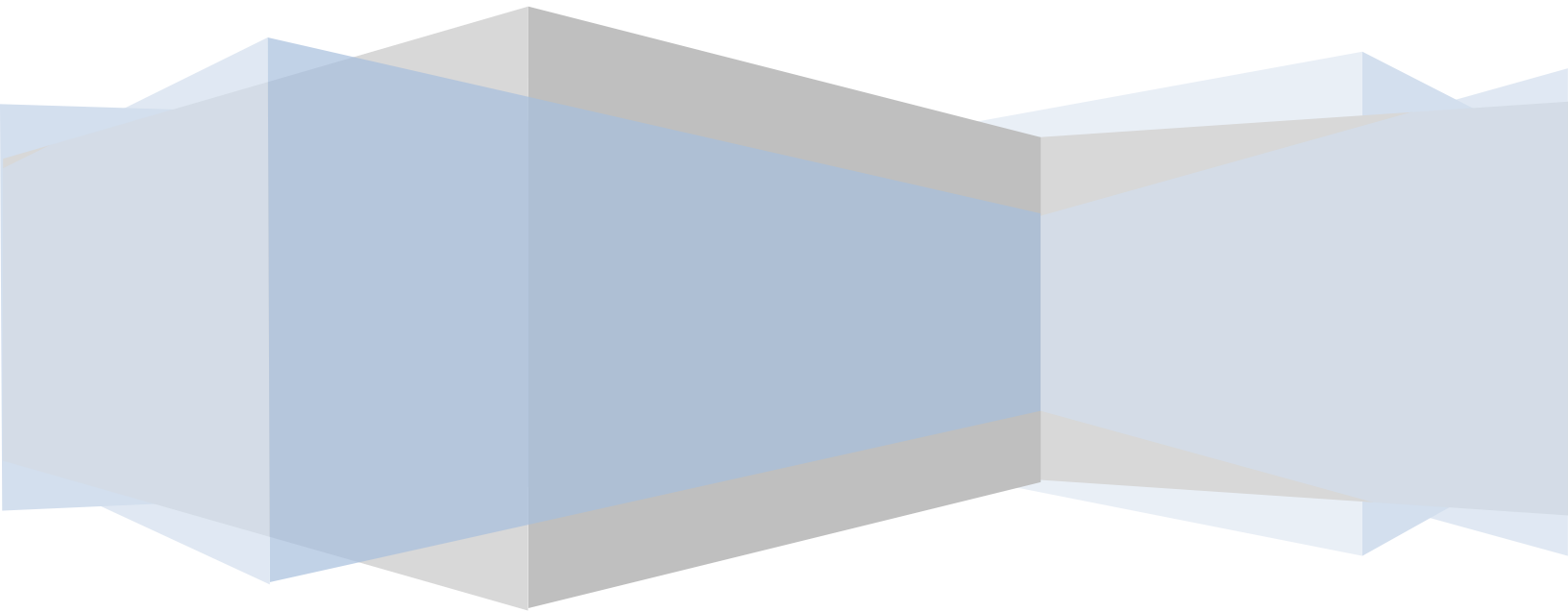




Request for Proposals

**Developing an
Alternative Financing Framework
for Bermuda**





Bermuda Economic Development Corporation

www.bedc.bm

Sofia House, 48 Church Street,
Hamilton HM11, Bermuda

Telephone: (441) 292-5570
Fax: (441) 295-1600

BEDC – RFP 2016/01

February 23rd 2016

Request for Proposals

Developing an Alternative Financing Framework for Bermuda

1. Executive Summary

- 1.1 The Bermuda Economic Development Corporation (BEDC) is desirous of engaging a consultant/consultant firm to assist it in developing an alternative financing framework & eco-system for Bermuda.
- 1.2 Currently BEDC is Bermuda's foremost resource for small and medium business and community enterprise through the provision of effective technical guidance, financial assistance, useful relationship networks, pertinent business intelligence, and accurate and timely business and data-based policy advice.
- 1.3 The end result of this contracting relationship will be a viable alternative financing structure that presents choices for BEDC's clients.
- 1.4 The following guidelines outline the process by which BEDC will elicit and evaluate proposals and award a contract.

2. Submission Deadline

Vendor proposals must be submitted by **5.00 pm Friday April 8th 2016**. Proposals received after the deadline will be deemed non-compliant and will not be considered.

