

CDFI

Friendly

Fort Worth

Business Plan

2023
-
2027



2023-2027 Business Plan

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I. Executive Summary

In 2021, the City of Fort Worth hired CDFI Friendly America, a national consulting firm, to increase financing by community development financial institutions (CDFIs) in the Fort Worth community. The work has moved quickly and is producing results ahead of plan—CDFI financing in Fort Worth increased nearly \$6.6 million in just the first eight (8) months. CDFI Friendly America will continue working through April 2023 under contract to the City with the newly formed CDFI Friendly Fort Worth.

This business plan explains how CDFI Friendly Fort Worth expects to generate more than \$250 million in new CDFI financing in Fort Worth by year-end 2027 (the plan covers the five years from January 1, 2023 through December 31, 2027).

It projects annual financing increasing from more than \$10 million in 2022, the start-up year, to more than \$75 million in 2027. It projects that CDFIs will lend

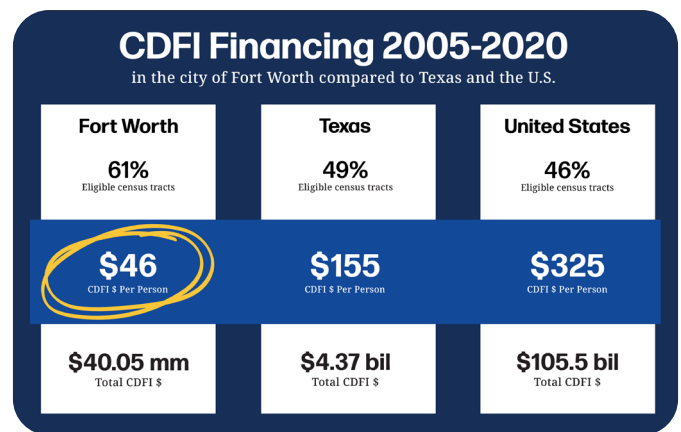
- \$60 million for Affordable Housing Development
- \$18 million for Commercial Real Estate Development
- \$9.45 million for Community Facilities
- \$1.05 million in small-dollar loans to Consumers
- \$146.6 million in home mortgages, and
- \$18 million to small businesses and entrepreneurs.

The unifying focus of this financing will be to serve and benefit Black, Hispanic, Asian-American, and other historically under-financed people and communities.

To achieve these goals, CDFI Friendly Fort Worth will focus its work on serving three essential functions:

- **Identifying and supporting current and prospective borrowers** among the City’s entrepreneurs, developers, consumers, homeowners, home renters, nonprofits, and others for the purpose of helping them access CDFI and other sources of affordable, customized financing.
- **Identifying and supporting CDFIs** from across the United States that are interested in making loans to historically underserved people and communities in Fort Worth to fit the current and future needs of borrowers.
- **Starting and sustaining a community-led nonprofit organization** (CDFI Friendly Fort Worth) that efficiently matches borrower “demand” with CDFI financing “supply.”

Over the five-year business plan period, CDFI Friendly Fort Worth plans to raise up to \$12 million in Capital Enhancement Fund lending capital and \$2,000,000 in operating grants, and earn at least \$675,000 in loan fees, loan interest rate spreads, and investment interest.



The chart above shows the state of CDFI Financing in Fort Worth in the 15 years prior to CDFI Friendly Fort Worth inception.

CDFI Friendly Fort Worth will measure its success by tracking the following key performance indicators:

Production

- Number and dollar amount of CDFI loans in Fort Worth
- Number of Capital Enhancement Fund loans made

Impact

- Number and dollar amount of CDFI loans made to people of color or entities controlled by people of color.
- Number of distressed ZIP Codes receiving CDFI loans

CDFI Friendly Fort Worth Market

- Number of trusted partners (CDFIs & local capacity building organizations) working with CDFI Friendly Fort Worth
- Net operating results (Positive annual net operating results comprise contributed and earned income that is greater than annual operating expenses)

This business plan explains the work done in Fort Worth to research, design, and implement this innovative strategy. It documents the creation of CDFI Friendly Fort Worth, an independent, community-controlled nonprofit organization, and outlines the new entity's strategy through 2027.

II. Introduction

As in many cities across the United States, Fort Worth's historically disinvested Black and Hispanic communities have long suffered from a lack of investment. (See Section IV. Market Analysis) Without access to affordable, flexible capital, many entrepreneurs can't start businesses, small businesses can't expand, consumers can't purchase cars for their basic needs, potential homeowners can't get mortgages, and developers can't build, or rehab needed affordable housing. Some cities across the U.S. have benefited from the robust presence of community development financial institutions (CDFIs), specialized nontraditional financial institutions which exist to invest in under-served communities.

CDFIs provide flexible, often customized loans at affordable rates. They finance a full range of asset types from small-dollar consumer needs to microenterprises to small businesses to commercial and nonprofit real estate to mortgages. They are public purpose financial institutions that prioritize communities of color and other historically under-financed people and places, and their business model is profitable but not profit-maximizing.

In the communities where they work, CDFIs often are the leading edge of financial services for the underserved, particularly in adverse economic conditions. CDFIs work well in good times and bad, but they are countercyclical—doing more when others can do less. During COVID and in response to the murder of George Floyd in 2020 and the subsequent racial justice uprising, CDFIs were financial first responders. They worked with private and public institutions to deliver access to capital to people of color, under-financed markets, and—in the case of the Paycheck Protection Program (PPP)—the smaller businesses not served by mainstream banks.

CDFIs are not well distributed across the nation, however, and many cities and communities have limited or no access to their financing.

Fort Worth is under-served by CDFIs: from 2005 to 2020, per capita CDFI lending in Fort Worth was

significantly below neighboring Dallas, the state of Texas, and the national average. CDFIs loaned just \$46 per person in Fort Worth, \$90 in Dallas, \$155 in Texas, and \$325 nationally. This is true even though the city has a higher proportion of economically distressed census tracts than the state or the country (61% versus 49% and 46%, respectively). (See Appendix B. CDFI Lending 2005-2020.)

In November 2021, the City of Fort Worth—through the Department of Economic Development—hired CDFI Friendly America (CFA) to determine whether more CDFI loans and services could help address the gap in financing and, if so, to make Fort Worth a CDFI Friendly City¹. Christina Brooks, Director of the City’s Diversity and Inclusion Department and its Chief Equity Officer, learned about the CDFI Friendly model in her previous position with the City of South Bend, IN, where she participated in a CFA-led process that resulted in the creation of CDFI Friendly South Bend in 2021.

Ms. Brooks and Robert Sturns, Director of Economic Development, along with senior staff from their respective teams, comprised the City’s team assigned to work with CFA. Through CFA’s outreach and market research, CFA and the City quickly concluded there was great potential for CDFIs to increase their financing in Fort Worth and so to help solve the City’s financing gaps. The City and CFA launched the CDFI Friendly Fort Worth initiative in January 2022.

CFA conducted extensive community outreach with more than 100 one-on-one or small group meetings and, in total, conversations with more than 400 people across Fort Worth (See Appendix C for a list of interviewees). The purpose of these conversations was to learn about financing gaps and to help the community start to understand how CDFIs might help.

At the same time, CFA reached out to CDFIs in Texas and across the country. Based on preliminary findings from CFA’s outreach, 19 CDFIs expressed interest in starting or increasing lending in Fort Worth. On January 26, 2022, the City and CFA formally introduced CDFI Friendly Fort Worth, a community-centered, community-controlled strategy to attract hundreds of millions in CDFI financing to underfinanced people and places in Fort Worth through 2027. If successful, CDFI Friendly Fort Worth would continue to serve Fort Worth well beyond 2027 and as long as it is benefiting the community.

In Spring 2022, CFA recruited individuals from the City and the community to form a Steering Committee for the new initiative. CFA led the Steering Committee, CDFIs, and the community through the steps to form CDFI Friendly Fort Worth, a startup nonprofit organization. During this process,

- Prospective borrowers submitted loan inquiries,
- CFA connected those prospective borrowers to CDFIs,
- CDFIs started lending or increased lending in Fort Worth,
- the Steering Committee recruited and later approved a Board of Directors, and
- CFA continued to organize support for the initiative, including ongoing outreach in the community.



During the Covid-19 pandemic, many small businesses were forced to close or downsize. In these instances, CDFI loans can provide business owners with the capital needed to get back up and running.

¹ CDFI Friendly Cities are a strategy developed and implemented by CDFI Friendly America. The first CDFI Friendly community, Bloomington, IN, started operations in 2018.

Early results are very promising: In in just eight months (from January 26-September 30, 2022), CDFI Friendly Fort Worth has documented \$6.59 million in CDFI loans in Fort Worth, nearly four (3.8) times the historical average annual amount prior to the launch of CDFI Friendly Fort Worth and 16% of the total CDFI lending in Fort Worth from 2005-2020.

