



REQUEST FOR PROPOSALS

Origination Partners for Entrepreneurship

OPENS: November 7, 2024 | CLOSES: 5 p.m. CST, December 2, 2024

SUMMARY

GroundBreak Coalition is seeking up to four (4) origination partners to administer forgivable loans up to \$50K each that support entrepreneurs committed to building Black wealth in the Minneapolis-St. Paul region, particularly those in the start-up growth phase.

This funding, which comes in the form of special purpose credit programs, will help replicate the traditional friends and family funding round with grants designed to unlock additional funding to drive entrepreneurs toward long-term growth. In doing so, GroundBreak funds will propel racial wealth equity in our region.

To qualify, origination partners should have experience administering large-scale grant or forgivable loan programs, such as Small Business Administration (SBA), Minnesota Department of Employment and Economic Development (DEED), city, foundation, corporate, or institutional grants or forgivable loans.

Proposals are due by 5:00 p.m. CST on December 2, 2024. Submit your proposal, including attachments, **saved as one PDF**, to Erin Imon Gavin, egavin@groundbreakcoalition.org, cc'ing Jeff Aguy, jeff@2043.co.

1. Overview: GroundBreak Coalition

[GroundBreak Coalition](#) is a partnership of over 40 corporate, civic, and philanthropic organizations dedicated to expanding access to homeownership, entrepreneurship, and commercial real estate by pooling flexible capital and loans, with an initial focus on building Black wealth.

In 2022, GroundBreak members identified a set of specific financial tools and products that, if broadly available, would advance racial wealth equity through homeownership, entrepreneurship, and commercial development.

These financial tools and products were designed to maximize access to plentiful, mainstream, private capital using traditional approaches to do so: guarantees to address perceived risks, low-interest, long-term loans (low-cost patient capital), and one-time grant investments to bridge funding gaps.

The outcomes sought in each area can be achieved primarily with private capital if these other types of flexible capital can be reliably and efficiently blended over and over, thousands of times. In short, scale is possible if the financial tools and products and the necessary blending essentially become “commodities” in the region.

Over the next 10 years, GroundBreak and its partners aim to build a new, regionwide financial system that creates and grows generational wealth for thousands of homeowners, entrepreneurs, and commercial developers by unlocking over \$5 billion in capital.

Beyond the direct impact of the dollars deployed, GroundBreak aims to create permanent change in our financial systems by helping borrowers build wealth, challenging historical perceptions of risk, and creating enduring infrastructure and systems that will enable the efficient aggregation and deployment of non-market rate capital to unlock private, market-rate capital at unprecedented levels.

These strategies are designed to address today's challenges and evolve with future needs, ensuring a sustainable flow of resources to tackle long-term economic issues. By creating a framework for flexible capital deployment, GroundBreak ensures that future initiatives will have the financial tools necessary to address emerging priorities and drive meaningful, lasting impact across multiple sectors.

2. Program Description

Over the last 50 years, philanthropy, nonprofits, banks, CDFIs, and governments have supported pilots that have shown it is possible to build wealth through homeownership, commercial real estate, and business growth by blending private market and flexible capital.

However, these approaches have never been systematized and available at a scale commensurate with the need. GroundBreak will activate the following actions to make this scale possible, including:

- Multiple financial institutions adopt similar underwriting and risk assessment approaches that have been proven successful and no more risky than traditional underwriting in their homeownership, commercial real estate, and emerging business lending products, so more than 80% of the total costs can be secured from these plentiful investors.

- Stand-alone financial managers continuously aggregate and flow capital toward the guarantees, low-cost capital, and grants needed alongside the bank loans to complete the transactions repeatedly; results can compound over time, and racial wealth gaps can be closed.
- The burden of ensuring that the appropriate types of capital are available is broadly shared and becomes the responsibility of individuals and institutions with wealth and assets, not undercapitalized nonprofit organizations and underinvested wealth builders.

The breakthrough comes by mobilizing all types of capital in one region, so *\$1 of flexible capital unlocks over \$3 in private market capital* toward homeownership, entrepreneurship, and commercial development.

In 2025, GroundBreak will launch three investment pools to ensure access to the resources needed to flow alongside market-rate loans from financial institutions. Broadstreet Impact Services (low-cost, patient loans), the Minneapolis Foundation (grants), and Mission Driven Finance (guarantees) will administer the pools and work directly with Origination partners, which will deploy capital to homeowners, entrepreneurs, and commercial developers in keeping with GroundBreak's commitments to advancing racial wealth equity.

GroundBreak has issued this RFP to secure up to 4 origination partners to administer equity-boosting forgivable loans that support Black and other underinvested entrepreneurs in the Minneapolis-St. Paul area, particularly those in the start-up growth phase.

