

REQUEST FOR PROPOSALS
NORTHSIDE COMMERCIAL REAL ESTATE REVOLVING LOAN FUND

October 12th 2020

PURPOSE: The Jay & Rose Phillips Family Foundation of Minnesota (the Foundation) *seeks an organizational host and manager for a **Northside Commercial Real Estate Revolving Loan Fund (Revolving Loan Fund)*** dedicated to spurring Black, Indigenous, People Of Color (BIPOC) led commercial real estate development in North Minneapolis.

CURRENT FUND: \$1,000,000 Program Related Investment. The goal is to significantly grow this pool of funds in future years through additional investments from peers in the philanthropic community. Foundation staff, in partnership with the selected host, will support efforts to further capitalize this fund.

GEOGRAPHIC AREA OF FOCUS: Priority will be given to institutions located in North Minneapolis, or that can demonstrate significant partnership with the North Minneapolis community. Loans made from the Revolving Loan Fund will be directed ***exclusively in North Minneapolis***. We define the North Minneapolis geography encompassing the following zip codes: 55411, 55412.

DEADLINE FOR SUBMISSION: Sunday, Nov 1, 2020 at 11:59pm Central.

SUMMARY & BACKGROUND

The Revolving Loan Fund grows out of the Foundation's existing [Small Business and Entrepreneurship Economic Ecosystem Grantmaking Strategy](#). Since 2016, the Foundation has infused resources into strengthening the rich ecosystem of individuals, organizations and collectives striving to grow a thriving local economy in North Minneapolis. This has included prioritizing: technical assistance and coaching for entrepreneurs, access to affordable commercial space, collective ownership models like cooperatives and land trusts, and access to good capital. Ultimately, the Foundation and its community partners work to create the conditions for Black Northside residents to participate as owners in the economy and build inter-generational wealth.

Land ownership persists as a top opportunity and challenge for local residents and business owners on the Northside. As outside speculation dramatically increases, more must be done to fight against displacement and to preserve the very opportunity for ownership and wealth-building for and by Northside residents. As a result, in early 2020, the Foundation formed what we refer to as the Northside Commercial Real Estate Advisory Committee tasked with designing solutions around the following question: ***How might we support anti-displacement strategies in the face of gentrification?*** More specifically, the committee was asked to: **1)** Develop priorities and a process for a small pool of grantmaking dollars and **2)** Develop and recommend a broader, longer-term commercial real estate strategy. The Advisory Committee channeled their technical knowledge, lived experience and racial equity focused strategy to design the Revolving Loan Fund. We are acutely aware that traditional financing tools are not often accessible to and/or not designed to best support Black, Indigenous and People of Color Northside developers. Therefore, a fund exclusively focused on providing capital to

BIPOC developers and structured in an **equitable way** will create wealth-building opportunities and community centered development in North Minneapolis.

ELIGIBILITY

Certified Community Development Financial Institutions (CDFI) that have three years of audited financials and experience working with and in BIPOC communities; partnerships are also eligible. Additional criteria that will be considered include:

1. Located in North Minneapolis and/or have a ***proven track-record*** of doing effective community-based work in North Minneapolis.
2. Organization is BIPOC led or majority BIPOC staff and board.
3. Endorses a community led decision-making process for loan review.
4. Balances sound due diligence with creating an uncomplicated and swift process for transactions.
5. Have a strong racial and economic justice analysis aligned with the goals of the Fund.

REVOLVING LOAN FUND: STRUCTURAL ELEMENTS

The **Revolving Loan Fund** is dedicated to fueling commercial real estate development by BIPOC Developers on the Northside. This fund will include the following structural elements:

- **Loan recipients:** Northside Black, Indigenous, People of Color Developers (for profit businesses given priority)
- **Rates:** 0-2% interest rate
- **Lending Practices:** A hybrid of credit and character-based lending. Overreliance on credit-based lending has negatively impacted BIPOC communities. The investment committee should practice financial due diligence within a racial equity framework, which acknowledges and seeks to correct this harmful practice.
- **Repayment Timeline:** Flexible Repayment Timeline
- **Position:** Subordinate
- **Portfolio:** No less than 50% of loans should be dedicated to the pre-development phase of the commercial real estate development process. The balance may be directed towards all other development phases: design, construction, and activation.
- **Loan Investment Committee:** A group of no more than five individuals to include Black, Indigenous, People of Color Northside community members and individuals with knowledge of real estate development and construction. Northside BIPOC representatives should make up a majority of the committee. A representative of the Phillips Family Foundation should be included in the committee makeup.