On June 29, 2022, the newly organized CDFI Friendly Fort Worth held a public event at Tarrant County Community College-South Campus to report on its progress and to explain the next steps, including announcing the founding Board of Directors (See Appendix D. Founding Board of Directors.)

In early fall, the new Board of Directors, with the assistance of CFA, developed realistic, measurable goals that are the foundation of this business plan. The five-year goals include facilitating \$256 million in CDFI financing in Fort Worth by year end 2027, ensuring the financing benefits communities and people of color and other priority neighborhoods and populations, and raising the financial resources and building the organizational capacity needed to support this volume of activity.

THE BUSINESS PLAN

The remainder of this five-year business plan includes four sections:

Organizational Structure, Operations, and Budget, which describes staffing and operational considerations, and provides five-year financial projections;

Market Analysis, which documents the need for CDFI financing in Fort Worth using demographic and loan data;

Strategy and Goals, which describes the CDFI Friendly Fort Worth approach, progress to date, and five-year goals; and

Risks and Risk Mitigation, which describes CDFI Friendly Fort Worth's reputational, credit, organizational, and operational risks and how each is mitigated

The Appendices provide supplemental information and resources.

III. Organizational Structure, Operations and Budget

CDFI Friendly Fort Worth is a private startup nonprofit organization chartered to carry out the work of Fort Worth's CDFI Friendly strategy. While the work to start it was funded by the City of Fort Worth using funds provided by the federal government under the American Rescue Plan Act of 2021 (ARPA), CDFI Friendly Fort Worth is independent of the City and other public entities. And while key City leaders played instrumental roles in supporting the start-up, the Board of Directors includes no one from the public sector.

ORGANIZATIONAL STRUCTURE

CDFI Friendly Fort Worth is a community-centered and community-controlled nonprofit with a community-based and independent Board of Directors.

It is a small and lean organization, anticipating no more than three staff members at any one time over the five years of this plan. The staff will lead and conduct the organization's core work of connecting demand for CDFI financing in Fort Worth to the supply of financing from CDFIs across the state and the nation.

The staff will support the Board of Directors, which will operate as a Committee of the Whole, as well as an Investment Committee, which will oversee the CDFI Friendly Fort Worth Capital Enhancement Fund.

The organization is in the process of applying for 501(c)3 nonprofit status under the Internal Revenue Service Code. CDFI Friendly organizations in other communities have received 501(c)3 status without difficulty, and we expect CDFI Friendly Fort Worth will, too.

While it is working on obtaining nonprofit status, CDFI Friendly Fort Worth will work through United Way of Tarrant County as its fiscal sponsor.

OPERATIONS

Operational responsibility roles are distributed among board, staff, and contractors as follows:

Board: The founding Board of CDFI Friendly Fort Worth represents the diversity and range of the community, includes expertise on key strategic areas, is independent of any single entity (government, financial institution, community organization, etc.), and—with nine members—is agile enough to govern a rapidly growing organization through start-up and beyond. The founding Board comprises 100% people of color and includes expertise in small business, affordable housing development, nonprofits, childcare, financial education, finance, and legal.

As the Board evolves over time, it will aim to maintain most of these characteristics when seeking new Board members and ideally be limited to no more than 13 members.

The Board will be responsive to the community through the appointment of members who are leaders in the community and who are knowledgeable about Fort Worth's various community development support organizations and developers. It will include people with community development experience, specifically community development finance, affordable housing, and small business development. It will also include people with other skills critical to most nonprofits such as marketing and communications, management, and strategy. The Board may include representatives of at least some of the Capital Enhancement Fund investors, including the City of Fort Worth. Investors are not guaranteed Board seats, however, as a variety of perspectives is essential to the success of CDFI Friendly Fort Worth.

With support from consultants and the Executive Director, the Board will develop and approve policies for Capital Enhancement Fund financing, financial management, investments, personnel, and other key areas. It will draw on the work of CDFI Friendly America, CDFI Friendly Bloomington, CDFI Friendly South Bend, and the deep resources available through the CDFI industry.



CDFI Friendly Fort Worth Founding Board and Executive Director, Glenn S. Forbes.

During its first year, 2023, the Board will meet monthly. The Board will revisit the frequency of its meetings at that time and is expected to meet at least quarterly throughout the five-year business plan period.

The Board will be self-appointing and recruit its own members. Members will serve two-year terms, with a recommended maximum of three terms. The initial Board will roll off in a sequenced, staggered schedule to ensure overlapping terms. The Bylaws (under development) will specify the length of the term and term limits.

Staff: The Executive Director is the person responsible for the operation and efficacy of CDFI Friendly Fort Worth. The Executive

Director will lead CDFI Friendly Fort Worth to collaborate locally and with local, regional, and national CDFIs, banks, and other sources of capital to serve the Fort Worth market. The Executive Director will oversee all aspects of the start-up's set-up and operations, and have primary responsibility for community relations, program development, management, fundraising, capitalization, and public relations.

The Board intends to hire the founding Executive Director in late 2022².

A senior position tentatively called Outreach Manager will assume primary responsibility for managing activities related to steady and persistent outreach to Fort Worth's communities and prospective borrowers overall. This will include but not be limited to work with the communities' Chambers of Commerce, community & civic organizations, development organizations, financial institutions, and public programs at both the City and County levels.

From August 1, 2022, through July 31, 2023, this role will be filled through a FUSE Fellow provided at no cost to CDFI Friendly Fort Worth by the City of Fort Worth, Victor Garza. Victor is an experienced community development professional and private attorney.

A Program Assistant will provide program and administrative support to the Executive Director.

Investment Committee: The Board's Investment Committee will oversee operations of the organization's Capital Enhancement Fund (see below), including but not limited to decisions on whether to deploy the Fund when requested. When asked by a CDFI to consider investing in a transaction in Fort Worth, the Investment Committee will rely primarily on underwriting completed by the CDFI. It will retain the right to complete additional underwriting or credit analysis at its discretion.

It will include financial professionals and a majority community representatives, including but not limited to Board Members, jointly able to make decisions that balance financial risks and the needs of Fort Worth. The inclusion of individuals familiar with and engaged in community issues is critical: as with CDFIs, the Committee needs to be able to take a 360-degree look at community factors that affect both the value of investments and risks.

Professional Services: CDFI Friendly Fort Worth will contract for or seek in-kind contributions of legal, financial, and other professional services. Where possible, CDFI Friendly Fort Worth will seek donated services from supporting institutions. As mentioned above, initially the organization has contracted with the United Way of Tarrant County for fiscal sponsorship and has contracted with the Texas A&M Legal Clinic for a range of organizational start-up legal needs.

Financial Management and Audits: CDFI Friendly Fort Worth will be audited following its first full complete year of operations and annually thereafter. Accounting will be done in line with generally accepted accounting practices, including monthly internal reporting for management; quarterly reporting for management, the Board of Directors, and investors; and annual reporting and annual audits for all parties and the public.

Organizational Start-up Activities

Starting an organization requires implementing many basic administrative requirements. Some of these may be accomplished by the Board prior to the hire of the Executive Director, for example opening bank accounts and finding suitable, low-cost office space. The office could be in a shared or incubator space, but it will not be co-located with a government agency or traditional financial institution. It should be easily accessible to public transportation and include access to a private conference room.

²As of the publishing of this document in January 2023, the CDFI Friendly Fort Worth Board made the decision to hire former Board member and experienced financial professional, Glenn S. Forbes, to serve as Executive Director (See Appendix D for Glenn's full bio).

Other start-up administrative activities will wait until the Executive Director is hired. These include:

- Contracting for accounting, bookkeeping, and technology services.
- Identifying a potential auditor for Board approval.
- Developing basic organizational policies for Board approval, including accounting, personnel, and investment policies that cover the operation of the Capital Enhancement Fund as well as how to best manage idle cash.

CFA is on contract to assist CDFI Friendly Fort Worth with start-up activities through April 2023. Beyond that date, CFA will remain available as needed to advise CDFI Friendly Fort Worth and to help resolve issues that may come up.

Budget

As a nonprofit, CDFI Friendly Fort Worth will solicit and receive philanthropic grants and program-related investments (PRIs), or low-cost, risk-tolerant loans or investments. It expects to raise most of its operating support from local financial institutions, local non-financial corporations, and local, regional, and possibly national philanthropies.

CDFI Friendly Fort Worth will spend its revenue entirely on activities related to its purpose of addressing the credit gaps in underinvested neighborhoods and populations in the City of CDFI Friendly Fort Worth can help the most vulnerable people, particularly Black, Hispanic, and Asian American people and places. As an agile intermediary between CDFIs and local Fort Worth small businesses, affordable housing developers, nonprofits, and others, its business model must demonstrate bang-for-the-buck. In other words, its expenses must be tightly controlled to ensure it is creating net-positive value for the community.

