

**September 28, 2021****To the Mayor and Members of the City Council**

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**SUBJECT: PROPOSED CONTRACT WITH CDFI FRIENDLY AMERICA, LLC TO DEVELOP A BUSINESS EQUITY FIRM CAPACITY BUILDING PROGRAM**

In March 2021, the President signed the American Rescue Plan Act (ARPA), providing aid and relief to various sectors of the United States economy. The City of Fort Worth's allocation from these funds totals \$173,745,090.00 of which a first tranche (50%), in the amount of \$86,872,545.00 was received on May 19, 2021. Subsequently, Mayor and Council Communication (M&C) 21-0445 was adopted on June 22, 2021, establishing a framework for the use of ARPA funding to include funding allocated to enter into a contract with CDFI Friendly America, LLC to bring financing from one or more community development financial institutions ("CDFIs") to the City.

The proposed contract would engage the consultant to provide consulting services in assessing the potential roles of CDFI financing in the community, organizing potential CDFI Friendly strategies, developing an actionable CDFI Friendly business plan, and providing the City with consultative capacity-building support for the implementation of that business plan in collaboration with the Economic Development Department and the Department of Diversity & Inclusion.

A general outline of the scope of work to be provided includes:

- Inform and create a CDFI Friendly strategy to significantly increase CDFI financing in Fort Worth with a priority on financing for communities of color, people of color, and others that have long been denied full access to essential financing on reasonable and appropriate terms;
- Help the client build the Fort Worth community's capacity by establishing an independent, permanent CDFI Friendly entity ("CDFI Friendly Fort Worth") with appropriate local Board and staff to manage and execute the community's CDFI Friendly strategy;
- Research in quantitative and qualitative ways past community development efforts in Fort Worth, local market conditions, significant market trends and/or opportunities, and other elements that might affect the community's decisions;
- Work with the coalition to identify credit gaps that CDFI financing might fill and prioritize them to inform the CDFI Friendly business strategy; and
- Prepare—in collaboration with the working coalition—a business plan that clarifies and illuminates key findings, assumptions, resource needs, market priorities, and projected outcomes of a CDFI Friendly strategy for Fort Worth.

The initial term of the engagement would start on October 1, 2021, and continue until March 31, 2023. At the end of the Initial Term, any additional work shall be performed on a time-and-expense basis at the applicable rate(s) outlined in the contract. The proposed contract would utilize \$2.0 million of ARPA funding to launch and help capitalize the CDFI Friendly Fort Worth Enhancement Fund so that the consultant is able to leverage that pledge with philanthropic and

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financial institutions. The City would also utilize an additional amount of ARPA funds to provide a pool of grant funding not to exceed \$2.5 million that the consultant might use to incent CDFI engagement in Fort Worth during FY 2022 while CDFI Friendly Fort Worth is ramping up its operations and outreach.

A M&C will be placed on the September 28, 2021 agenda for City Council consideration with the recommendation to enter into a contract with CDFI Friendly America, LLC to begin implementation of the strategy.

For further questions, please contact Robert Sturns, Director of the Economic Development Department, at 817-392-2663.

**David Cooke**  
**City Manager**