

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
SMALL BUSINESS LOAN FUND CORPORATION  
Request for Proposals  
Grant Compliance Audit Services

The Rhode Island Economic Development Corporation (the Corporation) and its subsidiary, Small Business Loan Fund Corporation (SBLFC) are requesting qualifications and proposals from firms qualified to audit the SBLFC's compliance to the terms, conditions, rules and regulations of various federal grants and advise on any changes (if necessary) to policy and procedure to ensure improved and/or continued compliance with said grants.

**CORPORATION'S INTENT:**

The Corporation, through this RFP process, intends to select one firm which will work with the Corporation to review the terms, conditions, rules and regulations of grants received and/or managed by the SBLFC in relation to its financing activities; audit compliance to these and recommend any policy and procedure changes (if necessary) to improve said compliance. The Corporation may choose to expand the scope of the engagement for additional services related to the compliance under existing grants or applications for new grant funding. Existing grants to be audited include a Revolving Loan Fund Program funded by the US Department of Commerce, Economic Development Administration (EDA) and the US Treasury State Small Business Credit Initiative (SSBCI).

The deliverables under this contract will include a summary of the terms, conditions, rules and regulations that must be complied with; a report detailing the SBLFC's existing compliance efforts and the adequacy thereof, included in this report will be a review of the SBLFC's current portfolio of transactions funded by the grants and any potential compliance issues that may exist in the portfolio; recommended policy and procedure changes necessary to ensure future compliance with grant requirements, including draft policy and procedure documents. In addition, this audit will extend to the partner organizations receiving US Treasury SSBCI funds through the Corporation; these entities include the Slater Technology Fund and Betaspring Business Accelerator.

A draft report is required to be submitted no later than May 20, 2013. The successful bidder will be required to present their findings to the Small Business Loan Fund Corporation Board of Directors.

Please see attached Supplement 1 for background information on the Small Business Loan Fund's EDA Revolving Loan Fund and State Small Business Credit Initiative programs.

**PROPOSAL REQUIREMENTS:**

In order to be considered responsive, firms shall submit, at a minimum, the following as part of their proposals:

Technical Proposal Elements

1. Description of services provided by the firm
2. Firm’s past experience with the EDA Revolving Loan Fund Program and Treasury SSBCI Program
3. Firm’s past experience with compliance issues in regards to the EDA Revolving Loan Fund Program and Treasury SSBCI Program
4. A description of the proposed methodology to be used in conducting the services described.
5. A list of additional services that are offered by the firm
6. Person that will be primary point of contact with the Corporation
7. Qualifications of the firm to provide the requested services
8. A listing of the individual(s) to be assigned to this engagement, resume for each individual listed and their respective qualifications, past experience on engagements of this scope, and their role in those past engagements.

Administrative Proposal Elements

1. Proposed fixed price for the required services. Please separate the prices for the SSBCI program audit and EDA Revolving Loan Fund Program Audit.
2. References from a minimum of two recent clients
3. Copies of all documentation which demonstrate the firm(s) has the legal ability to perform the services in the State of Rhode Island, described generally herein.
4. Certification that a Certificate of Good Standing from the Rhode Island Division of Taxation will be delivered to the Corporation upon award.
5. A listing of all current and ongoing contracts between the firm and the Corporation or the State of Rhode Island.
6. A disclosure of all outstanding financial obligations with the State of Rhode Island.

**EVALUATION CRITERIA:**

	Percentage
1. Past Experience of the Firm	
• Working with EDA Revolving Loan Fund Program	20%
• Working with US Treasury SSBCI Program	20%
• Compliance with above programs	30%
2. Additional services available	10%
3. Pricing	20%

## **LOGISTICS:**

RIEDC/SBLFC reserves the right to award the compliance audits for the SSBCI and EDA programs either together or separately to one or more firms.

This Request for Proposals was issued on February 20, 2013.

All interested parties are required to submit a Notice of Intent to Bid by e-mail to [sesten@riedc.com](mailto:sesten@riedc.com) no later than 4:30 PM on February 27, 2013. Failure to submit such notice will be grounds to eliminate any response from consideration.

Questions regarding the RFP must be emailed to: [sesten@riedc.com](mailto:sesten@riedc.com). Such questions will be accepted until 4:30 PM on March 4, 2013 and answers to all questions submitted will be posted no later than 6:00 PM on March 8, 2013.

