchen, informal dining area, wet areas, and high traffic areas
 - Carpet in bedrooms and other living areas
- Lighting
 - Ceiling fans with light in living room and bedrooms, separately switched at the room entry door, overhead lighting in all other rooms, switched at the room entry door
 - Security lighting in outside front area, garage, and rear patio area
- Carbon monoxide/heat detectors
- Two telephone and cable television jacks per habitable room
- Privacy
 - Sound Transmission Class (STC) rating of 55 between living units
 - Screening to provide some private area in the rear of each unit
 - Window treatments (such as mini-blinds on all windows)
- New energy efficient appliances (refrigerator at least 20 cubic foot with ice maker for 2 bedroom and 3 bedroom units), built-in two-level dishwasher, 4-burner stove with self-cleaning oven and view window, microwave, vent hood exhausting to outside, and garbage disposal)
- Dead bolts on all entry doors
- Exterior
 - Rear patio or deck with French doors
 - Exterior trash storage areas screened
 - Exterior weatherproof outlets with GFCI protection by the front door and rear patio
 - Modern exterior elevations and modern efficient floor plans
 - Pitched roof with overhand and anti-fungal materials, gutters, downspouts, and splash blocks for all roof areas
 - Ground level entrances

- For multiplex units, no stacked units (no independent dwelling unit above another); maximum two-story units
- Density same as existing
- For town homes, no more than four units per building
- Storm door for exterior entrances
- Unit fire extinguisher

(iii) Revise the first bullet of § 3.3.5.2.12 – Appliances as follows:

- Combination refrigerator/freezer (minimum 18 cubic feet (CF) for 2-bedroom units and 21 CF for 3- and 4-bedroom units)

185. RFP § 3.3.8.6.1 – Transition Plan

Delete the second paragraph of this section in its entirety as this information is stated elsewhere in the generic documents.

186. RFP § 3.4.2.11 – Tenant’s Renters Insurance

In order to comply with the Air Force’s current policy on Tenant’s Renters Insurance, revise this section in its entirety as follows:

3.4.2.11 Tenant’s Renters Insurance

(i) **Notice of Tenant’s Responsibility.** At the time of the execution of the Tenant Lease, the SO shall advise tenants, in writing, and the tenants shall acknowledge, in writing, that neither the Government nor the SO insures the personal property and leasehold improvements of the tenant and that it is the sole responsibility of the tenant to apply for and maintain at all times renters insurance.

(ii) **Desired Tenant’s Renters Insurance for Active Duty Military Tenants.** It is desired that the SO offer Tenant’s Renters Insurance to all active duty military tenants. The SO shall, at its sole cost and expense, make this insurance available to active duty military tenants, upon application of the tenant and acceptance by an insurer, at the time of the execution of its Lease application.

- a) This insurance policy shall be a \$250.00 deductible comprehensive, named-peril replacement cost value policy with a replacement cost endorsement valued at no less than \$20,000 per eligible military member and their family.
- b) The policy shall cover the tenant's personal property in the Premises including, without limitation, any property removable by the tenant under the provisions of this Lease, and all leasehold improvements installed in the Premises by or on behalf of the tenant, against loss or damage caused by the following: theft, fire or lightning, windstorm or hail, explosion, riot or civil commotion, aircraft or vehicle damage, smoke damage, vandalism or malicious mischief, loss breakage, glass breakage, falling objects, damage caused by weight of ice, snow or sleet, water damage from an accidental discharge from plumbing or HVAC system, sudden and accidental tearing apart, cracking, burning, or bulging of an HVAC, fire prevention or sprinkler system or an appliance for heating water, freezing damage to plumbing, HVAC or household appliances, and electrical surge damage.
- c) The policy shall include \$100,000 in liability coverage for active-duty military tenants and their families.
- d) The SO shall not be responsible for providing supplemental coverage or costs for coverage provided by a different policy.
- e) Should the SO choose not to provide renters insurance, rent for active duty military tenants shall be decreased in an amount equal to that portion of the tenant's BAH that is attributable to the renters insurance benefit.

