

**Kim Wallace Adaptive Equipment Loan Program Fund  
Board**

**Request for Proposals**

*Kim Wallace Adaptive Equipment Loan Program*

*aka “mPower”*



*Financial Services Provider*

**July 1, 2016**

Request for Proposals  
Financial Services Provider  
Kim Wallace Adaptive Equipment Loan Program

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## 1. INTRODUCTION

The Kim Wallace Adaptive Equipment Loan Program Fund Board (the “Board”) seeks a financial services provider to assist in the administration of the Kim Wallace Adaptive Equipment Loan Program (the “Program”). The Program, also known as “mPower”, was created in 1989 by the citizens of the State of Maine who voted to issue \$5,000,000 in bonds to fund a loan program for the purchase of adaptive equipment by people with disabilities. The purpose of the loans is to increase the independence and improve the quality of life of the recipients, who may include individuals and businesses. The program is administered by the Board which consists of nine members including five individuals with a range of disabilities, one member from the Bureau of Rehabilitation Services, one from the State Treasurer’s Office, one consumer lender, and one Certified Public Accountant. The Board has three committees – marketing, finance, and nominating. More information about the Program and the Board is available at [www.mpowerloans.org](http://www.mpowerloans.org).

The Kim Wallace Adaptive Equipment Loan Program Fund (the “Fund”) is a non-lapsing revolving Fund, using interest and principal payments from loans and interest earnings from investment of the Fund to replenish itself. The Board may accept additional funding through grants, gifts, contracts, or any funding from the federal government. In 2005, the Board did receive a grant from the federal Department of Education which was used to enhance the Fund and expand loan opportunities for applicants with poorer credit. The grant added an Alternative Financing Program (AFP) category of loans with broadened criteria whereby the Program can approve loans for higher risk borrowers.

An additional category of loans, adopted into the Law in 2005, allows the Program to award loans for used vehicles to persons with disabilities who are receiving rehabilitation services. Because the Law limits the total loans which may be awarded in this category, the vehicle loan program is currently non-active, although it could be reactivated in the future.

By statute, the Fund must be deposited with and maintained by the Finance Authority of Maine (FAME) or other state agency. Currently, the Fund is deposited with and maintained by FAME, although it is anticipated that on or about January 1, 2017, the Fund will be deposited with and maintained by the State Treasurer’s Office.

The Program’s portfolio includes total assets in the AELP Fund at \$5,503,752 and in the AELP-AFP Fund at \$821,454. The available Fund balances are AELP \$4,163,417 and AELP-AFP \$372,291.

AELP has 154 consumer loans in accrual (of which 22 are vehicle loans, mentioned above); and AELP-AFP has 73 loans in accrual. AELP also has 6 commercial loans in accrual. The historic write off rates in each AELP program are shown in Appendix A. (AELP2 on Appendix A is a reference to the vehicle loan program described above.)

The Board may enter into contracts to obtain administrative assistance and support services to the Program. Currently, certain support services are provided to the Board by Alpha One, an organization that provides a range of services to people with disabilities, and certain financial services, other than Fund administration, are provided by FAME. In addition, the Board from time to time contracts for marketing services.

This RFP is for the provision of financial services (other than Fund administration), following the termination of the current financial services provider contract with FAME. The contract period will be for 18 months, from January 1, 2017 through June 30, 2018; and at the sole discretion of the Board, the contract may be extended for additional periods in one-year increments. Costs of services may be renegotiated each extended period.

## **2. SCOPE OF WORK**

At the direction of the Board, the financial services provider (the “Provider”) will assist in administering the Program as established in Title 10 MRSA, Chapter 11, Sections 371-377 (the “Law”). The Provider will work closely with the Board, the support services provider, other service providers, and the Fund administrator.

Primarily, the Provider must possess expertise in consumer lending and the ability to provide certain related administrative services. Small commercial loans and construction lending expertise is preferred. The services performed by the incumbent services provider under the current Law (prior to this year’s amendment becoming effective) are as listed below. The Board intends to work with the new provider to design and implement the new process and procedures, which may be different from the list provided below.

