

**Sourcing Event 0000007397
Questions and Answers**

**Micro-LBE Credit capacity Program – Financial Institution Partner
Q&A Posted 9/29/2022**

	Question	Answer
1	Will the departments provide 100% guarantee per loan, or is there a limit?	Participating departments will provide 100% guarantee per loan.
2	According to this statement, selected LBE's must submit a full business loan application which a financial institution underwriter will review. The financial institution will issue a line of credit if business is eligible. Is underwriting only based on eligibility via a scorecard only? Or will the lender be able to incorporate its internal underwriting criteria as well?	Contractor will use their own application and underwriting criteria. The City has partnered with the Small Business Development Center to provide technical assistance to each Micro-LBE applicant on preparing this loan application before submission to the Contractor's institution.
3	According to the RFP, the business must maintain a \$0 balance for 30 days in each year. Is there any flexibility in this requirement? VSBs typically cannot meet this requirement today in money center banks.	The City is open to review with the Contractor to ensure integrity as a line of credit vs. a loan program.
4	Confirm whether "Deliverables" are intended to include preexisting software developed by the Contractor and/or software developed by the Contractor to deliver the Services	Yes.
5	Are there any minimum LBE Subcontractor requirements associated with this contract?	No.
6	Does the requirement for City Attorney approval of services provided by attorneys apply to in-house attorneys that work for Contractor as employees?	Appendix A, Item 2 is not applicable because the scope of work does not include legal services.
7	Based on data available to the city at this time, approximately how many businesses would qualify for this program (i.e.	At program onset, Micro-LBE's contracted with the Port will be able to access this program. There are currently approximately 150 Micro-LBE's

	what is the maximum amount of businesses that are seeking funding?) The document mentions over 1,000 exist, but how many meet the known requirements of the program as stated in the RFP?	contracted with the Port. After the pilot phase, Micro-LBE's contracted with other sponsoring departments listed in this solicitation will also have access to apply.
8	Is this program only available to minority-owned businesses, and how would the city of San Francisco facilitate the qualification process?	No, this program is available to all contracted Micro-LBE's. LBE Certification criteria includes operational independence, a principal place of business in San Francisco, proof of experience, and gross receipts within a specified economic threshold. Each LBE certification category receives a size designation based on the average annual gross receipts of the business. Micro is the smallest economic designation. The micro economic threshold maximum for their average gross receipts cannot exceed \$1.25 to \$10 million depending on the industry. LBE Certification is facilitated by the City's Contract Monitoring Division.
9	How would the city plan to source all applications and would the city refer to financial institution for processing, if so how?	<p>The program will be made available to contracted Micro-LBE's with sponsoring departments listed in this solicitation. At the onset, it will only be made available to Micro-LBE's contracted with the Port.</p> <p>The City is open to discussing with the Contractor the best referral process. At a minimum, the City will take the following steps in this process:</p> <ul style="list-style-type: none"> • Sponsoring departments will do program outreach to advertise to the Micro-LBE's they are contracting with. They will verify the contracted status of any Micro-LBE who plans to apply. <p>Micro-LBE's who are interested to apply for the program will be referred by the sponsoring department to the Small Business Development Center, which will provide technical assistance with completion of the loan application.</p>
10	Is the city looking to guarantee 100% of losses for individual loans, or more a shared loss model (e.g. the institution underwrites X% of the losses and San Francisco the other X% for each loan)	See response #1.

11	Would the city be expecting to shut down the program before the 5 year contract if the \$10mm expected losses is exceeded?	If the \$10 Million expected loss amount is met and there are outstanding lines of credit, the City will work with the Contractor to increase the contract award.
12	Is there in interest rate range that would be expected to be executed by the business, aside from the maximum that was stated in the RFP?	The goal of this program is to create a competitive credit alternative for Micro-LBE's that supports the sustained operation, growth, and healthy financial outlook of their business and offers an avenue outside of accessing predatory, alternative financial services, credit card debt or other more costly and potentially detrimental means of accessing credit. Rates proposed by Proposers should be set accordingly.
13	Will the city of San Francisco be collecting fees in addition to the standard fees the institution collects?	No.
14	In the "to maintain as participant in the program section", please clarify 3 year line of credit bullet – does this mean the customer can only be included in this program for a maximum of 3 years?	Over the course of the program, Micro-LBE's can avail themselves of the program for more than 3 years if applying under different sponsoring departments.
15	Is the underwriting criteria of this program as stated in this section to be followed exactly, or is there from for the institution to apply underwriting discretion/overlays	See Response #2.
16	Regarding item 6 in the "Minimum Qualifications" attachment that states the bank won't require SS#s for participant accounts... our BSA officer stated that the Bank Secrecy Act requires tax identification number to open an account – would the participants have a tax ID number issued by the US Govt or are we thinking no SS# and no tax ID?	This minimum qualification does not apply to this solicitation. See Addendum 1: Updated Attachments 1 & 2 on TTX Website.
17	If the bank is under a regulatory order, would this disqualify the bank from being the partner?	No.
18	Per page 8 of the RFP, it states the bank would provide lines of credit up to \$50,000, and in turn, the SF departments would provide 'up to \$10 million as credit mitigation'... would this potential \$10 million come in the form of a cash deposit / cash collateral held at our bank?	At a minimum, the City could distribute the \$10 million if necessary for loans in default. This can also be discussed as part of negotiation and program design, for example if depositing cash collateral can enable a lower interest rate for the Micro-LBE applicants.