



HVADC
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October 29, 2021

The Hudson Valley Agribusiness Development Corporation (HVADC) is accepting proposals from qualified vendors to provide services necessary to effectively manage and administer HVADC's EDA Revolving Loan Fund Program. We invite your firm to submit a proposal to us electronically (or to be postmarked) by **November 22, 2021**, for consideration. A description of our organization, the services needed, and other pertinent information follows.

Description of the Hudson Valley Agribusiness Development Corp

HVADC is a 501(c)(3) not-for-profit corporation established in 2007. The mission of the HVADC is to develop and provide innovative solutions that create dynamic agricultural entrepreneurship and enhance economic growth in the Hudson Valley. HVADC promotes the Hudson Valley as an attractive, viable region for agriculture through technical assistance, business development services and the coordination of financial and other resources. HVADC employs 2 full-time staff, 3 part-time staff and is governed by a 7-member Board of Directors. HVADC is in the process of applying for formal US Treasury Community Development Financial Institution (CDFI) certification. HVADC is subject to the reporting requirements of the New York State Authorities Budget Office. Additional information about the HVADC can be found at www.hvadc.org. Please see the *About Us* section on the website to learn more.

Background Information

In May 2021, the HVADC was awarded a \$2.6 million EDA RLF grant to further support farm and food businesses in Columbia, Dutchess, Greene, Orange, Sullivan, and Ulster counties. The grant will enable HVADC to capitalize and administer a \$2.1 million Hudson Valley Agribusiness Revolving Loan Fund (HVARLF) to provide gap financing to agribusinesses in the region. The award was made possible under the CARES Act, which provided the Economic Development Administration (EDA) with \$1.5 billion for economic assistance programs.

Eligible borrowers for the HVARLF include for-profits, start-up businesses, existing and expanding businesses. Targeted borrowers include those historically left out of traditional financial systems, including businesses owned by women and people of color and those of low income or located in low-income communities. Our target businesses have typically been in business for a few years and have marginal but emerging profits. Targeted sectors include but are not limited to farms, value-added processors, food wholesale, retail and distribution companies, food manufacturers, food aggregators, wineries, breweries, distilleries and cider producers.

HVADC is currently a third-party lender of \$500,000 for the New York Job Development Authority to support the State's value-added processors, farms, food distribution companies, food aggregators, craft beverage producers, regional Food Hub participants and more, with the expansion of their businesses.

HVADC is an equal opportunity employer. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6392 (TTD). USDA is an equal opportunity lender, provider and employer.

Services to Be Performed

The scope of services, to be provided under the direction and supervision of HVADC executive staff, includes but is not limited to the following and will be divided into four sections: Program Administration, Loan Management, Underwriting and Marketing. Bidders shall provide a cost estimate for fees associated with each of the program sections listed below.

Note: Bidders to this RFP may provide a proposal for one or more listed elements below.

- Program Administration
- Loan Management
- Underwriting
- Marketing

The selected contractor, as the Program Administrator, shall report to HVADC on the Program Administrator activities that ensure the on-going success of the HVARLF programs, and compliance with the HVARLF Administrative Manual and EDA RLF requirements.

Specific details for each element are:

1) Program Administration

- a. Administer the RLF in compliance with the EDA Revolving Loan Fund Financial Assistance Award Standard Terms & Conditions (Exhibit A); the RLF Administrative Plan (Exhibit B)
- b. Prepare required reports, accurately, and within required time limits. Currently, this includes monthly portfolio status report to HVADC, and EDA semi-annual reports. EDA report is due to HVADC and EDA no later than 30 days following the end of the reporting period. This also includes all financial and audit reports required pursuant to 13 C.F.R. § 307.14 as well as by EDA. Please note that the number of reports required per year can change per HVADC and EDA requirements.
- c. Work cooperatively with the HVADC to develop any modifications to the Program Requirements if they become necessary due to changes in laws, regulations, changes dictated by the EDA or changes that will make administration of the program more effective. This shall also include making recommendations to HVADC, and responding to questions from HVADC, the projects/borrowers financed, about the program and for the purpose of making administration of the program more effective.
- d. Operate the RLF in accordance with generally accepted accounting principles.
- e. Administer the RLF to serve businesses within the boundaries of the counties of Orange, Sullivan, Ulster, Dutchess, Columbia, and Greene, New York.