OVERVIEW

The pro forma financials prepared for this business plan assume first-year Revenues and Expenses of \$383,750 and \$359,750, respectively. Over five years, it assumes total Revenues and Expenses of \$2.722 million and \$2.396 million, respectively.

These costs will result in new CDFI financing in Fort Worth in excess of \$256 million over the five-year period.

- **Operating Funds:** Most of CDFI Friendly Fort Worth's operational funding is grant revenue. Earned revenue from financing activity could cover as much as 37% of operational costs but may well provide less, especially in the first few years of operations. CFA has been in conversation with more than 25 private and philanthropic funders and investors about future and ongoing support for CDFI Friendly Fort Worth. Based on responses to date, we are confident that CDFI Friendly Fort Worth will be able to raise operating grants on an ongoing basis. The five-year pro forma Statement of Activities shows income and expenses over the complete start-up cycle, with the expectation that by mid-2023 the organization will be operating at full capacity. Our business model assumes that CDFI Friendly Fort Worth will operate with positive net operating results annually. This assumes ongoing regular fundraising for operating support as earned revenue potential is limited.
- **Grant Revenue:** CDFI Friendly Fort Worth will raise grants in the form of general operating support to give management and the Board of Directors the ability to adjust nimbly to changes in operating conditions. Sources of grant funding will include local and regional financial institutions, philanthropic institutions, and corporations. It could also include state funding and—if

CDFI Friendly Fort Worth					
DRAFT Pro Forma Budget: 2023-2027					
	2023	2024	2025	2026	2027
Income					
Interest & Fee Income	\$33,750	\$78,750	\$123,750	\$191,250	\$247,500
Grants	\$325,000	\$400,000	\$425,000	\$425,000	\$425,000
In Kind	\$25,000	\$10,000	\$1,000	\$10,000	\$1,000
Total Income	\$383,750	\$488,750	\$549,750	\$626,250	\$673,500
Expenses					
Executive Director	\$125,000	\$130,000	\$140,000	\$150,000	\$155,000
Senior Outreach Manager	\$40,000	\$80,000	\$82,500	\$85,000	\$90,000
Assistant to Executive Director	\$40,000	\$42,500	\$45,000	\$47,500	\$50,000
Payroll taxes & benefits	\$51,250	\$63,125	\$66,875	\$70,625	\$73,750
Bookkeeping	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Marketing & PR	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Dues and Subscriptions	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Conference Fees	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Legal & Professional Fees	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Travel & Meals	\$3,000	\$3,000	\$3,250	\$3,250	\$3,500
Interest Expense	\$80,000	\$100,000	\$150,000	\$160,000	\$160,000
Provision for loan loss					
Total Expenses	\$359,750	\$439,125	\$508,125	\$536,875	\$552,750
Surplus (loss)	\$24,000	\$49,625	\$41,625	\$89,375	\$120,750
Enhancement Fund Assumptions					
Equity	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000
Debt at 2%	\$4,000,000	\$5,000,000	\$7,500,000	\$8,000,000	\$8,000,000
Total	\$6,000,000	\$7,500,000	\$10,500,000	\$11,500,000	\$12,000,000
Credit Enhancements made	\$750,000	\$1,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Outstanding at YE	\$750,000	\$1,750,000	\$2,750,000	\$4,250,000	\$5,500,000

CDFI Friendly Fort Worth becomes a Certified CDFI-- federal funding from the CDFI Fund³ at the U.S. Department of the Treasury. (An organization must have at least two years of financing experience to become a CDFI, so this may be possible starting in 2025.)

- **Earned Revenue:** CDFI Friendly Fort Worth projects to produce earned income from its financing activities. This would include fees (for example, a fee related to guarantees) and interest (the net spread earned on its lending). Because the total assets for financing will be modest and their purpose is to facilitate CDFI financing, CDFI Friendly Fort Worth's financing activity will contribute modestly to revenue.
- **In-kind Revenue:** CDFI Friendly Fort Worth will seek in-kind revenue through donated professional services, where possible. This could include financial administration (for example, loan closings), legal, marketing, rent, and other types of services.
- **Expenses:** The largest expense will be personnel and related benefits. Because the CDFI Friendly strategy is transactional, it relies very heavily on interpersonal and interorganizational relationships. We are planning a lean organization with one paid employee initially expanding to three FTEs over time. Because the role of CDFI Friendly Fort Worth is to broker and leverage relationships, it will rely on alignment with the work of others--particularly CDFIs--to achieve

³ The CDFI Fund has operated since 1994 as a source of capital and data to the CDFI industry. It invests in the CDFIs rather than in projects funded by the CDFIs to allow the CDFIs to adapt to changing market conditions. It is a unique federal program and one of the most successful programs in U.S. history. To date it has invested more than \$15 billion in CDFIs to leverage at least \$75 billion in new CDFI financing.

its goals. CDFI Friendly Fort Worth expects to provide competitive compensation and benefits to attract and retain high-quality talent. Other expenses include:

- **Contracted professional services:** As needed, and might include travel, meals, etc. involved in the conduct of the organization’s primary business of recruiting and completing CDFI financing in Fort Worth.
- **Interest Expense:** Interest paid on debt borrowed to capitalize the Capital Enhancement Fund.
- **Indirect Expenses:** Overhead costs.

As a financial intermediary, CDFI Friendly Fort Worth will maintain loan loss reserves (LLR) at a level consistent with the risks it understands it is taking. Consistent with CDFI practice, the LLR will be non-cash expenditures out of net assets.

Projected Statement of Financial Position (Balance Sheet)

This plan assumes that CDFI Friendly Fort Worth will have slightly more than \$6 million in assets at year-end 2023 rising to more than \$12 million at year-end 2027. It projects net assets of approximately \$2 million at YE23 and \$4 million at YE27.

<u>Enhancement Fund Assumptions</u>	2023	2024	2025	2026	2027
Equity	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000
Debt at 2%	\$4,000,000	\$5,000,000	\$7,500,000	\$8,000,000	\$8,000,000
Total	\$6,000,000	\$7,500,000	\$10,500,000	\$11,500,000	\$12,000,000
Credit Enhancements made	\$750,000	\$1,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Outstanding at YE	\$750,000	\$1,750,000	\$2,750,000	\$4,250,000	\$5,500,000

Statement of Financial Position @ YE	2023	2024	2025	2026	2027
ASSETS					
Cash	\$24,000	\$49,625	\$41,625	\$89,375	\$120,750
Investments	\$5,250,000	\$5,750,000	\$7,750,000	\$7,250,000	\$6,500,000
<i>Subtotal Cash + Investments</i>	<i>\$5,274,000</i>	<i>\$5,799,625</i>	<i>\$7,791,625</i>	<i>\$7,339,375</i>	<i>\$6,620,750</i>
Enhancement Investments					
- Current	\$250,000	\$750,000	\$1,000,000	\$750,000	\$1,500,000
- Long-term	\$500,000	\$1,000,000	\$1,750,000	\$3,500,000	\$4,000,000
<i>Subtotal Investments</i>	<i>\$750,000</i>	<i>\$1,750,000</i>	<i>\$2,750,000</i>	<i>\$4,250,000</i>	<i>\$5,500,000</i>
Total Assets	\$6,024,000	\$7,549,625	\$10,541,625	\$11,589,375	\$12,120,750
LIABILITIES					
Short-term	\$12,500	\$25,000	\$32,500	\$37,500	\$42,500
Long-term	\$4,000,000	\$5,000,000	\$7,500,000	\$8,000,000	\$8,000,000
<i>Total Liabilities</i>	<i>\$4,012,500</i>	<i>\$5,025,000</i>	<i>\$7,532,500</i>	<i>\$8,037,500</i>	<i>\$8,042,500</i>
NET ASSETS					
Unrestricted	\$24,000	\$49,625	\$41,625	\$89,375	\$120,750
Temporarily Restricted	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000
Total	\$2,011,500	\$2,524,625	\$3,009,125	\$3,551,875	\$4,078,250

Assets: CDFI Friendly Fort Worth's main assets will be capital dedicated to financing and operating grant funding for future use.

More than half of the financing assets will be in the form of loans and so will be offset by loans payable liabilities. Most if not all the loans will be from financial institutions.

While the assets are not complex, the practice of providing financing alongside CDFIs will require accounting practices that are unusual in most nonprofits, such as recording loan loss reserves (LLRs) as contra-assets.

Liabilities: The largest liability will be loans payable. At least through the startup period, CDFI Friendly Fort Worth will seek to have stable loans payable liabilities by borrowing for fixed terms at fixed costs. For that reason, these five-year financials do not show the significant challenges of recapitalizing its financing as needed, particularly if future financing involves a range of terms, prices, and loan terms and conditions. Other liabilities will include a low level of operating payables.

Net Assets: CDFI Friendly Fort Worth will maintain unrestricted and temporarily restricted net assets.