- **Application Processing**
  - Receive applications and contact notes from support services provider via secure electronic process and maintain loan files.
  - Provide a list of received/approved/denied/pending applications to the Program each month and on demand, as well as maintain an ability to electronically retrieve all application/account details.
- **Credit Analysis**
  - Analyze income/expenses, balance sheet, credit report, discretionary income (or commercial loan information, as applicable).
  - Work through discrepancies and gather additional information with support services provider and applicant(s), as needed.
  - Decision the loan.

- **Loan Processing and Servicing**
  - Provider is responsible for the loan closing process which would include preparation of legal documentation.
  - Make payment of filing and recording and other fees in connection with loan closings, as applicable.
  - Process loans as prescribed based on results of underwriting, including communication with borrower, closings, perfecting the security interest in collateral as appropriate (examples include UCC and BMV filings, mortgage liens with Registry of Deeds, etc.), and file maintenance. Periodically and as needed based on cash levels, and according to arrangements with the Fund administrator, the provider will be required to “true-up” the cash on hand, i.e. send or receive funds from the Fund held by the fund administrator.
  - On an ongoing basis, bill borrowers, accept and record loan payments, receive and process requests for modification/restructure/deferment, provide general reporting to the Board, release collateral on paid loans, and other standard loan processor duties.
  - Request loan proceeds from Fund administrator.
  - File all documents as required by law/policy and to perfect the security interest in collateral.
  
- **Collections and Workout**
  - Provide collection and workout services for loans that are delinquent, including contacting borrowers, monitoring, etc.
  
- **Legal Support**
  - Provider shall engage their own legal support with regard to standard loan processing including, but not limited to, compliance and collections.
  
- **Program and Portfolio Reports**
  - Provide reports to the Board on loan volume, cash receipts and disbursements, and status reports (current, past due, collection, etc.)

The Law governing the Program was amended in 2016 in an effort to streamline the Program, although the Board has not yet implemented the new procedures with the current financial services provider, opting instead to begin implementation with the new Provider. In addition, there are currently two rules in place governing the Board and the Board’s practices, Chapter 501 (Kim Wallace Adaptive Equipment Loan Program Rule) and Chapter 502 (Bylaws and Administration of the Adaptive Equipment Loan Program Fund Board). The Board expects to amend Chapter 501 to conform to the statutory changes and further streamline operations, with a contingent effective date to coincide with the commencement of a new Provider contract. The rule amendments are intended

to shorten the length of time it takes to process and decision an application and to make other improvements. The Board recognizes that significant changes to the current operation are also needed in order to implement the expected amendments. The Board is also considering amending its interest rate model. The Board maintains a procedures manual and it is anticipated that the new Provider will work with the Board to conform the procedures manual to align with the statutory and rule changes and the new Provider contract.

Copies of the following are attached:

Law – Title 10 § 371 *et seq.* + as amended by P.L. 2016 Chapter 412, effective 7/29/16

Chapter 501 – Program Rule

Chapter 501 (draft) as anticipated for possible amendment

Chapter 502 – Board Bylaws

Current loan application

Currently, the financial services provider also assists the Board with Board member appointments, new Board member orientation, legislation, rulemaking, preparation for and conduct of Board meetings, service provider contracts, corporate filings and other legal and administrative matters. It is anticipated that these services will be provided by other services providers to the Board, but a respondent may make a proposal to provide any or all of these additional services so long as the services are described fully as well as quoted and priced separately from the financial services provider role.

### **3. REQUIREMENTS FOR SUBMITTING PROPOSALS**

#### **A. Acceptance of Contract**

The successful respondent will be required to enter into a formal contract embodying the requirements of the bid documents and subsequent proposal responses. Submission of a proposal in response to this RFP will be understood as the bidder's acceptance of the standard contract's terms and conditions. Such terms and conditions will include but not be limited to a requirement that the successful bidder agree to ongoing operational audits and reviews.

#### **B. Written Questions and Answers**

All questions must be submitted in writing by July 21, 2016 and should be submitted by email to Eliza Galella at [eliza.galella@maine.gov](mailto:eliza.galella@maine.gov).

Questions received by that date and corresponding answers will be made available at <http://www.maine.gov/treasurer/rfps/index.shtml> by July 28, 2016.

#### **C. Response Medium and Format**

Proposal responses must be submitted as one electronic copy on a CD or flash drive with the complete proposal narrative and attachments in MS Word format. Attachments that are not available in MS Word format may be submitted as Adobe (.pdf) files. The respondent is also to submit five (5) originally signed copies. Fax transmittals and e-mailed proposals will not be accepted.

