



Missouri Technology Corporation

Request for Information

State Small Business Credit Initiative

Seeking information from providers of programs that financially support businesses owned by socially and economically disadvantaged individuals.

January 2022

Key Dates:

RFI Release Date – Monday, January 3, 2022

Submission of Responses – Thursday, January 20, 2022

1. Introduction and General Information

1.1. About the Missouri Technology Corporation

The Missouri Technology Corporation (the "MTC") is a public-private partnership created by the Missouri General Assembly to promote entrepreneurship and foster the growth of new and emerging high-tech companies. The MTC focuses on 21st Century industries that build on Missouri's rich history in agriculture and technology. The MTC is governed by a 15-member board of directors, which is appointed by Missouri's Governor, Speaker of the Missouri House, and President Pro Tem of the Missouri Senate. The President of the University of Missouri System and the Director of the Department of Economic Development are *ex officio* members of the board.

For more information on the MTC, visit www.missouritechnology.com.

1.2. Intent of the Request for Information ("RFI")

The intent of this RFI is to gather information related to identifying respondents that are interested in partnering with the MTC to deploy Missouri's allocation of funding under the federal [State Small Business Credit Initiative \(SSBCI\) Program](#) and who operate programs that align with the [SSBCI program guidelines](#). Respondents to this RFI will not be the only partners that MTC engages for the SSBCI Program funding, but will be positioned to help shape the allocation and implementation with respect to the State of Missouri.

Specifically, this RFI is seeking information on programs that provide financial support to meet the needs of business enterprises owned and controlled by socially and economically disadvantaged individuals ("SEDI-owned businesses") and those that meet the needs of rural entrepreneurs.

1.3. The RFI Process

The MTC expects to use the following process to solicit and evaluate responses: (i) Release of RFI; (ii) Submission of Responses; (iii) Review of Responses; and (iv) Engagement. However, the MTC reserves the right to modify the RFI process, without notice, in its sole discretion.

(i) Release of RFI

This RFI will be posted on the MTC's website (www.missouritechnology.com). The RFI will also be otherwise distributed, as determined by the MTC, to widely disseminate notice of the solicitation.

(ii) Submission of Responses

Responses must be submitted no later than **11:59 p.m. CT on Thursday, January 20, 2022**, to be considered. Late responses will not be accepted. It is the responsibility of the respondent to ensure that the MTC receives all requested materials by the deadline. Final responses should be emailed to MTCRFP@missouritechnology.com.

(iii) Review of Responses

Responses received prior to the submission deadline will be reviewed by MTC Staff, MTC leadership, members of the Department of Economic Development (DED) leadership team and, possibly, other experts engaged by MTC to determine which respondents have programs that would qualify under the SSBCI Program Guidelines and align with the State of Missouri's economic development goals. **MTC is seeking respondents specifically for implementation with respect to SEDI-owned businesses and rural entrepreneurs.**

(iv) Engagement

Respondents determined to be attractive potential partner organizations for the federally funded SSBCI program will be contacted directly as MTC and DED finalize Missouri's SSBCI program application for, and begin to initiate implementation of, the federally funded programs.

2. State Small Business Credit Initiative Program Overview

Additional information on the SSBCI program can be accessed through the [Department of Treasury's website dedicated to the program](#).

2.1. What is SSBCI?

The American Rescue Plan Act of 2021 reauthorizes and expands the State Small Business Credit Initiative Program, which was originally established in 2010. SSBCI will provide a combined \$10 billion to states, the District of Columbia, territories, and Tribal governments to expand access to capital for small businesses emerging from the pandemic, build ecosystems of opportunity and entrepreneurship, and create high-quality jobs.

SSBCI provides recipient jurisdictions funding for: (1) credit and investment programs for existing small businesses and start-ups, and (2) technical assistance to small businesses applying for SSBCI funding and other government small business programs.

2.2. Types of Programs

The programs available under SSBCI to promote capital access to all recipient jurisdictions, including in underserved areas, include:

- **Venture Capital Programs:** Jurisdictions may set up public-private partnerships for equity investing or in venture capital funds. These investments are focused on providing capital to underserved startups and democratizing venture capital across geography and to diverse founders.
- **Loan Participation Programs:** In these programs, states, the District of Columbia, territories, and Tribal governments buy an interest in the loans made by lenders or lend directly alongside private lenders, providing direct lending to finance small businesses.
- **Loan Guarantee Programs:** States, the District of Columbia, territories, and Tribal governments may use SSBCI funds to provide an assurance to lenders that they will be partially repaid in the event of default, after the lender makes every reasonable effort to collect, helping small businesses secure loans that may have otherwise been inaccessible or prohibitively expensive.
- **Collateral Support Programs:** The programs in this model set aside funds as collateral for new loans, enabling start-ups to borrow funds to help their businesses grow with the assistance of SSBCI capital.
- **Capital Access Programs (CAPs):** These programs provide portfolio insurance in the form of a loan loss reserve fund into which the lender and borrower contribute, supplemented with SSBCI funds.