2) Loan Management

- a. Service new loans and the existing portfolio of loans under the loans including those under the RLF program. This includes, but is not limited to, tracking payments; submitting to HVADC the release of collateral and/or liens when loans are paid off; and pursuing appropriate repayment and collection efforts.
- b. Administrator will set up, to the extent practicable and to the extent consistent with the Program Requirements, the following procedures to monitor loans it grants under the RLF:
 - i. Administrator will require borrowers to provide periodic financial statements and tax returns at least annually to Administrator.
 - ii. Administrator will review, at least annually, each borrower's business operations to decide whether the borrower is complying with the loan

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agreements. This review will include, without limitation, collection of updated business and [guarantors'] personal federal tax returns, assessment of borrower's compliance with applicable loan covenants, an assessment of their latest year of operations (including comment on working capital and inventory levels, draws from business operations and capital, turnover, debt to equity and liquidity ratios), and borrower's maintenance of required documents, such as life and "all risk" insurance policies/binders, payment status of real property taxes, assignment of rents, landlord waivers, and such. Administrator will maintain a computer calendaring and tracking system to help in carrying out this obligation. Administrator will follow up compliance requirements, as needed, with each borrower by telephone and confirming letters. If Administrator identifies compliance problems, and after notice to the borrower, the borrower does not cure the compliance problem, Administrator will request a special meeting with the borrower (generally at Administrator's office) to review and resolve any compliance issues.

- iii. In the event Administrator is processing loans to a borrower under both the RLF and another program, copies of all application documents including, without limitation, loan applications and financial statements, shall be included in the RLF file. Copies of all updated financial statements prepared during the servicing period shall also be included in the RLF file.

3) Underwriting

- a. Accepting loan applications and underwrite the request in accordance with the Program Requirements, and in accordance with federal and State of New York laws and regulations (laws and regulations).
- b. Address how the Administrator will coordinate leads for funding requests and referrals from outside organizations with HVADC.
- c. Administrator will evaluate each loan application to decide whether the proposed borrower and proposed loan are eligible under the Program Requirements.
- d. Administrator will set up, to the extent practicable and to the extent within the Program Requirements, a loan application process that includes, without limitation, each of the following:
 - i. Administrator's loan officer will meet with each loan applicant (proposed borrower) and explain the RLF and Administrator's role in helping the applicant.
 - ii. If the applicant and the loan proposal generally meet the RLF's threshold eligibility requirements and the established loan criteria, Administrator will provide the applicant with an information checklist. The checklist will outline the format and the order in which the applicant must assemble information for the loan application and will contain the specific Program Requirements governing administration of the proposed RLF loan.
 - iii. Administrator's lending practices and procedures will incorporate commercial underwriting standards, consistent with lending practices generally accepted as prudent for public loan programs. Loan documentation, terms, and conditions will comply with the Program Requirements.
 - iv. Administrator's staff will prepare the loan write-up and present it to the HVADC Loan Committee. Administrator's staff presentations to the HVADC Loan Committee will include each of the following: list of borrowers and guarantors, sources/uses of HVADC loan funds, loan terms, summary discussion, loan purpose and project budget, financial analysis (income

statement and balance sheet), conditions of approval and other information as relevant or requested.

- e. Prepare credit memo report for HVADC committee approval and present to loan committee for review and action. Prepare a draft closing commitment letter for HVADC counsel review. Loan will be closed by HVADC counsel.
- f. Provide full copy of borrower package to HVADC at closing of each loan package.
- g. Provide internal (employee) capability to complete credit analysis, according to a set of criteria, including, but not limited to, debt service coverage ratios, current and quick ratios, loan to value ratios, debt/equity ratios, days receivable, days payable, days inventory ratios, and others that could be deemed appropriate for the analysis.

4) Marketing

- a. Prepare and provide to HVADC an implementation and marketing plan for the Program to generate potential borrower activity. The RLF marketing plan shall target potential borrowers, as well as those groups or entities (such as banks, credit unions, economic development entities, etc.) that can channel loan leads to the Administrator. The Administrator shall develop and maintain marketing materials that highlight the RLF's strengths and offerings to the business community in the service area. These ongoing marketing materials shall be provided to HVADC.