Proposals must fully address the information requested herein. In order to facilitate evaluation of proposals, bidders must follow the RFP format. Each response shall be inserted directly below each question. The respondent must complete the proposal form and provide the requested documents. Failure to comply may result in the bid not being considered.

#### **D. Submitting Proposals**

Written proposals must be received no later than 2:00 p.m. EST on August 15, 2016. Proposals received after the specified date and time will not be considered and will be returned unopened to the addressee.

Please submit your response package in a sealed envelope addressed to:

Office of the State Treasurer  
Attn: Eliza Galella, AELP RFP  
Burton Cross Office Building  
111 Sewall Street, 3rd Floor  
Augusta, ME 04330

The Board reserves the right to make additional copies of the submitted proposal for evaluation purposes. Materials submitted in response to this bid will not be returned and will become public record.

Upon review of acceptable bids, the Board may invite finalists to make oral presentations during the final evaluation phase. The Board anticipates making a final selection by September 13, 2016, with start of services on January 1, 2017.

#### **E. Conditions**

Respondents must be willing to adhere to the following conditions and must positively state adherence in the transmittal letter:

- a. **Acceptance or Rejection by the Board.** The Board is not committed to make a selection as a result of this RFP and reserves the right to accept or reject any or all responses, in whole or in part, to make an award in its sole discretion, and to waive technical defects, irregularities and omissions.
- b. **Ownership of Responses and Confidentiality.** All responses to this RFP are to be the sole property of the Board and are subject to the provisions of 1 M.R.S.A. § 401 *et seq.* and 10 M.R.S.A. § 975-A (re: freedom of information). Information which meets the definition of a public record is subject to public disclosure upon request. Any information submitted for which you request consideration as confidential must be clearly identified as such, with reason therefor.
- c. **Ownership of Subsequent Products.** Any product, whether acceptable or unacceptable, developed under a contract awarded as a result of this RFP is to be the sole property of the Board unless stated otherwise in the RFP or contract.

- d. **Stability of Proposed Prices.** The respondent must identify any price or other component that may not be valid for the entire term, including any optional renewals, and specify how that price might change.
- e. **Oral Agreements.** There will be no oral agreements with regard to the RFP. Any alleged oral agreement or arrangement made by a respondent with a representative of the Board will be superseded by the written agreement.
- f. **Amending or Canceling Requests.** The Board reserves the right to amend or cancel this RFP prior to the due date and time.
- g. **Rejection for Default or Misrepresentation.** The Board reserves the right to reject the response of any respondent which is in default of any prior contract or for misrepresentation.
- h. **Clerical Errors in Awards.** The Board reserves the right to correct inaccurate awards resulting from its clerical errors.
- i. **Rejection of Qualified Responses.** Responses are subject to rejection in whole or in part if they limit or modify any of the terms and conditions and/or specifications of the RFP.
- j. **Presentation of Supporting Evidence.** The Board may seek additional information from a respondent. A respondent, if requested, must be prepared to respond and to present evidence of experience, ability, service facilities, and financial standing to satisfactorily meet the requirements set forth or implied in the proposal, and to provide any other relevant information requested by the Board.
- k. **Negotiations and Changes to Proposal.** Except as specifically requested by the Board during any negotiations, no additions or changes to the original response will be allowed after submittal. While changes are not permitted, clarification at the request of the Board may be required at the bidder's expense.
- l. **No Collusion.** By responding, a respondent shall be deemed to represent that the proposal is in all respects fair and without collusion or fraud.
- m. **Contacts with the Board.** Potential respondents are prohibited from contacting the Board on the subject of this RFP and its content during the time given for preparation of responses. All contacts regarding this RFP and its content shall be directed as described in section 3.B., above.
- n. **Expenses.** Participation in this RFP is at the respondent's expense. The Board is not responsible for any respondent's costs in providing a response or traveling to interviews or presentations or otherwise.

#### 4. PROPOSAL QUESTIONNAIRE

##### A. Organization

1. Describe your organization; date founded, structure, and ownership of your organization, etc.

2. Provide the following information pertaining to each of your organization's physical location(s) that may be responsible for some or all of the services offered in this proposal:

- Location name
- Full Address
- Telephone and Fax Number
- Is the facility location or locations where services will be provided to persons with disabilities, whether loan applicants or Board members or others, fully accessible as specified by the Americans with Disabilities Act?

