

Request for Proposal #006

October 12, 2023

INTRODUCTION/BACKGROUND

The Los Angeles Development Fund (LADF) is a California nonprofit corporation (Corporation) created by the City of Los Angeles to apply for and administer the City's New Markets Tax Credits (NMTC) program. The LADF is a certified Community Development Entity (CDE), which has received \$360 million in NMTC allocations since its founding in 2007, including a \$50 million award in the most recent, 2022 round. The controlling entity of the LADF is the City of Los Angeles. The LADF uses its tax credit allocation to generate investment capital which is used to provide flexible financing to eligible borrowers to build economic development projects in low-income communities throughout the City of Los Angeles. The LADF's investment decisions are made by a five-member Governing Board after consultation with the LADF's 11-member Advisory Board. The LADF's Governing Board is composed of City officials who serve ex-officio.

In February 2009, the City Council authorized the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) to act as the management agent for the LADF. In this capacity, the CRA/LA provided administrative and management services to the LADF and oversaw all aspects of the NMTC program until February 2013. Since the expiration of the management services agreement with CRA/LA in February 2013, LADF has relocated its operations to the offices of the Los Angeles Housing Department, where LADF operates independently and self-manages its NMTC allocation.

The LADF Governing Board wishes to take a proactive and strategic approach to creating economic development opportunities with its NMTC investments. As a support entity for the City of Los Angeles, LADF is committed to supporting the City's goals of job creation, economic equality, and revenue generation by participating in City initiatives.

The LADF has recently approved the launch of a new microloan program aimed at assisting small businesses located in City-established JEDI Zones. To facilitate this initiative, the LADF is seeking the services of a qualified vendor to assist with outreach, underwriting, closing, servicing, and reporting for this loan program. These services should align with the provisions outlined in Exhibit A (Scope of Work) in this RFP (Request for Proposal).

PROPOSAL REQUIREMENTS & INSTRUCTIONS

1. TECHNICAL REQUIREMENTS

1.1. Scope of Work

The scope of services required is described in detail in the Statement of Work, attached hereto as **Exhibit A**.

1.2. Schedule of Performance

Services of the consultant(s) are expected to commence in **January 2024** and continue through **January 2030**.

2. PROPOSAL INSTRUCTIONS & CONTENT

2.1. Proposal Format

2.1.1. The LADF desires succinct proposals addressing the specific information requested herein. All proposals shall be in the format described herein. In order to ensure that each proposal is reviewed and evaluated properly, it is important that each proposal follows the format with care. The proposal shall address all requirements in this RFP.

2.1.2. Statements shall be organized in the order presented in **Section 2.5** and shall have tabs keyed to the requirements outlined in this section. Proposals shall be a straightforward delineation of the Respondent's capability to satisfy the intent and requirements of this RFP, and shall not contain redundancies and conflicting statements.

2.1.3. All proprietary information shall be identified as such by the respondent. (Refer to **Section 4.2**, Restriction on the Disclosure of Data)

2.1.4. Submittals. The LADF prefers that proposals be submitted by email to:

Attention: Sandra Rahimi
Sandra.Rahimi@lacity.org

Hard copy submittals are not required, but may be delivered to:

Los Angeles Development Fund
1200 West 7th Street, 8th Floor
Los Angeles, CA 90017
Attention: Sandra Rahimi

2.1.5. **Electronic submittals acceptable up to a total of 25 MB total per submission. Hard copy submittals are not required but shall be accepted 24 hours after the deadline so long as the electronic submittal is on time.**

2.1.6. On-Time Delivery. It is the sole responsibility of the firm submitting the proposal to see that it is delivered on time. Any proposal submitted after **December 27, 2023, 5:00 PM PST** may be rejected. The firm is entirely responsible for the means of delivering the proposal to the appropriate location on time.

2.1.7. Erasures. The proposal submitted must not contain erasures, interlineations, or other corrections unless each correction is authenticated by signing in the margin, immediately opposite the correction, by the person signing the proposal.

