



REQUEST FOR PROPOSALS

UK-2398-24

Medical Office Building(s) Developer Public Private Partnership (P3)

ADDENDUM #2

01/23/2024

ATTENTION: This is not an order. Read all instructions, terms, and conditions carefully.

IMPORTANT: RFP MUST BE RECEIVED BY 02/07/2024 @ 3:00 P.M. LEXINGTON, KY TIME

Offerors should acknowledge receipt of this, and any addendum, as directed in the Request for Proposals.

ITEM #1 QUESTIONS AND RESPONSES:

Q1: Section 2.5 - Project Background Information: When will the strategic facility plan be shared with the Offerors?

R1: The strategic facility plan will be shared with short-listed firms based on selection from Technical Proposal submissions.

Q2: Section 2.6 - Financing: The RFP states "The University has a high preference for equity funding as available". How is UK defining "equity funding"?

R2: Equity funding preference comes from a stronger link to vested partnership for UK and the developer. UKHC has a preference for the developer to bring company equity to the transaction and not fully fund via outside debt. There is no set standard to the level of equity expectation.

Q3: Section 2.6 - Financing: The RFP states "Offerors will be asked to respond to a specific Financial Proposal scenario to support the consistent and equitable comparison of Offerors". When will this be made available to the RFP offerors?

R3: After reviewing the questions submitted by interested parties, UK has determined the best approach would be a two-step process. The first step will be to select a short list of developers based on qualifications and the second step will be to solicit detailed financial proposals from the short-listed developers after initial discussions between the parties.

Q4: Section 3.7 - Proposal Submission and Deadline: Please clarify which specific sections / criteria of the RFP should be included in the "Technical Proposal". Please clarify which specific sections / criteria should be included in the "Financial Proposal".

R4: A detailed financial proposal will be requested from short-listed developers upon completion of initial discussions. As such, the separate financial proposal requested in 3.7 is not required. All information may be submitted for review in one package. Section 4.8 and Section 8.0-8.2 are hereby deleted for purposes of the Step One qualifications review. They will be replaced via addendum to short-listed firms for purposes of providing instructions for their financial proposal upon completion of initial discussions.

Q5: Section 4.5 - Criteria 1 - Offeror Qualifications - Team: Is UK HealthCare requesting the Offerors to propose exclusive and committed architectural and general contracting partners for the Project and incorporate these partners into the RFP response? Or is UK HealthCare requesting a list of architectural and general contractor potential partners that we believe would be great candidates for the Project that would be selected at a later time between the successful Offeror and UK HealthCare?

R5: Section 4.5 Criteria 1 - Offeror Qualification - Primary Subcontractors: Provide a list of proposed primary subcontractors (e.g. Architect and General Contractor) and experience of their firms with projects similar in size and scope to the Project. Identify whether any of the subcontractors are small businesses as determined by the U.S. Small Business Administration, diverse companies and/or companies physically located in the Kentucky. The architect and general contractor would be selected at a later time between the successful Offeror and the University.

Q6: Section 4.5 - Criteria 1 - Offeror Qualifications - Speed of Delivery: Is UK HealthCare requesting a specific Project schedule or a narrative on process and timelines in order to execute an expeditious project from start to finish? If a schedule is required, are we permitted to contact the City for detailed information regarding fees, approval & permitting process, and timelines?

R6: Please provide a narrative on proposed process, timelines and best practices to ensure an expeditious project. It is suggested to include examples of project timeline experience(s) with prior projects of a this type and/or magnitude.

