

RFP FAQs:

Q1: Can you estimate the number of concurrent users you anticipate using the software – our pricing is based on concurrent users?

ESD anticipates operating with 4 concurrent users, but may add (or subtract) users in the future.

Q2. There isn't much in terms of functionality related questions, so we'd like to include an expanded functionality section that covers the many aspects of functionality within our system? This will make it go over the 25 page maximum and will most likely be closer to 50. We can leave this section out, but we believe your users would find it very helpful in learning about the many benefits our system will offer. If the 25 page max is firm, can we include it as a separate document?

The 25 page maximum is a firm limit. However, upon written approval from ESD, additional materials may be submitted in the form of a separate addendum for explanatory purposes only. Please request approval for additional documentation from Tim Anderson using the contact information included in the RFP. Please be advised, however, that additional addenda will not be utilized by ESD during its scoring process.

Q3. Would Empire State Development be interested in additionally licensing the source code to our loan servicing software, and should we include pricing and information about this option?

ESD may consider this option. However, any additional information regarding the terms associated with a licensing agreement should be included in a separate addendum. Please request approval to submit such an addendum as described in the response to Q2 above.

Q4. Would it be acceptable to send a flash drive rather than a CD for the electronic version?

Yes. Flash drives will be accepted.

Q5. What is the portfolio size of the 175 loans?

The current portfolio totals approximately \$190 Million.

Q6. Are you looking for a hosted solution based upon the disaster recovery request?

ESD currently runs a hosted solution yet is not opposed to adopting a different option.

Q7. Please provide a complete description of all of ESD's loan structures

ESD's current loan portfolio consists of a variety of loan structures. These include, but may not always be limited to: full amortization, partial amortization with balloon, interest only, blended interest only and full P&I, fully and partially convertible, mezzanine debt, fixed and variable interest rates, blended rate, as well as a variety of ad hoc workout structures.

Q8. Are there systems other than PeopleSoft that exist that would require interfacing with the solution?

Should a software solution not include its own document creation module, ESD requires interfacing with some form of document system, preferably within the Microsoft Office suite. ESD's Portfolio Management team operates Microsoft Access databases for specific project tracking elements with which additional integration could prove useful. ESD also utilizes a web based service for shared access to loan documents. Interfacing with this service could also be explored.

Q9. Are you looking for a loan origination solution with this? Is there an existing origination system in place?

No origination system is required.

Q10. Do you do all the direct servicing of the loans or do you use 3rd party servicers? If you use 3rd party, how many do you use?

ESD currently services all of its loans. No third party is necessary.

Q11. What is used as collateral for the loans?

ESD loans are most commonly collateralized with real estate, machinery and equipment liens, and personal and/or corporate guarantees.

Q12. Do you escrow for tax, insurance, or reserves?

Yes, such functionality should be included in the response.

Q13. Will ESD be providing data for the conversion or will SS&C technologies be extracting data

Conversion data will need to be extracted from the existing McCracken system.

Q14. Can one loan be funded by multiple program funds (the 40 program funds)?

Currently, all loans are funded by a single program fund.

Q15. Can you give a few examples of nonstandard or unique loan structures that ESD encounters?

On occasion, ESD will structure loans that have conditional interest, deferred interest, conditional principal forgiveness, and structured mezzanine conversion.

Q16. How many years of data are you looking to convert from McCracken Fin. Solutions? Can this be estimated in numbers of loans?

ESD converted to the McCracken system in 2004. A complete conversion would encompass roughly 500 historic loan accounts.

Q17. Do you have a sample of the format and data elements available for the conversion?

Not at this time. ESD is working to make a sample available.

Q18. Do any of your loans require the tracking of escrow balances and activity?

Yes, a small portion of the portfolio consists of loans carrying escrow balances.

Q19. Can you elaborate on the needs, if any, to track Tax Credits?

There is currently no need for Tax Credits to be tracked with this software.

Q20. Can you give an example of the flow and tracking requirements of a grant recapture?

On average, ESD recaptures approximately 15-20 grants per year that require tracking and administration through its loan servicing software. Recapture amounts are typically structured as standard fixed interest rate fully amortizing loans. However, on occasion, we will defer interest until a later point in time, and will require the ability to track such deferred interest.

Q21. What is the average size of the loan principal?

The current average principal balance in ESD's loan portfolio is approximately \$1,125,000.

Q22. What are the various loan products? or Are these primarily mortgages and if so are they residential or commercial, lease loans, any securitized, CMBS, CDOs etc.?

Please see response to Q7. The portfolio does include commercial mortgages and lease loans.

Q23. What are the 40 active program funds, are they government programs or private

All programs are funded through ESD. Additional information is available via ESD's website.

Q24. How are the loans managed today, are they booked on a proprietary system or are they maintained on spreadsheet?

ESD currently manages its loans on proprietary software hosted by McCracken Financial Solutions.

Q25. Who is managing the loans? Are loans managed centrally or are the program funds managing them separately?

ESD's loan portfolio is centrally managed by its Portfolio Management team.

Q26. Are the program funds owned by UDC and JDA?

Yes, generally program funds are owned by UDC or JDA. However, exceptions may occur.

Q27. Are any of the loans in an impaired state or are they normal accruing status?

The majority of the loans are in a normal accruing state, however, as with any portfolio, there are a few exceptions. Occasionally, defaulting loans will trigger a penalty interest rate. Functionality for such an adjustment is required.

Q28. Are the loans calculated on an actual/360 or 30/360 day basis?

All ESD loans accrue on a 30/360 day basis.

Q29. With regards to the amortization schedules, is there possibility for a negative amortization?

At present, ESD's portfolio does not contain any negatively amortized loans; however it is possible that such a structure could be considered within the workout process. With that in mind, such functionality would be encouraged.

Q30. What are the prevailing index rates used to accrue the loans, LIBOR, PRIME etc.?

Various loan products are linked to different index rates depending on the funding source. Additionally, some product rates are linked to ESD's cost of funds.

Q31. Are there any special pricing mechanisms built into the calculation or particular fees that need to be taken upfront or accrued or amortized?

Yes, ESD has fee structures in place that will be revealed to respondents at a later date. ESD is seeking fee tracking capability.

Q32. What is the average length of the loans?

Depending on product (Real Estate, working capital, M&E etc.) the length of the loan will generally range from 3-20 years.

Q33. Is the population of the loan expected to grow or is it capped at 175?

ESD expects significant population growth in the near future.

Q34. Are the recaptured loans managed differently from the rest of the loan population?

No. Recaptured grant amounts are generally structured as standard fixed rate, fully amortizing loans. However, they will need to be categorized as distinct from the rest of the portfolio for internal tracking/reporting purposes.

Q35. What is main objective of this request? Is the purpose of this exercise to find another entity to help manage the loans (service administrators) or a system to properly contain the loans?

ESD is currently seeking a system to properly contain the loans, as it services all loans internally.

Q36. What is the estimated time frame for this project?

ESD has a full implementation target of two months from the date of award.