3. Proposal Submission

- 3.1 Proposals may be submitted via email to esmith@bedc.bm with a copy sent to vbrown@bedc.bm. Emails that contain RFP proposal submissions should contain the following information in the subject line: "**BEDC Alternative Financing Framework Proposal - <Company Name>**".
- 3.2 Proposals may also be mailed or hand delivered to the following address:

Bermuda Economic Development Corporation
Sofia House, 48 Church Street
Hamilton HM 12
Bermuda
Attention: Erica R. Smith

- 3.3 All proposals and accompanying materials shall become the property of the BEDC upon receipt and will not be returned.
- 3.4 All conditions contained within this RFP shall be considered accepted by service providers that participate in this solicitation.
- 3.5 All information submitted with the RFP will be kept confidential. The BEDC is not obligated to award orders or contracts to vendors that participate in the RFP process.
- 3.6 Provisions of this RFP and the contents of the successful proposal may be included in the final contract.

4. Vendor Response Requirements

- 4.1 A description of BEDC's vision for the **Alternative Financing Framework** is set forth in the Statement of Requirements included in this RFP. The Project Scope is also included in the RFP. Vendors should contemplate and incorporate the details of both the Project Scope and Statement of Requirements in their proposal submissions.
- 4.2 **Submissions must include the following information:**
 - 4.2.1 **Project Methodology** – A description of the proposed approach for fulfilling the requirements of the programs, venue, and facilitation means must be included. The description should set-out the methodology for the project, as well as the processes that will be used to coordinate the project.
 - 4.2.2 **High Level Project Plan** – This will describe how the vendor proposes to deliver the proposal and comply with the cost schedule referred to in paragraph 4.2.5 below.
 - 4.2.3 **Proposed Partnering Vendors Plan** – The name, address and payroll tax ID number of any proposed service provider(s) or partnering vendor(s) must be included. Additionally, the proposal must identify specific tasks, if any, that will be assigned to the partnering vendor(s). The BEDC reserves the right to evaluate and refuse any partnering vendor(s) proposed.
 - 4.2.4 **Proposed Responsibilities of the BEDC** – A list of any proposed tasks/expectations of the BEDC must be included in the proposal.
 - 4.2.5 **Cost** – A statement of the total estimated costs for the program must be provided. The cost statement must include, but not be limited to, a breakdown of hourly and daily rate(s) billable in Bermuda dollars and an estimated number of hours and days through completion of the program. A cost schedule must be included that contains a breakdown of phases and tasks associated with the time and costs

- 4.2.6 **Social and Economic Factors** – The proposal must include the following information:
- 4.2.6.1 Whether the bid is a local Bermuda-owned business and if not, then the proposal requires partnering with a Bermudian firm;
 - 4.2.6.2 Percentage of workforce that is Bermudian;
 - 4.2.6.3 A statement regarding whether the vendor(s) has any certifications, training, or programs related to improving/enhancing business acumen and business best practices in this area.
- 4.2.7 **Signature** – The proposal must contain the signature of a duly authorized officer or agent of the company submitting the proposal.
- 4.2.8 **Confirmation of Non-Collusion** – The proposal must contain a Certification of Confirmation of Non-Collusion signed by a duly authorized officer or agent of the company submitting the proposal.

5. Pre-submission Information

All inquiries regarding this RFP must be made by email with “**BEDC Alternative Financing Framework RFP Inquiry**” in the subject line, by **5.00 pm Friday March 11th, 2016**. Please send all inquiries to esmith@bedc.bm with a copy to ybrown@bedc.bm. All vendors will be notified of the inquiries, without identifying the source, along with the response provided by the BEDC.

6. Vendor Responsibility

It is the responsibility of the vendor to ensure that it has a thorough understanding of the instructions and requirements set forth in this RFP. If additional information or clarification is needed, questions should be submitted in writing as described in section 5.

7. Amendments

Prior to the submission deadline, the BEDC may modify, amend or revise any guidelines and/or requirements within this RFP. The BEDC will notify all vendors in writing of any change(s) to the RFP, including any change to the submission deadline and/or any subsequent date for new submissions.

8. Evaluation Process

- 8.1 The proposals submitted to the BEDC will be evaluated in accordance with the Government of Bermuda procurement process. Although such evaluation **may** result in the award of a contract, the BEDC reserves the right to decline to award a contract to any vendor pursuant to this RFP. Additionally, the BEDC reserves the right to award contracts to more than one vendor pursuant to this RFP.
- 8.2 All proposals submitted to the BEDC will be evaluated in a two-stage process. The first stage will result in a short list of prospective vendors. In the second

phase the short listed vendors may be asked to attend an interview and present their proposals before the BEDC RFP Scoring Committee prior to selection of the final vendor.