Term

The Agreement term shall be for a period of up to three (3) years. The start date will tentatively commence January 1, 2022, with a scheduled completion date of Dec 31, 2024, contingent on appropriate and sufficient funding, and subject to annual review and extension.

Special Provisions

- 1) Fidelity Bond - Within ten (10) days of the award of Agreement, the Successful Bidder will be required to furnish, at his expense, a Fidelity (Dishonesty) Bond in an amount equal to \$522,000. Said Bond shall be furnished as a separate instrument, shall be in the statutory form, and shall contain or embrace the statutory obligations in accordance with the law of the State of New York. Said Bond shall be on forms satisfactory to the HVADC. Bonds shall be issued by a Surety Company licensed to issue such Bonds in the State of New York.
- 2) Bidders to this RFP may provide a proposal for one or more listed elements in the **Services to be Performed** section.

Your Response to This Request for Proposal

In responding to this request, please provide the following information:

- 1) **Notification of Intent to Submit** – if you organization intends to submit a proposal, please notify HVADC Deputy Director Mary Ann Johnson via email at majohnson@hvadc.org by November 22, 2021. Please include your organization name, address, phone, contact person and contact person email in your submission.
- 2) **Bidder's Qualifications** - Bidder shall provide a concise statement demonstrating that the Bidder's company has the qualifications, experience, and capability to perform the requirements of this proposal. The following sections must be included:
 - a. **History**
Provide information about the firm including location, company profile, key contacts, loan/grant management systems and software, federal and state reporting

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experience, and staff experience. Describe the firm's history. Include information identifying the firm's annual volume of business, financial/bonding capacities, and speak to the firm's stability in the marketplace. Information identifying the firm's strengths and weaknesses along with special capabilities that may be appropriate to the project will assist in the evaluation. Provide a statement as to any judgment, litigations, licensing violations, or other violations, outstanding or resolved, against your company in the past five (5) years.

b. Background and Experience

Respondent must demonstrate successful experience and capacity to act as a contractor on projects of similar size, type and complexity. Provide the name and location of each project, the client, and the contact person and phone number. Describe experience and qualifications of the professional personnel to be assigned to this project.

c. References

Provide a list of at least three (3) customer references. Include the firm's name; the name, title, and telephone number of a contact person; the dollar amount of the Agreement; and the dates that these services were completed. Bidder may provide sample material of your company's work to substantiate your previous experience.

- 3) **Cost Proposal** - It is essential that all responding Bidders include and clearly detail all costs, payment schedules, categorization of line items, and/or other related costs associated with your response. All responses must have a narrative providing a thorough and clear explanation of your costs.

Evaluation of Proposals

All submissions must be received electronically or postmarked no later than November 22, 2021. Please send one hard copy and one copy in electronic form along with the cover sheet provided below. We would also appreciate a response if you decline to submit a proposal. Based on the written responses, we expect to select at least two finalists to interview and respond to additional questions.

We have attempted to be as complete as possible in describing the services we are seeking and the information we would like you to include in your proposal. However, if you have specific questions on our requirements, please contact our Deputy Director, Mary Ann Johnson. We look forward to receiving your proposal.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd M. Erling". The signature is fluid and cursive, with a large loop at the end of the last name.

Todd M Erling
Executive Director

Vendor Submission Cover Sheet For HVADC Loan Management & Servicing RFP

Please complete and return regardless of if you are submitting a proposal.

If you are submitting a proposal, please provide the following summary information:

Company Name: _____

Contact Name: _____

Address: _____

Phone: _____

Names of Staff Proposed to Work on this Proposal: _____

Proposed Cost of Services: _____

If you are NOT submitting a proposal, we are interested in hearing your reasons why. If your firm is not responding please indicate the reason by checking all appropriate items below and returning this form to HVADC, 507 Warren St, Hudson, NY 12534.

We are not responding to the RFP because:

We are currently at capacity in terms of number of clients.

Specifications are not clearly understood or applicable. Too vague Too rigid

Other (describe below)