187. RFP § 3.4.3.1 – Rental Rates for Referred Accompanied Active Duty Military Tenants

Revise the fifth sentence in this section to remove the term “award” and replace it with the term “selection.” This change is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.

188. RFP § 3.4.6 – Reinvestment Plan

Revise the fourth and fifth sentences in this section to read as follows, in order to represent the Air Force’s 25-year modernization and upgrade requirement.

“The Reinvestment Plan shall also provide for the 25-year modernization and upgrade requirement. With the exception of the 25-year modernization and upgrade requirement, the plan shall be fully supported with funds from the Reinvestment Account.”

189. RFP § 3.4.7 – Desired Property Management Features

In order to comply with the Air Force’s most current policy on Tenant’s Renters Insurance, include a new third bullet in this section to read as follows:

- Tenant’s Renters Insurance

190. RFP § 3.5 – Environmental Compliance

Revise the following sections in order to incorporate the most current information relating to Environmental Compliance :

- (i) Incorporate a new second sentence in this section to read as follows: “The SO shall be responsible for all fines and assessments by regulators for the failure to comply with these standards.”
- (ii) Delete the term “Offeror” and replace it with the term “SO” in order to maintain consistency in this section.
- (iii) § 3.5.2 – revise this section as follows:

3.5.2 Lead Based Paint (LBP)/Lead Based Paint Hazards

3.5.2.1 Inquiry. The SO is responsible for inquiring as to whether the Government has records of the location of LBP in any family housing unit or other structure prior to start of work which might disturb such materials. If the Government does not have adequate records to substantiate the status or presence of LBP, the SO is required to perform the necessary sampling and analysis in accordance with applicable law.

3.5.2.2 Management and Abatement. The SO will ensure that housing renovation results in complete abatement (as that term is used in the Residential Lead-Based Paint Reduction Act of 1992) of all LBP in those housing units. The SO shall abate LBPH at the point of a change in occupancy if there is one, or if there is no change of occupancy, at the time of a renovation/demolition scheduled in the transaction, or on a more aggressive schedule if the SO desires. In its day-to-day management of housing units, the SO shall comply with the HUD guidelines for caring for and maintaining existing lead-based paint in housing. This is critical to protect the health and safety of residents in those occupied units that have not yet been demolished or renovated.

3.5.2.3 Tenant Treatment. The SO will treat all residents as if they were tenants for the purposes of 40 C.F.R. § 745. For example, the SO will provide the “Protect Your Family from Lead in Your Home” pamphlet (available from the Environmental Protection Agency) to any residents still living in homes with LBP.

191. RFP § 4.1.1 – Discussions

In order to comply with the Air Force’s policy on oral presentations, revise this section as follows:

4.1.1 Discussions

The Offeror’s initial proposal should contain the Offeror’s best terms and be complete in accordance with these proposal instructions. Although the Government reserves the right to evaluate proposals and recommend a selection without discussions with Offerors, it is customary and anticipated that the Government will conduct discussions with the Offerors if the Government determines they are necessary. If during the evaluation period, it is determined to be in the best interest of the Government to hold discussions, the Offerors responses to Evaluation Notices (ENs), and the Final Proposal Revision (FPR) will be evaluated in making the most advantageous proposal decision.

192. RFP § 4.3.9 – Loan Justification

In order to comply with the “Financial RFP,”, which has been approved by the ESG, revise this section as follows:

4.3.9 Loan Justifications

Should the Offeror believe there is an absolute necessity to utilize either the Government Direct Loan or the Government Limited Loan Guarantee, the Offeror shall justify their use. The Offerors shall estimate and submit the scored amount of their proposal, carefully considering the best possible means of minimizing long-term risk and costs to the Government by leveraging funding for the project through a financial strategy that maximizes the use of private sector financing to support the development while minimizing the Scored Amount.

193. RFP § 4.6.3 – Withdrawals of Proposals

Remove the term “award” and replace it with the phrase “Government notification of selection” at the end of the first sentence of this section. This change is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.

