

**ESD Community Development Financial Institutions
Assistance Program**

Request for Proposals

Responses must be received no later than January 29, 2014 - 2:00 PM (REVISED DATE)

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I. Introduction

Empire State Development (“ESD”) requests proposals for grant funding to be made available to community development financial institutions (“CDFIs”). ESD will award grants to federally-certified CDFIs pursuant to the procedure set forth below.

II. Purpose

The purpose of ESD’s Community Development Financial Institutions Assistance Program (the “Program”) is to strengthen and expand the capacity, products, and services of applicants’ lending programs for small businesses and/or minority and women-owned business enterprises, minority and women business enterprises (collectively “M\WBEs”) (see page 5 through 7 of this RFP for definitions). This Program will make grants available to CDFIs for four general purposes:

A. The provision of technical assistance: Funds may be used to provide technical assistance (“TA”) to M\WBEs and/or small businesses that currently have outstanding loans from the organization or that may borrow funds from the organization within one year from the date of application for ESD funds. This TA should be geared toward ensuring the success of business borrowers and the repayment of their loans. In addition, funds may be used to provide TA to existing borrowers or potential borrowers to obtain State M\WBE Certification. Funds may also be used to provide technical assistance to enroll M\WBEs and/or small businesses in business-focused Individual Development Account programs that have previously received funding through the Program.

Preference will be given to proposals that emphasize the provision of one-on-one consultation with borrowers on such business development topics as financial record keeping and financial statement preparation, tax issues, marketing, the use of technology, etc. TA may be provided by qualified staff or outside business development consultants.

For grant proceeds to be used toward technical assistance:

1. The applicant must take specific actions to ensure the participation of M\WBEs and/or small businesses, if applicable, in the TA program;
2. The assistance must be directly relevant to the beneficiaries’ businesses.
3. The applicants should also demonstrate efforts of strong support in storm recover issues.

B. Loan capital and/or loan loss reserve/ line of credit reserve:

1. For grant proceeds to be used as loan capital:
 - a) the loans must be made for business purposes.
 - b) the applicant must describe the following:
 - (i) the need for this type of funding in terms of the applicant’s overall supply and demand for loan capital or line of credit, including a discussion on other sources of loan or credit line capital that are now available to the applicant;
 - (ii) the rationale for requesting this form of funding as opposed to funding for loan loss reserve that

could leverage other sources of capital; and

- (iii) the ways in which the benefits of this funding will be passed along to M\WBE and small businesses borrowers.

2. For grant proceeds to be used as loan loss reserves and/or line of credit reserves:

- a) the funds must be used to leverage new loans or lines of credit for business purposes;
- b) the applicant must specify the aggregate principal amount of new lending that will be leveraged by the loan loss reserve or line of credit reserve funds being requested (i.e., the number of new loans or lines of credit leveraged by the loan loss reserve requested, the total amount of new loans or lines of credit, and the percentage of principal to be leveraged represented by the requested reserve funds); and
- c) the applicant must describe the rationale used to determine the loan loss reserve ratio proposed above, and specifically must describe how the proposed loan loss reserve ratio relates to:
 - (i) the applicant's historic and anticipated volume of lending to M\WBEs and/or small businesses;
 - (ii) the applicant's historic rates of loan or line of credit losses and loan loss or line of credit reserve; and
 - (iii) the reserve requirements specified by the applicant's regulators or relevant funding sources (if loan loss ratio is different, please explain).

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3. Applicants must continue to use such funds as loan capital and/or loan loss/line of credit reserve until the funds are exhausted through the non-repayment of loans. Applicants may use the interest received from loans made with grant proceeds for administrative purposes. Funds may also be used in conjunction with the Small Business Revolving Loan Fund to enhance the lending capacity of the CDFI. The Small Business Revolving Loan Fund is a \$50 million fund that provides greater access to capital for M\WBE and/or small businesses that have difficulty accessing traditional credit markets.

* For M\WBE beneficiaries, CDFIs are required to provide a client ethnicity and gender confirmation form (sample attached as Attachment #1), should the applicant's intake process does not address this matter. In future years, ESD expects that all M\WBE beneficiaries will be required to obtain New York State Minority Owned Business Enterprise Certification and/or Woman-Owned Business Enterprise Certification prior to obtaining a loan.

- C. **Institutional Capacity:** Funds may be used to increase the institutional capacity of the CDFI and strengthen its provision of products and services to M\WBEs and/or small businesses. For grant proceeds to be used toward capacity building, the organization must describe in detail the need for this type of funding. Funds may be used to support activities that enhance management capacity and organizational development so that the CDFI can improve its performance, offer enhanced products and services, and/or encourage greater client participation in current programs, including the ESD Small Business Revolving Loan Fund Program. Preferred activities include assessing the present and future needs of the organization's target market, evaluating the economic impact of past activities, and establishing systems for evaluating and reporting the impact of future activities. Funds may also be used to enhance marketing materials to include the promotion of the State M\WBE certification program. In addition, funds may be used for specific purposes including, but not limited to, the hiring of consultants, implementation of a market survey, and the purchase of computer software. Note, funds may not be used to purchase computer hardware, nor to pay for travel or travel-related expenses of any kind.

