

Implementation of the proposed action will result in a Finding of No Significant Impact (FNSI).

Prior to initiating the above action, the Army will consider the comments received on this EA.

A copy of the final EA is available for review at the Monterey County Library, King City Branch, King City, CA.

Dated: September 26, 2000.

**Richard E. Newsome,**

*Acting Deputy Assistant Secretary of the Army (Environment, Safety and Occupational Health) OASA (I&E).*

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**BILLING CODE 3710-08-M**

## DEPARTMENT OF EDUCATION

### Office of Postsecondary Education

#### Notice Seeking Bonding Authority for the Historically Black College and University Capital Financing Program

**SUMMARY:** The U.S. Department of Education is seeking proposals from businesses interested in applying to be selected by the Secretary to serve as the "designated bonding authority" (DBA) under the Historically Black College and University Capital Financing Program. This notice describes the duties of the DBA, the selection criteria, and the application process.

**DATES:** Notice of intent to submit proposals must be received by October 16, 2000. Proposals must be received by November 1, 2000.

**FOR FURTHER INFORMATION CONTACT:** Mr. Jesse Carter, U.S. Department of Education, Institutional Development and Undergraduate Education Service, Institutional Receivables Team, L'Enfant Plaza Station, P.O. Box 23471, Washington, DC 20026-3471, (202) 502-7777. If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (*e.g.*, Braille, large print, audiotope, or computer diskette) on request to the contact person in the preceding paragraph.

**SUPPLEMENTARY INFORMATION:** The Historically Black College and University (HBCU) Capital Financing Program, authorized under title III, part D of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1066 *et seq.*) facilitates low-cost capital financing for HBCUs to enable them to continue and expand their educational mission and enhance their significant role in American higher education.

Under this program, the U.S. Department of Education provides financial insurance to guarantee up to \$375,000,000 in loans and interest to qualifying HBCUs for specified kinds of capital projects. To date, all bonds issued have been purchased by the Federal Financing Bank of the U.S. Treasury.

The Office of the Assistant Secretary for Postsecondary Education is now seeking proposals from any private for-profit organization or entity wishing to serve as the DBA for this program. The DBA issues taxable construction bonds, and plays a central role in administering and executing the program. The DBA works with prospective borrowers to develop loan applications. With the approval of the Secretary, the DBA makes loans after determining, based on a credit review, that there is a reasonable expectation the loans will be repaid according to their terms. The DBA charges a rate of interest adequate to service the bond interest rate, as well as pay various items including fees for services of the DBA, a Trustee, and other parties. Costs of issuance, however, are not to exceed 2 percent of the principal amount of the proceeds of the bonds. The DBA monitors and enforces the loan agreements, including covenants and default provisions.

The DBA also has construction oversight responsibilities (including approval of construction plans, oversight of construction progress, and compliance with Federal and State building codes), and generally is the focal point of information for the HBCU Capital Financing Program. The DBA and other participants in the program are paid only by the operation of the program, and the Federal Government is not responsible for any of their fees.

Security for the bonds issued by the DBA includes investments, program loans, an escrow account funded with 5 percent of loan proceeds, and an insurance agreement executed by the Secretary of Education or his delegate which will, subject to section 343(c)(1) of the HEA, 20 U.S.C. 1066b(c)(1), provide the full faith and credit of the United States to insure the payment of interest and principal on the bonds.

Eligible borrowers under the program are limited to historically black colleges and universities as defined in section 322(2) of the HEA (20 U.S.C. 1061(2)).

The DBA selected by the Department will generally take on the responsibilities of the incumbent designated bonding authority under the Agreement to Insure executed by the Department on November 29, 1994, although the new agreement will be amended to conform with statutory

changes made in 1998. Copies of the Agreement to Insure, as well as of the master trust indenture, program financing agreement, and bond purchase agreements currently used in the program, will be provided to all who timely submit a written notice of intent to submit a proposal in accordance with this notice. Also provided will be forms for the loan application, credit criteria, construction loan agreement, and promotional literature as developed by the incumbent DBA.