- 8.3 Proposals will be evaluated based on responsiveness to the requirements of this RFP as well as the quality and effectiveness of the proposal.
- 8.4 If the BEDC decides it wishes to proceed with engaging a vendor, it is anticipated that the successful vendor will be selected by **5.00 pm Friday May 6th, 2016**. All vendors who submit proposals will be notified of the identity of the successful vendor.

9. Validity of the Quote

Any quote must remain open for acceptance for a period of not less than sixty (60) calendar days after the closing date of the RFP.

10. Contract

Execution by the successful vendor of a contract that outlines the Terms, Scope of Work and Costs will be required. The service provision will commence after the contract has been fully executed. The BEDC shall incur no costs or liability to any vendor prior to initiation of the service provision. All contracts are subject to a final review by the BEDC Executive Director and/or the Board of Directors.

11. Acceptance and Authority to Cancel the RFP

The BEDC will not be obliged to accept the lowest price or any of the proposals submitted in response to this RFP. Each vendor acknowledges and agrees that the BEDC will have no liability or obligation to any vendor, except to the vendor awarded a contract, if any. The BEDC reserves the right to cancel this RFP without any obligation or reimbursement for cost, materials, or time associated with the vendor preparation of their proposal.

12. References and Qualifications

Before awarding a contract, the BEDC reserves the right to require the vendor to submit evidence of qualifications it deems appropriate. This evidence may include references from prior customers, information regarding business ownership and financial soundness, and relevant technical experience of the vendor.

13. Delivery

- 13.1 A public notice will be posted in the daily newspaper and on the BEDC's website. This RFP can be downloaded from the BEDC's website. The RFP will also be issued through our Business Register. In addition it will be delivered via email upon request.

14. General

- 14.1 All proposals will be considered final upon receipt. No additions, deletions, corrections, or adjustments will be accepted after submission.
- 14.2 Proposals received after the submission deadline will be deemed non-compliant and categorised as a “NO BID”. The time stamp for proposals submitted electronically will be that of the BEDC mail server. It is the vendor’s responsibility to allow sufficient time for electronic transmission and/or physical delivery of their proposal.
- 14.3 Following the award and acceptance of the final contract, a letter will be issued as a notice to proceed to the successful vendor. Payments will be made in accordance with the terms and conditions set forth in the final contract.

15. Project Authorities

Executive Sponsor	Erica Smith, Executive Director of BEDC
Contract Manager	Ray Jones, Finance Director
Administrator	Valita Brown, Administrative Officer

16. Summary of Key Dates

Request for Proposals published	Tuesday February 23rd, 2016 9.00 am (AST)
Deadline for inquiries	Friday March 11th, 2016 5.00 pm (AST)
Submission Deadline	Friday April 8th, 2016 5.00 pm (AST)
Vendor selection (this date subject to change and respondents will be notified accordingly)	Friday May 6th, 2016 5.00 pm (AST)

Project Scope

1. Introduction

- 1.1 The Bermuda Economic Development Corporation (BEDC) was established in 1980 as a joint venture between the Bermuda Government and three banks: Butterfield Bank, Bank of Bermuda, and Bermuda Commercial Bank. Its key objective is to assist the development of a strong, well-managed and successful small and medium business sector in Bermuda by providing existing and potential small and medium business owners with a broad range of business advice and financial assistance.
- 1.2 During its first decade of operation, the BEDC provided general start-up guidance, bookkeeping advice and loan guarantees that served as collateral for bank loans for persons who may have otherwise been declined by a Bank. In the early nineties, as the small business landscape changed and grew from “mom and pop operations” to employing more persons, competition grew and market demands became more complex. BEDC began to offer low cost quarterly seminars and workshops to enable entrepreneurs to educate themselves on relevant topics such as managing cashflow; controlling expenses and overhead; and developing marketing plans and communication strategies.
- 1.3 Over the years BEDC has counselled thousands of Bermudians on starting, expanding, winding up, restructuring, buying, and/or selling a business. An average of 700 private business advisory sessions on an annual basis is offered covering numerous types of businesses.
- 1.4 BEDC's free confidential counselling is offered one-on-one and has, in many cases, ended in the production of a business plan and a BEDC Loan Guarantee used to start a new business. To date, BEDC has supported in excess of \$20,000,000 (twenty million dollars) in bank loans through the Loan Guarantee Program, directly assisting close to four hundred business persons.
- 1.5 BEDC currently offers multiple products to assist entrepreneurs and business owners, but its financial products are based on providing Grade A sovereign guarantees for traditional bank loans and most recently, a line of credit through HM Customs.
- 1.6 Through research with its stakeholders, it is clear that entrepreneurs and business owners want access to alternative and non-traditional financing options such as angel investing, equity investing, venture capital, and crowdfunding.
- 1.7 The BEDC recognises this and it wishes to provide various financing options for its clients while maintaining its current financial offerings of a Microloan product, a Loan Guarantee product, and most recently, a Letter of Credit product.

