



REQUEST FOR PROPOSALS
To Qualify and Select a Fund Manager for a
State Small Business Credit Initiative (SSBCI) Program
Issued 6/8/2022

Due Date – June 22, 2022

1. Introduction:

The Bois Forte and Grand Portage Reservation Tribal Councils (the Councils) are seeking competitive proposals through solicitation of bids from qualified and interested financial institutions to manage a combined Tribal State Small Business Credit Initiative (SSBCI) Program. The Councils are currently in discussions with other federally recognized tribes who may join in this solicitation for a combined SSBCI program. During this process, proposals will be solicited from an adequate number of qualified sources to promote a fair, competitive, and open selection and contracting process.

2. Background:

On March 11, 2021, President Biden signed The American Rescue Plan Act, which reauthorized and funded the State Small Business Credit Initiative (SSBCI). The new version of the SSBCI program provides a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to empower small businesses to access capital needed to invest in job-creating opportunities as the country emerges from the pandemic. The funds will also support recipient jurisdictions in promoting American entrepreneurship and democratizing access to startup capital across the country, including in underserved communities.

The Grand Portage and Bois Forte Bands have both received SSBCI allocations and are seeking to partner with qualified and interested financial institutions to manage a single SSBCI program funded with their combined allocations. You can read more about the SSBCI Program here: <https://home.treasury.gov/policy-issues/small-business-programs/state-small-business-credit-initiative-ssbci>.

Grand Portage

The Grand Portage Band of Lake Superior Chippewa (“Grand Portage Band”) is located in the extreme North East tip of Minnesota with the village sitting less than 5 miles from the Canadian border. The next closest city is Grand Marais which is 35 miles to South and has a population of 1,357. The Grand Portage Reservation is located in Cook County. The Grand Portage Tribal Council is the governing body of the Band.

The Grand Portage Band fully supports entrepreneurship and recognizes the difficulty of Band members and their descendants to access funds in order to begin or grow their respectful businesses. The SSBCI program will greatly benefit the traditionally underserved population in Grand Portage. You can learn more about the Band by visiting our website at: <https://www.grandportageband.com/>

Bois Forte:

The Bois Forte Band of Chippewa is a federally recognized Band situated in northern Minnesota. The Band’s governing body is comprised of a five-member Council. The Band delivers government services to over 3,600 enrolled members who are located on-reservation, across the United States, and abroad. The Band provides government services through a variety of departments, including Bois Forte Health Clinic, Human Services, Police Department, DNR, Tribal Court System, Realty, Housing, Enrollment, Public Works, IT services, Accounting, Education and Human Resources. As the owner and operator of the Boys and Girls Club, Fortune Bay Resort Casino, and several enterprises, the Band is one of the largest employers within its region. You can learn more about the Band by visiting our website at: <http://www.boisforte.com/>

3. Financial Services:

The services needed of a qualified financial institution will include, assisting the Councils to complete all materials necessary to submit an application to the Department of Commerce, due on September 1, 2022. The fund manager will need to assess the difficulties band member owned small business entrepreneurs have in accessing credit, identify best practices for SSBCI programs and lending to Native Americans, and use that information to design, create, and implement, in collaboration with tribal staff and leadership, a lending program to improve the ability of qualified small businesses to obtain the access to capital they need.

The Councils intend to award a contract to the financial institution whose expertise and financial plan most closely meets the requirements defined in this RFP and incorporates applicable federal law and the SSBCI Guidelines. The financial institution’s

demonstrated ability to provide a clear plan and approach towards the successful implementation of these services, as well as past results implementing a similar program, are critical factors in the selection process.

The total potential combined SSBCI funding for Grand Portage (GP) and Bois Forte (BF) is estimated at \$ \$1,428,083with the following breakdown:

	GP	BF
Main Capital Allocation (Section 3003(b)):	\$432,989.00	\$607,228.00
Very Small Business Allocation (Section 3003(f)):	\$15,932.00	\$ 56,499.00
SEDI Allocation (Section 3003(d)):	\$ 44,052.00	\$160,581.00
Initial Eligible Amount of \$800 million of incentive funding (Section 3003(e)):	\$ 23,494.00	\$ 87,308.00
Total	<u>\$516,467.00</u>	<u>\$911,616.00</u>

States and tribes have until September 30, 2030, to distribute all of their SSBCI money to entrepreneurs and small businesses (though the funding is distributed in thirds and states must allocate 80% of their first two distributions within three years of receiving them). This longer time horizon distinguishes SSBCI from other sources of state and local funding in American Rescue Plan Act, which must be spent within two years.