194. RFP § 4.8 – Restrictions on Project Participation

Revise this section so that it’s meaning is clearly stated. This is an administrative change only.

4.8 RESTRICTIONS ON PROJECT PARTICIPATION

The following restrictions are in accordance with Government policies and 10 U.S.C. § 2327:

4.8.1 Prior Participation

No firm or subsidiary thereof that assisted the Government in any way in the requirement identification or solicitation preparation, shall be allowed to participate in this Solicitation.

4.8.2 Foreign Participation

Unless a waiver is granted by the Secretary of Defense, should the government of a terrorist country have a significant interest in the firm or subsidiary then, that firm or subsidiary: (a) shall not be selected for the project; (b) shall not participate in connection with the project; and (c) shall not be provided a Government loan nor receive a Government guarantee of any financing it makes.

195. RFP § 4.9 – Resolution of Administrative Details

Delete this section in its entirety and renumber the remaining paragraphs accordingly. The information in this section is now reflected in § 4.11.2 – Binding Commitment.

196. RFP § 4.10.2 – Desired Features and Enhancements

Remove the term “award” and replace it with “give” in the third sentence of this section. This change is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.

197. RFP § 4.11.2 – Binding Commitment

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

4.11.2. Binding Commitment

Within three (3) days of Government notification of Step Two selection, the SO shall provide a schedule for the period from Government notification of selection to closing. The schedule shall indicate the date a binding commitment for all financing other than the Government Direct Loan, if applicable, will be delivered and the date the interest rate will be locked in addition to all financing activities leading up to that point. The terms of the binding commitment or interest rate lock may be contingent only upon closing the financing within ninety (90) days from the date of Government notification.

If the Offeror can show good cause for delay, the Government may, in the exercise of its sole discretion, elect to extend this period or proceed to the next Offeror. The Government also reserves the right at any time before closing to require the SO to submit written proof of availability of the additional financial support proposed in the Volume III submittals for Subfactors 1.1 (Mitigation of Government Risk) and 1.2 (Financing Strategy – Interest Rate Protection).

198. RFP § 4.14.2.2 - Subfactor 2.2: Project Financing

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

4.14.2.2 Subfactor 2.2: Project Financing

The Offeror shall submit a Term Sheet and cover letter from a financing firm and underwriters evidencing a review of the terms and conditions of the following: Solicitation; Appendices; Lease of Property; Government Limited Loan Guarantee, if any, with associated justification for its use; the Government Direct Loan, if any, with associated justification for its use, and related documents, and their proposed terms; the credit quality of the Offeror; and the ability of the Offeror to finance its proposed concept.

In addition to the aforementioned, this Term Sheet shall include a statement that the financing firm is highly confident that it can finance the Offeror’s proposed project. Also, it shall demonstrate how the equity contribution and all financing will fully fund the Offeror’s proposed project concept.

199. RFP § 4.15.1.3 – Specific Contract Information

- (i) Revise the ninth bullet in this section to remove the term “Award” and replace it with the term “Selection”. This change is in accordance with the Air Force’s decision to no longer use the term “award” in the Generic documents in relation to the selection process.
- (ii) In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the phrase “permanent and construction” from fifth line of the sixteenth bullet in this section.

200. RFP § 4.16 – FINANCIAL AND TECHNICAL PROPOSAL (STEP TWO)

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

4.16 FINANCIAL AND TECHNICAL PROPOSAL (STEP TWO)

This section explains the submittal requirements of Step Two: Financial and Technical Proposal. In addition to the requirements set forth below, the Offeror shall calculate and submit an OMB scoring summary to include the proposed scored amount associated with their proposal. The Government also reserves the right to require a Step Two Offeror to submit written proof of the availability of the equity , as well as the additional financial support proposed in the Volume III submittals for Subfactors 1.2 (Financial Strategy), 1.3 (Financing Competition), and 1.4 (Government Participation in Project Financing), identified in the Offeror’s Financial and Technical Proposal.

