

**Request for Proposals**  
**State Small Business Credit Initiative**  
**American Rescue Plan Act Program**  
**Professional Consulting Services**

**A. PURPOSE.** The Arkansas Development Finance Authority (“ADFA”) as Administrator of the Venture Capital Investment Trust (“AVCIT”), and Fund Manager of the Arkansas Venture Capital Development Fund (“AVCDF”) and its component the Arkansas Venture Development Fund (“AVDF”) and the Administrator of the State Small Business Credit Initiative (SSBCI) in Arkansas, an American Rescue Plan Act of 2022 Program, seeks proposals from qualified organizations to provide professional consulting services to assist ADFA in administration of the venture capital programs, including the SSBCI program in Arkansas. Organizations will provide due diligence, consulting, and recommendations of companies seeking SSBCI funds for venture capital investment. Organizations must demonstrate direct experience with consulting services providing due diligence analysis of Arkansas companies seeking venture capital funds in Arkansas. ADFA is leveraging its current venture capital programs to administer the SSBCI program. Summaries of the current venture capital programs can be viewed at the following location:

<https://adfa.arkansas.gov/program/arkansas-risk-capital-matching-fund#programs-content>

ADFA will have the opportunity to distribute approximately \$46,000,000 in program funding to companies seeking venture capital investment over a ten-year period, with a program leverage target, to produce ten (\$10.00) dollars of direct investment and leveraged co-investment in Arkansas companies for each one (\$1.00) dollar of SSBCI funds disbursed. The funding consists of \$20,000,000 for fund-to-fund investment and \$26,000,000 for direct company investment.

**B. INSTRUCTIONS.** Written proposals responding to the questions and requests for information in the manner specified in this Request For Proposal (“RFP”) should be submitted to the following:

[rfp@adfa.arkansas.gov](mailto:rfp@adfa.arkansas.gov)

To be considered, one (1) copy of the proposal should be delivered to ADFA not later than March 31, 2023, by 4:00 p.m., via email. ***Late proposals will not be accepted. ADFA reserves the right to reject any or all proposals.***

**C. ADDITIONAL INFORMATION.** It is the responsibility of the proposer to inquire about and clarify any aspect of the RFP. Questions should be directed to Charles Cathey ([Charles.Cathey@arkansas.gov](mailto:Charles.Cathey@arkansas.gov)), Vice-President of Development Finance at (501) 682-5906. Substantive questions and answers will be documented in letter form and will be sent by email to all the proposers who provide us with an e-mail address. **IN ORDER TO BE ON THE DISTRIBUTION LIST FOR INTERNET TRANSMISSION OF ALL RESPONSES TO INQUIRIES, YOU MUST IMMEDIATELY ADVISE CHARLES CATHEY OF ADFA, THE E-MAIL ADDRESS TO WHICH YOU WANT ALL SUCH TRANSMISSIONS SENT.**

**D. PROPERTY OF ADFA.** Any information or materials submitted as a response to this RFP shall become the property of ADFA and will not be returned. All submitted materials will be available for public review.

**E. RESPONSE TO REQUEST FOR PROPOSAL.** Investment banking firms wishing to respond to this RFP may contact Robert Arrington, Chair of the Staff Professional Selection Committee. **NO CONTACT WITH ADFA BOARD MEMBERS IS ALLOWED AND ANY SUCH CONTACT WILL BE GROUNDS FOR IMMEDIATE REJECTION OF A FIRM'S PROPOSAL.**

**F. SELECTION TIMETABLE.**

March 14, 2023	Request for Proposal Issued
March 31, 2023	Proposals Due @ 4:00 p.m. CST
April 20, 2023	Board Action (approve/disapprove recommendation from ADFA Staff Professional Selection Committee)
May 2023 (Date TBD)	Submission to Legislative Committee for contract review

**G. SELECTION PROCESS.** The ADFA Staff Professional Selection Committee will review the submitted proposals. Proposals will be evaluated based on (1) responses to specifics outlined in the Proposal Format section of this RFP and (2) the selection criteria. ***Proposals which omit any of these items may be rejected as non-responsive.*** From this review, a select group of organizations may be chosen for oral presentations. All proposing organizations will be advised of the firms selected for oral interviews. After conducting oral interviews, if necessary, the Board Professional Selection Committee, in consultation with the Review Committee, will make its decision on a recommendation for selection which will be reported to the Board of Directors of the Authority at its regular meeting. The final selection will be made by a vote of Board members.