3. Identify and provide biographical information of the key person(s) who take the most active role(s) in the administration and management of your organization.

4. Provide information to acquaint the Board with your organization's mission and history.

5. Provide a list of your organization's employees' qualifications/certifications by position title.

6. Describe complaints or charges of discrimination filed with federal or State agencies against your organization during the last five years, and explain how they were resolved or addressed.

7. Describe how your organization will train and keep your staff current with policies, regulation and software changes.

8. Provide copies for each of the last three years of your organization's audited financial statements. The Board reserves the right to request additional information including, but not limited to, CALL reports, tax returns, current profit and loss statements and balance sheets, as applicable.

## **B. Provider Services**

1. Describe your organization's expertise with consumer and commercial lending.

2. Describe any experience working in conjunction with or co-administering a contract with other organizations.

3. Describe any experience administering a revolving loan fund, or similar program on behalf of another organization or entity, if applicable.

4. Describe your organization's underwriting process. What do you envision the turnaround timeline to look like?

5. Describe your organization's loan closing process. How long will it take to close a loan from the point of return of a signed financing commitment? Provide your

organization's standard or proposed documentation that will be provided to the borrower.

6. Describe how your organization would provide legal oversight in connection with the financial services provided. Are those that will be responsible for the oversight on staff with your organization or would this be through a contractual relationship with another entity? How accessible do you envision the legal services?

7. How does your organization intend to make all documents and processes accessible to persons with various disabilities, such as by providing alternative format documents? Please provide all documents currently used or intended for use to administer this program. Describe your organization's willingness to alter the forms.

8. Describe your organization's willingness and capacity to use technologies to speed the application process and to enhance the collection of data useful to the improvement of the program.

9. Does your organization currently have a website used for educational purposes relating to financial literacy or the loan process?

10. Does your organization have an online loan application process? Do you envision making that available to this program? If so, please describe that process.

11. Describe your organization's in-house and/or outside-contracted technology resources.

12. Describe the days and hours of operation that experienced staff are available to meet customer demands and how they are available.

13. If your organization currently provides any services similar to those described herein, provide three relevant documents of reference. These may include professional letters of recommendation or support, customer satisfaction surveys, or other such documentation.

14. Describe training of your organization's key staff about issues that affect provision of services to persons with disabilities or to promote their understanding of persons with disabilities.

15. How will customer evaluations of your organization's services as administered through this program be measured? How frequently?

16. Describe your organization's experience in evaluating and modifying programs and processes both as a stand-alone effort and as an ongoing effort. What internal evaluation methods do you use for continuous improvement? What recommendations do you have for improving AELP and its effectiveness?

### **C. Fees for Services**

1. Describe your organization's preferred method of billing.
2. Describe your organization's proposed fee structure, detailed costs associated with specific services, and a total annual cost. Record your cost proposal in Appendix B, Cost Proposal Form.
3. If your organization is offering to provide administrative services, be certain to list those fees separately on the Cost Proposal Form.

### **D. Transition**

Describe the proposed transition process and period necessary to transition the services from the current financial services provider to your organization.

### **E. Other**

1. Systems
  - i. Provide a general description of all applicable information systems.
  - ii. How much lead time to do your organization need to modify the system for enhancements whether mandated by changes in regulations or voluntary? The winning bidder will be required to absorb all such costs.
  - iii. Describe your organization's computer security and disaster recovery plan as it relates to records of the Program. Describe your organization's approach and measures taken to maintain security, guard against down time or other application/information system.
2. Business Continuity
  - i. Describe your organization's daily backup procedures
  - ii. Describe your organization's business recovery and disaster control plans
  - iii. Describe your organization's testing schedule for recovery
3. Information Security and Legal and Regulatory Compliance
  - i. Describe your organization's systems and procedures for compliance with:
    - a) Applicable Federal and State laws and regulations; and
    - b) Industry best practices
  - ii. Describe your organization's security methods in use for protecting confidential and personal identifying data and account owner financial information whether obtained electronically or through other means. Provide copies of all of your organization's information security and privacy policies.
4. Insurance coverage – Attach a certificate of insurance on a standard Acord form (or the equivalent) evidencing your organization's general liability, professional

liability and any other relevant insurance policies that might be associated with this program.

