

# Southern WV Region-Wide Loan Fund Request for Proposal

## A. Statement of Purpose

The New River Gorge Regional Development Authority (NRGRDA), along with partner EDAs and other non-profit lenders (see below), is seeking a consultant to assist in conducting a feasibility study to explore the establishment of a Regional Loan Fund of similar capital providing entity. All partnering organizations named in this RFP agree that they are not adequately meeting the capital investment and funding needs of the existing and new businesses in Southern West Virginia. Completion of this study will allow these organizations to work together on one centralized and/ or coordinated lending program offering multiple types of traditional and nontraditional financing. This study will determine the organizational structure of this financing initiative, determine if a separate entity should be formed, what types of funding it should offer at what risk level, and what certification (i.e. CDFI, etc.), if any, this entity should apply for. The consultant will work with each of the member organizations to determine the specific needs of their communities such that the result of the study will yield a mission-driven initiative that meets the community and economic development needs of the region. Lastly, the study will develop a marketing program to launch this initiative and its supportive services effectively to the business community.

## B. Background Information

**New River Gorge Regional Development Authority:** The NRGRDA stimulates the regional economy through business expansion and retention efforts, including an extensive portfolio of financial services, the management of sites for new companies locating to our region, and serving as a point of access for local service providers which offer a variety of technical assistance for business owners. Our Business Support Program is a proactive, recruitment, retention and expansion strategy designed to identify and address the needs, challenges and opportunities of new and existing businesses in our Region. The New River Gorge Regional Development Authority initiates, facilitates and supports the community and economic development efforts within the counties of Fayette, Nicholas, Raleigh and Summers located in the New River Gorge region of West Virginia.

**Wyoming County Economic Development Authority:** The Wyoming County Economic Development Authority (EDA) is committed to opening their doors for business by providing assistance, services, and information you need to live and work in Wyoming County, WV.

Types of assistance may include but are not limited to:

- Identifying new site and building locations
- Funding assistance to address immediate and future needs
- Technical support and referrals on issues such as taxes, workers' compensation and other concerns as identified by the business

Wyoming County EDA provides support and technical assistance to existing businesses to address their challenges and opportunities in a strategic effort to retain and maintain

employees and sustain the existence of the business. The EDA also provides support and technical assistance to start-up businesses to encourage business planning, packaging and funding.

We offer loans for individuals in Start-Up Businesses and those who have Existing Businesses to provide Economic Development opportunities for Southern West Virginia.

**Greenbrier Valley Economic Development Corporation:** The Greenbrier Valley Economic Development Corporation assists the needs of the business community of Greenbrier, Monroe and Pocahontas Counties, West Virginia. We provide a variety of services to new and existing businesses such as: business financing, general and technical assistance, site selection and most importantly, the highly skilled and loyal West Virginia Workforce.

**Strong Mountain Communities:** SMC focuses on spurring economic development and diversification in Southern WV. Through entrepreneurial deal-making and stakeholder convening in the region. SMC pays specific attention to cultivating Social Enterprises as an economic driver and diversification tool for Southern WV. We pursue those objectives through a Pre-Market Enterprise Development Program and the region-wide WV Good Jobs Fund. Furthermore, SMC has developed the WV The Good Jobs Conference as the mechanism in which to convene regional stakeholders in economic diversification with aspiring entrepreneurs and to launch and aid new, expanding, or struggling business and social enterprises in the area.

**Region I Planning and Development Council:** Serving the people of McDowell, Mercer, Monroe, Raleigh, Summers & Wyoming Counties, Region I PDC was established as a public agency and is one of eleven Regional Planning & Development Councils created by West Virginia Code, Chapter 8, Article 25, to provide comprehensive planning of all types for our service area, consisting of six counties and twenty-seven municipalities located within these counties. The mayors, county commissioners, and up to 49% private sector appointees comprise Region I's Board of Directors. We also work closely with local Economic Development Authorities, Public Service Districts, the Fayette Raleigh Metropolitan Planning Organization, New River Transit Authority, and various other local state, and federal organizations throughout the region.

Region I utilizes federal, state, and local funding to assist with projects concerning infrastructure development, including expansion and replacement of water and sewer facilities, employment, industry, housing, health, recreation, and environmental protection. By coordinating closely with our affiliates in the region, we promote stability, growth, and progress in southern West Virginia.

**Region IV Planning and Development Council:** It is the mission of Region IV Planning and Development Council to strategically and effectively plan for the comprehensive development of Fayette, Greenbrier, Nicholas, Pocahontas, and Webster counties, West Virginia. Such planning includes, but is not limited to, infrastructure development, economic development, education, community development, health care improvement, resource development, intergovernmental coordination, social enrichment, transportation enhancement, and environment protection. Inclusive and integral to the Council's

comprehensive planning is the ultimate goal of ensuring that the region's public services and facilities are maintained at acceptable levels toward the aim of promoting general health, safety, economic prosperity, and welfare of all its citizens.

