

City of Chicago



Office of the City Treasurer Treasurer Stephanie D. Neely

Q&A

Issued: June 8, 2010

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- 1. Under Applicant Eligibility, point 5, it notes “repayment arrangement of corpus back to City on termination”. What is the termination point for the SBDF program? How does that match with maturity dates for the loans?***

Termination of the grant would only result from a lender not fulfilling their (1) reporting obligations, or their (2) lending obligation, lending fewer funds than required. It is expected that at the end of the first year 50% of the funds will be lent and at the end of the two years all of the loan funds will be lent. If both of these requirements are met the grant agreement should not be terminated unless necessitated by City Council.

In the event that the agreement is terminated the corpus of the remaining grant funds will be due back to the Office of the City Treasurer. This includes any profits the loan pool will have made, and any amount set aside for a loan loss reserve pool. This does not include outstanding loans, loans that are written off, or the administrative expenses. Outstanding loans will need to be repaid to the City Treasurer upon their maturity.

- 2. Can a loss reserve be taken for each loan made and if so, what percent?***

Yes, loan loss reserves can be set aside for the loan pool. If your organization requires a loan loss reserve pool, please specify the amount required to be set aside from the SBDF grant funds in your proposal. In the event that the agreement is terminated the loan loss reserve pool will be owed back to the Office of the City Treasurer.

- 3. What happens to loans that must be written off?***

The goal of this loan pool is that any profits made will compensate for any losses made when writing off a loan. We do not expect these funds to be used to make a profit, nor do we expect there to be dramatic losses to the pool of funds. Of course,

the unexpected happens, but the spirit of the funds is for it to be a neutral revolving loan pool.

- 4. Under ‘Applicant Eligibility’, number 7 asks for details on loan processing services and procedures offered to clients. Does that refer to the organization’s process for handling loan applications - from initial contact, through completing/submitting the application and notification of approval/denial?**

Yes

- 5. Is the lending for Chicago Small Businesses only?**

Yes

- 6. What if the loan pool makes a profit?**

Profits should return to the loan pool. Any profits are expected to off-set any write-offs. We want these funds to go to hard to serve clients, therefore we do not anticipate making large profits off of these funds.

- 7. Why would the partnership be terminated?**

See the answer to question 1.

- 8. What is included in the “corpus of the grant”**

See the answer to question 1.

- 9. Can you use the funds for lines of credit?**

Not at this time.

- 10. Does the definition of "small businesses" include non profits?**

Yes

- 11. Where can you get a copy of the Economic Disclosure Statement referred to in I.8 of the requirements section?**

On the website of the Office of the City Treasurer www.chicagocitytreasurer.com

Contact

Direct questions and final proposal submission to:

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Response to this RFP is required by June 18, 2010 at 4:30pm. Please submit all supporting documentation with the proposal. Electronic submissions are acceptable. Proposals received after the closing date will not be considered.