



REQUEST FOR PROPOSAL

Micro-Lending Services

The Rhode Island Commerce Corporation (“Commerce Corporation” or “Corporation”) seeks to retain one vendor (“Provider”, or “Lender”) to provide micro-lending and technical assistance services to entrepreneurs throughout Rhode Island. This document constitutes a Request for Proposal (“RFP”), in a competitive format, from qualified organizations or consortiums of organizations to provide micro-lending and technical assistance services.

The respondents to this RFP shall provide a proposal, in accordance with the terms and conditions set forth herein, to provide all services to Commerce Corporation as described in the scope of services.

Project Overview

In 2015, the General Assembly approved a robust set of new economic incentive programs under Governor Raimondo’s budget. One of the new programs provided \$5.458 million in funding to establish a Small Business Assistance Program. The purpose of this program is to assist viable small businesses that encounter difficulty in obtaining adequate credit or adequate terms for such credit. Ten percent of the \$5.458 million has been set aside to provide micro-loans between \$2,000 and \$25,000. In 2015, the remainder has been set aside to provide loans above \$25,000

In 2016, the Commerce Corporation contracted with six lending partners through two solicitations and established three lending pools (see <http://commerceri.com/finance-business/taxes-incentives/small-business-assistance-program> for more information). Three of the six lenders have been awarded \$454,000 to make micro-loans. The Corporation is seeking to award the remaining \$100,000 in the microlending budget to one vendor that would employ a creative approach in reaching a target market.

A. Service Delivery Area and Target Audiences

Applicants that target underrepresented groups, areas of high economic distress, market niches and industry clusters will be reviewed favorably. Among the small businesses that this program aims to assist are minority business enterprises and women-owned business enterprises. If an applicant’s current service area does not cover a large portion of the state or multiple target audiences and/or geographies, the applicant is strongly encouraged to partner with other lending and/or technical assistance providers, community development organizations and/or other non-profit organizations to expand its footprint.

B. Eligible Applicants

To be eligible to receive funds from the Commerce Corporation, an applicant organization must be one of the following:

1. A Community Development Financial Institution (“CDFI”), meaning a community-based organization that provides financial services and products to communities, businesses and people underserved by traditional financial institutions
2. A small business lending consortium; or
3. A Certified Development Company; or
4. A United States Small Business Administration loan provider; or
5. A Credit union; or
6. A non-profit organization whose purposes include serving as a lender in low to moderate-income communities and to women and minorities.

All eligible applicants and/or applicant teams must have staff with sufficient expertise to analyze small business loan applications, evaluate the creditworthiness of small businesses, and regularly monitor small business loans. The Corporation will rely upon the selected Lenders to review every loan application in order to determine, among other things, the feasibility of the proposed use of the requested financing by the small business loan applicant, the likelihood of repayment and the potential that the loan will generate economic activity and jobs within Rhode Island.

Also, applicants must be legally able to receive and use the proceeds as herein stated; meet any other requirements herein stated for the specific purpose of the Program; and be in good standing with any other Commerce Corporation assistance. Annually review metrics, number of loans, state taxes.

C. Award Structure and Eligible Uses

The Recipient will be expected to deploy loan proceeds within 12-16 months upon the execution of the Program Agreement with the Corporation. The award term will generally be for seven years, with possible extension upon review of the program outcomes.

Each award will be structured into two parts with 75% or more of the award to be structured as a zero percent interest loan for the applicant to make micro-loans.

Up to the remaining balance, not to exceed 25% of the award can be used as a grant for the provision of technical assistance to borrowers and applicants.

D. Cost Sharing and Matching Requirements

This RFP does not require a match by applicants. However, if matched, the level of match will be a selection factor.

E. Eligible Business

An eligible business is defined as:

1. a business enterprise that resides in Rhode Island,
2. independently owned and operated (sole proprietorship, partnership, LLC, S.Corp, etc.)
3. Employing under 200 persons
4. no corporately-owned franchise

F. Eligible Types of Financial Assistance to Businesses

All loans must be made for business purposes. Vendors may charge reasonable application, commitment and other fees pursuant to a schedule of fees adopted by the institution and approved by the Commerce Corporation.