Specific duties imposed on the DBA by statute generally include, but are not limited to, the following:

- Use the proceeds of the qualified bonds, less costs of issuance not to exceed 2 percent of the principal amount thereof, to make loans to eligible institutions or for deposit into an escrow account for repayment of the bonds;
- Provide in each loan agreement that not less than 95 percent of the loan proceeds will be used to finance the repair, renovation, construction or acquisition of a capital project, or to refinance an obligation the proceeds of which were used for such a capital project;
- Charge such interest on loans, and provide for such a repayment schedule, as will, upon the timely repayment of the loans, provide adequate and timely funds for the payment of principal and interest on the bonds; and require that any payment on a loan expected to be necessary to make a payment of principal and interest on the bonds be due not less than 60 days prior to the date of the payment on the bonds;
- Provide for a prior credit review of the institution receiving the loan and assure the Department that, on the basis of such credit review, it is reasonable to anticipate that the institution will be able to repay the loan in a timely manner;
- Provide in each loan agreement that, if a delinquency results in a funding under the insurance agreement, the institution shall repay the Department, upon terms determined by the Secretary for such funding;
- Assign any loans to the Department, upon demand of the Secretary, if a delinquency has required a funding under the insurance agreement;
- In the event of a delinquency, engage in such collection efforts as the Secretary shall require for a period of not less than 45 days prior to requesting a funding under the insurance agreement;
- Establish an escrow account into which each institution shall deposit 5 percent of the proceeds of any loan made, with each institution required to

maintain in escrow an amount equal to 5 percent of the outstanding principal of all loans made to that institution under the program. The escrow's balance shall be available first to the Secretary for the payment of principal and interest on the bonds in the case of a delinquency in loan repayment. Following scheduled repayment of an institution's loan, the balance shall be used to return to the institution an amount equal to any remaining portion of that institution's 5 percent deposit of loan proceeds; and

- Provide in each loan agreement that if a delinquency results in a withdrawal from the escrow account to pay principal and interest on bonds, subsequent payments on such loan shall be available to replenish the escrow account.

### Criteria for Selection

The Secretary will select the DBA upon consideration of the following criteria:

1. *Support of Minority Participation.* In accordance with section 348 of the HEA (20 U.S.C. 1066g), the extent to which the proposer, in its employment, subcontracting and partnering activities, encourages applications from members of groups that have been traditionally underrepresented based on race, color, national origin, gender, age, or disability, will be a positive factor.

2. *Existence of trained staff to perform the various duties of the DBA.* It will be a positive factor if the proposer will use existing trained resources, as opposed to having to hire and train new personnel and obtain new systems. Staff knowledge in the areas of bond financing, higher education credit, evaluation of security and collateral, program management, construction oversight (including knowledge of State and Federal building codes and standards), and loan servicing will be positive factors.

3. *Capacity to manage the issuance of a large offering of debt securities to the Federal Financing Bank pursuant to a direct placement.* It will be a positive factor if the proposer is a regular participant in the capital markets, using similar financing structures as described in the Agreement to Insure between the Department and the existing DBA.

4. *Financial position and stability relative to industry norms.* It will be a positive factor if the proposer is a mature, stable corporation with favorable trends in key financial strength indicators like net worth and stable earnings.

5. *Approach in performing the requirements of the program.* It will be a positive factor if the proposer presents a well thought out approach to the

program, and thorough familiarity with the documentation used in the program. Suggestions for change in program documentation and administration will be entertained. Extra credit will be applied where positive innovation is displayed over and above the proposal requirements.

6. *Experience and resources available and commitment to providing business development services.* It will be a positive factor if the proposer currently undertakes similar business development functions as those required under the DBA agreement. Ideas for business development which are included in the proposal will be positive factors.