5. Other considerations – Describe other benefits or advantages your organization can offer that are not already demonstrated in your response.

## **5. EVALUATION CRITERIA/RELATIVE SCORING WEIGHTS**

Respondents will be evaluated according to the following percentage factors:

1. Experience/Expertise	50%
2. Cost	25%
3. Proposal Response	15%
4. Program Evaluation and Improvement	<u>10%</u>
	100%

Appendix A

**Approximate AELP Average %'s of Write Off**

<b>AELP</b>	<b>Write Off \$</b>	<b>Total Portfolio</b>	<b>% of Write Off</b>	<b>Count</b>
FY11-12	\$71,254.99	\$3,022,469.84	2.3575%	12
FY 12-13	\$20,018.80	\$3,051,662.89	0.6560%	6
FY13-14	\$53,036.03	\$2,598,435.31	2.0411%	5
FY14-15	\$6,453.33	\$2,267,993.11	0.2845%	2
FY15-16	\$23,239.19	\$1,488,522.83	1.5612%	5
<b>Total</b>	<b>\$174,002.34</b>		<b>1.3801%</b>	<b>5 year average %</b>
<b>Average</b>	<b>\$34,800.47</b>			<b>5 year count average</b> <b>6</b>

<b>AELP2</b>	<b>Write Off \$</b>	<b>Total Portfolio</b>	<b>% of Write Off</b>	<b>Count</b>
FY11-12	\$0.00	\$83,321.14	0.0000%	0 no data
FY 12-13	\$10,065.00	\$36,274.90	27.7465%	3
FY13-14	\$1,493.49	\$81,896.46	1.8236%	1
FY14-15	\$980.94	\$166,078.06	0.5906%	1
FY15-16	\$9,929.21	\$117,102.20	8.4791%	2
<b>Total</b>	<b>\$22,468.64</b>		<b>7.7280%</b>	<b>5 year average %</b>
<b>Average</b>	<b>\$4,493.73</b>			<b>5 year count average</b> <b>1.75</b>

<b>AFP</b>	<b>Write Off \$</b>	<b>Total Portfolio</b>	<b>% of Write Off</b>	<b>Count</b>
FY11-12	\$10,489.71	\$584,257.07	1.7954%	4
FY 12-13	\$14,816.41	\$584,840.10	2.5334%	6
FY13-14	\$19,559.40	\$498,581.97	3.9230%	8
FY14-15	\$12,066.63	\$510,010.38	2.3660%	7
FY15-16	\$5,875.79	\$523,942.21	1.1215%	4
<b>Total</b>	<b>\$62,807.94</b>		<b>2.3478%</b>	<b>5 year average %</b>
<b>Average</b>	<b>\$12,561.59</b>			<b>5 year count average</b> <b>5.8</b>

## ***COST PROPOSAL FORM***

Bidder's Organization Name: \_\_\_\_\_

The AELP Board requests that bidders submit their cost proposal on this form to provide consistency for analyzing the proposals. Bidders may elect to price services by service group or to price them in a bundled fashion (per month, per contract, for example). In either scenario, it is the intent of the evaluation committee to annualize the proposed fees based on predetermined volumes. If priced by unit, the volumes provided are only used for evaluation purposes and are not guaranteed as a minimum, maximum, or average volume for the term the resulting contract will cover. If bidder anticipates providing services not listed below, bidder shall add those services, fees, and anticipated volumes to the form. **The Board/program will not incur fees for services requested in this RFP if not listed on this cost proposal form.** Therefore, if additional space is needed, please insert rows and/or expand grid.

Service	Annual Fee	Fee Per Unit (indicate unit)
<b>PRIMARY SERVICES CONTAINED IN THIS RFP</b>		
a) Establish underwriting guidelines with the Board	\$	\$ per
b) Receive and process all loan applications	\$	\$ per
c) Analyze credit worthiness and ability to pay of applicants	\$	\$ per
d) Process and service loan portfolio	\$	\$ per
e) Provide collection and workout services	\$	\$ per
f) Provide reports to the Board	\$	\$ per
g) Other:		\$ per
<b>OTHER SERVICES OFFERED (TO BE PRICED AND CONSIDERED SEPERATELY)</b>		
1) Administrative Services	\$	\$
2) Other:	\$	\$