As a financial intermediary, CDFI Friendly Fort Worth will hold substantial net assets as temporarily restricted net assets securing the debt it borrows. Initially, it will maintain a net asset ratio of 30% or greater to de-risk the loans that financial institutions and others make to a start-up financial intermediary. Based on performance, it will aim to reduce that ratio over time, subject to the decisions of the lenders working with the Board of Directors.

As with most nonprofit financial intermediaries, net assets will be acquired almost entirely through grant funding that is raised as temporarily restricted net assets for financing and will not be available for operating costs. Sources may include financial institutions, government, quasi-governmental agencies, foundations, and others. Unrestricted net assets will include retained earnings and should also involve some grant support.

Allowance for loan loss on the projected statement of financial position will reflect the non-cash expenditures (described above) based on the organization's assessment of risks in financing.

Capital Enhancement Fund Projections: CDFI Friendly Fort Worth has prepared projections of lending and guarantee activity on a conservative basis for planning purposes.

On a rolling basis, CDFI Friendly Fort Worth projects \$9.75 million in Capital Enhancement Fund loans and guarantees made alongside CDFIs in support of projected CDFI financing activity of more than \$250 million. Losses, if any, will be paid first out of allocated LLR, second out of net assets dedicated to financing, and third—if necessary—out of borrowed funds.

The level of financing activities, the types of financing employed, and the amounts of individual loans and/or guarantees will affect earned revenue. Because the financing revenues are expected to be modest, differences in actual financing activity compared to projected activity will have a modest impact on operations.

Financial Statements Conclusion: These preliminary draft pro forma financial statements and plans reflect the best thinking of the CDFI Friendly Fort Worth planning team and are intended for planning purposes only. They likely will change during implementation at the discretion of the Board of Directors and at the direction of the Executive Director.

They show the organization's commitment to operating at a profitable but not a profit-maximizing level through the first five years of operations, to provide a steady supply of enhancement financing to support CDFI financing in line with the strategic priorities developed for this effort, and to steadily and gradually build the financial strength and capacity of CDFI Friendly Fort Worth.

IV. Market Analysis

CDFI Friendly America conducted a market analysis for business planning purposes from the perspective of CDFIs. Our focus is on understanding the need for CDFI financing.

We researched the market using publicly available data sources, with proprietary analyses, and through a series of interviews, conversations, and meetings in Fort Worth with City residents, leaders, entrepreneurs, public officials, nonprofit leaders, bankers, and others.

The data strongly suggest that increasing CDFI lending would produce positive economic and social results for the City, the local economy, and community residents, particularly Black and Hispanic residents.

Fort Worth & CDFIs

HOW CDFIS VIEW PROSPECTIVE MARKETS

CDFIs lend outside the margins of conventional financial institutions with dual purposes: first, to aid under-financed people and communities outside of the economic mainstream to enter the mainstream and, second, to help mainstream economic forces find opportunities in marginalized communities and markets.

To that end, CDFIs seek people and businesses of all types who are likely to borrow and repay successfully when given the chance. Compared to conventional lenders, CDFIs tend to provide financing on better—that is, more appropriate and sustainable—terms to their borrowers, often customized to the financial and economic realities of their customers. CDFI borrowers by and large are not able to obtain financing from mainstream lenders, though some can and do borrow from those institutions on terms and conditions that actually add risk for the lender and the borrower. Others look to predatory or other lenders who charge high, often extremely high, rates of interest on terms that are difficult to meet.

Nationally over the past several decades, CDFIs have proved the efficacy of their approaches. Net charge-off rates for CDFIs working in non-conventional markets consistently are just “basis points” higher than net charge offs by banks in conventional markets. (A basis point is one percent of a percentage point, so 100 basis points = 1%.) At the same time, CDFIs have proved that their financing results in significant job creation, production of affordable housing units, improved public sector performance in some instances, and community economic stability and growth.

CDFIs are able to make loans considered risky by conventional financial institutions due to their deep market knowledge and by providing support (often called technical assistance) to strengthen applicants and borrowers. At the same time, CDFIs mitigate risks to investors and funders by maintaining strong balance sheets, including ample loan loss reserves, high capital ratios (consistently more than 20% and often significantly higher), and consistent loan monitoring.



Finally, the CDFI business model strives to be profitable but not profit-maximizing. To that end, CDFIs add a moderate spread to the costs of its borrowed capital that enables it to sustain its operations while paying its investors a moderate and steady rate of return.

For all these reasons, CDFIs that have chosen to explore lending in Fort Worth—including both those that have made loans to date and those that have not yet made loans—are most interested in well-defined opportunities comprising a reliable stream of prospective borrowers from outside the economic mainstream. In Fort Worth as in many CDFI communities, CDFIs are motivated to focus on groups of people who have been systemically limited or denied access to fair financing over a long period. For that reason, our research focused heavily on Black, Hispanic, Asian, and female borrowers.

FORT WORTH'S HISTORY OF CDFI FINANCING

The quantitative data and the qualitative data we obtained through interviews, conversations, meetings, and outreach indicate that CDFI financing in the past has been a disappointment.

We noted that 61% of Fort Worth's census tracts qualify as "CDFI Investment Areas" under the U.S. CDFI Fund's criteria, meaning that 61% of the City's census tracts include at least one indicator of economic distress. That is a high rate and suggests significant potential demand for CDFI financing. The CDFI Fund considers high poverty rates, high unemployment, and low median incomes as indicators of economic distress.

We pay particular attention to historical patterns of CDFI lending in light of the high rate of CDFI Investment Areas. The Fund's Transaction Level Reporting data found that CDFIs had loaned \$46 per person in Fort Worth for the period 2005-2020, a total of slightly more than \$40 million. That is low compared to other cities, to the state, and to the nation.

In Dallas, for example, CDFIs loaned \$90 per person (\$119.2 million) for the same period. Across the state of Texas, CDFIs loaned \$155 per person (\$4.4 billion), and for the nation as a whole CDFIs loaned \$325 per person (\$105.5 billion). These data suggest there is significant upside potential for increasing CDFI lending in Fort Worth.

We consistently heard from City residents, officials, entrepreneurs, developers, and others that past CDFI lending seemed to them an unfulfilled promise. Many people had heard of CDFIs and/or had some experience exploring CDFI financing. Because the three CDFIs that were present in Fort Worth most consistently over the past 3-5 years prior to our work are small business lenders, we heard from many local entrepreneurs that were unable to connect with them or, in some instances, to advance through the lending process with them. Of the three, one is headquartered in Fort Worth and is well known; it is small, however, and consistently has had little capital available for lending. The two others are headquartered elsewhere in Texas and had been unsuccessful at developing a steady pipeline of demand for their financing. In fact, CDFIs over the past 15 years have seen demand grow significantly where they are located and among the populations they are already serving, and so expanding to other markets was challenging.

This suggested to us a need for skilled intermediation to connect CDFIs to entrepreneurs and other possible CDFI borrowers (and vice-versa), a core function of the CDFI Friendly Fort Worth business model. We consistently heard interest from residents and entrepreneurs for more active match-making.

In addition, in response to the City's efforts to support entrepreneurs through COVID—particularly but not only entrepreneurs of color—and its efforts to increase opportunities for Minority and Women Business Enterprises (MWBES), we learned about two pressing needs.

First, we came to understand that some MWBEs are unable to secure contracts through the City government and otherwise because they lack access to financing that would both strengthen their bids and enhance their capacity to succeed and profit. CDFI financing can be a game-changer in situations such as this because it is usually flexible in form and structure. Second, while the City’s Department of Diversity and Inclusion is developing new systems for connecting MWBEs to contracting and other opportunities, no system yet exists to also bring them in direct contact with CDFIs to discuss financing. As a result, the City and CDFI Friendly Fort Worth are making it a priority to build a consistent system for putting MWBEs in direct discussions with CDFIs.

While small business lending was most often named during CDFI Friendly Fort Worth’s market outreach, consumer lending proved to be a significant demand, as well. During 2022, we saw significant demand from the consumer sector for CDFI financing. This included small-dollar loans for personal uses as well as home mortgages, and used car loans for commuters.

We learned of significant demand longer-term for real estate development—both residential and commercial. With increasing diversity in Fort Worth, strong demand for affordable housing, and indications of economic opportunities in multiple areas such as the Historic Southside, we expect real estate lending by CDFIs to make up a significant share of CDFI lending going forward.

Market Data: Key Fort Worth Data Points for CDFIs

Fort Worth is a diverse city, with the plurality of its population of 874,401 identifying as White (39.2%). The majority of the city’s population comprises people of color and other minorities:

- 35.1% of City residents are Hispanic or Latino,
- 18.9% are Black or African American,
- 4.6% are Asian,
- 0.5% are Native Americans, and
- 1.7% are two or more races or Other.