PROCESS FOR DETERMINING THE LOAN FUND HOST

- Once the November 1st, 2020 deadline has passed and all proposals have been received, Foundation staff and Northside Commercial Real Estate Advisory Committee members will begin reviewing proposals.
- Only one organization/partnership will be selected.

- Estimated date of approval to be November 20, 2020.
- If selected, we will work with you to submit any additional required documentation.

HOW TO APPLY

Submit all materials listed in application below via email to ecoco@phillipsfamilymn.org. Deadline in Nov. 1, 2020 at 11:59pm Central.

COMMUNITY ASSISTANCE SESSIONS

We encourage applicants to connect with Foundation staff with your questions. Foundation staff and representatives of the Northside Commercial Real Estate Advisory Committee will be available to assist you. We will be available in the following ways:

1. You may call or email E. Coco at ecoco@phillipsfamilymn.org or 612-623-1652 directly for a one-on-one conversation.
2. We will conduct 1 information session* on the following date:
 - a. **Tuesday, October 20, 2 – 3 PM** on Zoom
<https://us02web.zoom.us/j/89433375231?pwd=MTRWMHIDNmI5dWluSTI2ZlVrVjUwUT09>
Meeting ID: 894 3337 5231
Passcode: 111814
 *session will be recorded and posted on the Foundation website:
www.phillipsfamilymn.org
3. A Frequently Asked Question document will be posted on the Foundation’s Blog Page. The questions will be sourced from one-on-one conversations and the info session.

FOR ADDITIONAL INFORMATION

Please contact E. Coco, Program Officer, directly during between the hours of 8:30am-3pm
 ~ E. Coco – ecoco@phillipsfamilymn.org or 612-623-1652.

ABOUT THE JAY & ROSE PHILLIPS FAMILY FOUNDATION OF MINNESOTA

The Jay & Rose Phillips Family Foundation of Minnesota was founded in 1944 by its namesakes to “address the unmet human and social needs of individuals, families and communities that have the least access to resources.” You can learn more about the Foundation on our website
www.phillipsfamilymn.org.



APPLICATION MATERIALS

NORTHSIDE COMMERCIAL REAL ESTATE REVOLVING LOAN FUND

October 12th 2020

ORGANIZATION AND CONTACT

Organization:

Address:

City, State:

Country:

Website:

Title:

Contact Email:

Contact Phone:

Extension:

Federal Tax ID:

Mission Statement:

NARRATIVE

1. Why do you believe your organization is best suited to manage this Revolving Loan Fund?
2. What work does your organization currently do in North Minneapolis? Who are your current Northside partners?
3. What experience does your organization have in commercial real estate lending?
4. Explain your current loan review process. Include how you: solicit loan applications, provide technical assistance for applicants, who reviews applications, overall timeline from receipt to closing.
5. What experience do you have in character-based lending practices?
6. How do you currently balance risk mitigation with your organization's mission and values?
7. What is your definition of a successful loan?
8. Describe how your organization's staff and board reflect the Northside BIPOC demographic.
9. Staffing: Who on your staff will be engaged in managing this Revolving Loan Fund. Do you have existing capacity or will you need to add staff?
10. The Foundation and the Advisory Committee feels strongly that individuals from the Northside should play a central role in directing investments from this Revolving Loan Fund.

What experience do you have managing community-led decision-making processes? How would you go about populating this loan committee and managing any potential conflicts of interest?

FINANCIALS AND BUDGET

1. The Foundation has listed specific goals, structural elements, and requirements for the Revolving Loan Fund. Please describe the PRI terms that would be required for your organization to effectively manage this Fund. (i.e. interest rate, term, etc). Information provided will help guide the negotiation of PRI terms, if selected.
2. If selected, your organization will receive a \$1M PRI to seed the Revolving Loan Fund. Please provide a 2-year operational budget reflecting what your organization would require to manage this Revolving Loan Fund.
3. Foundation staff, in partnership with the selected host, will support efforts to further capitalize this fund. What experience do you have raising capital for funds like these? Do you have any initial ideas of whom you might approach?
4. Attachments: Two years of Audited or Board Approved Financials; Current Organizational Budget; Program Budget (same as question 2); Year to date financials.