If requesting funds to support capacity-building initiatives: Identify any previous funding commitments received for such activities, including Technical Assistance grants from the Federal CDFI Fund, and describe the current status and outcomes of such prior funding. Also describe the systems your organization is

currently using to evaluate the outcomes and economic impact of its business development financial and technical assistance activities (e.g. the "Microtest" system, or a detailed description of the types of measurements and the data collection methods being used).

- D. Administration:** Up to 10% of the grant proceeds may be used for administration of the CDFI's technical assistance and small business lending programs, including the costs of administering ESD grants, and other overhead and indirect costs (i.e., a portion of the rent or utilities, marketing materials, supplies or salaries) associated with the provision of technical and financial assistance.

III. Guidelines

A. **Eligibility Requirements:** To be eligible to receive grant proceeds from ESD, all applicants must:

1. Provide proof that organization is certified by the United States Department of the Treasury as a CDFI on the date of grant approval by ESD's Directors, and on the dates of all disbursements of ESD funds;
 - Program awards will be contingent upon current Federal certification and/or recertification status.
2. Obtain New York State Prequalification and related registration standards through the Grants Reform System; which will ensure eligibility to participate in this future RFPs and receive potential program awards (see instructions in section V (f));
3. Primarily focus its activities on M\WBE and small business lending, as described in section II of this RFP.
4. Be legally able to receive and use the proceeds as herein stated;
5. Meet any other requirements herein stated for the specific purpose of the grant; and
6. Be current with reporting requirements for any other ESD assistance, including any previous CDFI Program funding.

B. **Grant Amount:**

ESD reserves the right to award grants in amounts greater than \$125,000 depending upon the number and quality of proposals received and other considerations set forth in this RFP. The project period will generally be no longer than twelve (12) months. All projects must be finalized by December 31, 2014. Higher award levels will generally be made to partnerships of organizations.

C. **Funding Source:**

The Program will be funded from the 2013-2014 New York State CDFI Budget Appropriation of \$1.495 million, to provide support for both the M\WBE and small business communities.

If current project reflects completion date as of March 31, 2013, eligible project expenses may be retroactive as far back as April 1, 2013. However, the following conditions must be met:

- Project final payment request must be submitted on/or before the start date of the new project.

ESD will establish reporting requirements to account for the utilization of grant proceeds by the CDFI. The grant is to be used only for the purposes stated in the organization's proposal or otherwise approved, in writing, by ESD.

All activities generated by funding from ESD, or toward which ESD grant proceeds are used, shall be conducted according to the standard business practices of the recipient organization and any agreements with ESD.

D. Proposal Options (choose one option):

As mentioned earlier, ESD will likely award fewer grants than in previous years, but at slightly higher award levels. ESD encourages partnerships among organizations. However, some single entity awards will be given.

1) **Joint Proposals**

Organizations that choose this criterion should base the proposal on the following:

For joint proposals, all applicants and co-applicants must be CDFIs.

ESD is considering fewer numbers of awards in order to ensure that CDFIs receive adequate funding. In order to make a significant difference in the various communities, ESD will award applicants that express stronger lending base, demonstrate great ability in its underwriting capacity, deal-sources and low default ratio.

ESD will also consider applicants whose program capacity will complement each other, building off of historical strengths. Partners should demonstrate the ability to provide one-one-one technical assistance that supports the need of the M/WBEs and small businesses that seek access to capital.

Applications should divide the budget, in accordance with the role of the partnership.

2) **Single Entity Proposals:**

Organizations must demonstrate ability to provide CDFI services independently.

ESD will consider individual proposals if there is significant capacity or limited availability of partnerships in service areas.

Applicant must demonstrate strong lending capacity, show ability to provide independent technical assistance services, such as one-on-one assistance, peer lending groups and strong training components.

Applicant must demonstrate strong linkages with non-CDFI service providers in the area, which can support your efforts and help source clients.

E. Non-Discrimination and Contractor & Supplier Diversity:

It is the policy of the State of New York, and ESD, to comply with all Federal, State and Local laws, policies, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action in working with contracting parties to ensure that New York State Business Enterprises, certified Minority and Women-owned Business Enterprises (MWBES), Minority Group Members and Women share in the economic opportunities generated by ESD's participation in projects or initiatives, and/or the use of ESD funds.

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this initiative. A copy of each respondent's Equal Employment Opportunity Policy Statement (Form OCSD-1) and Staffing Plan (Form OCSD-2) of the anticipated workforce to be utilized shall be included as part of the response to this RFP.

General inquiries or questions relating to aforementioned policies and/or MWBE participation with regard to this project may be addressed to the Office of Contractor and Supplier Diversity (“OCSD”) at OCSD@ESD.NY.GOV.