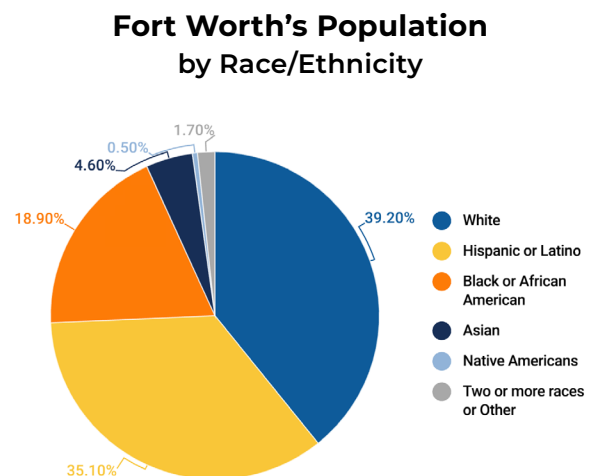
The City’s population is growing rapidly. From 2010 through 2019, it increased 24%. That growth has made the City more diverse.

According to the U.S. Census, the population of African Americans increased by more than 20% since 2000. At the same time, the percentage of Hispanics grew from 27.9% in 2000 to 35.1% in 2022. This change is due largely to immigration, as Latin American and Caribbean immigrants have moved to the Fort Worth area.

The Asian population in Fort Worth has also grown, although not as dramatically as the African American and Hispanic populations. The percentage of Asians in the electorate has increased from 2.6% in 2000 to 4.6% in 2022. The Native American population in Fort Worth has increased slightly, from 0.3% in 2000 to 0.5% in 2022.

RACIAL FACTORS

Because CDFIs prioritize people and communities that historically have been under-financed, we studied racial, gender, and demographic data and observations that might affect future CDFI financing in Fort Worth. Our findings indicate a pattern of systemic and structural obstacles to conventional lending to BIPOC people and in BIPOC communities.



According to the U.S. Census Bureau, in 2019 the poverty rates for Fort Worth were significantly higher for Black individuals (22.4%) and Hispanic individuals (22.5%) than for White individuals (8.4%) and Asian individuals (9.5%). Overall the City’s poverty rate was 14.5%.

Unemployment for Black individuals (8.5%) is nearly double that for White individuals (4.3%). Hispanic individuals (6.9%) experience notably higher rates of unemployment than Whites, too. Asian individuals (4.1%) experience slightly lower rates. Overall the City’s unemployment rate was 5.4% with a Labor Force Participation rate of 67.5%.

According to the U.S. Census Bureau (2019), the median household income of Black and Hispanic people in Fort Worth—approximately \$48,000 and \$50,000, respectively—was significantly lower than the median household income for White people—approximately \$62,000. Asian people in Fort Worth had the highest median household income, at approximately \$70,000.

These and other significant economic indicators related to race in Fort Worth include:

Summary of Select Economic Data by Race that is Important to CDFIs

	Black	Hispanic	Asian	White
Wages (Annual Median)	\$30,890	\$36,483	\$44,721	\$54,781
Net Worth (Median)	\$14,400	\$28,800	\$94,200	\$134,400
Homeownership Rate	40.7%	37.1%	40.8	63.9%

Lending in Fort Worth by Race

Our analysis of the lending data revealed that:

- Black and Hispanic borrowers in Fort Worth, TX, had lower credit scores and higher loan amounts than their Asian and White counterparts.
- The median loan amount for Black borrowers was \$50,000, compared to \$55,000 for Hispanic borrowers, \$60,000 for Asian borrowers, and \$65,000 for White borrowers.
- The median credit score for Black borrowers was 620, compared to 650 for Hispanic borrowers, 700 for Asian borrowers, and 720 for White borrowers.

CDFI Friendly America uses mortgage lending as a surrogate for lending overall because the data required for it by the Home Mortgage Disclosure Act makes it the most reliable lending data in a market. In the 2005-2020 period, 48% of home mortgage lending went to borrowers of color, compared to 65% of all CDFI lending.

Two recent studies suggest that the differential is consistent with racial bias in lending.

The National Community Reinvestment Coalition (NCRC), a national advocate for responsible lending, found that African American and Hispanic home buyers in Fort Worth received just half as many mortgage loans as White home buyers. The study also found that African Americans and Latinos were twice as likely to be denied a mortgage loan compared to Whites.

A second study conducted by the Federal Reserve Bank of Dallas found that the racial gap in mortgage lending in Fort Worth was one of the highest in the country. Like the NCRC analysis, the Federal Reserve study found that African Americans and Hispanics were denied mortgage loans at nearly twice the rate of Whites. This racial gap in mortgage lending was even greater in low-income neighborhoods.

Housing Costs by Race

Data from the US Census Bureau and the US Department of Housing and Urban Development (HUD) shows that African American renters in Fort Worth, TX, pay more than their White counterparts. In 2019, African Americans paid an average of \$1,084 per month for a two-bedroom apartment, while whites paid an average of \$898 per month for the same size unit.

Housing is a major cost burden for renters—49% of renter households are paying more than 30% of their income for housing. In addition, rent costs increased 41% from 2010-2019.

Debt by Race in Fort Worth

According to the State of Texas Data Center, in 2019 the median debt for white households was \$26,000, while the median debt for Black households was \$32,000. This difference of \$6,000 was the largest of any other racial group. And a study by the Fort Worth Star-Telegram in 2019 found that African Americans in Fort Worth were more likely to struggle with debt than any other racial group. The study revealed that more than 60% of black households in the city had an average of \$27,000 in debt. This figure was significantly higher than the average debt of white households, which was \$21,000.

The studies reflect the fact that people with lower net worths and generally fewer resources are more likely to borrow to meet everyday needs. For example, people with inadequate health care coverage are likely to go to hospital emergency rooms for their primary care, often running up significant debt that they do not have the ability to pay. Research at the University of North Carolina has found that excluding medical debt raises many families from sub-prime credit score ratings to strong debt ratings. As a result, some CDFIs ignore medical debt in assessing borrowers without increasing their credit risk.

Educational Quality by Race

The [Texas Education Agency \(TEA\)](#) found, based on data from the 2018-2019 school year, that race plays a significant role in educational quality in Fort Worth. Specifically, according to TEA, African American and Hispanic students are more likely to be enrolled in lower-performing schools, and have lower levels of achievement than their White and Asian peers. It suggested that causes might include access to financial and other resources, socio-economic disparities, and systemic racism.

Educational Attainment by Race

As of 2018, according to data from the City and the U.S. Census Bureau, the differences in educational attainment by race in Fort Worth are significant:

- 93.2% of the White population over the age of 25 had at least a high school diploma, and 35.9% had a bachelor's degree or higher,
- 85.5% of the Black population over the age of 25 had at least a high school diploma, and 18.7% had a bachelor's degree or higher, and
- 74.9% of the Hispanic population over the age of 25 had at least a high school diploma, and 13.3% had a bachelor's degree or higher.



Housing affordability is a growing issue in communities across the nation, including Fort Worth. Some CDFIs lend to affordable housing developers or provide mortgage loans, which can help address this need.

Quality of Life

Research by the City found that racial disparities exist between White residents and other residents. “[T]here is a disparity in quality of life between racial groups in Fort Worth. African American, Hispanic, and Asian American respondents all reported significantly lower levels of quality of life than white respondents,” it found. Our interviews and outreach seemed to confirm this; indeed, this difference is a generally accepted description of Fort Worth’s status quo.

Health & Health Care

White residents of Fort Worth live significantly closer to hospitals than Black and Hispanic residents. The average distance between White residents and a hospital is 6.3 miles, while the average distance between Black and Hispanic residents and a hospital is 8.7 miles and 9.3 miles, respectively. According to the American Hospital Association and the U.S. Census Bureau, this could indicate a lower level of care for non-White residents.

Similar accessibility issues exist with respect to fresh food. The Public Health Law Center found that, “Fort Worth has a significant issue with access to healthy food for people of color. In order to address this, there needs to be more investment in initiatives that promote access to healthy food in low-income neighborhoods of color.”

Finally, White residents on average live longer (78.2 years), according to the Report on City of Fort Worth Health Indicators, than Black (74.2 years) and Hispanic (76 years) residents. Asian residents on average live 81.9 years.

CDFI Friendly America’s conversations and interviews with Fort Worth residents, entrepreneurs, public officials, and others surfaced community comments on all of these points, though the reports were anecdotal. Comments often presented “social unfairness,” “inequities,” “racial inequities,” “injustice,” and other descriptions.

Banking & Access to Capital

At the same time, conversations with many of the 34 banks we identified as operating in Fort Worth suggested self-awareness that their performance in Fort Worth’s communities of color left substantial room to improve. Many bankers welcomed the promised role of CDFI Friendly Fort Worth for its potential to help organize the local market for, at the least, compliance with Community Reinvestment Act requirements for lending, investment, and service.