201. RFP § 4.16 – FINANCIAL AND TECHNICAL PROPOSAL (STEP TWO)

Revise the last line of the second bullet in this section to remove the phrase “Best Value” and replace it with the phrase “most advantageous proposal”. This change is in accordance with the Air Force’s decision to no longer use the phrase “Best Value” in the Generic documents in relation to the selection process.

202. RFP § 4.17.1 – Factor 1: Financial (Refer to RFP Section 3.2)

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

4.17.1 Factor 1: Financial (Refer to RFP Section 3.2)

The purpose of the financial proposal is to determine how well the Offeror has structured the project financing.

203. RFP § 4.17.1.1.2 – Development Budget

In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the word “construction” from the sixth line of the first sentence of this section.

204. RFP § 4.17.1.2 – Subfactor 1.2 – Financial Strategy

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

4.17.1.2 Subfactor 1.2: Financial Strategy

4.17.1.2.1 Financing

a) For *construction financing*, if any, the Offeror shall provide a Term Sheet from all competing financing firms, and a Commitment Letter.

b) For *permanent financing*, the Offeror shall provide a Term Sheet for all competing financing firms, and a completed Senior Lender Eligibility Form (Appendix T) (if applying for a guarantee) and Commitment Letter from the selected financing firm (whether or not a guarantee is being used).

205. RFP § 4.17.1.2.2 – Interest Rate Protection

In order to comply with the “Financial RFP,” which has been approved by the ESG, remove the word “lender” and replace it with the phrase “financing firm” at the end of this section.

206. RFP § 4.17.1.3 – Subfactor 1.3 – Financing Competition

In order to comply with the “Financial RFP,” which has been approved by the ESG, insert a new § 4.17.1.3 and renumber remaining sections accordingly. As the new § 4.17.1.3 introduces a new Subfactor, renumber remaining subfactors accordingly.

4.17.1.3 Subfactor 1.3: Financing Competition

4.17.1.3.1 Financing Competition

a) The SO shall provide at least three financing proposals from the financing firms identified in Appendix AA. The Offeror may submit additional financing proposals from financing firms not listed in Appendix AA.

b) For each financing firm’s proposal, the Offeror shall provide an evaluation summary. The summary should provide a rationale, detailing the following qualitative criteria, as if applicable, for choosing the selected proposal. The qualitative criteria are:

- Provide relevant experience in financing long-term, multi-family housing
- Provide all prior experience between the financing firm and the Offeror
- Provide all organizations associated with the financing firms' proposals including investors, underwriters, placement agents, insurers, rating agencies and developers
- Describe proposed financing structure
- Describe any associated registration processes
- Describe any marketing plan
- Provide a financing schedule from the period of Government notification of selection to closing
- Identify the point of time when interest rates will be locked
- Describe prepayment terms
- Identify the method for sizing project financing
- Identify rating agency requirements
- Identify form of credit enhancement / insurance
- Define cost of surety policy

c) Additionally, the Offeror shall provide the Quantitative Financing Evaluation Chart (see Appendix BB) enabling the Offeror to calculate an All-in Cost of Financing for each proposal.

207. RFP § 4.19.1.2 – Subfactor 3.2: Unit Occupancy Plan

In order to comply with the Air Force's most current policy on Tenant's Renters Insurance, include the phrase "(if applicable)" after the phrase "a tenant renters insurance policy" in the fifth line of this section.