IV. Evaluation

ESD will evaluate proposals using the following criteria:

- A. Completeness of the proposal, including submission of the following:
 - 1. A detailed project description, including a detailed budget showing funding sources and uses, and a description of the specific goals to be achieved as a direct result of ESD funding during the project period (not to exceed twelve months). These goals should be realistic and achievable based on the applicant’s knowledge and experience as a CDFI. ESD’s CDFI Assistance Program awards will be largely based on the applicant’s record and its potential effectiveness in meeting or surpassing its goals.
 - 2. Annual financial statements for the past three years, including a draft of the applicant’s internal statements or the most recent interim statements, if annual statements are more than 12 months old.
 - 3. Accurate loan reports, including business loan and line of credit reports, and analysis of business loan and line of credit performance.
 - 4. Proof of current Federal CDFI Certification and/or recertification.
 - 5. New York State Prequalification
- B. Compliance of the proposal with the “Purpose” section and other terms and conditions of this request for proposals.
- C. The applicant’s record in meeting the performance goals, timelines and reporting requirements established under previous CDFI Assistance Program awards from ESD, if any. ESD may choose to not consider proposals from organizations that are not in compliance with the contracting and reporting requirements of previous CDFI Assistance Program awards, or that have substantial funding available through previous awards.
- D. The volume of the applicant’s lending and the performance of the applicant’s loan portfolio.
- E. The applicant’s operating budget and institutional capacity for using grant funds effectively.

V. Additional Considerations

- A. In cases where applicants propose activities similar to those funded by ESD via existing or pending CDFI Assistance Program agreements with the applicant (“Follow-on Activities”), ESD may choose not to approve additional funding for such activities. If ESD does agree to fund such Follow-on Activities, no new grant funds awarded pursuant to this RFP for such activities will be disbursed until the similar activities funded through existing agreements have been completed in accordance with the terms of such agreements. ESD alone will determine whether proposed activities qualify as Follow-on Activities.
- B. By submitting its proposal, each applicant authorizes ESD to contact any and all other persons identified in its proposal or in any investigation conducted by or on behalf of ESD or the State, and obtain the release of pertinent financial and other information, as well as to obtain verification of the information provided by each applicant.
- C. ESD will not be held liable for any costs incurred by any applicant for work performed in the preparation and production of a proposal, nor for any work performed prior to written authorization from ESD to proceed. All proposals submitted will become the property of ESD.

D. *ESD reserves the right to:*

1. reject any or all proposals received;
2. award grants in any amount;
3. require the submission of modifications or additions to proposals as a condition of further participation in the selection process; and
4. amend this request for proposals.

E. *Vendor Responsibility*

ESD encourages vendors to register in the State's Vendor Responsibility System (VendRep System). The VendRep System allows business entities to enter and maintain their Vendor Responsibility Questionnaire information in a secure, centralized database. New York State Procurement Law requires that state agencies award contracts only to responsible vendors. Vendors are invited to file the required Vendor Responsibility Questionnaire online via the New York State VendRep System or may choose to complete and submit a paper questionnaire. To enroll in and use the New York State VendRep System, see the VendRep System Instructions available at www.osc.state.ny.us/vendrep or go directly to the VendRep system online at <https://portal.osc.state.ny.us>. For direct VendRep System user assistance, the OSC Help Desk may be reached at 866-370-4672 or 518-408-4672 or by email at helpdesk@osc.state.ny.us.

Vendors opting to file a paper questionnaire can obtain the appropriate questionnaire from the VendRep website http://www.osc.state.ny.us/vendrep/forms_vendor.htm and execute accordingly pertaining to the company's trade industry.

F. *New York State Prequalification System for Grants Contract Vendors:*

As part of Governor Cuomo's initiative to better serve the people of the State of New York, a web-based grants management system, Grants Gateway, was launched in spring 2013. The Grants Gateway was established to improve the way grants are administered by the State of New York. Beginning July 31, 2013, all **not-for-profit organizations** receiving funds from New York State agencies and authorities must be prequalified in Grants Gateway prior to the execution of a contract or a contract amendment. You are receiving this communication because Empire State Development's ("ESD") records indicate that your organization is a not-for-profit and has been awarded funding but your organization has not yet submitted its online Prequalification application to New York State for review and approval.

Based on the above information, you are required to **complete the steps outlined below to receive an executed contract or contract amendment**. *If you are not the appropriate contact for this communication, please forward to the person in your organization responsible for the management of grant funding. Send any questions to Greta Carter-Williams, ESD's program representative, at gcwilliams@esd.ny.gov or email GrantsReform@Budget.ny.gov with Prequalification in the subject line.*

i. REGISTER WITH THE GRANTS GATEWAY

- The Registration Form is available for download at www.grantsreform.ny.gov. The Registration Form can be accessed by clicking the link at the top of the page in yellow labeled "Click HERE to access the Portal or browse for more information below".
 - Include your State Financial System ("SFS") Vendor ID on the Form; if you are a new vendor and do not have a SFS Vendor ID, include a Substitute for W-9 with your signed, notarized registration (also available from the Grants Reform Web site).
 - All registrations must include an Organization Chart in order to be processed.
 - Mail the completed Registration Form, Organization Chart that shows the Head of your Organization, and Substitute W-9 (if new vendor) to:
Division of Budget - Grants Reform
Agency Building 1 - 5th Floor, Empire State Plaza
Albany, NY 12224
 - When you receive your login information via email, log in and change your password. This password will allow access to the Grants Reform Web site.
- ii. Associate your organization with a State agency (ESD) by clicking on Organization(s) and then selecting Organization Information; complete all required fields.

If you believe your organization has submitted its Prequalification application and *has submitted any requested documents omitted from your registration*, please contact ESD's program representative or the Grants Reform Team by emailing GrantsReform@Budget.ny.gov with Prequalification in the subject line.