To that end, CDFI Friendly Fort Worth has sought to engage banks in three (3) primary ways:

- Partnering with CDFIs to lend and invest in Fort Worth’s under-financed people and communities,
- Lending to and investing in CDFIs that are working in Fort Worth, and
- Investing in CDFI Friendly Fort Worth, the organization, and lending into its Capital Enhancement Fund described in this business plan.
- Virtually all the banks we interviewed and talked to expressed interest in taking some or all of those steps.

City Officials

Mayor Mattie Parker, Members of City Council, the City Manager, and others have consistently expressed support and encouragement for the strategy.

They understood from the start that CDFI Friendly Fort Worth would not emerge as a City-run or City-controlled program, and they embraced the importance of an independent, community-controlled organization.

City officials—including but not limited to Robert Sturns and his team at the Department of Economic Development and Christina Brooks and her team at the Department of Diversity & Inclusion—are eager to see CDFI Friendly Fort Worth succeed.

Conclusion: CDFI Engagement Through 2027

Our market research suggests that CDFI Friendly Fort Worth will be valuable from the start and will grow in significance as it gains experience. The target market is large in scale and diverse in its needs. Community residents and City officials alike are eager to see it succeed and so are supporting it publicly and privately. Differences along racial lines in lending over the past few decades amplify the potential for CDFI financing to play a constructive role by bringing new borrowers, particularly BIPOC borrowers, into the economic mainstream while opening BIPOC markets to mainstream economic actors. CDFI engagement to date has reflected strong interest across the CDFI industry—and across the nation—in lending to Fort Worth’s under-financed people and communities. Banks and other mainstream financial institutions appear ready to work with CDFI Friendly Fort Worth and CDFIs to significantly increase access to capital in BIPOC communities and to leverage the roles that CDFIs are likely to play in Fort Worth.

CDFI Friendly strategies can work only if CDFIs see significant opportunities for lending in the market. As of January 1, 2022, only three (3) CDFIs—William Mann CDC, PeopleFund, and LiftFund—were actively working in Fort Worth. Following the January 26, 2022, kick-off event in Fort Worth, nineteen (19) CDFIs expressed interest in working in Fort Worth directly or indirectly. To date, eleven (11) CDFIs have made loans in Fort Worth. We expect most if not all of these 11 CDFIs to remain active in the City, while others will join them and some will step away. Changes in market conditions could influence who leaves and who joins the CDFI Friendly effort.

We believe that the market will support at least \$250 million in new CDFI financing in the period January 2023 through December 2027. While the exact composition of this lending will depend on market conditions and other externalities, the ability of CDFIs to support communities in dynamic ways as conditions change adds to our confidence that CDFI Friendly Fort Worth has a robust, growing market to serve.

V. Strategy and Goals

CDFI Friendly Fort Worth’s purpose is to address financing gaps in Black, Hispanic, Asian American and other under-financed markets by matching demand for financing with CDFIs that can meet the demand.

Our Approach

CDFI Friendly Fort Worth is a community-centered and community-controlled nonprofit organization. It works to educate local public, private, and philanthropic organizations, residents, and businesses about CDFIs; to make connections between CDFIs and the target market; and to incentive and de-risk CDFI lending in Fort Worth, where possible.

It serves three purposes:

- Develop and sustain a high-functioning CDFI marketplace in Fort Worth.
- Generate and identify demand for CDFI financing by educating and informing Fort Worth residents, developers, businesses, and nonprofits about how CDFIs can address their needs and connecting them to the right CDFIs.
- Increase the supply of affordable, responsible financing by attracting CDFIs to lend in Fort Worth, guiding them in meeting demand, and generating a pipeline of prospective borrowers.

To those ends, CDFI Friendly Fort Worth will:

- **Develop, promote coordination among, and make the most of trusted Fort Worth-centered relationships with:**
 - Black, Hispanic, and Asian American businesses, nonprofits, developers, homeowners, renters, and others to understand their financing needs and to discuss opportunities.
 - Community organizations, faith-based institutions, and local government agencies to get their perspectives on the financing needs of their communities.
 - Technical assistance (TA) providers to learn what types of support they can provide to help prospective borrowers become loan-ready and to help ensure borrowers succeed.
 - CDFIs that have demonstrated interest in providing financing in the Fort Worth market to understand their priorities and to connect them to opportunities for financing.
 - Mainstream financial institutions working in Fort Worth, particularly banks and credit unions, to discuss their priorities, their understanding of market conditions, and their opportunities for financing the community either directly, in partnership with CDFIs, or through CDFIs.
 - Public entities (local, regional, state, and national, as needed) to anticipate opportunities and other factors that might affect this effort.
 - Local funders to explore opportunities to collaborate on projects or provide operating grants or loan capital investments to CDFI Friendly Fort Worth or CDFIs.
- **Cultivate and provide a steady pipeline of financing opportunities to CDFIs by:**
 - Educating primarily Black, Hispanic, and African American small businesses, developers, nonprofits, consumers, and others about CDFIs and how CDFIs can address their financing and TA needs.
 - Providing “warm” referrals of businesses, nonprofits, developers, community organizations, homeowners, renters, and others who are seeking financing to appropriate CDFIs that might meet their specific needs; or alternatively, to TA providers that can help prepare them to borrow.
- **Ensure a reliable flow of CDFI financing to viable opportunities for potential borrowers by:**
 - Providing financing or financial guarantees to CDFIs, on occasion, through a Capital Enhancement Fund.
 - Administering pass-through funds that incentivize CDFI lending, as needed.
 - Encouraging private, philanthropic, and public funders to invest in CDFIs and/or CDFI Friendly Fort Worth.
 - Convening CDFIs regularly to identify and help address challenges that may hinder their ability to lend to these referrals.
 - With its local presence, monitoring CDFI asset performance for CDFIs that are not in the market on a regular basis.

CDFI Friendly Fort Worth works within and stimulates Fort Worth’s community development finance ecosystem. This ecosystem of local government, CDFIs, TA providers, nonprofits, community organizations, banks, and City departments today has both strengths and weaknesses. Strengths include strong interest among CDFIs and among community residents for a solution to credit disparities affecting people of color in the City as well as the City’s inclusive procurement policies and new Targeted Area Development strategy.

Weaknesses include a long history of limited CDFI activity, which in turn causes all actors in the ecosystem to underestimate what is possible, and limited capacity among developers (particularly developers of color) and TA providers that work to strengthen developers and small businesses.

CDFI Friendly Fort Worth will have to determine how it might help address these weaknesses by, for example, becoming a convener of ecosystem participants to help them coordinate their services and identify solutions to gaps.

It is important to define CDFI Friendly Fort Worth's role with respect to lending and TA delivery. CDFI Friendly Fort Worth will not be a TA provider itself; rather it will add value by introducing CDFIs to TA providers so that they in turn can form mutually beneficial relationships to better serve their respective clients. It can also attract national and regional TA providers, as needed.

CDFI Friendly Fort Worth will be a lender but will not make independent lending decisions or finance loans on its own; rather, it will use its Capital Enhancement Fund to participate in deals that CDFIs have approved (see The Capital Enhancement Fund below). While CDFI Friendly Fort Worth will not be certifiable under federal CDFI Fund rules as a CDFI at inception, the Board intends to explore CDFI Certification with the goal of raising CDFI Fund grants to support its participation in CDFI deals.

Financing Products

Consistent with its purpose of attracting CDFI financing to Fort Worth as a “new” market for most CDFIs, CDFI Friendly Fort Worth is offering and will offer financial incentives and enhancements to CDFIs.

2% Origination Fees

The City of Fort Worth provided \$500,000 to CDFI Friendly Fort Worth to incentivize CDFI lending in Fort Worth. After discussion with CDFIs, CDFI Friendly Fort Worth offered this incentive as a two percent origination fee for each loan originated in the City based on the total amount of the loan. As expected, this fee is appealing to CDFIs but is not sufficient to cause CDFIs to consider making loans they would not otherwise make based on their own credit standards.

If the full \$500,000 is taken up, it would incentivize up to \$25 million in financing, well within the strategy's goals. As of September 30, 2022, CDFI Friendly Fort Worth has distributed \$108,804 to 11 CDFIs for originating 49 loans totaling more than \$5.4 million. (Not all CDFIs had requested fees for their loans at the time of this report.)

As appropriate, CDFI Friendly Fort Worth will consider similar or additional fee-based incentives in the future.

The Capital Enhancement Fund

CDFI Friendly Fort Worth will launch a permanent revolving loan fund (RLF) in late 2022 or early 2023 as The CDFI Friendly Fort Worth Capital Enhancement Fund. The Capital Enhancement Fund is designed to address a key risk that CDFIs have identified in Fort Worth and other CDFI Friendly markets: the need to monitor loan-related activity “on the ground” in Fort Worth.

Most CDFIs working in Fort Worth over time will work on the ground in the market on a part-time basis or not at all. It is imperative for some of them that there be a *pari pasu*⁴ lender to their borrower so that someone local with “skin in the game” is monitoring the loan performance close-up.