2.1.8. Signature. The proposal must be signed in the name of the firm and must bear the signature of the person authorized to sign proposals on behalf of the firm.

2.2. Completion of Proposals

Proposals shall be completed in all respects as required by the instructions herein. A proposal may be rejected if it is conditional or incomplete, or if it contains alterations of form or other irregularities of any kind. A proposal will be rejected if, in the opinion of the LADF, the information contained therein was intended to erroneously and fallaciously mislead the LADF in the evaluation of the proposal.

2.3. Examination of Contract Documents

2.3.1. Firms shall thoroughly examine the contents of this RFP. The failure or omission of any firm to receive or examine any contract document, form, instrument, addendum, or other document shall in no way relieve the firm from obligations with respect to this RFP or to the contract to be awarded. The submission of a proposal shall be taken as prima facie evidence of compliance with this section.

2.3.2. If the firm discovers any ambiguity, conflict, discrepancy, omission or other errors on the RFP, the firm shall immediately notify the LADF of the error in writing and request modification or clarification of the document. Clarifications shall be given by written notice to all firms participating in the RFP, without divulging the source of the request for same. Modifications shall be made by addendum issued pursuant to **Section 4.1**.

2.3.3. If a firm fails to notify the LADF of an error in the RFP before the date scheduled for submission of proposals, or of an error, which reasonably should have been known to the firm, the firm shall submit the proposal at its own risk. If the contract is awarded to the firm, the firm shall not be entitled to additional compensation or time by reason of the error or its subsequent correction.

2.4. Questions, Inquiries and Clarifications

2.4.1. Contact Individuals. All requests for information or questions in connection with this RFP shall be addressed to the individual named below:

Sandra Rahimi
Sandra.Rahimi@lacity.org
(213) 808-8959

2.4.2. LADF Responses. All responses to questions, inquiries or clarifications will be issued in writing via email by the designated contact from LADF. Firms shall be solely responsible for checking their email for any and all responses to questions and/or inquiries. THE LADF WILL NOT MAIL ANY RESPONSES TO QUESTIONS, INQUIRIES OR CLARIFICATIONS. Oral statements regarding this RFP by any persons should be considered unverified information unless received in a written email format. To ensure a response, questions, inquiries or clarifications must be received in writing via email by **Thursday, November 16, 2023, 5:00 PM PST**.

2.5. Proposal Content

2.5.1. Technical Proposal. The Technical Proposal shall include the following:

2.5.1(a) Cover Letter. Two (2) single-spaced pages maximum, signed by a principal or authorized officer of the proposing firm, summarizing the major points contained in the proposal, and providing the name, address and telephone number of the key contact person.

2.5.1(b) Firm Description. A brief summary description of your firm, including its principal line of business, the year founded, form of organization (corporation, partnership, sole proprietorship, etc.), number and location of offices, and name, title, and telephone number of your firm's representative.

2.5.1(c) Identification of Principal and/or Project Team. Identify the firm's principal and contact person responsible for performing services for this project and which office they work from. Also identify a list of the key personnel who will be providing the services required in this RFP, including job title/classification of each. Identify the role of each key personnel and include professional resumes of each. The minimum information to be included in the resumes shall include the person's education, showing related certificates, degrees, schools and dates; work experience, showing previous employers, job titles and functions by calendar date (month/year) and by duration in months and years; and other information as relevant to the specific assignment.

2.5.1(d) Subcontractors / Sub-consultants. Identify any sub-consultants your firm will employ on this project and describe the scope of services each will perform. Include the company name, address, contact person, telephone number and description of services to be provided by each company as well as professional resumes for key personnel at the subcontractor. The minimum information to be included in the resumes shall include the person's education, showing related certificates, degrees, schools and dates; work experience, showing previous employers, job titles and functions by calendar date (month/year) and by duration in months and years; and other information as relevant to the specific assignment.