G. Encouraging use of New York State Businesses in Contract Performance:

Subcontractor questionnaire. (See attachment)

VI. Definitions

For the purposes of this RFP the following words or terms shall mean as follows:

A. Small businesses

A small business shall be deemed to be one which is resident in New York State, independently owned and operated, not dominant in its field, and employs one hundred or less persons.

B. Minority Business Enterprise ("MBE")

A business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more Minority Group Members; (ii) an enterprise in which such minority ownership is real, substantial and continuing; (iii) an enterprise in which such minority ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; and (iv) authorized to do business in the State of New York, is organized on a for-profit basis, and is independently owned and operated out of a fixed business location.

C. Minority Group Member

A United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups: (i) Black persons having origins in any of the Black African racial groups; (ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Indian or

Hispanic origin, regardless of race; (iii) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands; and (iv) Native American or Alaskan native persons having origins in any of the original peoples of North America.

D. Women-owned Business Enterprise (“WBE”)

A business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more citizens or permanent resident aliens who are women; (ii) an enterprise in which the ownership interest of such women is real, substantial and continuing; (iii) an enterprise in which such women ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; and (iv) authorized to do business in the State of New York, is organized on a for-profit basis, and is independently owned and operated out of a fixed business location.

E. M\WBE Certification

The official determination by the New York State Division of Minority and Women’s Business Development of a business enterprise as a bona fide minority and/or women-owned business enterprise. For more information on M\WBE certification, please see our website at: www.esd.ny.gov/mwbe.html or call (1-800-782-8369) for more information.

F. Technical Assistance

Business technical assistance is provided to an entrepreneur to address ongoing or specific challenges or needs, such as the development of a business plan or the resolution of a production or marketing problem. When a business is in formation, monitoring will help define specific and/or ongoing needs early. This assistance often is on a one-to-one basis in a consulting format.

Technical assistance may also be provided to assist clients in obtaining State M\WBE Certification.

G. Institutional Capacity/ Capacity Strengthening

Institutional capacity building is defined as the provision of technical or material assistance designed to strengthen one or more elements of organizational effectiveness. The elements of organizational effectiveness include governance, management capacity, human resources, financial resources, service delivery, external relations and sustainability. Examples include the purchase of software, training of staff, conducting research studies for expansion or growth and marketing.

H. New York Prequalification

The Grants Gateway was established to improve the way grants are administered by the State of New York. Beginning July 31, 2013, all not-for-profit organizations receiving funds from New York State agencies and authorities must be prequalified in Grants Gateway prior to the execution of a contract or a contract amendment. For additional information, please refer to GrantsReform@Budget.ny.gov.

I. Encouraging use of New York State Businesses in Contract Performance

Bidders/proposers need to be aware that, if selected through this ESD solicitation, they will strongly encouraged, to the maximum extent practical and consistent with legal requirements, to use responsible and responsive New York State businesses in performing the contract, including without limitation: (i) purchasing commodities that are of equal quality and functionality; and (ii) in utilizing services and technology. Furthermore, bidders/proposers are reminded that they must continue to utilize small, minority and women-owned businesses, consistent with current State law.

| EXHIBIT A: COVER SHEET | | | |
|---|---------------|---|--------------------------------|
| <i>Please provide all requested information in Fields Below</i> | | | |
| ESD Community Development Financial Institutions Assistance Program | | | |
| Legal Name of Applicant (include d/b/a) If Partnership, Lead organization: | | CDFI Certification Exp Date: | |
| Street Address (not P.O. Box): | | | |
| City: | State: | Zip: | County: |
| Phone: | Fax: | Website: | e-mail: |
| Executive Director/President: | | | |
| Contact Name, Title and Telephone Number for this Proposal: | | | |
| Federal Taxpayer I.D./Charity Reg. # (non-profits only): | | NYS State Unemployment Insurance Tax Number: | |
| New York State SFS #/(if applicable): | | New York State Prequalification Status: | |
| Vendor Responsibility #(if applicable): | | Parent Organization Name (if applicable) Or Partner Organization: | |
| Street Address (not P.O. Box): | | | |
| City: | State: | Zip: | County: |
| Form of Organizations (i.e. Federal Credit Union, Micro-loan Fund): | | # of Program Staff | |
| | Total | Primary or Co-Partner | Secondary or Co-Partner |
| Total Grant Requested: | \$0.00 | \$0.00 | \$0.00 |
| Technical Assistance for eligible business borrowers and/or IDA program participants (Sec II. A) | \$0.00 | | |
| Loan capital for eligible business borrowers (RFP Sec II.B.1) | \$0.00 | | |
| Loan loss reserve for eligible loans (RFP Sec II.B.2) | \$0.00 | | |
| Line of Credit Reserve for eligible lines of credit (RFP Sec II.B.2) | \$0.00 | | |
| Institutional Capacity-Building initiatives (RFP Sec II.C) | \$0.00 | | |
| Administration (not to exceed 10% of request (RFP Sec II.D) | \$0.00 | | |
| A. Is this organization currently seeking any other New York State assistance? | | | |
| B. Has the organization applied for or received prior New York State funding in the last five years? | | | |
| C. Has the organization received Federal CDFI Fund funding in the last five years? | | | |
| D. Is the organization applying for funds in the current round of funding from the Federal CDFI Fund? | | | |

For Exhibit A, B and E please use excel file on website at:
<http://esd.ny.gov/CorporateInformation/Data/RFPs/CDFI/2013BudgetExhibits.xlsx>

EXHIBIT B: PROPOSAL SUMMARY

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1. Briefly describe the organization's mission and history of providing technical and financial assistance to M/WBEs and/or small businesses. If application is a partnership, a summary is required for each partner.