208. RFP § 5.1 - STRATEGY

Revise § 5.1 as follows, in order to introduce exclusive negotiations as being part of Air Force strategy and seek to address more accurately the trade-off used by the Air Force in evaluating proposals:

5.1 STRATEGY

The Government intends to select the Offeror who submits the most advantageous proposal in response to the requirements set forth in this Solicitation. The strategy for the Installation's housing privatization initiative is to use a two-step approach that encourages maximum flexibility in proposal development within the parameters set forth in this Solicitation. The Government reserves the right to down-select in Step One, to no more than five highly qualified or qualified Offerors. In order to promote an efficient competition and to avoid unnecessary expenditure of Offeror resources, the Government reserves the right, during Step Two, to remove from the competitive range any Offeror whose proposal, in the judgment of the Selection Authority, stands no reasonable chance of being selected. The Government further reserves the right, during Step Two of the selection process, to remove from the competitive range any Offeror with respect to whom the Selection Authority becomes aware of adverse or unfavorable past performance information of sufficient significance that, had the adverse or unfavorable information been considered during Step One: (A) the Offeror's past performance rating in Step One would have been lower than satisfactory; or, (B) even if the Offeror would have been rated satisfactory or better, would have been lower than the past performance rating of any other Offeror not selected to continue in Step Two. The Government also reserves the right to select without discussions in Step Two.

The Government shall determine the most advantageous proposal based on an integrated assessment of the Offeror's proposal as evaluated against the subfactors of the Financial, Design and Construction, and Property Management factors, identified in Step Two. The Government shall select the Offeror who provides the Government the greatest overall benefit in response to these requirements. Following the Step Two selection, the Government anticipates that it will be necessary to conduct exclusive negotiations with the Apparent Successful Offeror (ASO) to close the real estate transaction. If, for whatever reason, the Government and ASO are unable to complete the process within 60 days of notification of selection, unless extended by the Government, the Government reserves the right to establish a new closing date or to select a new ASO. In the event a new ASO is selected, neither the former ASO nor the Government will be entitled to reimbursement of costs or other indemnification from the other party.

209. RFP § 5.2 - EVALUATION FACTORS AND SUBFACTORS AND THEIR RELATIVE ORDER OF IMPORTANCE

Remove the word “award” in the first sentence of the second paragraph and replace it with the word “selection”. This change is in accordance with the Air Force’s decision to no longer use the word “award” in the Generic documents in relation to the selection process.

210. RFP Table 14 – Evaluation Factors and Subfactors – Order of Importance

In the second column, third row of Table 13, add the new Subfactor 1.3: Financing Competition and renumber the remaining subfactors accordingly. Also, in the third column, third row of Table 13, revise the second entry to say: Subfactors 1.1 through 1.5 are of equal importance.

211. RFP § 5.5 – STEP TWO EVALUATIONS

(i) Remove the phrase “Best Value” in the second sentence of the first paragraph of this section and replace it with the phrase “most advantageous proposal”. This change is in accordance with the Air Force’s decision to no longer use the word “award” in the Generic documents in relation to the selection process.

(ii) Delete the last sentence of the first paragraph in its entirety. The requirement is stated in other sections of the RFP and there is no value added by repeating them here.

212. RFP Table 17 – Color Ratings

Revise the definition of the rating “Unacceptable” to say: “Fails to meet specified minimum performance or capability requirements. Proposals with an unacceptable rating will not be selected.” This change is in accordance with the Air Force’s decision to no longer use the word “award” in the Generic documents in relation to the selection process.

213. RFP § 5.5 – STEP TWO EVALUATIONS

Delete the last two paragraphs in this section in their entirety. These requirements are stated in other sections of the RFP and there is no value added by repeating them here.

214. RFP § 5.6.2.2 – Subfactor 2.2: Project Financing

In order to comply with the “Financial RFP,” which has been approved by the ESG, delete the phrase “construction and permanent” from the second line of this section.

215. RFP § 5.6.4 – Factor 4: Past Performance

In order to comply with the “Financial RFP,” which has been approved by the ESG, insert the new Subfactor 1.3: Financing Competition under the heading Factor 1: Financial and renumber the remaining subfactors.

216. RFP § 5.7.1.1 – Subfactor 1.1: Project Viability Over the 50-Year Business Arrangement

In the second and fourth bullets of this section, remove the word “awarded” and replace it with the word “given”. This change is in accordance with the Air Force’s decision to no longer use the word “award” in the Generic documents in relation to the selection process.