The Enhancement Fund creates this sort of structured lending involvement using two possible products:

- Debt alongside (*pari pasu*) CDFI debt into local deals.
- A Guarantee (also *pari pasu*). See Appendix E for a draft Capital Enhancement Fund term sheet.

⁴ *Pari pasu* (or *pari-pasu*) is a legal term meaning, in this case, that two or more lenders are “on the same footing”--that is, side-by-side with the same risk.

Both products ensure that a local investor who is alert to market conditions and other factors (such as an entrepreneur’s health) that might affect the risk performance of a loan or investment will intervene immediately with the borrower. The products will be used only in response to requests from CDFIs and will follow, rather than lead, CDFI financing into transactions. As with all CDFI financing, the transactions could also include bank, credit union, public, or other financing.

CDFI Friendly Fort Worth’s Investment Committee will make decisions on the use of the Capital Enhancement Fund. This introduces a measure of community control over the use of funds and CDFI Friendly Fort Worth’s priorities.

The Investment Committee might set programmatic priorities to guide its decisions. For instance, the Committee might prioritize financing for entrepreneurs of color seeking to participate in public contracting opportunities but not for other business uses. In addition, CDFI Friendly Fort Worth will reserve the right to not work with any CDFI that does not meet its standards of performance or mission.

Under no circumstances will CDFI Friendly Fort Worth initiate financing for opportunities in Fort Worth; instead, it will respond to CDFI requests to participate in CDFI-initiated financing. In addition, it will not assess the potential risks of investments or guarantees until a CDFI has made a determination that it intends to proceed with its financing.

Start-up Activities to Date

From November 2021 through August 2022, CFA led the City, the community, and CDFIs through some or all of the four phases of work for creating CDFI Friendly Fort Worth. (See Appendix F. CDFI Friendly Fort Worth Timeline.)

Phase One: Outreach: From November 2021 through June 2022, CFA partners and senior consultants conducted approximately 100 outreach meetings involving more than 400 community residents, business owners, public officials, policymakers, heads of nonprofit organizations, and business owners. (The findings from these interviews and meetings are covered in Section II. Market Analysis and further detailed in Appendix A. Market Research.)

In addition, CFA talked to more than 20 CDFIs and 30 banks. Nineteen CDFIs committed to lend in Fort Worth. (See Appendix G. CDFIs Lending or Interested in Lending in Fort Worth.) Most banks expressed support for the CDFI Friendly Fort Worth strategy and indicated a willingness to work alongside CDFIs, increase their financing in under-financed communities in Fort Worth, and support CDFI Friendly Fort Worth financially.



On January 26, 2022, CFA and the City hosted a public event at Fort Worth's future City Hall to announce the launch of CDFI Friendly Fort Worth.

The event featured Mayor Mattie Parker, Economic Development Director Robert Sturns, Chief Diversity and Equity Officer Christina Brooks, CFA partner Mark Pinsky, and national CDFI leaders,



and provided the opportunity for potential borrowers to meet individually or in small groups with six CDFIs (BCL of Texas, The Change Company, LiftFund, NALCAB, PeopleFund, and William Mann Jr. CDC). (See Appendix H. Agenda for January 26, 2022 Launch Event.) More than 250 people attended the event in-person and virtually, including potential borrowers, community organizations whose constituents are potential borrowers, and City Council members. The event introduced or reintroduced City and community leaders to CDFIs and the CDFI Friendly strategy, encouraged commitments from CDFIs to work in Fort Worth, and solicited investment commitments from financial institutions and others to support CDFI Friendly Fort Worth. The event succeeded in energizing

the community: CDFIs and potential borrowers were excited to talk to each other and community organizations and City Council members left with a clearer understanding of the breadth and depth of the potential impact.

While outreach meetings continue on an ongoing basis, the January 26 event was the official start of Phase Two: Organize and Educate.

Phase Two: Organize and Educate: The overall goal of CFA is to help local leaders establish CDFI Friendly Fort Worth as an independent, community-led and community-controlled nonprofit that assumes responsibility for organizing, funding, and implementing the CDFI Friendly strategy.

Phase Two involves change management: the focus shifts from CFA to the community as the owner of the CDFI Friendly strategy in Fort Worth. Community stakeholders begin to embrace ownership, work together across groups in ways they haven't previously, and understand their goal is to develop a productive CDFI marketplace where prospective borrowers--especially people of color, low-income residents and others who face barriers to achieving success-- know where to go for financing, CDFIs are financing deals, banks and other investors are supporting CDFIs, and the City is supportive but not controlling.

After the January 26 event, CFA began intentionally connecting stakeholders so they could start working together. CFA also deepened its education efforts, correcting misconceptions such as, CDFI Friendly Fort Worth is a government program, and clarifying nuances such as CDFIs are lenders who need to be repaid, not grant makers.

Organizing activities included setting up an online borrower inquiry portal for prospective borrowers. Unlike a detailed loan application, the inquiry portal asked for minimal information about the potential borrower and their need for financing. CFA matched each inquiry to one or more CDFIs who were then able to contact the prospective borrowers.

From January through September, CDFIs successfully closed 115 loans (46 small business, 45 consumer, and 24 home mortgages) totaling \$6.59 million. (See Appendix I. CDFI Closed Loans January 26 – September 30, 2022.) Relative to historic CDFI lending in Fort Worth, this volume represents a dramatic increase: From 2005-2020, CDFIs lent \$40 million in Fort Worth, an average of \$2.5 million per year. In just over eight months (from January 26 - September 30, 2022), CDFI Friendly Fort Worth documented \$6.59 million in CDFI loans, nearly four (3.8) times the historical average annual amount prior to the launch of CDFI Friendly Fort Worth. Relative to total inquiries, however, the loan volume represents a small fraction. Many of the prospective borrowers did not respond to repeated contacts from multiple CDFIs and it is too early to tell if other prospective borrowers are in underwriting or need time to become ready to borrow.

CFA held a series of virtual meetings with CDFIs to market CDFI Friendly Fort Worth and organized meetings with prospective borrowers interested in business and consumer loans. TruFund, a CDFI, organized its own outreach event for potential borrowers. CFA is encouraging other CDFIs to do the same and has set a goal of 15 additional CDFI-led outreach events by mid-2023.

In part through interest generated by the January launch event, CFA was able to recruit eight committed community and city representatives to form a CDFI Friendly Fort Worth Steering Committee. (See Appendix J. Steering Committee Members.) The Steering Committee's primary roles were to coordinate with CFA, recruit and select a community-based Board of Directors, and keep the community up to date on the initiative's progress. The Steering Committee held its first meeting in March. The Steering Committee members were highly engaged and agreed to meet monthly until it had selected the Board of Directors. Over several months, the Steering Committee learned from CFA about how a CDFI Friendly board functions, reviewed CDFI lending activity, and gathered a list of highly qualified community leaders to nominate to the Board. In June they conducted interviews with the candidates and selected the Board. (See Appendix D. Founding Board of Directors.)

Following its outreach to banks and potential funders, CFA focused on organizing needed funding and financing for CDFI Friendly Fort Worth. In addition to standing up the two percent closing fee for CDFI loans closed in Fort Worth, CFA has been recruiting banks and other funders to:

1. Consider making grants to CDFI Friendly Fort Worth,
2. Consider making investments and grants to the Enhancement Fund.

In addition, CDFI Friendly Fort Worth has encouraged banks, in particular, to lend to CDFIs working in the City and to explore collaboration with CDFIs on deals the CDFIs are looking at.

The organize and educate phase includes raising the visibility of CDFI Friendly Fort Worth. CFA launched a website in January and regularly updates it. Around both the January and June convenings, CDFI Friendly Fort Worth sought and received substantial media coverage. In coordination with CFA, the City of Fort Worth publicizes the initiative through its social media channels (Facebook, LinkedIn, and Twitter) and promotes it with the media, leading to at least 18 press mentions.

On June 29, the Steering Committee held a public meeting to share the initiatives' six-month progress report, share testimonials from two successful borrowers, announce the new Board, and provide an interactive learning experience on how CDFIs review loan requests. (See Appendix K. Agenda for June 29 What's Next Event.) Nearly 160 people participated in-person and virtually. The event featured heart-felt appreciation from two borrowers, one of whom received a CDFI loan to restart their small business after a pandemic-related pause and another who received a CDFI loan to purchase a reliable car to commute to work. Interactive "deal tables" gave prospective borrowers the opportunity to discuss potential CDFI deals in small groups with CDFI lenders and bankers to learn how CDFIs review loan requests, how CDFIs' eligibility requirements differ from banks, and what kinds of TA CDFIs can provide to loan applicants.

Phase Three: Business Planning: After the June event, CFA began working with the new Board to develop realistic and measurable goals and this business plan. This plan is a road map for the Board and staff to formalize and grow the organization to achieve a set of five-year goals from January 2023 through December 2027.