2. Briefly describe the specific goals that the organization will achieve as a direct result of the requested grant funding

3. Does the organization provide business loans outside of the State of New York? Yes

>>For Items 4 & 5 choose the beginning and ending date of financial calendar, enter historical and projected data as described in detail within proposal
>>If the answer for Item 3. is "No", skip Item 5.

| Select beginning & end dates based on financial calendar -->> | 2011 | | | 2012 | | | 2013 | | |
|---|---------|-------|-----------------|---------|-------|-----------------|---------|-------|-----------------|
| | through | | | through | | | through | | |
| | Total | M/WBE | Other Small Bus | Total | M/WBE | Other Small Bus | Total | M/WBE | Other Small Bus |
| 4. Total Loan Performance | | | | | | | | | |
| a. Total # Outstanding Loans | 0 | | | 0 | | | 0 | | |
| b. Total \$ Outstanding Loans | \$0 | | | \$0 | | | \$0 | | |
| c. Total # Loans Closed | 0 | | | 0 | | | 0 | | |
| d. Total \$ Loans Closed | \$0 | | | \$0 | | | \$0 | | |
| e. Delinquency Ratio (delinquent balance/total outstanding balance) | | | :1 | | | :1 | | | :1 |
| f. Net Loan Loss Ratio (net write-offs/total outstanding bal) | | | :1 | | | :1 | | | :1 |
| g. Loan Loss Reserve Ratio | | | :1 | | | :1 | | | :1 |
| 5. New York State Loan Performance | | | | | | | | | |
| a. Total # Outstanding Loans (NYS Only) | | | | | | | | | |
| b. Total \$ Outstanding Loans (NYS Only) | | | | | | | | | |
| c. Total # Loans Closed (NYS only) | | | | | | | | | |
| d. Total \$ Loans Closed (NYS only) | | | | | | | | | |
| e. Delinquency Ratio (delinquent balance/total outstanding balance) | | | :1 | | | :1 | | | :1 |
| f. Net Loan Loss Ratio (net write-offs/total outstanding bal) | | | :1 | | | :1 | | | :1 |
| g. Loan Loss Reserve Ratio | | | :1 | | | :1 | | | :1 |
| 6. # One to One Technical Assistance (provided as a direct result of ESD CDFI grant) | | | | | | | | | |
| 7. Self Sufficiency Ratio (earned income/expenses) | | | :1 | | | :1 | | | :1 |

For Exhibit A, B and E please use excel file on website at:

<http://esd.ny.gov/CorporateInformation/Data/RFPs/CDFI/2013BudgetExhibits.xlsx>

EXHIBIT C: SUBMISSION REQUIREMENTS

ESD COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS ASSISTANCE PROGRAM

Submit the following:

1. Organization Information (If a joint applicant, provide a section on each applicant)

a. General: Describe the following (you may also attach a business plan, annual report, etc.):

- i) The organization's mission and history of providing technical and financial assistance to M\WBEs and/or small businesses.
- ii) The geographic service area and/or targeted populations served by the organization, including any emphasis on startups, credit risks and other businesses that lack access to credit.
- iii) The types of financial and technical assistance products and services offered.
- iv) The organization's marketing strategy and coordination with other community-based organizations.
- v) The management capacity/professional experience of key staff (refer to attached resumes as appropriate).

b. Lending Activity: Provide the following information (refer to attached loan policy manual as applicable):

- i) Describe credit analysis and due diligence procedures employed in the loan/line of credit program.
- ii) Describe loan or line of credit approval and portfolio monitoring/collections procedures.
- iii) Provide business loan (or line of credit, if applicable) reports, certified by an organization officer, showing the following:
 - (a) The number of business loan or line of credit applications received and the number approved, and the number and aggregate principal amount of business loans closed for the years 2010, 2011 and 2012;
 - (b) The number and aggregate principal amount of business loans disbursed or line of credit extended to M\WBEs and/or small businesses in 2010, 2011 and 2012.
 - (c) The number of business loans or lines of credit that were current in their repayments or were under 31 days past due, and the aggregate amount of principal outstanding for those loans, as of December 31, 2012;
 - (d) The number of business loans or lines of credit with payments past due as of December 31, 2012, and the aggregate amount of principal outstanding for those loans, in the following

categories: 31-60 days past due, 61-90 days past due, and 90+ days past due; and the total amount of principal outstanding for all three delinquency categories.