Funds from the entrepreneurship equity pool will be deployed in two ways first, to make \$25k immediately available to small businesses and entrepreneurs who meet the requirements of the forgivable loan. Second, up to another \$25k will be available to match when the small business owner/ entrepreneur obtains \$25k of additional capital (Line of Credit, another type of loan, private investment, grant). The result will be \$75K in new equity for the entrepreneur/ small business owner to grow their business, hire an employee(s), sell more products, etc.

3. Scope of Work

This section specifies the expectations and responsibilities of origination partners in four key focus areas:

1. Originating and Servicing Loans

Develop pipeline, originate, and service equity boosting GroundBreak special purpose credit program (SPCP) forgivable loans that support Black and other underinvested entrepreneurs in the Minneapolis-St. Paul area, particularly those in the start-up growth phase.

2. Business Support Services and Resources

Provide comprehensive business support services, such as mentorship, business development assistance, and strategic guidance to help Black and other underinvested entrepreneurs grow

their businesses and access additional sources of capital beyond the initial forgivable installment.

3. Network Access

Utilize strong relationships with financial institutions, investors, and other key stakeholders to enable entrepreneurs to leverage the up to \$50K in forgivable loans to further funding opportunities.

4. Reporting and Evaluation

Report to the Financial Manager on a limited set of data points and key performance indicators at loan origination and a subset of those data points at annual reviews of loans.

4. Timeline

Year 1

The following chart provides key dates for Origination Partners:

Activity	Timing
RFP Opens	November 7
The window for Questions and Answers	November 7 - November 20, 2024
Submission of Proposals	December 2, 2024
Finalist Interviews	First Two Weeks of December 2024
Origination Partners Selected	Mid-January 2025
Orientation and Engagement with Financial Managers	February 2025
Application Available for Entrepreneurs	End of March 2025

LONG-TERM PROJECTIONS

GroundBreak Coalition anticipates that the entrepreneurship origination partners will play a vital role in deploying the entrepreneurship equity pool for an initial three-year term, with the option to extend this partnership throughout GroundBreak’s 10-year horizon, contingent on strong performance.

5. Proposal Requirements & Evaluation

Applicants interested in responding to this RFP and being considered for an origination partner role should assemble a proposal packet with the following files in PDF format. If multiple parties are collaborating on the proposal, one party should submit a proposal on behalf of all the others in the group.

Proposal Narrative

A proposal narrative not to exceed ten (10) pages in length organized into the following three sections. We invite applicants to consider including helpful graphics and figures, using GroundBreak language and concepts introduced in the Program Description section (pg. 2). The proposal must describe in detail the applicant's strategy for the implementation of the program (or selected subprogram) including:

SECTION 1: PROGRAM STRATEGY

- Manage the small business/ entrepreneur pipeline development, loan origination and servicing, business supports and network access process
- Evaluate the effectiveness of the program in a comprehensive way.

SECTION 2: EXPERIENCE AND QUALIFICATIONS

- Organization and any subcontractors you propose using
- Plan for staffing the work, including a summary of staff qualifications
- Experience in program development and administration of large-scale loan or grant programs in Minneapolis/St. Paul region, including SBA, DEED grants, or those funded by city, foundation, corporate, or institutional programs, is also welcome. Experience with similar products is critical to ensure the efficient and effective distribution of up to \$50K forgivable loans to entrepreneurs committed to building Black wealth.
- Experience providing comprehensive business support services, including mentorship, business development assistance, and strategic guidance to help entrepreneurs grow their businesses and access additional sources of capital.
- Strong relationships with financial institutions, investors, and other key stakeholders.
- Experience working with entrepreneurs and small business owners with an intentional diversity, equity, and inclusion lens
- Experience working on emergent, adaptive contracts and proven ability to build something new and pivot as needed; and
- Descriptions of similar projects that you have managed and references for three entrepreneurs who you have helped access capital to scale their businesses.

SECTION 3: DISCLOSURE

Please include a brief statement disclosing any relationships, prior working history, involvement, or conflicts of interest the respondent (including any staff, subcontractors, or partners intended to work on this project) may have with GroundBreak Coalition.

Respondents shall clearly mark “confidential” all documents with information customarily treated as private by the respondent, including trade secrets and information that is proprietary, commercial, and financial in nature.

SECTION 4: ATTACHMENTS

Please provide PDF files for the following:

- Most recent formal financial audit (if available)
- Unaudited financial statements for 2023 or the most recently completed fiscal year

Resource Availability:

Partners should also offer resources as part of their core function, such as business incubation programs, technological tools, or ongoing training that support startup founders as they scale their businesses.

PROPOSAL SUBMISSION

Proposals are due by 5:00 p.m. CST on December 2, 2024. Submit your proposal, including attachments, **saved as one PDF**, to Erin Imon Gavin, egavin@groundbreakcoalition.org, cc'ing Jeff Aguy, jeff@2043.co.

Questions regarding this RFP should be emailed to Erin Imon Gavin, egavin@groundbreakcoalition.org, cc'ing Jeff Aguy, jeff@2043.co.