### C. Tasks to be Accomplished

It is expected that the feasibility report prepared by a consultant for a regional loan fund or similar 'capital providing' entity will provide analysis on the following data points:

- Assessment of how much entrepreneurial activity is taking place and in what economic fields.
  - o What economic fields are most promising for new entrepreneurs and expansion?
- Identification of the regional demand for credit versus the availability of such financing.
  - o Is there a need for a regional loan fund (RLF), CDFI, and/or capital investment fund encompassing all of southern West Virginia?
  - o What are existing sources of capital already present in southern West Virginia?
  - o What are barriers to accessing existing sources of capital?
  - o Identification of traditional lending sources versus nontraditional sources.
  - o Identification of potential for leveraging private and non-private sources of capital.
  - o What is the potential or limitations of deploying venture capital in southern WV?
- How is an RLF or CDFI administered in terms of reporting, managing delinquencies, loan loss, and provisions for a loan loss reserve.
  - o How are collections conducted and administered?
  - o What would a model RLF look like for southern West Virginia?
- How would the partners listed in section B interact in an RLF or CDFI?
- How is an RLF loan policy constructed?
  - o What are acceptable levels of risk and how does an organization define its risk tolerance?
  - o What does an effective risk rating system look like?
  - o Should an RLF be sector driven?
- How would a loan fund be capitalized?
  - o What are sources for capitalizing an RLF?
  - o What are methods for raising capital?

- Are there advantages to the creation of a Certified Development Financial Institution (CDFI) to administer a loan fund?
  - o What is the process of creating a CDFI?
  - o Could management and administration of the loan fund be crafted from the existing loan funds in the region?
- What is the potential for social enterprise financing?
  - o What is appropriate underwriting and risk policy for social enterprise?
- What, if any, is the appropriate role for a venture and/or angel capital component to funding enterprises in Southern WV.

#### D. Summary of Deliverables

All deliverables are due by the end of the period of performance.

1. Conclusion of an economic analysis of a fifteen-county region of southern West Virginia. The counties to be studied include: Fayette, Nicholas, Raleigh, Summers, Greenbrier, Pocahontas, Monroe, Wyoming, McDowell, Webster, Mercer, Raleigh, Wayne, Lincoln, Mingo.
2. Gap analysis of capital demand/need with availability of capital.
3. Identification of number of businesses served.
4. Identification of potential jobs created.
5. Completed analysis of how a representative RLF constructs loan policy, related governance, administration including loan servicing, and how such a program is effectively capitalized.
  - a) Provide examples of revenue royalty certificates and other funding mechanisms outside of traditional loans that may be applicable and adaptable to the region.
6. Feasibility study that constructs a model RLF for the fifteen-county region of southern West Virginia. Consideration in the report is to be given to the possibility of the creation of a rural certified development financial institution (CDFI) with the potential to make high risk investments as well as a determination on the efficacy of a venture capital fund working in conjunction with the RLF.

#### E. Contract Award

- Period of Performance – The project timeline will be led by a consultant selected by the RLF committee. The work plan extends from September 15, 2017-March 15, 2018.
- Basis for Award of Contract – The consultant selected by the RLF committee will demonstrate the following:
  - o Commitment and ability to finish the project on time and on budget.

- A complete understanding of the project and the expectations of the RLF committee.
- Experience providing services similar to this request.
- A familiarity with the economic conditions in Southern West Virginia.
- Limitation – The RFP does not commit the regional loan fund committee to award a contract or to pay costs incurred by bidder in the preparation of a proposal to this RFP. The committee may accept other than the lowest bid, waive minor informalities, and award a contract based only on the written proposal without any discussions with the bidder. Issuance of a contract will be subject to the majority approval of the committee. The committee reserves the right to reject any or all proposals because of non-responsiveness to the RFP requirements, evidence of unfair bidding procedures, financial insolvency of bidder, or if, in the opinion, the majority of committee, the best interest of the program will be served.

#### F. How to Submit a Proposal

Please submit the following no later than August 10, 2017 to Joseph Brouse, Director of Business Retention and Expansion, New River Gorge Regional Development Authority, 116 North Heber Street, Beckley, WV 25801; [jbrouse@nrgrda.org](mailto:jbrouse@nrgrda.org). Electronic versions welcome.

1. A technical approach, which describes how you will carry out the tasks outlined above.
2. Exhibit creativity, fresh thinking, and new approaches or ideas to accomplish the
3. A summary of your recent and relevant projects.
4. A firm estimate of the fees to be charged and an estimate of expenses that would be incurred.
5. Resumes of all consultants who would be involved in the project.
6. Names, phone numbers, and email addresses of individuals at three nonprofit organizations who have been your clients during the last eighteen months and whom we can contact as references.

We will hold interviews with finalists during the week of August 28-September 1, 2017. If you have questions, please email them to [jbrouse@nrgrda.org](mailto:jbrouse@nrgrda.org).