- (e) The Delinquency Ratio as of December 31, 2012 (the ratio of the principal outstanding for business loans or lines of credit with payments 31 days or more past due, divided by the total amount of business loan or line of credit principals outstanding);
- (f) The number of business loans and aggregate amount of business loan principal charged off in 2010, 2011 and 2012;
- (g) The number of business lines of credit and aggregate amount of business credit line principal charged off in 2010, 2011 and 2012;
- (h) The Net Loan Loss and Line of Credit Loss Ratios for 2010, 2011 and 2012 (net charge-offs of business loans during the year, divided by the total amount of business loan or credit line principals outstanding at year-end).
- (i) The Loan Loss Reserve and Line of Credit Loss Reserve Ratios as of December 31, 2012 (total business loan loss reserve divided by total business loan principal outstanding).
- (j) Capital Available as of December 31, 2012 (please include formula used):
 - 1) Total Borrowed Capital, Equity and Equity Equivalents immediately available for lending
 - 2) Total Committed Capital (*Funds committed to your organization by an outside source that are available for lending but have not yet been drawn down. Such undrawn funds can consist of both debt and equity but excludes lines-of-credit. Attach a list of sources and amounts committed*)

2. Project Activities, Results, and Implementation

Describe in detail how a grant from the ESD Community Development Financial Institutions Program would be used:

a. Describe the specific activities that will be undertaken and funded through the project.

If a joint application, for each item below, identify the roles and responsibilities of each co-applicant.

- i) If requesting funds for technical assistance, describe in detail the nature of the technical assistance to be provided, describe the systems in place to market and deliver these services, and the ways that such technical assistance will support your organization's lending activities. Describe the overall technical assistance program as well as the specific ways in which ESD grant funds will be used. If the provision of one-on-one technical assistance to businesses is to be claimed as a measurable goal in section 2.b below, such assistance must be substantive and generally should involve face-to-face meetings. Assistance should be provided on business development topics and may include financial analysis, marketing, and the assistance with the preparation of business plans, financial statements and applications for financial assistance.

- ii) If proposing activities open to the public such as workshops and seminars, describe those specific actions that will be taken to ensure the participation of minorities and women.
 - iii) If requesting loan capital, line of credit or loan loss reserve funds, refer to the guidelines set forth in Section II.B of this RFP and provide the information specified in that Section.
 - iv) If requesting funds for institutional capacity refer to the guidelines set forth in Section II.C of this RFP and provide the information specified in that Section.
 - v) Discuss the need and level of demand for these activities in the target community.
 - vi) Identify the reasons that your organization requires grant assistance in order to undertake these activities.
 - vii) Identify any other entities involved in the project (other community development organizations; units of local, state or federal government, etc.), and describe the nature of their involvement.
- b. List the specific goals that the organization will achieve as a direct result of the requested grant funding, and provide a timeline for the project (see attached example Exhibit A).**
- i) Include the measurable outcomes (number and type of beneficiaries, number of loans made, etc.) and the economic impact to be achieved as a direct result of ESD grant funding. These goals should be realistic and achievable based on the applicant's experience in operation as a CDFI. The proposed goals should reflect only the funding being requested. For example, if funds will be used to pay for only part of the salary of a technical assistance provider, describe the goals to be achieved only during that portion of the individual's time that will be funded with ESD grant funds. Applicants may also describe goals for the organization as a whole and the ways that ESD's grant funds would contribute to the attainment of these broader goals.
 - ii) Describe how these goals compare to the organization's achievements in the past three years (i.e. do these goals represent increased activity, decreased activity, no change, etc...)
- c. Provide a detailed budget for the project (see attached example Exhibit D).**
- i) Include funding sources, personal service costs (with job title and description), consultant fees (identify consultant if known), and a breakdown of all other technical assistance costs.
 - ii) Describe the ways, if any, that ESD's grant funds would leverage other revenue sources.

3. **Attachments:**

For each applicant or co-applicant, please attach the following:

- a. A copy of the most current CDFI certification and/or recertification letter from the U.S. Department of Treasury.
- b. If the applicant has previously received ESD funding through the CDFI Assistance Program, attach:
 - i) A copy of the final report narrative (Exhibit B without attachments) submitted for the last two completed projects,
 - ii) An interim Technical Assistance and Lending Report and Institutional Capacity Report (Exhibit G-2) without attachments from any grant disbursement agreement still in effect, with a description of the organization's cumulative progress toward the goals listed in Exhibit A of said agreement, and the anticipated date of project completion.
 - iii) Information on the current status of each grant in terms of the amount of funding awarded and the amount disbursed to date by ESD.
- c. Audited or reviewed annual financial statements (Credit Unions may submit annual financial reports submitted to NCUA) for 2010, 2011 and 2012, (interim statements certified by an officer of the organization are acceptable for 2012).
- d. A copy of the operating budget for 2013 or 2014, including all projected sources of revenue and all items of expense.
- e. The organization's loan and/or line of credit policy manual or guidelines for loan application, approval and portfolio monitoring processes.
- f. Résumés of key lending and technical assistance personnel.

EXHIBIT D: PROJECT DESCRIPTION

The below Task Descriptions are **only EXAMPLES** of possible activities and anticipated dates of completion. Applicants must use detailed language that describes the proposed activities.