Important information about proposal submission:

- Telephone or U.S. mail submissions will not be accepted for this RFP.
- Submissions must be sent via email.
- Responses or unsolicited attachments will not be accepted after the closing date.
- Requests for time extensions past any deadlines will not be considered.

Originator partners are anticipated to be selected by January 2025, with an estimated start date of February 2025.

GroundBreak reserves the right to modify the schedule, including but not limited to the execution of the contract or any other element, if it is in the best interest of GroundBreak.

Background and security investigations of the respondent and its staff/contractors may be required at the discretion of GroundBreak as a condition of beginning and continuing work under any resulting contract.

GroundBreak also reserves the right to partially award the work associated with this RFP or even to cancel this solicitation at its sole discretion.

PROPOSAL EVALUATION

GroundBreak will select origination partners through a competitive process based on the following criteria:

- A credible management proposal for staffing, a detailed work plan, and the organizational capacity to execute the program across the determined timeline.
- Organizational and financial capacity to administer a project of this scale.
- Extent of experience with managing similar programs with component parts described in the scope of work (pg. 3).
- Extent of experience in the target geographies, with programs committed to advancing racial wealth equity, and in working with a diversity, equity, and inclusion lens.
- Volume of forgivable loans or similar products envisioned in this RFP originated and serviced in the past.
- Extent of experience evaluating a program and your proposed approach to the evaluation of the program, including the sample survey or other evaluation tools provided.
- Extent of strong relationships with financial institutions, investors, and other key stakeholders.

Frequently Questions

GroundBreak will select the origination partners through a competitive process based on the following criteria:

1. **Why is the GroundBreak Coalition seeking up to 4 Origination Partners?**
GroundBreak aims to ensure the effective administration of forgivable loans by partnering with up to 4 organizations. This approach allows for multiple partners to handle significant responsibility, diversify efforts, and reach a broader range of entrepreneurs. By selecting several trusted institutions, GroundBreak can maximize the impact and efficiency of the loan program.
2. **Will there be another RFP for Origination Partners in the future?**
Yes, GroundBreak's goal is to issue another RFP for additional Origination Partners before the 18-month mark of program administration. GroundBreak's philosophy is to test and expand the program to ensure that scale is achieved while being good stewards

of resources. By evaluating the success of the initial partners, GroundBreak will strategically grow the initiative to support even more Black and other underinvested entrepreneurs.

3. What is the role of an Origination Partner?

Origination Partners will be responsible for administering forgivable loans up to \$50K, providing business support services, and helping Black and other underinvested entrepreneurs leverage these funds to access additional capital. Partners are expected to guide entrepreneurs through growth phases, helping them scale their businesses and contribute to lasting economic impact.

4. What experience is required to become an Origination Partner?

Applicants must demonstrate experience in originating and servicing loan programs. Experience administering large-scale grant programs, such as those funded by the SBA, DEED, or city and foundation programs also are relevant. Additionally, Origination Partners should have support service resources as part of their current practice. Resources can include mentorship, strategic business development assistance, and/or access to networks that can support further capital growth.

5. Why is the focus on Black and other underinvested entrepreneurs, particularly in the growth phase?

The program aims to address the historic lack of access to capital faced by Black and other underinvested entrepreneurs, especially in the early stages of business growth. By providing forgivable loans to supplement traditional "friends and family" funding rounds, GroundBreak helps entrepreneurs secure the capital they need to grow their businesses and access additional funding.

6. What will the \$50K forgivable loan cover, and how can it be leveraged?

The forgivable loan is structured in two phases: an initial \$25K is provided, and an additional \$25K becomes available when the entrepreneur secures \$25K in external capital (e.g., a line of credit, loan, private investment, or grant). This leverage model helps entrepreneurs raise up to \$75K in total, providing substantial support for business growth.

7. How will GroundBreak ensure long-term impact through Origination Partners?

GroundBreak aims to create a lasting financial infrastructure to deploy capital for Black and underinvested entrepreneurs. Origination Partners play a crucial role by administering loans, offering guidance, and helping businesses leverage these funds for sustained growth. This system ensures long-term, scalable support for entrepreneurs, driving both economic and social impact.

8. What is the timeline for the RFP and partnership process?

The RFP opens on November 4, 2024, and proposals are due by November 27, 2024. Finalist interviews will take place in early December, with Origination Partners selected by mid-January 2025. The partnership will officially begin in February 2025.

9. **Will Origination Partners receive support from GroundBreak?**

Yes, Origination partners will receive an origination and servicing fee for each loan closed and collaborate with Origination Partners, providing guidance on administering the forgivable loan program. GroundBreak's Strategic Impact Committee will also be providing ongoing oversight of all the efforts to grow businesses and seek to understand and report back to the Executive Council about ongoing needs for capacity-building support.

10. **How will performance be evaluated for Origination Partners?**

Origination Partners will be evaluated based on their ability to administer loans effectively, help entrepreneurs grow their businesses, and contribute to economic development in underinvested communities. Partners will play a role in determining agreed-upon success metrics.