Q7: Section 8.0 - Financial Offer & Section 8.1 - Key Financial Components: There are numerous references to requirements that would require a total cost budget for the Project including hard costs, soft costs, land value, Project scope details and specifications, site work, infrastructure, design, financing methodology (total Project costs will vary by financing methodology), TI program and scope, etc. Given this information is not provided as part of this RFP, it may be simpler and more easily comparable for the University to evaluate the Offerors based on qualifications and yield on cost financing proposals for comparative purposes between Offerors. If a total Project cost budget is required, please provide additional detail on assumptions (land value, Project scope details and specifications, site work, infrastructure, required design standards, financing methodology (total Project costs will vary by financing methodology), TI program and scope we should use to inform the cost budget). Please advise on the direction desired by UK HealthCare.

R7: After reviewing the questions submitted by interested parties, UK has determined the best approach would be to utilize a two-step process. The first step will be to select a short list of developers based on qualifications and the second step will be to solicit detailed financial proposals from the short-listed developers after initial discussions between the parties.

Q8: Given that the RFP was released during the winter holidays and we would like to have time to create a quality submission for the University, could the RFP Proposal Due date be extended (by two weeks) from pm Eastern Time on 01/23/2024 to 3pm Eastern Time on 02/06/2024?

R8: After internal discussions to address feedback from Offerors, we are extending the proposal timeline by two weeks to Wednesday, February 7, 2024 at 3 PM EST (see also, Addendum 1)

Q9: Will the developer be required to provide staffing for roles such as medical and administrative personnel?

R9: No, health care operations staffing including medical and administrative personnel is not applicable.

Q10: Will the development, or at least the initial phase of the development (200,000 sf), be 100% master leased to the University or a related entity?

R10: Yes.

Q11: Would UK consider a Design Build Finance Operate Maintain approach with an availability payment mechanism instead of the lease/leaseback approach defined in the RFP?

R11: UKHC is willing to consider different proposal approaches. If an alternative approach is proposed, please submit the alternate proposal in addition to the initial structural request.

Q12: The RFP states on page 7 that "UK is considering a P3 arrangement with an established developer for the planning, design, construction, financing, and potentially the operations and maintenance of these facilities." When does UK expect to make a decision about the O&M inclusion in the scope of work?

R12: The decision regarding O&M inclusion in the scope of work will be discussed with short-listed firms.

Q13: Was there a recording of the pre-proposal meeting and if so, can it be shared?

R13: No.

Q14: Can I get a list of those who have indicated interest in this P3 for teaming outreach purposes?

R14: Zoom does not do a good job of capturing attendee info unless the meeting is set as a webinar (which the pre-conference was not). As such, no complete list exists and thus cannot be provided.

Q15: Is UK planning on providing any subsidy or other funding to the selected developer?

R15: Not at this time. Alternative approaches may be submitted.

Q16: The RFP references a lease/lease back model. Would UK consider an availability payment DBFOM model?

R16: Same answer as number 11.

Q17: Has there been construction at the site before? Is the site environmentally clean?

R17: It is a clean site based on findings during due diligence. All reports will be shared with the awarded firm. This site has not been previously developed.

Q18: What is UK's timeline for construction start and completion?

R18: After internal discussions to address feedback from Offerors, we are extending the proposal timeline by two weeks to Wednesday, February 7, 2024 at 3 PM EST (see also, Addendum 1).

Q19: The last sentence of section 2.6 in the RFP document says that we will be asked to respond to a specific Financial Proposal to support consistent and equitable comparison... Is this something that will be included in the addendum?

R19: See number 7.

Q20: What's the relationships to Baptist next door, if any?

R20: UK and UK HealthCare have positive relationships with health care systems across the state.

Q21: Will UK master lease building?

R21: See question 10.

Q22: Are there any cancer, wet labs, or ASC DICs scheduled for this building?

R22: There is no current plan for wet labs or an ASC. Outpatient oncology has not been determined.

Q23: Would UK Healthcare prefer that developers team with architects and engineers for this proposal? Or allow UK Healthcare to participate in selecting the remaining team members?

