



State of South Carolina

RECORD OF NEGOTIATIONS

Solicitation Number	5400011489
Procurement Officer	Stacy Gregg, CPPO, CPPB
Phone	803-737-2609
E-Mail Address	sgregg@mmo.sc.gov
Address	1201 Main Street; Suite 600 Columbia, SC 29201

DESCRIPTION: Full Spectrum Disaster Recovery Operations to Implement the State's Community Development Block Grant-Disaster Recovery (also referred to as CDBG-DR) Action Plan

USING GOVERNMENTAL UNIT: Department of Commerce

OFFEROR'S NAME AND ADDRESS: Horne LLP

IMPORTANT NOTICE:

Offeror is required to sign this document and return 1 copy to the procurement officer named above by the following date: **September 19, 2016.**

DESCRIPTION OF NEGOTIATED CHANGES:

(attach additional pages if necessary)

A negotiation meeting was convened on 09/16/2016 pursuant to S.C. Code Section § 11-35-1530 (1976, as amended). Present for the meeting were Daniel Young, Chris Huffman and Clarissa Belton of the SC Dept. of Commerce, Stacy Gregg of the State Procurement Office; JR Sanderson and Eric Fosmire of the Disaster Recovery Office and Jonathan Krebs of Horne, LLP ("Horne").

Negotiated changes were for the following:

- Outcome Cost Measures
- Lead Based Paint Assessments
- HMGP Program
- Escalation & Appeals
- Horne's Cost Implementation Fee

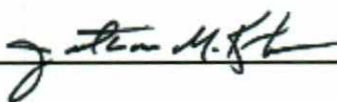
Full details regarding the above changes are provided on page 2 of this document.

Except as provided herein, all terms and conditions of the Offer and the Solicitation remain unchanged and remain in full force and effect.

OFFEROR'S CERTIFICATE OF CURRENT COST OR PRICING DATA: The Offeror certifies that, to the best of its knowledge and belief, the cost or pricing data (as defined by 48 C.F.R. 2.101) submitted, either actually or by specific identification in writing, by the Offeror to the Procurement Officer in support of the proposed contract are accurate, complete, and current as of the date this record of negotiations is signed. [Procurement Officer must initial here _____ if Certificate inapplicable to this Record of Negotiations]

(See "Pricing Data - Audit - Inspection" provision.) (Reference § 11-35-1830 & R. 19-445.2120)

SIGNATURE OF PERSON AUTHORIZED TO SUBMIT BINDING OFFER TO ENTER A CONTRACT ON BEHALF OF OFFEROR:

By: 

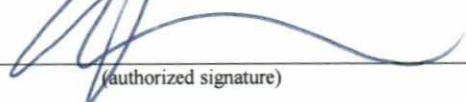
Jonathan Krebs, CFA, CGFM, CFE

(printed name of person signing above)

Its: Partner, Government Services
(title of person signing above)

Date: September 16, 2016

SIGNATURE OF PERSON AUTHORIZED TO APPROVE NEGOTIATED MODIFICATIONS ON BEHALF OF USING GOVERNMENTAL UNIT:

By: 
(authorized signature)

Stacy Gregg, CPPO, CPPB

(printed name of person signing above)

Its: Procurement Manager
(title of person signing above)

Date: _____

Record of Negotiation – Solicitation Number 5400011489 – SC Department of Commerce Full Spectrum Disaster Recovery Operations to Implement the State of South Carolina’s CDBG-DR Action Plan

Outcome Cost Measures

Horne’s proposal offered an accelerated home recovery plan which is of interest to the State. Horne’s fundamental recovery timeline states they will rehabilitate, repair, or replace (“R3ed”) 1541 homes by the end of 24 months from the contract start date. In order to make sure the accelerated benchmarks are met, the State, in response to Horne’s proposal, sought to tie the accelerated plan to the cost outcome measures that exist in the current RFP. The parties agreed to the following:

If Horne meets the “Program has R3ed 900 homes” outcome (the 900 home benchmark) by 03/31/18, then Horne will receive 7% of the implementation cost figure as stated in the RFP. However, if Horne does not meet the 900 home benchmark until 04/30/18, then Horne receives only 5% for this outcome measure. If the 900 home benchmark is not met until 05/31/18, then Horne only receives 4% for this outcome measure. If this outcome is not met until 06/30/18 or later, then Horne receives only 3% for this outcome measure.

Similarly, for the “Program has R3ed 1,300 Homes” outcome (the 1300 home benchmark); if Horne meets this benchmark by 09/30/18, then Horne will receive 7% of the agreed upon implementation cost figure. However, if Horne does not meet the 1300 home benchmark until 10/31/18, then Horne receives only 5% for this outcome measure. If the 1300 home benchmark is not met until 11/30/2016, then Horne receives only 4% for this outcome measure. If this outcome measure is not met until 12/31/2018, then Horne only receives 3% for this outcome measure.

The purpose of tying these outcome measure benchmarks to specific dates is to hold Horne accountable for its proposal to complete the 1541 home recovery in 24 months from the contract start date. If there are exceptional circumstances or *force majeure* events which occur, then Horne may appeal to the S.C. Disaster Recovery Board (“The Board”) for relief from the penalty aspect of the deadlines above. The Board in its sole discretion will decide whether to provide any relief requested.

Lead Based Paint Assessments

Horne agreed that all funds not used for lead based paint assessments will be re-allocated for use as direct construction costs. Horne’s fee of \$800,000 is based on 500 properties needing lead based paint assessments. If the 500 property basis is not exceeded, those funds will be used for direct construction costs.

HMGP Program

Horne agrees to reduce its HMGP management cost to \$100,000. The parties acknowledge that the HMGP scope may change if there are not sufficient properties eligible for mitigation. If the HMGP funds are reallocated, then the parties will agree to an equitable basis for allowing Horne to meet the 5% HMGP cost outcome measure to allow Horne to recover this portion of the contractor implementation costs. The equitable basis includes but is not limited to management of home R3 program or the VOAD program.

Escalation and Appeals

Horne agrees to eliminate its fees for escalation and appeals.

Horne’s Cost Implementation Fee

Based on the above reductions and other efficiency considerations Horne agrees that its Full Spectrum Contractor Implementation Cost is \$17,800,000. This total fee of \$17,800,000 will serve as the basis for the Contractor Implementation Cost Outcome Measures Payment Schedule. The total Program/Direct Costs are \$70,200,000. Under no circumstances should the combined Contract Implementation Cost and Program/Direct Costs exceed \$88,000,000. If implementation fee decrease from proposal, then program cost should increase.

The remaining elements of the RFP and Horne’s Proposal remain in effect as stated and proposed.