The Councils’ goal is to improve and expand the ability of Band Members small business to obtain access to capital for approved business projects. This project will be funded through a Federal SSBCI funding agreement beginning in fiscal year 2023.

SCOPE OF WORK

OVERVIEW

The Councils and tribal partners are seeking proposals from highly qualified firms to provide expert guidance in connection with the design, creation, implementation, operation, and management of a new SSBCI program. The following is a non-exclusive list of project deliverables:

1. Assessing the specific capital needs of small businesses in the Councils service area of St. Louis, Cook, Koochiching, and Itasca Counties in Minnesota and other possible areas where Band Members reside; including specific gaps in or obstacles to such capital by small businesses generally, subsets of small businesses or specific sectors of small businesses;
2. Collaborating with tribal leadership and tribal Planning Division staff to develop the materials needed for the complete submission of the Department of Commerce SSBCI Program Application, due September 1, 2022, and the application for technical assistance, due September 1, 2022;

3. Designing and developing programs to increase liquidity in capital markets for small and minority-owned businesses within the allowable parameters of the SSBCI program regulations. Such programs could include (i) funding loan loss reserves, (ii) creating tribe-sponsored direct loan, loan guarantee and collateral support programs (including governance thereof), (iii) establishing third party loan programs, (iv) enhancing and leveraging existing SBA programs;
4. Planning and implementation to (i) build the capacity required to successfully implement and manage these new SSBCI funds, (ii) identify and select the type of strategic partners and expertise that are needed, (iii) develop proper program structures and strategic plans that will meet all requirements as set forth in the SSBCI Guidance (10:1 and 1:1 financing requirements, Lender or Investor Capital at Risk, size and purpose restrictions, etc.) and (iv) build robust project management and systems.
5. Designing and implementing technical assistance programs for small businesses;
6. Designing robust compliance and reporting systems, including regular updates to the Reservation Business Committee on progress towards lending goals.

FUND MANAGER RESPONSIBILITIES

The Fund Manager's principal responsibilities will be as listed below. The list is provided for guidance to RFP respondents but does not limit the responsibilities that may be included in the final, negotiated contract.

1. **Fund Formation:** Establish the legal and organizational structure of the Fund, including formation of the investment committee, establishment of the legal structure, institution of accounting processes, and reporting processes which satisfy the SSBCI Guidelines and other applicable law.
2. **Formation of Loan Programs:** The Councils intends to develop three distinct commercial loan programs, which will need to be developed as part of this initiative: a loan guarantee program, a collateral support program and a loan participation program. The Fund Manager will need to create policies, procedures, selection criteria, application forms and information packets for each commercial loan program.
3. **Strategic Plan and Budget:** Develop the Fund's strategic plan and budget, including guidelines for investment selection, lending, community engagement, structure, and supervision.
4. **Relationships and Publicity:** Establish relationships with a wide range of educational, research, economic development, venture development, and investment organizations, to ensure that investment candidates are aware of the Fund and that it can attract a wide range of co-investors. Additionally, the Fund Manager will need to develop and execute an outreach to potential borrowers, with intentional efforts made to reach SEDI and Very Small Businesses as defined

by U.S. Treasury SSBCI guidelines.

5. **Investment Evaluation and Selection**: Establish and manage the evaluation and selection process for investment candidates.
6. **Transactions**: Structure and negotiate investment and loan transactions that comply with the SSBCI Guidelines, including legal and reporting documentation. Achieve targets related to the “expended for” requirement in the SSBCI Guidelines, of the Fond du Lac Band’s Tribal SSBCI Program in order to obtain the entire allocation within the SSBCI Program.
7. **Oversight**: Establish practices for oversight of portfolio companies, including as appropriate, board membership and advisory roles, and compliance with federal reporting.
8. **Conflicts of Interest**: Establish practices based on SSBCI Guidelines to uncover and avoid potential conflicts of interest.
9. **Reporting**: Provide quarterly and annual reports on Fund activities in accordance with SSBCI Guidelines. Reports shall include, investment performance, leverage, and results, including employment. These reports shall be made available to the Fond du Lac Reservation Business Committee.
10. **Compliance**: Establish reporting mechanisms, audits, and other internal controls and compliance activities to enable compliance with the U.S. Treasury SSBCI program.

All of the above responsibilities must be executed in accordance with the U.S. Treasury requirements and enabling legislation.