2. Project Objective and Concept

- 2.1 Given the foregoing the BEDC is seeking the services of an appropriately qualified consultant or consultant team to develop alternative financing policies, legislation

(if needed), and products for the benefit of Bermuda's entrepreneurs and business owners.

- 2.2 The successful vendor will develop a response for the proposed project scope outlined below.

3. Problem/Opportunity

- 3.1 As per the Bermuda Economic Development Corporation Act 1980, the BEDC has the ability to guarantee up to 6 times its current capitalisation of \$1 million. That means that at any one time the BEDC can carry a total of \$6 million in loan guarantees.
- 3.2 BEDC has seen its guarantee portfolio contract as a result of the challenging economy and a scale back of traditional bank/debt financing. As at December 2105 BEDC was carrying 33 loan guarantees and 15 microloans totalling \$1,609,944.56 in guarantees securing \$5,097,896.68 in bank financing (debt financing). However this only translates into 27% of BEDC's guaranteeing capacity being used.
- 3.3 Clients have expressed that they are unable to gain traditional bank financing although they have sufficient collateral. Clients also express their desire to have access to alternatives such as private investors, angel investors, equity financing, crowdfunding, and venture capitalists.
- 3.4 The proposal should seek to address all elements of Section 4. Scope below.

4. Work Scope

4.1 Review of current financing options in Bermuda

The proposal should review the current landscape of financing options in Bermuda. This should include what are the current options available to businesses ranging from micro-enterprises, start-ups through to medium and larger sized businesses. The review should speak to traditional and non-traditional including informal networks. The review should also speak to the ease of access and the conversion of applications into approved funding and business start-ups and growth. This should also speak to the stakeholders who should be consulted and their role in the financial options market. It should also identify the role BEDC's financing products play in the market.

4.2 Review of the current legislative environment

The proposal should review Bermuda's current legislative environment with regards to businesses accessing financing. This should be conducted in comparison to best-practice internationally.

4.3 Policy Recommendations

The proposal should include developing a policy for accessing alternative financing and make recommendations on what should currently be maintained, what should be

amended or discarded, and what new options should be introduced. BEDC's current financing products, as well as, its authority within its legislation should be considered within the recommendations including opportunities for leveraging its products and authority further. There should be an explanation of these options and assessment of the pros and cons of each. It should speak to a timeline for implementation including phasing and also speak to the role and impact on stakeholders. This should also include a proposed budget for implementation.

4.4 Legislative Recommendations

The proposal should make recommendations for any new or amended legislation for achieving the proposed policy. It should speak to a timeline for implementation including phasing.

4.5 Private Investors Information Workshop/Meet and Greet

The proposal should include provision for identifying and engaging private individuals who wish to invest in businesses through the variety of financing options. It is desirable to host an information session/meet and greet in 2016 in order to inform, educate, and entice interested high net-worth persons in investing in Bermuda's entrepreneurs and businesses.

5 Deliverables

It is expected that the Consultant(s) bid package should provide costs for the following deliverables (at a minimum or explain variations to this listing). Costs should be broken down for each deliverable. It is expected that the Consultant will produce and submit at a minimum the following deliverables to the Bermuda Economic Development Corporation. The date for the deliverables will be negotiated after the successful vendor is selected and prior to a contract being signed.