R23: Section 4.5 Criteria 1 - Offeror Qualification - Primary Subcontractors: Provide a list of proposed primary subcontractors (e.g. Architect and General Contractor) and experience of their firms with projects similar in size and scope to the Project. Identify whether any of the subcontractors are small businesses as determined by the U.S. Small Business Administration, diverse companies or physically located in Kentucky. The architect and general contractor would be selected at a later time between the successful Offeror and the University.

Q24: How confident is the University in achieving state budget approval for this project in July 2024? Do you foresee any possible delays?

R24: It is the intent of the University to enter into competitive negotiation as authorized by KRS 45A.077 and KRS 45A.085. The effective date of the contract shall be the date upon which the parties execute it and all appropriate approvals, including but not limited to that of the Kentucky General Assembly, Kentucky Government Contracts Review Committee and the Capital Projects and Bond Oversight Committee, have been received. The University works closely with the State to ensure timeliness of communication and required approval requests are submitted.

Q25: Is there a LEED certification requirement for this project?

R25: The University standard goal is LEED Silver. However, we have not yet confirmed the target for this project.

Q26: Is there a wage scale requirement?

R26: No.

Q27: Is UK HealthCare requesting dedicated architect and contractor teams for each development team or simply recommended a variety of architectural and contractor partner firms that could be a good fit for the project scope?

R27: See question 23.

Q28: Will the development partner be required to pay for site infrastructure systems or is the University funding that portion of the scope?

R28: It is anticipated that all off-site improvements will be in place and utilities and or pathways will be brought to the property line. The developer will be responsible for all required infrastructure within the site.

Q29: The RFP mentions a high preference for equity funding. What are the main reasons for this?

R29: Same response as question 2.

Q30: Are there any special collaboration requirements between clinics that could create unusual vertical circulation requirements beyond a standard Core with elevators?

R30: Unknown at this time. However, it is not anticipated that there will be unusual vertical circulation requirements.

Q31: Can you share what's driving the schedule of the RFP? It seems like a fast selection process, considering the release in late December.

R31: After internal discussions to address feedback from Offerors, we are extending the proposal timeline by two weeks to Wednesday, February 7, 2024 at 3 PM EST (see also, Addendum 1).

Q32: Does UK have any thought or preference as to the length of the master lease term?

R32: Offeror can recommend.

Q33: Will the University have total ownership of the land prior to the selection of the developer?

R33: Yes. The University has closed on the land.

Q34: Will the design of this project be held to the standard UK specifications?

R34: The design shall conform to the "Official UK Standards" unless prior written consent is given by the UK Project manager. Design Standards are available at: <http://www.uky.edu/cpmd/official-design-standards>

Q35: What about TI allowances ? Should we carry an allowance or Only Carry Core and Shell ?

R35: To be discussed with short-listed developers.

Q36: Is it possible to capture a sign in sheet for this meeting?

R36: No.

Q37: Did UK receive an Unsolicited Proposal for this project?

R37: No.

Q38: Will questions and answers be published online?

R38: Yes.

Q39: Has the University appointed, or will it be appointing, specialist P3 legal counsel/advisors to represent the University for the delivery of the Medical Office Buildings (UK-2398-24) and/or the Energy P3 Project (UK-2376-24)? If yes, how will legal counsel/advisors be considered?

R39: Legal counsel would be determined under a separate procurement process.

Q40: Can you provide any additional information regarding what infrastructure can be assumed to be part of the developer/offeror's scope? Will developer/offeror be responsible for installing infrastructure (i.e. traffic improvements or utility extensions) outside of the 41 acre parcel? Will the developer/offeror be required to install infrastructure within the 41 acre parcel that will be shared or entirely used by uses other than the 200,000 SF MOB (i.e.. shared detention pond, street/utility network, shared parking)?

R40: See question #28 for infrastructure on the parcel. The developer will not be responsible for roads outside of the UK owned parcel; all utilities accounted for on the UK owned parcel will be used by this building and another future UK needs.