2.5.1(e) Comparable Experience. Identify and describe other projects your firm has completed which are comparable to the services described in this RFP.

2.5.1(f) References. List at least three (3) references of companies or persons who have utilized your firm's services and who have direct knowledge of your firm's experience and work. References should include client name and address, description or nature of services provided, and a contact name with his or her email address and telephone number. It is preferable that the contact be an individual who has direct experience with your firm. Additionally, please include a list of any other public sector clients for whom your firm has provided similar services. The LADF, at its discretion, may contact these references for further inquiry in its assessment of your firm.

2.5.1(g) Process. Describe your firm's proposed methodology/approach in providing the services described herein.

2.5.1(h) Current Workload. Include a brief description of other public agencies or private sector clients with which your firm is currently involved in performing similar services required herein. Address the availability of your staff to provide services in a timely manner.

2.5.1(i) Particular/Unique Qualifications. Describe why your firm is particularly qualified to provide services required herein.

2.5.1(j) Conflicts of Interest. Describe any existing or potential conflicts of interest or any other problems that exist or may arise in performing the services described in this RFP.

2.5.2. Cost Proposal. The Cost Proposal shall include the following:

2.5.2(a) Please provide a list of job classifications and their fully burdened costs, which should encompass one-time charges or a percentage of the loan amount, reflecting the comprehensive financial scope of outreach costs, origination fees, underwriting fees, loan processing fees, and loan servicing fees.

2.5.2(b) Estimated cost per loan including job classification and cost proposed per loan.

2.5.2(c) Detailed reimbursable costs for the preparation or execution of the services described in this RFP, if any.

2.5.3. Appendix. The Appendix shall include responses to all Attachments listed in **Section 6**.

2.6. Standard Terms and Conditions

2.6.1. Compliance with LADF's Standard Terms and Conditions. The firm shall be required to comply with the LADF's Standard Terms and Conditions. LADF's Standard Terms and Conditions are attached as **Attachment 1**. All provisions of the LADF's Standard Terms and Conditions shall be incorporated into the final contract, which may result from this solicitation.

2.6.2 Affirmative Statement of Review of Standard Terms and Conditions. Please prepare and complete an Affirmative Statement of Review of Standard Terms and Conditions. Please include a statement in your response similar to the following:

"We _____ (enter the name of your firm) have reviewed the LADF's Standard Terms and Conditions as specified in this LADF – RFP #006, and accept the provisions as outlined therein."

Please provide a detailed explanation in your response for any and all exceptions and/or deviations to the LADF's Standard Terms and Conditions.

2.7. Period for Acceptance of Offer

In compliance with this RFP, the firm agrees to perform the services as required herein at the prices and costs offered if its offer (i.e. its Technical and Cost Proposals) is accepted by the LADF within 180 days from the due date of proposals.

3. EVALUATION AND SELECTION PROCESS

3.1. Qualifications Required

3.1.1. Demonstrated track record of successfully managing micro-loan underwriting, encompassing tasks such as marketing the program, identifying candidates, assessing borrower creditworthiness, making precise loan eligibility determinations, and establishing a reputation as a leading authority in the field.

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- 3.1.2. Demonstrated history of loan underwriting experience and expertise in risk assessment.
 - 3.1.3. Experience in maintaining records for regulatory compliance and generating monthly, quarterly, and semiannual reports.
 - 3.1.4. Experience in working with government, nonprofit organizations, and small businesses.
 - 3.1.5. Familiarity with the City of Los Angeles, especially City departments and City initiatives, and the City's relationships with county, state and federal government.

3.2. LADF Evaluation Criteria.

3.2.1. The LADF will evaluate all proposals received in response to this RFP based on the following criteria:

3.2.1(a) Qualifications, skills, education, and experience of the firm and the personnel who would be assigned to perform the services required herein.

3.2.1(b) Documented past performance in terms of quality of services, product, timeliness, responsiveness, and completeness.

