



REQUEST FOR PROPOSALS Micro-Lending Services

I. Description of Proposal

The Rhode Island Commerce Corporation (“Commerce Corporation” or “Corporation”) seeks to retain multiple vendors (“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.

II. Background and Purpose

Over the last several years, Rhode Island has experienced high unemployment and anemic job creation. Governor Raimondo has made jumpstarting Rhode Island’s economy her top priority, and has directed the Secretary of Commerce and the Commerce Corporation to lead the charge. To spark Rhode Island’s comeback, the General Assembly recently approved a robust set of new economic incentive programs developed and requested by Governor Raimondo. One of the new programs provides \$5.458 million in funding 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. This RFP is focused exclusively on the micro-loan component. The remaining funds have been earmarked for larger loans. There is a separate Request for Expression of Interest for this other component.

III. Program Guidelines

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 purpose of this RFP is to invite a diverse and innovation set of ideas on how to reach small businesses, albeit viable, find it difficult to access traditional capital. The Corporation will make one or more awards. Recipients will be expected to deploy loan proceeds within 18-24 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 (Jeremy please define)

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
3. 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

IV. Proposal 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 (Attachment A)
 - b) CDFI certification letter, if applicable (Attachment B)
 - c) Bylaws (Attachment C)
 - d) FDIC Bank Examination Reports, if applicable and available.(Attachment D)
 - e) Most recent annual report (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.

V. Evaluation Criteria

The criteria for selection will include the following:

A. Completeness of proposal

B. Organization capacity and stability

- C. Level and potency of existing or potential matching funds
- D. 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
- E. Business strategy for increased small business lending in Rhode Island
 - 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.

VI. Notifications

- 1. Equal Employment Opportunity (RIGL 28-5.1) – 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 the State dollar is spent, in employment, public services, grants and financial assistance, and in State licensing and regulation. For further information, contact the Rhode Island Equal Opportunity Office at (401) 222-3090.
- 2. In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation, a corporation without a Rhode Island business address, shall have the right to transact business in the State 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 contractor.
- 3. The Commerce Corporation reserves the right to consider evaluation criteria other than that listed in this RFP.

VII. Response Date and Other Considerations

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 Monday, November 2, 2015. 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 Monday, November 9, 2015 to ensure equal awareness of important facts and details. No phone calls accepted.

Responses to this RFP are due **by Tuesday, November 24, 2015 by 4:00pm**. 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: **Responses received via electronic submission only will be disqualified.** The Commerce Corporation reserves the right to terminate the Project prior to entering into any negotiated contract with any qualified firm or firms pursuant to this RFP, and by responding hereto, no firm or firms are vested with any rights in any way whatsoever.

Rhode Island Commerce reserves the right to reject any or all bids for not complying with the terms of the request for proposal. Any bid may be withdrawn prior to the above scheduled time for the opening of bids or authorized postponement thereof. Any bid received after the time and date specified shall not be considered. No bidder may withdraw a bid within sixty (60) days after the actual date of the opening thereof.