****Identified goals should reflect the direct result of grant funding.****

Organization Name

TASKS and TIMELINE

Include detailed task descriptions. Include dates of completion for each task.

| Task # | Task Description | Anticipated date of completion |
|--------|---|--------------------------------|
| | Project Start Date | August 10, 2013 |
| 1 | Provide one-on-one pre- and post-loan technical assistance to 20 eligible clients | September 30, 2013 |
| 2 | Use \$10,000 of grant proceeds to make approximately 5 new business loans to eligible borrowers | December 31, 2013 |
| 3 | Use \$15,000 of grant proceeds as loan loss reserve funds to leverage \$100,000 in new business loans to approximately 20 M\WBEs and/or small business borrowers. | March 31, 2014 |
| 4 | Assist 4-6 M\WBE clients with development of a business plan | March 31, 2014 |
| 5 | Provide a Money Management and Economic Literacy Training Course for 16 M\WBEs and/or small businesses | June 30, 2014 |
| 6 | Use Institutional Capacity funds to develop systems to collect and report economic impact data | June 30, 2014 |
| | Project Completion Date | July 11, 2014 |

| EXHIBIT E: PROJECT BUDGET | | | |
|---|---------------|------------------------------|--------------------------------|
| 0 | | | |
| All uses of funds which apply should be listed below. Applicants must also provide a written statement describing each of the uses in detail in proposal narrative. | | | |
| ESD Eligible Expenses | | | |
| SOURCES | | | |
| ESD Grant | | | |
| Federal CDFI Fund Grant | | | |
| Earned Income | | | |
| Other Revenue Sources | | | |
| TOTAL Sources | \$0.00 | | |
| USES | Total | Primary or Co-Partner | Secondary or Co-Partner |
| Total Technical Assistance Costs | \$0.00 | | |
| Technical Assistance Provider salary and fringe | \$0.00 | | |
| Loan and/or IDA Coordinator salary and fringe | \$0.00 | | |
| Business development consultant costs for provision of one-on-one technical assistance | \$0.00 | | |
| Loan Capital | \$0.00 | | |
| Loan/ Line of Credit Loss Reserve | \$0.00 | | |
| Institutional Capacity - Supplies, training materials and workshop expenses | \$0.00 | | |
| Administrative Costs (not to exceed 10% of request) | \$0.00 | | |
| TOTAL USES | \$0.00 | \$0.00 | \$0.00 |

**A maximum of \$500 in grant funds may be used for food and beverage expenses associated with training workshops.

Note: Certain restrictions apply to the use of ESD funds for payment of travel expenses.

For Exhibit A, B and E please use excel file on website at:

<http://esd.ny.gov/CorporateInformation/Data/RFPs/CDFI/2013BudgetExhibits.xlsx>

CDFI Proposal Checklist (Revised 1/14/14)

| Name | | Page(s) |
|--|---|-----------------|
| <input type="checkbox"/> | Exhibit A: Cover Sheet (use the RFP template) | 9 |
| <input type="checkbox"/> | Exhibit B: Proposal Summary (use the RFP template) | 10 |
| <input type="checkbox"/> | Proposal (Based on Exhibit C: Submission Requirements) <i>Please submit a complete proposal narrative, including the following frequently missed items (where applicable):</i> | 11 - 13 |
| <input type="checkbox"/> | Special information on Loan Loss Reserves or Line of Credit Reserves requests | 13 (2.a.iii) |
| <input type="checkbox"/> | A description of capital on hand | |
| <input type="checkbox"/> | A detailed demand analysis | |
| <input type="checkbox"/> | A description of why the organization is requesting loan capital instead of LLR | |
| | Attachments: | 14 |
| <input type="checkbox"/> | CDFI certification and/or recertification Letters | |
| <input type="checkbox"/> | If previously received ESD funds, please include Exhibit B, G-2 and current status of each grant | 14 (3b) |
| <input type="checkbox"/> | Audited or Reviewed Financial Statements for the years 2010-2012 | |
| <input type="checkbox"/> | Operating Budget for 2013 or 2014 | |
| <input type="checkbox"/> | Loan policy manual or guidelines | |
| <input type="checkbox"/> | Resumes | |
| <input type="checkbox"/> | Exhibit D: Project Description (follow the RFP EXAMPLE) | 15 |
| <input type="checkbox"/> | Exhibit E: Project Budget (follow the RFP EXAMPLE) | 16 |
| | Addendum: | |
| <p>The Opinion of Counsel letter will replace the current Exhibit E - Certification of an Officer, found in the Grant Disbursement Agreement (“GDA”). This is a necessary change in order to conform to ESD terms and conditions’ and other ESD requirements. It is attached for your information and to be completed upon execution of the GDA.</p> | | |

ATTACHMENT # 1

Attachment #1 is a sample ethnicity and gender confirmation form, which will be included in the Grant Disbursement Agreement. This exhibit will serve as confirmation of a client's ethnicity. Grantees are encouraged to incorporate this form into their documents, if the information is not already collected. (Such as in intake or loan application documentation)

ESD CDFI Ethnicity and Gender Confirmation Sample Form

A.

| | |
|--------------------------|--------------------------|
| Last Name: | First Name: |
| Address: | Business Address: |
| City, State, Zip: | City, State, Zip: |
| Home Phone: | Business Phone: |

B.

C.

| | |
|--|---|
| <p>Gender:</p> <p>Male <input type="checkbox"/></p> <p>Female <input type="checkbox"/></p> | <p>Business Information:</p> <p>How long in business: _____</p> <p>Percentage of business you own: _____</p> |
|--|---|

D.