Final Proposals are due no later than 4:00 p.m., local time, on March 18, 2013. Any responses received after this time will not be considered.

1 original and 5 copies of the submittal must be delivered to:

Rhode Island Economic Development Corporation  
315 Iron Horse Way, Suite 101  
Providence, RI 02908  
Attn: Grant Compliance Audit Services RFP

Electronic and facsimile submissions will not be accepted and will be discarded without consideration. No phone calls will be accepted.

The Corporation reserves the right to select the firm or firms with the qualifications/proposal which the Corporation believes, in its sole and absolute discretion, provides the greatest value to the Corporation.

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

## **SUPPLEMENT 1 TO RFP FOR GRANT COMPLIANCE AUDIT SERVICES** **Issued February 20, 2013**

### **HISTORY OF THE SMALL BUSINESS LOAN FUND EDA RLF PROGRAM:**

On June 26, 1975 the U.S. Department of Commerce Economic Development Administration issued grant assistance in the amount of \$8,250,000 to the R.I. Department of Economic Development for the purpose of converting Coddington Cove in Aquidneck Island, RI to a shipyard. The grant was amended on April 11, 1979 for the purpose of allowing RIEDC to issue a loan in the amount of \$6,500,000 to Robert E. Derecktor of RI, Inc. and to use \$1,750,000 for the construction of infrastructural improvements. This amendment also stipulated that RIEDC would be allowed to utilize the repayment of the account funds for the purpose of economic development and adjustment purposes in Rhode Island.

The Small Business Loan Fund Corporation was incorporated in January 21, 1986 for the purpose of establishing a revolving loan fund. The loan fund started making loans to entities in the manufacturing and service industries. In 1990, Robert E. Derecktor of RI, Inc. declared bankruptcy; assets were liquidated in 1992 and 1993. The proceeds derived from the liquidation were placed into the SBLFC revolving loan fund.

Additional funding was received into the EDA Revolving Loan Fund through a series of three additional RLF grants received from EDA between 1992 and 1996 and an assumption of an EDA RLF grant that was originally awarded to the University of Rhode Island. The total capitalization from the five grants totals \$12,239,223. Over the history of the fund, the SBLFC EDA RLF Program has made 644 loans totaling over \$58 million. As of January 31, 2013, the SBLFC EDA Revolving Loan Fund has an active portfolio of 73 loans totaling \$7,386,203.62 with \$3,476,902.94 available to lend.

### **HISTORY OF THE SMALL BUSINESS LOAN FUND US TREASURY SSBCI PROGRAM:**

On September 27, 2010, President Obama signed into law the [Small Business Jobs Act of 2010 \(the "Act"\)](#). The Act created the State Small Business Credit Initiative, which was funded with \$1.5 billion to strengthen state programs that support lending to small businesses and small manufacturers. The State Small Business Credit Initiative is expected to help spur up to \$15 billion in lending to small businesses. Under the State Small Business Credit Initiative, participating states will use the federal funds for programs that leverage private lending to help finance small businesses and manufacturers that are creditworthy, but are not getting the loans they need to expand and create jobs. The State Small Business Credit Initiative will allow states to build on successful models for state small business programs, including collateral support programs, Capital Access Programs (CAPs) and loan guarantee programs. Existing and new state programs are eligible for support under the State Small Business Credit Initiative.

The State of Rhode Island was awarded a total of \$13.1 million through the SSBCI Program with the Small Business Loan Fund Corporation, as a subsidiary of the Rhode Island Economic Development Corp., acting as administrative agent. Under the terms of the application and allocation agreement, the total funding was allocated as follows: \$2.1 million to SBLFC for a revolving loan fund program, \$2.0 million to the Betaspring Business Accelerator (through an investment vehicle, Startup Investments LLC), and \$9.0 million to the Slater Technology Fund.

To date, Rhode Island has received its first advance of approximately \$4.4 million of SSBCI funding. The original allocation of the first advance was \$1.5 million to SBLFC, \$1.4 Million to Betaspring and \$1.5 million to the Slater Technology Fund. This has since been adjusted to \$500k to SBLFC, \$2.0 million to Betaspring and \$1.9 million to the Slater Technology Fund. SBLFC and the State of RI are in the process of applying for the second advance of SSBCI funding.