7. *Past performance on previous Federal Government contracts.* Good prior performance on Federal Government contracts, and familiarity with the particular requirements of the Federal Government, will be a positive factor.

8. *Demonstrated history and ability in addressing the special needs of HBCUs.* It will be a positive factor if the proposer can demonstrate that it has extensive experience working closely and successfully with HBCUs. Particularly helpful will be activities related to the HBCUs' educational mission; or to improvement of HBCUs' facilities; or to HBCUs' financial planning.

9. *Detailed cost proposal, including the approach of the cost proposal.* Separation of fees, including separate pricing for promotion, financing, loan review, construction oversight, ongoing servicing, program monitoring and program administration, will connote an understanding of the various tasks, and will be a positive factor. Statements indicating the proposer's willingness to promote the program, realizing that payment of fees is contingent on making the loans to HBCUs, will be a positive factor.

10. *Corporate authority and ability to comply with for-profit requirement.* The proposer must have full corporate authority to perform the functions of the DBA. If the proposer will be a special, for-profit subsidiary of a not-for-profit entity and proposes to enter into a long-term contract with the not-for-profit, under which the not-for-profit will perform all or some of the actual tasks, we will assess the relationship proposed to make sure it is workable over the long-term. Agreements that are unconditional will be positive, and agreements with extensive conditions will be negative.

11. *Cohesiveness with any subcontractors.* It is possible that a proposer may seek to use subcontractors

in performing the duties under the DBA agreement. Such arrangements will be reviewed in light of how extensive the subcontractor's role would be, and the ability of the contractor to replace a subcontractor for cause. An arrangement in which a subcontractor performs a discrete function, and receives specific identifiable compensation, will receive a more positive rating than an arrangement with a subcontractor in which tasks and compensation are shared between the contractor and the sub-contractor.

12. *No conflict of interest.* We will not consider any proposal that indicates an actual or apparent conflict of interest.

13. *Senior management stability:* It will be a positive factor if the senior management of the proposer is experienced and stable.

### Selection Process

Firms interested in submitting proposals must send a written notice of their intent, postmarked on or before October 16, 2000, to Mr. Jesse Carter, U.S. Department of Education, Institutional Development and Undergraduate Education Service, Institutional Receivables Team, L'Enfant Plaza Station, P.O. Box 23471, Washington, D.C. 20026-3471, or the notice of intent may be faxed on or before 3:00 p.m. on October 16, 2000 to Mr. Carter at (202) 502-7861. Telephone requests are not acceptable. All requests must include the company name, address, telephone number, e-mail address, fax number, and point of contact. The Department will then supply the firm with copies of the current DBA agreements, forms and documentation described above.

The proposer must deliver, by mail postmarked on or before November 1, 2000, eight (8) copies of its written proposal to Mr. Carter at the above address.

Consideration of all proposals submitted will be based on the 13 criteria listed. Department staff will rank the proposers quantitatively after giving each criterion a score of 1 to 10, with 1 being generally unfavorable and 10 being generally favorable. Highest ranking proposers will be contacted for an oral interview, currently scheduled for the third week after the closing date for submission of written proposals.

Final selection will be made by the Secretary, upon consideration of the highest ranking proposals in light of the 13 criteria and of staff recommendations. Selection is expected to be completed within approximately ten weeks of the date of this notice.

## Proposal Content

The proposal must state that the proposer has the legal corporate authority to perform all of the services covered by the DBA agreement.

The proposal must contain assurances that no conflicts of interest or apparent conflicts of interest exist. The proposal must describe the review and analysis that led the proposer to this conclusion. The proposer must include in its proposal resumes of owners and proposed program managers.

The proposal must describe the proposer's experience with respect to each of the DBA's tasks as described in this notice, including in particular any current relevant experience the proposer may have. The proposal must discuss existing resources available to perform these duties, and the need (if any) to hire and train additional staff. Since the DBA is expected to perform these duties for an extended period, the proposal must discuss similar programs and tasks which the proposer currently expects to perform for an extended period.