Race/ Ethnicity:

- Asian African-American/ Black Caucasian
- Hispanic Origin Non-Hispanic Origin
- Native American/ Alaska Native Native Hawaiian/ other Pacific Islander

Signature: _____ **Date:** _____

ATTACHMENT # 2

**ENCOURAGING USE OF NEW YORK STATE BUSINESSES
IN CONTRACT PERFORMANCE**

New York State businesses have a substantial presence in State contracts and strongly contribute to the economies of the state and the nation. In recognition of their economic activity and leadership in doing business in New York State, bidders/proposers for this ESD contract for commodities, services or technology are strongly encouraged and expected to consider New York State businesses in the fulfillment of the requirements of the contract. Such partnering may be as sub-contractors, suppliers, protégés or other supporting roles (herein collectively called “Subcontractors”).

Bidders/proposers need to be aware that, if selected through this ESD solicitation, they will strongly encouraged, to the maximum extent practical and consistent with legal requirements, to use responsible and responsive New York State businesses in performing the contract, including without limitation: (i) purchasing commodities that are of equal quality and functionality; and (ii) in utilizing services and technology. Furthermore, bidders/proposers are reminded that they must continue to utilize small, minority and women-owned businesses, consistent with current State law.

Utilizing New York State businesses in State contracts will help create more private sector jobs, rebuild New York’s infrastructure, and maximize economic activity to the mutual benefit of the contractor and its New York State business partners. New York State businesses will promote the contractor’s optimal performance under the contract, thereby fully benefiting public sector programs that are supported by associated procurements.

Public procurements can drive and improve the State’s economic engine through promotion of the use of New York businesses by its contractors. The State therefore expects bidders/proposers to provide maximum assistance to New York businesses in their use of the contract. The potential participation by all kinds of New York businesses will deliver great value to the State and its taxpayers.

Bidders/proposers can demonstrate their commitment to the use of New York State businesses by responding to the questions below:

(A) Do you anticipate the need for Subcontractors fulfilling the requirements of this ESD contract? Yes No

(B) Will New York State businesses be used in the performance of this ESD contract as Subcontractors? Yes No

NOTE: If the answer to question (B) is Yes, please identify New York State businesses that will be used and attach identifying information (e.g., name, address, contact information, nature of business).

ADDENDUM

EXHIBIT E: OPINION OF COUNSEL
[Letterhead of Counsel to the Grantee]

[Date]

Empire State Development
633 Third Avenue
New York, New York 10017

Attn: «Project_Manager»

Re: «Project_Name», Project #«Project_Number»

Ladies and Gentlemen:

We have acted as special counsel to «Orgn_Name_Client», a corporation [limited liability company] (the “Grantee”), in connection with the execution and delivery of the Grant Disbursement Agreement dated [Date of Agreement] (the “Agreement”) between New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) and the Grantee.

This opinion letter is being furnished to you at our client’s request pursuant to Section 3(a) of the Agreement. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Agreement.

In rendering the opinions set forth herein, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion letter, including (a) the Agreement, (b) the certificate of incorporation of the Grantee and (c) the by-laws of the Grantee. We have also examined and relied upon such other matters of law, documents, certificates of public officials and representations of officers and other representatives of the Grantee as we have deemed relevant, appropriate or necessary to the rendering of our opinions.

In rendering the opinions expressed below, we have assumed the legal capacity of all natural persons signing documents and that the signatures of persons signing all documents in connection with which this opinion letter is rendered are genuine, all documents submitted to us as originals or duplicate originals are authentic and all documents submitted to us as copies, whether certified or not, conform to authentic original documents. Additionally, we have assumed and relied upon the accuracy and completeness of all certificates and other statements, documents, records, financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties, confirmations, schedules and exhibits contained in the Agreement, with respect to the factual matters set forth therein.

As to any facts material to the opinions expressed herein that we did not independently establish or verify, we have relied upon oral or written statements and

representations of officers and other representatives of the Grantee and of certain public officials. We have also assumed and relied upon the accuracy and completeness of all certificates and other statements, representations, documents, records, financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties and exhibits contained in the Agreement with respect to the factual matters set forth therein.

Based upon the foregoing and subject to the assumptions, qualifications and other matters set forth herein, we are of the opinion that:

1. The Grantee is validly existing and in good standing under the laws of the State of New York and has full power and authority to execute and deliver the Agreement and to perform its obligations thereunder.

2. The Agreement has been duly authorized, executed and delivered by the Grantee and (assuming its due authorization, execution and delivery by ESD) is binding on and enforceable against the Grantee in accordance with its terms, subject to applicable bankruptcy, insolvency reorganization, arrangement, liquidation, moratorium, fraudulent conveyance or transfer and other similar laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and except as rights under the Agreement to indemnity and contribution may be limited by federal or state laws.

We are admitted to practice in the State of New York and we express no opinion as to any matters governed by any laws other than the laws of the State of New York. The opinions expressed herein that are based on the laws of the State of New York are limited to the laws generally applicable in transactions of the type covered by the Agreement.

This opinion letter is for the benefit solely of ESD and not for the benefit of any other person. We are opining herein only as of the date hereof and we undertake no, and disclaim any, obligation to advise you of any changes in any matter set forth herein, regardless of whether changes in such matters come to our attention after the date hereof. No attorney-client relationship exists or has existed with ESD by reason of our preparation, execution and delivery of this opinion letter. By providing this opinion letter and permitting reliance hereon by you, we are not acting as your counsel and have not assumed any responsibility to advise you with respect to the adequacy of this opinion letter for your purposes. This opinion letter may not be relied upon by any other person or for any other purpose or used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,