



3/18/2025

ADDENDUM NO. 01

2025 REQUEST FOR PROPOSAL – 20250229

**HERMAN MALONE FUND
BUILD DENVER (BUSINESS INVESTMENTS, LOANS AND DEVELOPMENT) PROGRAM**

The above referenced Request for Proposal is hereby addended as follows:

The following questions and their answers are hereby incorporated into and made part of this Request for Proposal:

The list of attendees are posted on the [DEDO Bidding Opportunities](#) page.

(Q) Questions and (A) Answers

Q1: What is #1 most important qualification for the provider? That is mostly experienced with loans? Basically, did not see how each question will be weighted/evaluated by DEDO in the RFP.

A: Important elements are experience and track record in the space of administering low interest loans and being able to leverage dollars to provide maximum opportunity for our community and businesses especially those who've traditionally lacked access to capital. Also, overall financial standing and readiness paired with the ability to manage the program through connections with the community.

Q2: Are cannabis businesses restricted from these funds?

A: These funds are designed for financial entities that provide affordable lending, investment, and financial services to underserved communities, fostering economic growth, small business development, and wealth-building opportunities. Cannabis businesses do not generally fit this criterion, although they could potentially become recipients for loan products from the administrator of BUILD Denver.

Q3: Certification for Denver doesn't require audited financials. Why is DEDO requiring audited financials for this offering?

A: We suggest submitting audited financial statements, however this is not a requirement. If you have an audited financial statement please submit this with your application. If you don't have this then please respond to that effect.

Q4: Is the funding structured as a reimbursement-based program?

A: Some of the administrative type of expenses will be reimbursement based, however if there is a need for an advance for cash flow purposes from the organization we will be open to working with the selected organization on advancing a percentage of the contracted amount based on the business needs.

Q5: How are NEST neighborhoods defined?

A: Denver's [Neighborhood Equity and Stabilization \(NEST\) Division](#) mitigates displacement and preserves the culture and character of Denver's neighborhoods by providing access to resources, elevating community voices, supporting equitable growth and there are 10 integrated data points that can be located through the [NEST Index](#) which is focused on priority neighborhoods in addition to other areas of Denver undergoing large scale development.

Q6: What is the definition of "low interest rates" for this program?

A: We will leave this up to the individual applicants. In an ideal situation, loans will be offered somewhere between 0-3%. However, the general goal is to make sure that we're using our dollars to leverage as many dollars as possible so we can get interest rates down to a much more affordable range. This will likely be different based on who is applying for the loans and their financial circumstances.

Q7: What portion of the funding must be allocated specifically to NEST neighborhoods?

A: There is not a specific amount that would need be dedicated to the NEST neighborhoods. NEST neighborhoods represent one tool the City uses to define some critical areas we're prioritizing. There are other ways to ensure that we are providing access to capital to populations that have traditionally lacked access. If you have presence in the communities, partnerships with businesses or neighborhood associations that were identified earlier through the [NEST Index](#) this certainly helps the applicant.

Q8: Are there guidelines on the proportion of funds that should be directed toward startups versus brick-and-mortar businesses?

A: No, similarly this is somewhat of a broad net that we want to make sure we're providing availability of funds and the applicant could potentially, or the sub recipient businesses could be startups or could be an established brick and mortar business that's looking to expand.

Q9: Regarding the coaching, training, and support components of the program, I'd like to understand the expectations for the lender's role. Specifically, is there flexibility for the lender to partner with specialized firms to deliver these services?

A: They can either be delivered in-house if you have the expertise or these services can be sub-contracted to a partner.

Q10: Do we need to, or are we expected to provide services to cannabis related businesses?

A: No, the only connection with the cannabis businesses is that our source of funds is derived from the cannabis sales tax, but this is not a program that is designated for the cannabis industry. This program is designed for our small business sector as a whole and being able to provide capital to those groups.

Q11: Are you looking for an entity that is primarily a lender, or are other methods (grant, PE, etc.) weighted differently?

A: Yes, we're looking for a partner who can administer loans and would want that partner to be able to also administer grants as needed. It's not the primary function, but we want some flexibility in certain circumstances where it makes sense to be able to provide grants or there are other additional sources of funding that the city is able to deliver to the partner to also administer a grant program. However, the program is focused on low interest loans and working with an experienced lender.

Q12: Will there just be one administer selected for this?

A: That is the hope for this RFP is to select one group who is able to administer all of the dollars and leverage those dollars to the maximum ability.

Q13: Could lending to cannabis businesses hurt 501(c)(3), banking accounts, and create political risk in this political climate.

A: We can't speak to the political risk in this climate however the goal and function of this is not designed around cannabis businesses specifically. While we want to be able to ensure that we're providing opportunity for those businesses because they've traditionally lacked access to capital we want to make sure that we're taking in all considerations and certainly don't want to administer loans that could have an effect on a 501(c)(3) status or other factors that would harm the recipient organization.