Q41: Can you elaborate on the "current and future parking / infrastructure" comment in section 2.5? There is not parking at the site currently, as far as we can tell. Would the 200,000 SF MOB initially be surface parked (perhaps with a deck being constructed in the future) or would a parking deck be part of the initial developer/offeror's scope? Or is this TBD?

R41: Current and future parking needs and phasing are to be determined based on Medical Office Building planning.

Q42: Please elaborate on UK's preference for equity funding referenced in several sections of the RFP.

R42: Same response as question 2.

Q43: In order to respond to some questions in the Financial Response section, a total project cost must be assumed. Without a more detailed understanding of the plan and scope of the developer's work it is difficult to suggest a total project cost. We will use the limited information provided and our experience to suggest an estimated total project cost of 200,000 SF MOB with supporting infrastructure and maximum TI allowance to inform the amortization schedule you have requested. Please advise if you would prefer us to approach this differently.

R43: Same response as number 3.

Q44: Will the new road infrastructure be paid by the Property Developer (Cowgill) and will it be extended to the adjacent Baptist development?

R44: Road infrastructure outside of the UK owned parcel will be completed by Cowgill. Tunnel road is not part of their scope.

Q45: Will the MOB development have to meet requirements of LFUCG Division of Planning and other agencies. Will this property be added to U of K's MS4/Stormwater jurisdiction or will it be under the jurisdiction of the LFUCG/City of Lexington?

R45: To be further discussed.

Q46: What is the minimum/maximum lease term that the University expects to enter into with the Developer?

R46: Offeror can recommend.

Q47: Can you provide any guidance on the building user program and if any of space will be sub-leased by UK to private physicians or entities?

R47: It is anticipated that the building user program will be re-validated with engagement from the University, UK HealthCare and the selected Offeror.

Q48: Will equity participation have equal or greater weight to overall economics for the University?

R48: Same response as question 2.

Q49: Is there a minimum equity amount contributed by the developer expected?

R49: Same response as question 2.

Q50: What level of infrastructure costs should the Developer assume be included in the cost assumptions?

R50: Same response as question 43.

Q51: For budgeting purposes are there any land entitlement expenses that we need to carry, aside from anticipated municipal tap fees and impact fees? Has UK already spent and captured such expenditures separately?

R51: All rezoning costs have been completed by Cowgill and filed with the city.

Q52: Section 2.1 – Intent and Scope: Can UK share where it stands with the programming process including an expected timeline and internal process to determine final programming? Do any of UK's contemplated programs require a Certificate of Need (CON)?

R52: It is anticipated that the building user program will be re-validated with engagement from the University, UK HealthCare and the selected Offeror. Program elements and requirements for Certificate of Need will be discussed.

Q53: Section 2.5 - Project Background Information: Will the strategic facility plan be shared prior to the RFP submittal?

R53: The strategic facility plan will be shared with short-listed firms based on selection from Technical Proposal submissions.

Q54: Section 2.5 - Project Background Information: Does UK have a preferred or required parking stall ratio?

R54: Preference on outpatient sites is 5 per 1,000 square feet; other potential UK uses will need to be discussed and taken into account.

Q55: Section 2.5 - Project Background Information: What infrastructure deliverables will be provided by the master plan developer to UK as part of the land transaction? Is there a schedule for the master plan developer's infrastructure delivery obligations?

R55: The relevant details of the land transaction and all pre-planning work driving the infrastructure needs will be shared with the selected developer. There is a schedule for the site developer's work.

Q56: Section 2.6 - Financing: The RFP states "The University has a high preference for equity funding as available". How is UK defining "equity funding"?

R56: Same response as question 2.

Q57: Section 2.6 - Financing: The RFP states "Offerors will be asked to respond to a specific Financial Proposal scenario to support the consistent and equitable comparison of Offerors". When will this be made available to the RFP offerors?

R57: See answer to number 3.