Micro-loans shall be used for:

- a. working capital;
- b. acquisition and/ or improvement of real property;
- c. acquisition and/ or improvement of machinery and equipment

Submission Requirements

All proposals shall provide information relating to the elements listed in sufficient detail to allow the Commerce Corporation to conduct a selection process. Failure to include any of the following information may have an adverse impact on the evaluation of a proposal. A submission must at a minimum, include the following elements:

1. Funds Requested and Fee Structure

State the amount of funds requested for micro-loans and for the provision of technical assistance to applicants and borrowers. Also propose a fee structure for covering the Corporation's overhead in monitoring a potential award, and in sharing potential profits you may receive from the program.

2. Organizational Information

Describe the organization's status as an eligible entity that is able to administer the Program set forth in Section in Section III.B of this RFP. Please note whether Applicant is not-for profit or for profit entity. Include the year that the organization was established. Include the year certified, if a federally certified CDFI. State the organizational mission. (narrative)

- a) Certificate of incorporation (label as Attachment A)
- b) CDFI certification letter, if applicable (label as Attachment B)
- c) Bylaws (label as Attachment C)
- d) FDIC Bank Examination Reports, if applicable and available.(label as Attachment D)
- e) Most recent annual report (label as Attachment E)

3. Target Market

Identify the audiences you intend to target. How does this project respond to a need in the communities you will serve? Please provide relevant data and cite sources (i.e., examples of loan requests that have been denied but could made under this program). Will you provide a unique service or product in your target area(s). Summarize projected Rhode Island micro-lending volume over next two years if award is received. Summarize projected outcomes, including job creation and business launch or expansion outcomes,

4. Management and Operations

Describe the capacity, skills, size and experience of the Applicant's management team, partners and key staff, including members of the loan review committee. Describe the capacity, skills, size and experience of the Applicant's governing board. Include a list of names and affiliations of its Board of Directors or other governing body.

5. Track Record

- a) Describe the organization's capital structure for lending activities. Describe how the capital structure has changed over the past 3-5 years, what funds have been raised during that period, and how the capital structure is expected to change moving forward. Include a breakdown of the following:
 - i. total loan funds (including what amounts are from debt, grant funds, and earned income)
 - ii. funds committed or deployed
 - iii. funds available for lending (narrative)

6. Technical Assistance

Describe existing and/or proposed technical assistance services, including information on types of technical assistance and training available, target population and geography volume of services provided, demonstrated outcomes, and whether services are provided by the Applicant or through partnerships. Describe the connection between technical assistance and the financial products and services provided by the Applicant, including pre- and post-loan support.

7. Marketing and Outreach

- a) Describe how the Applicant organization will market its loan program and related services in the target market. The marketing plan should also contain strategies that will target the service delivery region as a whole and reach certain market subsets in specific communities, such as in underserved neighborhoods or to MWBEs.
- b) Describe how the Applicant organization will utilize community partnerships of joint ventures and coordinate its efforts with other lending organizations or technical assistance providers to increase volume, expand the service delivery area, or enhance services.

Evaluation Criteria

The criteria for selection will include the following:

- A. Completeness of proposal - **10%**
- B. Organization capacity and stability – **25%**
- C. Track record of micro-lending generally and specifically in the state of Rhode Island, especially in underserved communities and to underserved populations having difficulty accessing traditional credit markets - **25%**
- D. Business strategy for increased small business lending in Rhode Island - **40%**
 1. Overall strategy and feasibility
 2. Target market – demonstration of need, plan to target underserved communities and populations, plan to target niche markets, and extent of geographic reach within Rhode Island
 3. Appropriateness and attractiveness of microlending product
 4. Level of projected microlending activity, and level of projected increase over what volume would have occurred without the Corporation investment
 5. Demonstration of sufficient operating funds and organization capacity
 6. Plan for technical assistance to applicants and borrowers.

Designated Corporation staff or selected advisors will evaluate the written proposals. The Corporation may at any time during the evaluation process seek clarification from Proposers regarding any information contained within their proposal. Final scores for each Proposer will reflect a consensus of the evaluations.

Any attempt by a Proposer to contact a member of Corporation staff or selected advisors outside the RFP process, in an attempt to gain knowledge or an advantage, may result in disqualification of Proposer.