3.2.1(c) Proposed costs and fees, including overall financial feasibility of cost proposal.

3.2.1(d) Quality of the proposal, including thoroughness, logic, completeness, clarity, and methodology/approach, appropriate level of detail and overall responsiveness.

4. GENERAL NOTICES

4.1. Amendments to the RFP

4.1.1. Written Amendments. Any modifications to this solicitation shall be effected in writing and issued as an RFP Amendment Addendum by the LADF. If this solicitation is amended, then all terms and conditions that are not modified remain unchanged. Firms will have sole responsibility for checking their email or the LADF website for any RFP Amendment Addenda. THE LADF WILL NOT MAIL RFP AMENDMENT ADDENDA.

4.1.2. Acknowledgement of Receipt. All interested firms shall acknowledge receipt of any amendment to this solicitation by including a statement in its proposal that it has received the amendment and identifying the amendment number, if any.

4.2. Restriction on Disclosure of Data

Non-Disclosure Markings and Restrictive Legends. Prospective firms which include data or information in their proposals that they do not want disclosed to the public for any purpose or used by the LADF except for evaluation purposes, shall:

4.2.1. Mark the title page with the following legend: "This proposal includes data that shall not be disclosed outside the LADF and shall not be duplicated, used, or disclosed – in whole or part – for any purpose other than to evaluate this proposal, subject to the California Public Records Act. If, however, a contract is awarded to this prospective firm as a result of, or in connection with, the submission of this data, the LADF shall have the right to duplicate, use or disclose the data to the extent provided in the resulting contract. This restriction does not limit the LADF's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets (insert numbers or other identification of sheets)".

4.2.2. Mark each sheet of data it wishes to restrict with the following legend: "Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal."

4.3. Proposal Preparation Expenses

Liability for Expenses. The LADF will not, in any event, be liable for any pre-contractual and proposal preparation expenses incurred by the prospective firm. The prospective firm shall not include any such expenses as a part of the price proposed in response to this RFP.

4.4. Rejection of Proposals

Issuance of this RFP and receipt of proposals does not commit the LADF to enter into any contract. The LADF reserves the right to postpone opening of proposals for its own convenience, and to accept or reject any and all proposals received if such actions are in the LADF's interest.

4.5. Right to Negotiate

The LADF reserves the right to negotiate with firms other than the selected firm should negotiations with the selected firm be terminated. Moreover, the LADF reserves the right to negotiate the terms and conditions of the final contract with more than one firm simultaneously, or to cancel all or part of this solicitation, when it is in the LADF's interest to do so.

4.6. Evaluation

Proposals will be evaluated strictly on the content provided by the respondent. The Cost Proposal will impact the overall decision, but it will not be the only factor taken into consideration. The perceived quality and ability to deliver proposed services are also critical to the evaluation.

5. EXHIBITS

5.1. Scope of Work (Exhibit A)

5.2. LADF JEDI Microloan Program Proposed Term Sheet (Exhibit B)

6. ATTACHMENTS

The following documents and forms listed are to be provided in separate electronic files, and are incorporated as attachments to this RFP. Please review each document and provide responses to LADF

as instructed below:

6.1. LADF Standard Terms and Conditions (Attachment 1) – pursuant to **Section 2.6**, prepare and complete an Affirmative Statement of Review of Standard and Additional Terms and Conditions and include in the Appendix of the “Original” submission packet

6.2. LADF Business Profile Form (Attachment 2) – complete for the prime (lead) contractor and for each proposed sub-contractor (*if applicable*) and include in the Appendix of the “Original” submission packet

6.3. Responsibility Questionnaire (Attachment 3) – complete and include in the Appendix of the “Original” submission packet

6.4. Equal Benefits Ordinance Compliance Form (Attachment 4) - complete and include in the Appendix of the “Original” submission packet

6.5. Living Wage Ordinance Compliance Form (Attachment 5) - complete and include in the Appendix of the “Original” submission packet