217. RFP § 5.7.1.2 – Subfactor 1.2: Financial Strategy

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise this section to read as follows:

5.7.1.2 Subfactor 1.2: Financial Strategy

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- The information submitted by the Offeror and respective financing firms clearly demonstrates the ability of the Offeror to deliver a complete financing package; the repayment schedule of the financing is a fixed-level payment for the term of the loan; and the financing meets the terms and conditions outlined in the Solicitation, the associated documents, and the Offeror’s proposal and the Government Direct Loan does not finance credit support.
- The information provided shows that the combined debt service coverage ratio is always greater than 1.05.
- If proposals exhibit maximum utilization of private sector financing, then additional evaluation credit may be given.
- If risk of short-term interest rate fluctuations are mitigated, then additional evaluation credit may be given.
- It has an initial cash equity contribution of at least 5% of the total project costs; the Offeror commits its initial equity prior to any commitment of Government funds; and the Offeror clearly defines the nature and timing of equity contributions and disbursements.
- Fees are reasonable when compared to industry standards.
- The Senior Lender Eligibility Form (Appendix T), if applicable, and Borrowers Application are complete.

218. RFP § 5.7.1.3 – Subfactor 1.3: Financing Competition

In order to comply with the “Financial RFP,” which has been approved by the ESG, insert a new section 5.7.1.3 Subfactor 1.3: Financing Competition, to read as follows:

5.7.1.3 Subfactor 1.3: Financing Competition

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- Private sector financing has been competed with at least three financing firms listed in Appendix AA. Financing firms may provide more than one financing structure
- Offerors have logically evaluated financing proposals in an evaluation summary identifying all qualitative evaluation criteria
- The Offeror entirely completes the Quantitative Financing Evaluation Chart in Appendix BB, calculating an All-in Cost of Financing for all competing financing firms
- The selected financing firm and structure provides financing most beneficial to the overall proposal consistent with the Government’s most advantageous proposal approach. The selection of a financing firm has been determined from the following qualitative and quantitative criteria:
 - Provided the lowest All-in Cost of Financing
 - Identified either a specific, or the narrowest range of interest rate spread over a common underlying index
 - Provided relevant experience financing long-term, multi-family housing
 - Sized the financing based on the lowest Debt Service Coverage Ratio and Net Operating Income in a year advantageous to increasing the borrowing capacity
 - Provided the lowest cost method of forward locking interest rates relative to the period of the locking provision
 - Uniquely identified, as opposed to aggregated, any and all financing costs; and
 - Provided the lowest fees and expenses, capping all, or more than other competing financing firms’ fees and expenses.

219. RFP § 5.7.1.4 – Subfactor 1.4: Government Participation in Project Financing

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise section 5.7.1.4 to read as follows:

5.7.1.4 Subfactor 1.4: Government Participation in Project Financing

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- Payments of principal may not be deferred for more than 10 years under the terms of the required Government Direct Loan; however, interest payments are required during the deferral period; the Government Direct Loan is smaller in initial outstanding balance than the original financing principal balance; and any proposed modifications do not materially affect the Government Direct Loan documents. The amount of the Government Loan Guarantee shall not be more than 80% of the value of the project as determined by the Government, and any proposed modifications shall not materially affect the Government Loan Guarantee.
- Any proposed exceptions or modifications to the Lease of Property, Operating Agreement, and Quitclaim Deed or Bill of Sale are favorable to the Government
- An adequate risk mitigation plan of Government resources is included
- Additional evaluation credit will be given for proposals that use less than the maximum offered amount for the Direct Loan.

220. RFP § 5.7.1.5 – Subfactor 1.5: Mechanics of Accounts

In order to comply with the “Financial RFP,” which has been approved by the ESG, revise the title of section 5.7.1.5 to “Subfactor 1.5”.

221. RFP § 5.7.3.2 – Subfactor 3.2: Unit Occupancy Plan

In order to comply with the Air Force’s most current policy on Tenant’s Renters Insurance, include the phrase “(if applicable)” after the phrase “a tenant renters insurance policy” in the second line of the second paragraph of this section.

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