Q58: Section 3.1 – Key Event Dates: To provide the most comprehensive proposal possible, has there been consideration to extend the RFP proposal due date to allow Offeror's adequate time to include input provided in UK's scheduled addendum to be provided on 1/17? Much of the information provided in the addendum is likely to inform Offerors proposals.

R58: After internal discussions to address feedback from Offerors, we are extending the proposal timeline by two weeks to Wednesday, February 7, 2024 at 3 PM EST (see also, Addendum 1).

Q59: Section 3.4 – Offeror Presentations: When does UK anticipate notifying Offerors if they are selected for an interview?

R59: The University and UK HealthCare have not selected a specific date at this time. We would prefer to adjust accordingly based on the number and field of respondents to ensure we select the best partner. We will plan to move as expeditiously as possible.

Q60: Section 3.5 – Preparation of Offers / Section 3.7 – Proposal Submission and Deadline: Section 3.5 states that "all documentation submitted with the proposal should be bound in the single volume except as otherwise specified". Section 3.7 – Proposal Submission and Deadline states there are two separate components of the response – technical proposal and financial proposal. Please clarify which specific sections / criteria of the RFP should be included in the Technical Proposal. Please clarify which specific sections / criteria should be included in the Financial Proposal. Please clarify if the submission should be a single deliverable package or a two-part delivery package (Financial Proposal and Technical Proposal).

R60: See question 4.

Q61: Section 4.5 – Offeror Qualifications: In addition to the State budget authorization milestone on July 1, 2024, please provide any UK milestones/process/approvals as well as approval dates that may drive the Project

schedule such as required local UK and State board / committee approvals, documentation approvals (ground lease, space lease, etc.), Finance/Capital Committee approvals, Strategy Committee Approvals, Chancellor Approvals, Board of Trustees Approvals, etc. Is there a desired occupancy targeted date? Are there any other considerations that would necessitate a specific occupancy date or is the desire to provide an efficient and effective delivery process that allows the Project to be completed as soon as possible? What approvals are needed from UK and any other relevant approval entities to enter into Phase 1 and Phase 2 as contemplated in Section 7.1 – Developer Services Defined?

R61: The effective date of the contract shall be the date upon which the parties execute it and all appropriate approvals, included but not limited to that of the Kentucky General Assembly, Kentucky Government Contracts Review Committee and the Capital Projects and Bond Oversight Committee, have been received. Additional approvals and key milestones will be aligned as a part of the overall project timeline once established. At this time, there are no other considerations that would necessitate a specific occupancy date.

Q62: Section 4.5 – Offeror Qualifications: Can the Offerors contact the local authority having jurisdiction to inform the schedule regarding land use approval and permitting processes and timelines?

R62: The property owner had everything filed prior to UK closing on the land. Zoning is complete.

Q63: Criteria 6 – Financial Proposal: in conjunction with Section 3.5 and 3.7, please clarify specific requirements between the Technical Proposal and the Financial Proposal and which should be delivered under separate cover.

R63: See number 4.

Q64: Section 5.0 – Evaluation Criteria Process: Can UK provide the names and titles of the UK individuals who are on the evaluation committee (and distinguish between voting and non-voting members of the evaluation committee)?

R64: A committee of University officials appointed by the Chief Procurement Officer will evaluate proposals and make a recommendation to the Chief Procurement Officer and University leadership. The Selection Committee includes: Alison Hansson, AVP, Operations Program Planning & Implementation; Kevin Locke, AVP, Capital Planning, Design & Construction; Lynn Murphy, AVP, Facility Planning; Jake Stover, AVP, Finance. Additional University and UK HealthCare leaders may participate as non-selection committee (non-voting) members. Offerors are reminded that all communications regarding the active solicitation are to be made through the Purchasing Official.

Q65: Section 5.0 – Evaluation Criteria Process: Can UK provide the relative importance weighting of the Primary Criteria 1 – 8 that will be used by the evaluation committee?