Instructions and Notifications to Proposers

1. Potential agencies are advised to review all sections of this RFP carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
2. Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals that depart from or materially alter the terms, requirements, or scope of work defined by this RFP will be rejected as being non-responsive.
3. All costs associated with developing or submitting a proposal in response to this RFP, or to provide oral or written clarification of its content, shall be borne by the agency. The Corporation assumes no responsibility for such costs.
4. Proposals are considered to be irrevocable for a period of not less than 120 days following the date set for submission of agency proposals.
5. All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.
6. Proposals misdirected to other locations, or that are otherwise not present at the Rhode Island Commerce Corporation by the submission deadline for any cause will be determined to be late and will not be considered. For the purposes of this requirement, the official time and date shall be that of the time clock in the reception area of the Rhode Island Commerce Corporation.
7. All proposals should identify the agency's proposed team of professionals, including those employed by subcontractors, if any, along with respective areas of expertise and relevant credentials. Agencies should also provide a delineation of the portion of the scope of work for which each of these professionals will be responsible.
8. All proposals should include the agency's FEIN or Social Security number as evidenced by a W9, downloadable from www.purchasing.ri.gov
9. All proposals should include a completed RFP Response Certification Cover Form, included in this document.

10. The purchase of services under an award made pursuant to this RFP will be contingent on the availability of funds and made at the discretion of the Corporation.

11. Awarding this RFP is based on the Evaluation Criteria set forth in this RFP. Vendors are advised, however, that all materials and ideas submitted as part of this proposal and during the performance of any award shall be the property of and owned by the Corporation, which may use any such materials and ideas.

12. Interested parties are instructed to peruse the Corporation's website (www.commerceri.com) on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP. Addenda will also be posted to the Rhode Island State Division of Purchases' website at www.purchasing.ri.gov.

13. Equal Employment Opportunity (R.I. Gen. Laws § 28-5.1-1, et seq.) – § 28- 5.1-1 Declaration of policy – (a) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies to all areas where State dollars are spent, in employment, public services, grants and financial assistance, and in state licensing and regulation.

14. In accordance with Title 7, Chapter 1.2 of the General Laws of Rhode Island, no corporation organized under the laws of another state or country shall have the right to transact business in Rhode Island until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). This is a requirement only of the successful agency.

15. The agency should be aware of the State's Minority Business Enterprise (MBE) requirements, which address the State's goal of ten percent (10%) participation by MBE's in all procurements. For further information, visit the website www.mbe.ri.gov.

16. The Corporation reserves the right to award to one or more Proposers.

Proposal Requirements

In order to be considered responsive, proposals must at a minimum contain the following:

Technical Proposal Elements

1. Description of the proposed approach and work plan. Activities and timelines should be specific, measurable, achievable, realistic, and time-oriented. Include a timeline of major tasks and milestones.
2. Person who will be the primary point of contact with the Rhode Island Commerce Corporation.

3. Qualifications of the respondent to provide the requested services including capability, capacity, similarly complex projects and related experience and client references. Certification of availability of individuals in proposal.
4. A listing of the staff to be assigned to this engagement and their respective qualifications, past experience on engagements of this scope including resumes, and their role in those past engagements.
5. Provide a description of the outcome monitoring and evaluation plan including a list of tools to track process, output and outcome measures for each component of the application.

Proposal Submission

Responses to this RFP are due by **Thursday, May 4, 2017 by 2:00pm**. One (1) electronic (PDF) version and five (5) printed copies of the complete proposal must be mailed or hand-delivered in a sealed envelope marked:

Rhode Island Commerce Corporation
ATTN: Micro-Lending Services RFP
Iron Horse Way, Suite 101
Providence, RI 02908

Note: No late responses will be accepted and responses received via electronic submission only will be disqualified.

Questions, interpretations, or clarifications concerning this RFP should be directed by e-mail to Dan Jennings at: Dan.Jennings@commerceri.com no later than 4:30pm on Thursday, April 20, 2017. Responses to questions, interpretations, or clarifications concerning this RFP will be posted online via addendum at www.commerceri.com and www.purchasing.ri.gov by Tuesday, April 25, 2017 to ensure equal awareness of important facts and details. No phone calls accepted.

The Rhode Island Commerce Corporation reserves the right to terminate this solicitation prior to entering into any agreement with any qualified firm pursuant to this Request for Proposal, and by responding hereto, no firms are vested with any rights in any way whatsoever.

Rhode Island Commerce Corporation reserves the right to reject any or all proposals for not complying with the terms of this RFP.



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