ADFA may at any time prior to the selection of a firm reject any and all proposals and cancel this RFP, without liability therefore, upon finding that there is good cause for rejecting all proposals and that it would be in its interest to cancel the solicitation. Further, regardless of the number and quality of proposals submitted, ADFA shall under no circumstances be responsible for any proposer costs and expenses incurred in submitting a response to this RFP. Each proposer who submits a response does so solely at the proposer's cost, risk, and expenses. ADFA accepts no responsibility for the return of successful or unsuccessful proposals. ***This RFP in no way obligates ADFA to select a firm.***

Any firm selected will be required to complete a disclosure form in compliance with Governor's Executive Order 98-04.

**H. SCOPE OF WORK.** Organization's responsibilities will include, but are not limited to, providing due diligence, and consulting services to assess whether SSBCI funds should be disbursed to companies requesting venture capital funding. The main criteria will be to determine if the SSBCI funds are catalytic in helping the company grow and expand their business in Arkansas. Organizations will also be expected to assess the level of risk of the investment. Organizations will be responsible for identifying and attracting Arkansas-based companies seeking venture capital investment. Organizations will work alongside ADFA during the due diligence and risk assessment phase. A written recommendation report shall accompany

each potential investment and those recommended for consideration will become part of the investor package presented to the ADFA Board of Directors prior to the company's or fund's formal presentation to the Board of Directors requesting an investment.

## **J. ITEMS TO BE INCLUDED WITH YOUR PROPOSAL**

A. Proposals must include an original transmittal letter on the organization's business letterhead signed in ink by a representative authorized to contractually bind the organization to the proposal.

### **B. General Organization Information**

Provide a brief description of your organization, including but not limited to the following:

- a. Name(s) of management of the organization.
- b. Name, telephone number, and email address of a representative of the organization authorized to discuss the proposal.
- c. Location(s) of all offices of the organization.
- d. Number of employees of the organization.
- e. Statement of whether there are any ongoing, pending, or potential legal actions against the organization.

### **C. Professional Capacity**

1. Describe your organization's capabilities to provide the scope of services outlined in this request for proposals.

2. Detail the organization's direct experience in providing services outlined in the scope of services in this request for proposals.

3. Indicate which staff members of your organization will be involved in providing services to ADFA. Please provide concise bio information for each such person and identify his or her responsibilities as it relates to providing services to ADFA.

4. Provide a list of three references including a contact name, email address, and telephone number for organizations or businesses for whom you have performed similar work.

5. Identify any current conflict of interests or conflicts that may arise because of business activities or ventures by your organization, associates, employees, and/or subcontractors of your organization and *provide acknowledgment of the attached SSBCI Conflicts of Interest Policy*.

6. Provide your Equal Opportunity Policy to ADFA in accordance with Arkansas Act 2157 of 2005. This act requires any firm wishing to respond to an RFP or submit a proposal or statement of qualifications to provide your Equal Opportunity Policy.

#### D. Fee Structure

The cost of services is one of the factors that will be considered in awarding this contract. Please provide a thorough breakdown of your proposed fees for this engagement. The information provided must support the reasonableness of your fees. ADFA seeks to secure a fixed fee arrangement per assignment and/or an hourly rate with a “not to exceed” cap for each funding request to perform as-needed due diligence, consulting, and recommendation(s) analysis of each potential investment opportunity.