The proposal must include the proposer's approach to performing each of the DBA's tasks, and must reflect the proposer's review and understanding of the current program documents and processes. Innovative presentations will convey the proposer's understanding of the proposed duties and will be favorably received.

The proposal must also include information with respect to the proposer's financial strength and copies of the proposer's last five annual audited financial statements. The proposal must contain factors that assure the proposer's existence for an extended period, including, for example, issuance of other long-term non-callable debt, or other long-term ventures which will require the long-term existence of the company.

The proposal must discuss the proposer's history in working with HBCUs, particularly with respect to experience relating to HBCU physical facilities, financial planning, and the HBCUs' educational mission. It must also describe actions the proposer has taken and plans the proposer has made for recruiting and outreach programs to insure a diverse applicant pool in the proposer's employment, subcontracting, and partnering activities, as well as the success the proposer has achieved in attracting diverse applicants.

Since the Department desires that the HBCU Capital Financing Program not experience any lapse in its outreach efforts, the proposer's demonstrated ability to become fully operational as the DBA immediately upon

appointment will be important. The appointment will become effective as of the date of expiration of the incumbent DBA's appointment, which will occur in mid-December, 2000.

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<http://ocfo.ed.gov/fedreg.htm>  
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Dated: September 27, 2000.

**Claudio R. Prieto,**

*Acting Assistant Secretary, Office of Postsecondary Education.*

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**BILLING CODE 4000-01-P**

## DEPARTMENT OF EDUCATION

[CFDA No.: 84.316A]

### Office of Postsecondary Education, Native Hawaiian Higher Education Program; Notice Inviting Applications for New Awards for Fiscal Year (FY) 2001

**Purpose of Program:** To provide grants for programs of baccalaureate and post-baccalaureate fellowship assistance to Native Hawaiian students.

**Eligible Applicants:** Eligible applicants are Native Hawaiian educational organizations or educational entities with experience in developing or operating Native Hawaiian programs or programs of instruction conducted in the Native Hawaiian language, as defined in section 9212 of the Elementary and Secondary Education Act.

**Deadline for Transmittal of Applications:** December 15, 2000.

**Deadline for Intergovernmental Review:** February 13, 2001.

**Applications Available:** November 1, 2000.

**Available Funds:** \$2,700,000. The estimated amount of funds available for new awards under this competition is based on the Administration's request for this program for FY 2001. The actual level of funding, if any, is contingent on final congressional action.

**Estimated Range of Awards:**

\$700,000-\$1,400,000.

**Estimated Average Size of Awards:** \$900,000 per year.

**Estimated Number of Awards:** 3.

**Note:** The Department is not bound by any estimates in this notice.

**Project Period:** Up to 48 months.

**Applicable Regulations:** (a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, 81, 82, 85, 86, and 99; and (b) Because there are no program-specific regulations, applicants are encouraged to read the authorizing statute for the Native Hawaiian Higher Education Program in sections 9206 and 9212 of the Elementary and Secondary Education Act.

**For Applications or Information**

**Contact:** Susanna Easton or Gale Holdren, Native Hawaiian Higher Education Program, U.S. Department of Education, International Education and Graduate Programs Service, 1990 K Street NW, Suite 600, Washington, DC 20006-8521. Ms. Easton's telephone number is (202) 502-7628. Ms. Holdren's telephone number is (202) 502-7691. Ms. Easton and Ms. Holdren may be reached by email at:

[susanna\\_easton@ed.gov](mailto:susanna_easton@ed.gov)  
[gale\\_holdren@ed.gov](mailto:gale_holdren@ed.gov)

If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the appropriate contact persons listed in the preceding paragraph. However, the Department is not able to reproduce in an alternative format the standard forms included in the application package.

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