6.6. Non-Profit/One Person Contractor Exemption from Living Wage Form (Attachment 6) – complete, *if applicable*, and include in the Appendix of the “Original” submission packet

LWO/SCWRO Subcontractor Compliance Form (Attachment 7) – complete for each sub-consultant (*if applicable*) and include in the Appendix

**EXHIBIT A
SCOPE OF WORK
MICROLOAN UNDERWRITING SERVICES**

SCOPE OF SERVICES

The proposal and the final products should include, but are not limited to, the services in the list below. Your firm should add appropriate items based on your experience and what you believe will provide the best direction and results for the LADF:

Microloan Underwriting Services:

1. Program Outreach and Borrower Screening

- Develop and execute outreach programs to attract potential borrowers.
- Screen and assess potential borrowers for eligibility and creditworthiness.

2. Loan Underwriting Services

- Review loan applications and associated documentation.
- Assess the creditworthiness of loan applicants.
- Determine appropriate loan structures and terms.
- Provide recommendations for loan approval or denial.
- Ensure compliance with lending regulations and internal policies.

3. Loan Application Processing and Document Standardization

- Streamline the loan application process for efficiency.
- Close using standardized loan documentation.

4. Loan Servicing Services

- Administer loan disbursements, billings, and repayments.
- Maintain accurate and up-to-date loan records.
- Handle customer inquiries and requests related to loan accounts.
- Monitor loan performance and collections.
- Implement loan modifications, deferments, and forbearances as necessary.
- Generate loan statements, payment schedules, and annual tax documents.

5. Compliance and Regulatory Adherence

- Stay updated with federal, state, and local lending regulations.
- Ensure full compliance with all applicable laws and regulations.
- Gather borrower and guarantor compliance documents such as annual financial statements, tax returns and semi-annual income statement.

- Assist with regulatory examinations, audits, and inquiries.

6. Reporting

- Provide regular reports and updates on loan portfolio performance. Reports will be initially required monthly and will transition to quarterly and semiannually over time.
- Occasionally, the LADF may request that the consultant attend one of the regularly scheduled meetings of LADF's Board of Directors to provide progress reports and updates.

7. Risk Management

- Identify and in consultation with LADF staff mitigate potential risks related to loan underwriting and servicing.
- Develop and implement risk management strategies.
- Monitor and report on the quality of the loan portfolio.

Exhibit B:

Los Angeles Development Fund JEDI Microloan Loan Program Proposed Term Sheet	
<p>Program Summary:</p> <p>The program, with an initial funding of \$1 million, is dedicated to aiding businesses in low-income communities by offering them financing for enhancements under more favorable terms and rates than the prevailing market conditions.</p> <p>Aligned with the 2020 City Council-approved JEDI Zone Policy, this initiative aims to foster growth in underserved areas and provide financial incentives for development.</p> <p>Implemented as a pilot program, the loan primarily targets small businesses located in City-established JEDI Zones, with a preference for those in NMTC qualifying census tracts, providing crucial support to these businesses.</p>	
	<p>PROPOSED LOAN TERM</p>
<p>Target Borrower</p>	<p>Small businesses in City-established JEDI Zones, with preference for NMTC qualifying census tracts.</p>
<p>Initial Program Funding</p>	<p>\$1,000,000</p>
<p>Eligibility Criteria</p>	<ul style="list-style-type: none"> - Located in City designated JEDI Zones (preference for NMTC qualifying census tracts) - Microenterprises, ESOPs, startups (<2 years), non-profits, and other small business owners - No minimum credit score, reasonable credit history - Up to \$3 million in revenue - Cash Flow Ratio: 1.1 : 1.0 - Borrower must not qualify for other financing with economically feasible rates and fees - - 2 years of industry experience (or acceptable ESOP management)
<p>Eligible Uses</p>	<ul style="list-style-type: none"> - Working capital - equipment, inventory - business acquisition (focus on ESOPs) - startup capital - improvements (subject to environmental review) - loan refinancing