#### K. EVALUATION AND SELECTION

ADFA reserves the right to select the proposal that aligns with ADFA’s needs to administer SSBCI in an efficient manner. ADFA may invite one or more organizations to make presentation(s) and/or discuss their proposal. ADFA is not liable for expenses incurred in attending any such presentation/discussion. ADFA will conduct contract negotiations with the organization that aligns with ADFA’s needs to administer SSBCI in an efficient manner. Until ADFA acts formally to approve a contract and such contract is signed by both parties, ADFA is not legally obligated to perform under the contract. By issuing this Request for Proposals, ADFA has not committed itself to undertake the work set forth herein. ADFA reserves the right to reject all proposals, the right not to award the contract to the lowest and most responsive bidder, the right to require new proposals by rebidding the original or amended scope of services, and the right to enter negotiations with one or more respondents. ADFA reserves the right to request additional information or clarifications and to allow corrections of errors and omissions. ADFA reserves the right to make those decisions after receipt of responses. ADFA’s decision on these matters is final. ADFA anticipates reviewing proposals and making its decision on how to proceed by either selecting the most qualified bidder, not awarding the contract, or requiring new proposals on or before April 5, 2023. All materials submitted in response to this RFP become the property of ADFA and will be returned only at the discretion of ADFA. ADFA reserves the right to use any or all non-proprietary information/ideas presented in any response to the RFP, and selection or rejection of the proposal does not affect this right. The successful respondent must maintain all licenses, permits, and other authorizations necessary to provide the needed services as required by federal, state, or local laws. *No contact with ADFA Board Members is allowed without ADFA management permission, and any such contact will be grounds for immediate rejection of an organization’s proposal.*

**For additional information contact: Charles Cathey, Vice-President of Development Finance, [Charles.Cathey@arkansas.gov](mailto:Charles.Cathey@arkansas.gov) or call 501.682.5906.**

## SSBCI Conflicts of Interest Policy

The Department of Treasury (Treasury) prohibits funding provided through the State Small Business Credit Initiative (SSBCI) program to be invested in or loaned into a company in which an SSBCI Insider (as defined below) has a personal financial interest. Investments that are funded through the SSBCI program requires applicants to certify whether the applicant has knowledge of an SSBCI Insider's investment in, or relationship to, the applicant.

SSBCI Insiders include any individuals that have direct oversight over SSBCI-funded programs. These individuals include members of Board of Directors, staff members and their family members and business partners.

Treasury applies the following definitions for such terms:

An "SSBCI Insider" is a person who, in the 12 months preceding the transaction in which SSBCI funds are deployed:

(a) was: (i) a manager or staff member, whether by employment or contract, in the state's SSBCI venture capital program; (ii) a government official with direct oversight or jurisdiction over an SSBCI venture capital program, or such an official's immediate supervisor; (iii) a member of the board of directors or similar body for a state-sponsored non-profit entity who, through such membership, has authority to vote on decisions to invest SSBCI Funds or has authority over the employment or compensation of staff managing processes related to the investment of SSBCI Funds; (iv) a member of the board of directors or similar body for an independent non-profit or for-profit entity that operates an SSBCI venture capital program; or (v) an employee, volunteer, or contractor on an investment committee or similar body that recommends or approves SSBCI investments under the SSBCI venture capital program; or

(b) exercised a controlling influence on state decisions regarding: (i) the allocation of SSBCI Funds among approved state venture capital programs; (ii) eligibility criteria for the state's SSBCI venture capital programs; or (iii) the processes for approving investments of SSBCI Funds under the state's SSBCI venture capital program.

2. A "family member" of an SSBCI Insider includes such person's spouse, domestic partner, parents, grandparents, children, grandchildren, brothers, sisters, stepbrothers, stepsisters, and other relatives who live in the same household as the SSBCI Insider.

3. A "business partner" of an SSBCI Insider is someone who owns 10% or more of any class of equity interest, on a fully diluted basis, in any private entity in which an SSBCI Insider also owns 10% or more or any class of equity interest on a fully diluted basis.

4. "Personal financial interest" means any financial interest derived from ownership or right to ownership of, or lending to or other investment in an entity that is likely to apply and receive SSBCI Funds as determined by the Organization. Notwithstanding any provision of this Supplement to the contrary, a Personal Financial Interest does not include any bona fide compensation arrangement with such an entity, including but not limited to, compensation in connection with services provided, licensing agreements, or royalty agreements.

Agreed and Acknowledged by: \_\_\_\_\_

Date: \_\_\_\_\_