2.3. Program Implementation and Guidance Design

Treasury's implementation of the SSBCI program is targeted to expand access to capital, promote economic resiliency, create new jobs, and increase economic opportunity. Treasury is focused on expanding opportunities in underserved communities lacking capital and building financing ecosystems that support entrepreneurs and small businesses. This focus is reflected in several important features of these programs, including:

Promoting Equity.

- The program has a new allocation of \$1.5 billion nationwide for SEDI-owned businesses, along with \$1 billion nationwide of incentive funds for jurisdictions that demonstrate robust support for SEDI-owned businesses. These allocations combine to be more than the entire funding for the 2010 SSBCI program.
 - The \$1.5 billion allocation targets (1) small businesses owned by individuals that have faced barriers to access to the capital, markets, and networks they need to grow their businesses because of certain statuses or membership in certain groups, including membership in a group that

has been subjected to racial or ethnic prejudice or cultural bias within American society, and (2) small businesses in Community Development Financial Institution (“CDFI”) Investment Areas, which are generally low-income, high-poverty geographies that receive insufficient support for the needs of small businesses, including minority-owned businesses.

- Treasury will allocate the \$1 billion of incentive funds to jurisdictions that effectively deliver robust support to these groups, helping to promote lending and venture capital investment for small businesses run by diverse founders or that operate in geographic regions that have traditionally lacked access to capital.

Catalyzing Private Investment.

- SSBCI is designed to catalyze \$10 of small business lending and investment for every \$1 of SSBCI capital program funding, magnifying the effects of the federal funds allocated through the program.
- The program mobilizes local sources of capital, such as community banks, CDFIs, Minority Depository Institutions and investors, to support local small businesses. The program also rewards investments outside of traditional high-access areas and to start-ups that have struggled to receive funding.

Fueling Economic Growth and Good Jobs.

- SSBCI will support small businesses while combating longstanding structural inequities in access to credit and unequal opportunities for growth revealed and exacerbated by the pandemic.

2.4. Eligibility

MTC is specifically seeking information on programs that provide financial support to meet the needs of SEDI-owned businesses.

For the purposes of the SSBCI Program, the Department of Treasury defines “meeting the needs of SEDI-owned businesses” as expenditure of SSBCI funds for loans, investments, or other credit or equity support to:

1. business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their: (a) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; (b) gender; (c) veteran status; (d) limited English proficiency; (e) physical handicap; (f) long-term residence in an environment isolated from the mainstream of American society; (g) membership of a federally or state-recognized Indian Tribe; (h) long-term residence in a rural community; (i) residence in a U.S. territory; (j) residence in a community undergoing economic transitions (including

- communities impacted by the shift towards a net-zero economy or deindustrialization); or (k) membership of another “underserved community” as defined in Executive Order 13985;
2. business enterprises that certify that they are owned and controlled by individuals whose residences are in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);
 3. business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
 4. business enterprises that are located in CDFI Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

The term “owned and controlled” means, if privately owned, at least 51% owned by such individuals; if publicly owned, at least 51% of the stock is owned by such individuals; and in the case of a mutual institution, a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of such individuals.

Additional SSBCI Program eligibility requirements are outlined in the following documents.

- [State Small Business Credit Initiative \(SSBCI\) Capital Program Policy Guidelines – November 2021](#)
- [State Small Business Credit Initiative \(SSBCI\) Capital Program Frequently Asked Questions – December 2021](#)

Respondents are expected to be familiar with the SSBCI program requirements and parameters, which continue to evolve with updates found on the [Department of Treasury’s website dedicated to the program](#).

3. Information Requested Response Submission Requirements

3.1. General Response Requirements

- Each respondent must submit a single, digital PDF file of its response. Hard copy submissions or submissions received after the established deadline will not be considered.
- All responses should address the questions outlined in Section 3.2 and organized in accordance with such outline.
- The MTC may use respondents responses in its application and supplemental information provided to SSBCI administrators and other persons involved directly or indirectly in the SSBCI program. Each respondent acknowledges that the MTC may use any information provided by such respondent accordingly and that the MTC may identify any respondent by name in such materials.

- All responses must be accompanied by a certification that (a) to the best of the respondent's knowledge and belief, the information contained in the proposal is complete, true and correct, (b) if any information requires alteration or supplementation, the respondent will provide that information in writing to the MTC as soon as practical, and (c) the respondent acknowledges that submitting false or misleading information in connection with the proposal may be punishable by law. That certification can be contained within the cover letter or as a separate document in the response that does not count in the page limits for the answers to the direct questions (Section 3.2) or the budget proposal (Section 3.3).

3.2. Proposal Form and Content

(i) Cover Letter

The cover letter should include the name and contact information for the respondent, how the respondent discovered the opportunity, a brief summary of why the respondent is interested in the opportunity, and the respondent's qualifications to manage an SSBCI funded program. The cover letter may not exceed one page in length.