QUALIFICATIONS AND EVALUATION CRITERIA

In reviewing responses to this RFP, the Councils will evaluate responses using the following metrics to determine whether a potential Fund Manager is qualified to administer the SSBCI Program:

1. **Anticipated Benefits to the Tribes** Demonstration of capacity to develop a program that benefits the participating tribes, businesses owned by the participating tribes, and Band members and small businesses located within the Grand Portage and Bois Forte Reservations.
2. **Experience and Capacity**. Demonstration of sufficient organizational capacity to successfully execute the required responsibilities within required timelines; the qualifications and experience of senior management in credit-underwriting and risk management, operating public credit and/or capital access programs. Demonstration of the adoption of industry best practices.

3. **Capacity to Manage Increases.** Demonstration of adequate financial resources to support staffing increases and infrastructure improvements needed to undertake increased transactions and to implement a robust communications and outreach effort. Demonstration of operational capacity, including systems, policies and procedures in place to accommodate a significantly increased transaction volume.
4. **Accounting and Administrative Controls.** Effective internal accounting and administrative control systems must be in place, and these systems must be sufficient to provide reasonable assurance that the funds of the Bands' SSBCI program would be safeguarded against waste, fraud, loss unauthorized use and misappropriation. Demonstration that the Fund Manager conducts and has the capacity to conduct periodic internal audits. Copies of at least two annual independent audit reports should be included as part of the response to the RFP.
5. **Program Design and Implementation.** The Fund Manager must demonstrate that it has adopted and used established business models and strategies for managing the risk associated with making, insuring or guaranteeing small business strategies and models. Soundness of program design as demonstrated by the absence of material weakness or deficiency findings by external auditors in the last 7 years of independent audits.

PROJECT TIMELINE

All interested and qualified entities are encouraged to submit a proposal by the deadline of 10:00 AM June 22, 2022. Proposals should be sent via U.S. Mail to: [. Kim Greiner, Chief Financial Officer, Bois Forte Reservation Tribal Council, 5344 Lake Shore Drive, Nett Lake, MN 55772](mailto:Kim.Greiner@boisforte-nsn.gov) or via email: kgreiner@boisforte-nsn.gov

In order to participate in the Department of Treasury SSBCI Program, the Councils and its contracted entity must submit a complete application through the Treasury Portal by September 1, 2022. In order to meet this deadline, the contractor will need to collaborate with the Band to provide information, develop the underserved narrative, provide leverage data, and develop a narrative on compliance and oversight describing reporting mechanisms, audits or other internal controls and other required information. An additional program deadline for technical support funding will be due on September 1, 2022, requiring a similar level of collaboration between the contracted entity and the the Councils.

The Councils expects the Fund Manager to begin accepting loan applications for the SSBCI Program by January 1, 2023.

Within contract negotiations, target dates will be set for the 80% expending, transfer or obligation of initial and secondary disbursements whereby loans and/or investments have been made to eligible businesses in order for the Councils' SSBCI Program to become eligible for additional SSBCI program funds from the Department of Treasury.

BUDGET

The Councils have not allocated any tribal funds for its SSBCI Program. Funding to support the work of the Fund Manager will come through a negotiated allocation of the Band's SSBCI administrative costs and funding made available for technical assistance. The enabling legislation has set forth a cap on administrative costs, which cannot exceed 5% of the initial tranche of funds, and 3% of the second and third tranche of funds. Additional funding will be available through the Department of Treasury to support technical assistance programming.

Within the formation of the loan programs, the Fund Manager and the Council may also consider other mechanisms to recoup administrative costs of the Band and the Fund Manager, including transaction fees for loans or other allowable fees.

SELECTION PROCESS

The contract will be awarded through the competitive proposals consistent with the Bois Forte Band of Chippewa Procurement Policy, as amended. The Qualifications and Evaluation Criteria section of this RFP lists the qualifications necessary to be eligible as a Fund Manager for Tribal SSBCI Program, with these qualifications used as evaluation criteria under the competitive proposals and negotiation process. Staff will be directly contacting an adequate number of potentially qualified financial institutions, documenting each communication, and providing a memorandum of all solicitations to the Councils as part of the procurement process.

Qualified entities may begin submitting proposals as of June 9, 2022. All unsuccessful offerors will be notified within ten (10) calendar days following the rejection, or acceptance, of one or more, of the proposals received.

Upon the close of the deadline for submitting proposals on June 22, 2022, a committee of designated tribal staff from Bois Forte and Grand Portage will convene to review all application materials and objectively evaluate the applications using the qualifications and evaluation criteria, and SSBCI Guidelines to select the offeror whose proposal will be most advantageous to the Bois Forte and Grand Portage. The final decision will require approval by the Councils.