R65: The RFP lists primary and secondary criteria. Equity financing and financial capabilities along with experience and demonstrated ability to execute will be primary considerations.

Q66: Section 6.26 - Extending Contract: Can UK provide more information regarding the intent and applicability of the “Extending Contract” concept as it relates to a Developer?

R66: Other universities often utilize competitively bid UK contracts. If a developer wants other institutions to be able to utilize the contract resulting from this RFP they may do so. This is totally optional and will not be a consideration in our award.

Q67: Section 6.28 – University Brand Standards: FYI, the links provided in the University Brand Standards section did not work for us. We searched the UK website for Brand Standards which led us to the screenshot below. Can you provide all relevant brand and graphic standards as a PDF document?

R67: Please see the updated link: <https://www.uky.edu/prmarketing/brand-standards>

Q68: The RFP makes it clear in the example (4.8) to assume a 200,000 sf MOB, but by referencing ‘parking’ & ‘supporting infrastructure’ elsewhere in the RFP, it becomes questionable. For financial modeling purposes,

are we to include surface parking to support a 200,000 sf MOB? Or, are we to assume no parking accommodations? Please clarify.

R68: After reviewing the questions submitted by interested parties, UK has determined the best approach would be to utilize a two-step process. The first step will be to select a short list of developers based on qualifications and the second step will be to solicit detailed financial proposals from the short-listed developers after initial discussions between the parties.

Q69: Section 4.5 lists "Strategy Re-validation" can you please expand on what this section is asking for including what type of strategic analysis the University is asking for, and more detail on the request regarding service distribution?

R69: The University and UK HealthCare are looking for demonstrated expertise, knowledge and resources to support a collaborative exercise including but not limited to market analytics, benchmarks and best practices, and alignment and coordination to campus based services as part of our standing as an Academic Health System.

Q70: Section 4.5 lists "Active versus Passive Funding", can you expound on what you mean by active versus passive funding, including within the context of infrastructure funding?

R70: Same response as question 2.

Q71: Besides the sample 200K GSF MOB building as the basis for the financial analysis, can you indicate if there are any infrastructure requirements the developer is to fund or if the University plans to install common infrastructure?

R71: See question 40 and 55.

Q72: In section 8 the University indicates its desire to master lease the building can the University confirm if that is all or a portion of the building?

R72: See question 10.

Q73: Section 8, item 4, are we to actually estimate a full project budget, GMP, pre-development costs etc., or rather are we to explain the process we would use to cooperatively come to those conclusions. It seems the RFP timeline is too abbreviated for meaningful design and cost estimations. It is also difficult to estimate the buildout costs without knowing the program and tenant requirements.

R73: After reviewing the questions submitted by interested parties, UK has determined the best approach would be to utilize a two-step process. The first step will be to select a short list of developers based on qualifications and the second step will be to solicit detailed financial proposals from the short-listed developers after initial discussions between the parties.

Q74: The RFP asks us to list a maximum TI allowance - can you please clarify? If UK were to master lease the building, there would not be a limit to the TI allowance, it would just directly impact the UK master lease payment.

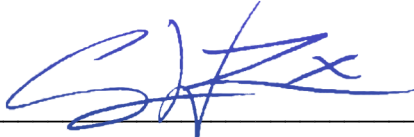
R74: To be discussed with short listed developers.

Q75: Section 8.1 asks to "provide proposed amortization schedule". Is this for any proposed debt? Or the entire project useful tax basis? If we provide an amortization schedule does that preclude the developer from refinancing such debt in the future?

R75: Section 8.1 is deleted for purposes on Step One qualifications review. Financial information such as this will be requested from short-listed developers upon completion of initial conversations.

END OF ADDENDUM 02

OFFICIAL APPROVAL
UNIVERSITY OF KENTUCKY



Corey W. Leslie, Purchasing Officer

SIGNATURE

Typed or Printed Name