(ii) Direct Questions for All Respondents

Each response should include a section that clearly and concisely addresses the questions below:

- Basic Program Information
 - Program Type:
 - Capital Access Program (CAP)
 - Loan Participation Program (OCSP)
 - Loan Guarantee Program (OCSP)
 - Collateral Support Program (OCSP)
 - Equity Capital Program (OCSP)
 - Program name and a brief description
 - How much SSBCI program funding can the respondent reasonably and timely deploy in the program's implementation?
 - How much SSBCI administration funding can the respondent reasonably and timely deploy to support the program's implementation?
 - Has this program operated in the past?
- A description of the respondent organization including historic performances and an overview of the program to be considered for the federal funding opportunity. The program overview should include the historic performance

of the program (for programs that have operated before) and expected performance.

- For programs that are active or have operated in the past, a description of the geographic regions served by the program (specifically counties served) and whether or not the program could be scaled to provide support to companies throughout Missouri.
- For new programs, a description of the geographic regions (specifically counties served) that will be served by the program.
- A summary of the program guidelines. Including information on the credit/investment characteristics and the operating mechanics of the program such as:
 - qualifications or eligibility requirements for small business borrowers/investees and lenders/investors
 - minimum and maximum loan/investment amounts
 - standard loan types (e.g., term loans, lines of credit, etc.) and investments (e.g., equity, preferred equity, subordinated debt, etc.) and processes for reviewing non-standard transactions
 - limitations on use of loan/investment proceeds
 - other standard terms required in loan, collateral support or guarantee provided, or investment agreement terms
 - sources for loan originations or investment opportunities in the program
 - processes for negotiating and approving loan/credit support or investment terms
 - processes for determining and documenting the “cause and result” of private capital leverage related to the loan or investment
 - kinds of and rates for fees (e.g., application and origination fees, guarantee fees, management fees, etc.) that may be charged
 - processes for monitoring compliance and performance of outstanding loans/investments
 - processes for addressing loan defaults or investment write-offs
- A description of the anticipated economic development benefits of the program to the State of Missouri and its residents. Including the extent to which the resulting small business lending and investing will expand economic opportunities.
- A description of how the program will provide financial support (loans, investments, or other credit or equity support) to meet the needs of business enterprises owned and controlled by socially and economically disadvantaged individuals as defined in Section 2.4 Eligibility.
- A description of how the program, at a minimum, will “cause and result in” at least \$1 of new private credit for every \$1 of SSBCI funds used by the program.
- A description of whether or not over the lifetime of the program, there is a “reasonable expectation” that, the program has the ability to use its federal contribution to generate small business lending or investing (“private leverage”) of at least 10 times the amount of the Federal contribution.

- A description of how the program will ensure a meaningful amount of lender/investor capital is at risk.

(iii) Direct Questions for Specific Program Types

Depending on the program described in the response additional information is requested:

- *Loan Participation Program (“LPP”)* – Describe how the program is structured. Specifically, explain whether the program purchases participation (the program purchases a portion of a loan originated by a lender) or originates companion loans (or co-lending participation or parallel loans in which a lender originates a senior loan and the program originates a second loan to the same borrower). Also, include the maximum percentage of the loan that the program will participate in.
- *Collateral Support Program (“CSP”)* – Include information on the maximum percentage of the loan amount that may be covered by the collateral, the form of collateral to be provided, and where the collateral will be held.
- *Loan Guarantee Program (“LGP”)* – Include information on the maximum percentage of the loan that the guarantee will cover and describe how the reserve fund would work.
- *Equity Capital Program* – Describe the structure of the Equity Capital Program and the capital deployment model.
- *Capital Access Program* – Include a statement as to whether or not the CAP program satisfies the following criteria:
 - Provides portfolio insurance for business loans based on a separate loan-loss reserve fund for each financial institution.
 - Requires insurance premiums to be paid by the participating financial institution lenders and by the business borrowers to the CAP-created reserve fund to have their loans enrolled in such reserve fund.
 - Provides for contributions to be made by the jurisdiction to the CAP-created reserve fund in amounts at least equal to the sum of the amount of the insurance premium borrower and the financial institution to the reserve fund for any newly enrolled loan.

(iv) Budget

The response should include a high-level budget and supporting budget narrative for the program, including:

- How much SSBCI program funding can the respondent reasonably and timely deploy in the program’s implementation?
- How much capital would the program lend or invest per year and over how many years?
- The source and status of any required matching funds.
- How much SSBCI administration funding can the respondent reasonably and timely deploy to support the program’s implementation?
- If the program requires additional administrative funding beyond what is allowed within the program guidelines, a description of the proposed source of administrative funding.
 - SSBCI administrative costs are defined and governed by the Uniform Cost Principles in 2 C.F.R. Part 200 Subpart E. The Uniform Cost Principles contain criteria that must be used to establish chargeable administrative costs and specific information on allowable costs in various cost categories. Administrative costs are capped by statute (see 12 U.S.C. § 5702(c)(3)(C)-(D)). Specifically, for the first tranche, the administrative costs are not to exceed 5 percent of SSBCI funds, and for the second or third tranche, the administrative costs are not to exceed 3 percent for the respective tranche.

Proposals should include all aspects of the Direct Questions sections and the Budget section and may not exceed 15 pages in length, not including the cover letter and certifications.