- a) A proposal for alternative financing based on the feedback obtained from BEDC Board, Staff, and Stakeholders including:
 - a. A policy document on viable alternative financing options in Bermuda's context.
 - b. Legislative amendments or creation if needed.
 - c. Implementation of the policy and legislation.
- b) A schedule/timeline of key stages in proposal development and timeline for delivery.
- c) A final presentation to the BEDC.
- d) Ability to conduct public presentations if needed.
- e) Ability to provide updates at regular intervals to the BEDC and reviews at each critical stage with BEDC.
- f) Hosting an investors information/education workshop & meet and greet in 2016.
- g) Any other documents/information to enhance the work of the BEDC in this area.

6 Contacts

It is anticipated that the following contacts will need to be consulted during the development of vendor responses:

Contract Manager

Erica Smith, Executive Director

Ray Jones, Finance Director

Administrator

Valita Brown, Administrative Officer

About the BEDC

1. Introduction

This document describes the functional and non-functional requirements of the BEDC.

2. Business Overview

2.1 Background

The Bermuda Economic Development Corporation (BEDC) was established in 1980 as the Bermuda Small Business Development Corporation (BSBDC). This joint venture between Bermuda's banks and the Government was formed to actively assist the development of a strong, well-managed and prosperous small business sector in Bermuda. In 2011, the BSBDC Act was amended to expand its remit. As a result the BSBDC changed its name to BEDC to encompass its expanded legislation. Under the new legislation the Corporation performs the following functions:

- a. the granting of loans or other forms of financial assistance, to assist persons in establishing, carrying on or expanding small businesses, medium-sized businesses and entities within economic empowerment zones;
- b. the provision of technical advice or assistance to persons who are seeking or who are granted financial assistance;
- c. to operate and manage markets;
- d. to oversee and manage the development and implementation of the economic empowerment zones; and
- e. the maintenance of a Register of Small Businesses, Medium-Sized Businesses and Economic Empowerment Zone Business Entities,

Under the BEDC Act 2011, a "Small Business" is defined as: Bermudian – owned and managed, operating locally, having an annual gross payroll not exceeding five hundred thousand dollars (\$500,000) and having annual sales revenues of less than one million dollars (\$1,000,000).

Under the BEDC Act 2011, a "Medium Sized Business" is Bermudian owned & owner operated – business enterprise with at least three of the following attributes:

- a. Gross annual revenues between \$1 million and \$5 million
- b. Annual payroll between \$500K and \$2.5 million
- c. A minimum of 11 and a maximum of 50 employees
- d. In operation for a minimum of 10 years
- e. Net Assets of less than \$2.5 million

PRODUCTS AND SERVICES PROVIDED BY THE BEDC

Loan Guarantee Programme: While not a bank, the BEDC will consider acting as a guarantor for a portion of a bank loan for small businesses that appear viable and where the creditworthiness of the borrower is sound. As guarantor of last resort, the BEDC can guarantee up to 50% of the agreed loan amount to a maximum of \$200,000.

SBCI Mobilisation Loan: While not a bank, the BEDC can act as a guarantor for a 100% of Butterfield Bank Mobilization Loan for construction projects. The BEDC

mobilisation facility will be given to persons completing the Construction Incubator Program.

Economic Empowerment Zone Payroll Tax Concession: In order to encourage and attract businesses to start up in an EEZ the BEDC has developed a process for a reduction in the Payroll Tax Rate for new businesses established in the zone. The details of the concession are as follows:

- A concessionary Payroll Tax rate of 5.50% will be offered to new businesses
- The concession is available up to a maximum of 9 tax periods

Economic Empowerment Zone Customs Duty Deferment: The BEDC has developed a process by which business and property owners located in an EEZ can take advantage of a deferral of customs duty for capital projects and endeavours. This allows business and property owners the ability to undertake significant capital projects or purchase capitalized items that will help their business to grow or property to thrive, while giving them the option to pay the duty associated with those investments over time (up to 5 years later) when they are in a much healthier financial state.

Economic Empowerment Zone Preferential Bank Loans: HSBC Bank of Bermuda and Butterfield Bank are committed to giving something back to the community which results in businesses and properties growing and thriving. Their EEZ commercial loans inject capital directly into North East Hamilton's fledgling industries, while the EEZ home loans revitalise and enhance the existing built environment in the area.

Letter of Credit Programme: BEDC has partnered with HM Customs and has allocated \$200,000 in funds annually to be used to facilitate lines of credit in amounts up to a maximum of \$10,000 to assist businesses in importing goods for retail sale in Bermuda. The BEDC will offer a 100% guarantee letter of credit to assist qualified applicants in securing a HM Customs Line of Credit to defer payment of duty.