Q14: What are the expected loan sizes? If a lender offers SBA 7a loans, is that OK? It feels like 7a loans could be a wonderful match for this program.

A: SBA 7A loans could be leveraged as part of this program. Loan sizes are not limited and will depend on circumstances.

Q15: If we are unable to lend to the cannabis industry, would this result in an automatic disqualification from the program? I am asking from the point of view of our organization. We cannot lend to the cannabis industry. does this disqualify us?

A: No there is not expectation for this program for lending to the cannabis industry and while that may be possible, this program is geared towards the small business community.

Q16: Ordinance 1289 explicitly establishes that funding from the Herman Malone Fund should prioritize businesses from under-resourced communities while specifically naming Cannabis Social Equity applicants as intended beneficiaries. However, the current RFP does not reflect this prioritization.

In light of Ordinance 1289, what percentage of the remaining \$9 million will be exclusively allocated to these applicants?

A: We have previously conducted an RFP and issued funds to a partner organization which is dedicated toward the technical assistance components within the cannabis community, especially those who are small businesses who are under-resourced and who are trying to start their business. In addition to the \$9M, DEDO has already dedicated a significant portion of those fund to that specific purpose.

There is not a percentage that needs to be exclusively allocated so it can be inclusive of cannabis business recipients.

Q17: For the business coaching part of the program, if our firm has expertise in this area to support, is it better to connect with DEDO directly to introduce ourselves, or find lenders who will be submitting a proposal and reach out to partner?

A: Yes, if you know of a lender, group or firm with the financial expertise that will be applying it would best to reach out to them. This is an open procurement and DEDO staff are prohibited from speaking with any potential proposers until this procurement has been officially closed. The attendee list is available on the [DEDO Bidding Opportunities RFP BUILD Denver-Program](#)

Q18: RMMFI does not serve or grow liquor stores or bars or cannabis centered businesses, does that count against us as an applicant?

A: No this does not count against you as an applicant, however there are rules in place at the federal level and even a state level that will restrict abilities to provide services or loans to specific industries. We understand those rules and restrictions and are not asking anyone to bend in that situation. We are focused on leveraging dollars, having someone with experience as a lender and who can provide services to our communities and our populations that traditionally lack access to capital. While we would like to be able to get dollars to every industry we understand there are certain industries that present challenges and will take this into consideration. It will not count against you.

Q19: Is the Applicant mostly managing the funding process and the money comes directly from the city? Or will the funds be transferred to the Nonprofit's Fund ?

A: Depending on the structure, these dollars can be delivered to the partner entity to be able to then utilize for advancements. There are also opportunities to get reimbursements for administrative costs that the chosen partner is operating from such as staffing or other related expenses.

Q20: Don't believe that there is a program like this in the country. What and where did you model this after?

A: There are cities and states that work in partnership with lenders like CDFI's and other groups to be able to lower interest rates and provide more access to capital. This is definitely something that exists and even in Colorado some similar programs exist, so this model does have some roots.

Q21: Do these dollars need to be repaid?

A: Not directly back to the city, ideally what we're doing is creating loan opportunities and those loans are getting paid back to the partner and the BUILD program continues to be offered. The city is catalyzing and starting this loan fund with three years and \$3M per year for a \$9M total commitment from the city. Ideally, those loans have a revolving component as they are paid off.

Q22: Is there a limit on how much of the funding can be advanced to the partner, vs how much needs to be submitted for reimbursement?

A: This will be based on cash flow need for any advancement. We anticipate some of the administrative expenses that are incurred by our partner will be on reimbursement basis. This program operates in making sure capital is available on the execution of loans and being able to reduce interest rates. However, administrative costs for staffing and other related costs would be on a reimbursement.

Q23: Will there be federal oversight of this program? Should we be concerned about the new restrictions on DEI language

A: There is no federal oversight of this program these funds are coming directly from city and county of Denver.

Q24: Does the applicant/lead partner need to be based in or have a physical presence in Colorado to be eligible for consideration as the BUILD provider? We are considering partnering with a national nonprofit that focuses on exactly the types of loans/financial services for the funder's target communities and then we, a Denver-based nonprofit, would provide the required business support services and connections to the NEST neighborhoods, etc.

A: The applicant does not need to be based in or have a physical presence in Colorado to be eligible or considered for the program.

Q25: We're talking sub-prime financing for businesses with "relaxed" underwriting guidelines. Are hybrid debt/equity instruments allowed?

A: Yes, hybrid debt/equity instruments are allowed.

Q26: Will there be multiple awards?

A: There could be multiple awards depending upon submissions and selections, but the hope is for there to be one administrator.

Q27: Will we be able to apply for a smaller award amount than \$3M per year? Micro businesses do not need as much start-up capital so we are thinking in the range of 500k annually.

A: Yes, you could apply for a smaller award amount and it would be taken into consideration.