Ineligible Uses	<ul style="list-style-type: none"> - Personal use - paying off personal/business tax liens
Loan Types	<ul style="list-style-type: none"> - Fixed-Rate loan with no payments for the first 12 months - interest accrues in the first year.
Loan Term	<ul style="list-style-type: none"> - 1 to 5 years (up to 7 years for equipment purchase).
Loan Amounts	\$10,000 to \$50,000 per borrower.
Fees	<ul style="list-style-type: none"> - Application fee: \$0 - Origination fee: \$0 <p>*Borrowers are responsible for third-party closing and monitoring costs.</p>
Interest Rates	Fixed at 1% plus third-party servicing fee.
Security	<p>Preferably secured, with collateral options including</p> <ul style="list-style-type: none"> - personal guaranty, - UCC filing, - equipment, - intellectual property <p>and other assets</p>
Public Benefit	<p>Must meet at least ONE of the following public benefit(s):</p> <ul style="list-style-type: none"> - Job creation/retention - Location in an area with - poverty rate equal to or greater than 30%, or - median income equal to or less than 60% of Area Median Income (AMI), or - Unemployment rate of 1.5x the national average or greater - Borrower meets NMTC Targeted population criteria by providing at least 60% of jobs or goods and services to low-income individuals.
Approval Process	<ul style="list-style-type: none"> - Third-party review and underwriting, - final approval by LADF staff or Governing Board if proposed loan and/or borrower has merit but does not meet program standard guidelines.
Loan Documents	<ul style="list-style-type: none"> - Loan Agreement - Promissory Note

	<ul style="list-style-type: none"> - Collateral Security Agreement - Personal Guaranty - Corporate Guaranty (if applicable)
Risk Management	<ul style="list-style-type: none"> - Credit assessments - quarterly financial statement reviews - monitoring to mitigate default risks
Ineligible Businesses	<p>Any business engaged in activities ineligible for NMTC financing such as</p> <ul style="list-style-type: none"> - Golf courses (private or commercial) - Country Clubs - Massage parlors - Hot tub facilities - Suntan facilities - Racetracks or gambling facilities - Stores primarily selling alcoholic beverages for off-premises consumption <p>Additional Ineligible Businesses</p> <ul style="list-style-type: none"> - Home-based businesses - Rideshare businesses - Landlords/Schedule E Passive Income - Businesses or companies held in trust - Businesses that do not have a physical location, using P.O. Boxes as a business address - Businesses engaged in illegal activities, such as selling drug paraphernalia or operating a motel that permits prostitution - Cannabis businesses or businesses that support cannabis businesses - Corporate-owned franchises (a corporation is responsible for operations, profit and loss, business decisions and quality control; corporate hires and oversees all store staff) - Publicly traded companies - Private social clubs that limit the number of memberships for reasons other than capacity - Payday loan stores, pawnshops and other firms involved in lending activities, such as banks, finance companies and any other firm whose stock in trade is money Insurance companies, such as life, auto, home, bail bonds and other similar entities - Astrology, palm reading, tarot, etc.

	<ul style="list-style-type: none">- Liquor stores and smoke shops- Night clubs- Adult bookstores- Businesses and Sole proprietors that provide massage services- Businesses that present live performances of a prurient sexual nature and/or derive revenue through the sale of products or services of a prurient sexual nature- Gambling businesses (i.e., track wagering facilities, casinos, bingo parlors)- Trailer-storage yards and junkyards- Gun or ammunition stores- Multi-sales distribution- Firms involved in speculative activities (i.e., day trading, stock market exchange facilitators)- Dealers of rare coins and stamps- Lobbying firms or businesses that dedicate 50% or more of their time or resources to lobbying activities- Churches or other religious organizations unless funds for social enterprise or community development programs- Government offices or agencies
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