Microloan Programme: BEDC has partnered with a local bank and has allocated \$200,000 in funds to be used to facilitate small loans in amounts from \$2,000 up to \$10,000. The BEDC will offer a 100% guarantee on the loans to qualified applicants. **This financial product is temporarily on hold.**

Technical Advice: Our officers are experienced professionals who can provide business management advice on a variety of issues, including:

- a. Developing a business plan
- b. Bookkeeping/accounting
- c. Managing cash flow
- d. Inventory and stock controls
- e. Expense and overhead controls
- f. Developing marketing and communication strategies
- g. Relevant taxes and Government regulations
- h. Lease arrangements
- i. Insurance requirements
- j. Staffing issues/policies

Relationships: the BEDC has direct access to many organizations, professional groups and Government departments, which enables it to ensure that the advice provided is

accurate and up-to-date. No question is considered unimportant and we are committed to assisting all entrepreneurs who seek guidance.

Existing Information

The Bermuda Economic Development Corporation holds and has access to existing information from a variety of sources in Bermuda, which could be utilised in the preparation of this study. They are as follows:

- A business register of thousands of businesses – approximately 800 are up to date
- Various stakeholder and client surveys indicating business needs
- Various workshop/seminar evaluations indicating business needs

REQUEST FOR PROPOSALS FORM of TENDER

All sheets form part of the tender

LUMP-SUM BID

TO: EXECUTIVE DIRECTOR - BERMUDA ECONOMIC DEVELOPMENT CORPORATION

Having examined the tender documents as well as the relevant conditions affecting this work, we the undersigned, offer to complete the project for the sum of:

(Figures) **BD\$**

(Words) **Bermuda Dollars**

We agree to abide by this tender for sixty (60) calendar days from the date fixed for receipt of tenders, and understand that you may accept/reject any bid you may receive.

CONSULTANT INFORMATION

1. CONSULTANT'S PAYROLL TAX NO.:

2. CONSULTANT'S SOCIAL INSURANCE NO.:

FINANCIAL STABILITY

We confirm that we, the undersigned, are conducting business as a proper legal entity and are not delinquent in making payments for outstanding debts for Government receivables such as Social Insurance contributions and Payroll Tax.

If in arrears that we have a signed agreed payment plan(s) and are making the payments as per the agreement.

SIGNED (Block Letters):

(Signature):

ON BEHALF OF:

(Company)

ADDRESS:

COMPANY FAX. NO.:

COMPANY EMAIL:

COMPANY PHONE NO.:

(Main/Cell)

DATED:

CERTIFICATE OF CONFIRMATION OF NON-COLLUSION

Notes for the tender/bidder

The essence of Open Tendering is that the Bermuda Economic Development Corporation shall receive bona fide competitive Tenders from all persons Tendering. In recognition of this principle, all companies submitting a tender will be required, by way of the signature of the Company Principle, state their agreement to the statements below, which indicates that the tender has been submitted without any form of collusion.

The Certificate of Confirmation of Non-Collusion is a mandatory requirement from all bidders. Any bids submitted which do not include a signed copy of the Certificate will be wholly rejected and will not be included in the evaluation process.

If it is later found that the undertakings made below have been breached at any stage of the process, the bidder will be expelled from the process immediately. In the event that this is discovered after a contract award, legal action may be taken against the bidder and/or any party involved in the matter.

False submissions may also exclude the bidder, and any other person or company involved in collusion, from bidding for future contracts tendered by the Government of Bermuda.

Confirmation of non-collusion

I/We certify that this is a bona fide Tender, intended to be competitive and that I/We have not fixed or adjusted the amount of the Tender or the rates and prices quoted by or under or in accordance with any agreement or arrangement with any other person.

I/We confirm that we have not received any additional information, other than that contained within the tender pack, or supplementary information provided to all bidders.

I/We also certify that I/We have not done and undertake that I/We will not do at any time any of the following acts:

- (a) communicating to a person other than the tender administrator the amount or approximate amount of my/our proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of the Tender for insurance) or
- (b) entering into any agreement or arrangement with any other person that he shall refrain from tendering or as to the amount of any Tender to be submitted; or
- (c) offering or agreeing to pay or give or paying any sum of money, inducement, gift /hospitality or valuable consideration directly or indirectly to any person in relation to this tender.

Signed Date _____

Printed Name and Title Company Name

Signed Date _____

Printed Name and Title Company Name