Phase Four: Implementation: The Board of Directors held its first meeting on August 25, where they elected officers, planned the establishment of bylaws and other legal groundwork, discussed the development of the business plan, and agreed on steps to begin recruiting an Executive Director.

At their September meeting, the Board finalized the Executive Director job description and plan to begin recruiting in October. (See Appendix L. Executive Director Job Description.)

The Board hopes to hire the Executive Director by January 2023⁵. The Board will develop and implement a customized orientation process for the new Executive Director. The orientation will be based on the skills and experience of the Executive Director and will include but not be limited to a review of the CDFI Friendly organizing effort and all that was learned in that process, introductory meetings with key players not on the Board, and, if needed, training in CDFIs and nonprofit management. CFA can assist in developing the orientation curriculum and materials.

As mentioned above, the City of Fort Worth identified staff support for CDFI Friendly Fort Worth. Victor Garza, one of the City's FUSE Fellows, will help staff CDFI Friendly Fort Worth and work with the Board on a full-time basis from August 2022 through July 2023.

The Board has partnered with Texas A&M School of Law's clinic to handle the work needed to start up the organization. Law students, under the supervision of their professor and with consultation from Victor Garza, will handle the work needed to start up the organization, including filing the Certificate of Formation and developing Bylaws and a Conflict-of-Interest Policy. Other tasks the law clinic may assist with are the filing of a 501(c)3 application and a Board Policies and Procedures Manual.

The Board has asked the United Way of Tarrant County to be CDFI Friendly Fort Worth's fiscal sponsor for a period of 12 months; the Board and the United Way are in the process of finalizing a contract. CDFI Friendly Fort Worth is on schedule to be fully operational by April 30, 2023, when CDFI Friendly America's contract with the City ends.

Five-Year Goals

Evidence to date demonstrates the potential of CDFI Friendly Fort Worth's strategy. Based on early lending results, conversations with CDFIs that are active in Fort Worth, and exploration with other CDFIs, CDFI Friendly Fort Worth projects CDFI lending to double in 2023 and increase at a more gradual annual rate thereafter, reaching a cumulative total of \$256 million by year end 2027. The Board is committed to building the organizational capacity and raising the necessary funding to support these lending goals.



On June 29th, 2022 CDFI Friendly Fort Worth hosted an event to provide the community with a progress update, continue education about CDFIs, and announce the Board members.

Pictured above is a segment from the convening where attendees met in groups to review and discuss examples of potential CDFI loans to learn more about the lending process.

⁵As of the publishing of this document in January 2023, the CDFI Friendly Fort Worth Board made the decision to hire former Board member and experienced financial professional, Glenn S. Forbes, to serve as Executive Director (See Appendix D for Glenn's full bio).

Goal 1: Steadily increase access to CDFI financing by residents of color, as well as BIPOC entrepreneurs, developers, nonprofits, and others.

- Annually, increase the number of trusted partners by two, including community organizations, TA providers, banks, public entities, and others.
- Hold regular outreach events in the community, among CDFIs, among mainstream financial institutions, as well as an annual public meeting to report on progress and hear community feedback.
- By July 2023, ensure that CDFIs have conducted and CDFI Friendly Fort Worth has promoted 15 outreach events, each hosted by a different CDFI.

Goal 2: Facilitate at least \$250 million in CDFI loans to Fort Worth residents, businesses, and nonprofit organizations.

- Annually, grow CDFI lending from \$20 million in 2023 to \$75.6 million in 2027, with a mix of types of loans. The projections below are estimates and are likely to change as market conditions change over the five-year period.

CDFI Lending Projections, 2022-2027

	2022	2023	2024	2025	2026	2027	Total 2022-2027
Sector							
Affordable Housing Development	\$1,000,000	\$ 2,000,000	\$ 3,500,000	\$ 5,250,000	\$ 6,300,000	\$ 7,560,000	\$25,610,000
Commercial Real Estate Development		\$ 1,000,000	\$ 1,750,000	\$ 2,625,000	\$ 3,150,000	\$ 3,780,000	\$12,305,000
Community Facilities		\$ 1,000,000	\$ 1,750,000	\$ 2,625,000	\$ 3,150,000	\$ 3,780,000	\$12,305,000
Consumer	\$20,000	\$ 40,000	\$ 70,000	\$ 105,000	\$ 126,000	\$ 151,200	\$512,200
Home Mortgage	\$8,000,000	\$14,000,000	\$24,500,000	\$36,750,000	\$44,100,000	\$52,920,000	\$180,270,000
Small Business	\$980,000	\$ 1,960,000	\$ 3,430,000	\$ 5,145,000	\$ 6,174,000	\$ 7,408,800	\$25,097,800
Total	\$10,000,000	\$20,000,000	\$35,000,000	\$52,500,000	\$63,000,000	\$75,600,000	\$256,100,000

- Ensure lending is reaching all areas of the City of Fort Worth while prioritizing people, entrepreneurs, and communities of color.
- Annually, the majority of the number and dollar amount of loans go to people of color or entities controlled by people of color.
- By 2024, ensure CDFI lending reaches the five most distressed Fort Worth ZIP Codes; by 2027, ensure lending reaches the eight most distressed ZIP Codes.
- Annually, close at least two Capital Enhancement Fund deals.

Goal 3: Build the organizational capacity and sustainability of CDFI Friendly Fort Worth to ensure its long-term success.

- **Start-up (by 2023)**
 - Hire the Executive Director with experience and capacity to identify and facilitate CDFI financing and to oversee operations of the Capital Enhancement Fund,
 - Submit all required legal organizational documents and 501(c)3 application, open a bank account; recruit the United Way of Tarrant County as a fiscal sponsor (done).
- Evaluate the pros and cons of CDFI Certification; if applicable, apply for CDFI funding and Certification.
- Raise necessary operating grants according to the budget to ensure that the organization consistently produces positive net operating results.
- Establish the Capital Enhancement Fund and raise \$12 million to capitalize it over five years.

VI. Risks and Risk Mitigation

Every startup enterprise faces risks. Nonprofits face an additional set of risks and financial institutions face complex risks. CDFI Friendly Fort Worth was organized to minimize the impact of those risks on its efforts to increase CDFI financing in Fort Worth.

Reputational Risk

CDFI Friendly Fort Worth has publicly stated its goal of bringing more than \$250 million in CDFI lending to Fort Worth by year end 2027 with a clear emphasis on people and communities of color. Its reputation depends on meeting this goal and on managing the Fort Worth community's expectations of CDFIs. Members of the community have voiced concerns that are a result of their incomplete understanding of CDFIs. For example, many individuals and businesses received COVID-19 relief grants in the past two years and are expecting CDFIs to provide more grants, not loans. Others do not understand why a CDFI requires collateral, financial statements, and other standard underwriting documentation. To mitigate this risk, CDFI Friendly Fort Worth will continue to conduct outreach to explain CDFIs and to correct misperceptions. To start, CDFI Friendly Fort Worth is promoting outreach events where CDFI staff meet with potential borrowers and explain their eligibility requirements and underwriting processes. CDFI Friendly Fort Worth Board and staff will constantly pay close attention to evolving public opinion and conduct public or individual outreach to counteract misinformation.

CREDIT RISK

All lending involves risk. This applies to CDFI Friendly Fort Worth's Enhancement Fund loans. The primary credit risk for CDFI Friendly Fort Worth's Credit Enhancement Fund financing is the underperformance or failure of a project in which it is participating alongside a CDFI.

As mentioned above, CDFI Friendly Fort Worth will not initiate financing; instead, it will respond to CDFI requests to participate in CDFI-initiated financing. In addition, it will not assess the potential risks of investments or guarantees until a CDFI has made a determination that it intends to proceed with its financing.

As a result, CDFI Friendly Fort Worth will base its risk assessment and underwriting on the expertise of a skilled CDFI, substantially limiting its potential exposure to credit risk. It will provide local market perspective to the CDFI's underwriting as appropriate. CDFI Friendly Fort Worth retains the right to do additional due diligence.

The CDFI industry has an exceptional proven track record of assessing and managing risk in markets similar to those in Fort Worth. Net charge off rates for most CDFIs are within 20 basis points of conventional financial institutions, including but not limited to banks, working in conventional markets.

In addition, CDFIs hold substantial first-loss capital (in the forms of net worth and loan loss reserves) that insulate their investors from undue risk. Over several decades, CDFIs have loaned or invested more than \$100 billion. Nationally, CDFI investors have lost a negligible amount of capital over 40 years. Finally, most CDFIs are audited, some are rated by AERIS (a CDFI-industry-specific rating agency), and almost all operate with full transparency.

CDFI Friendly Fort Worth will leverage CDFI experience and expertise to originate and monitor the performance of its loans.

ORGANIZATIONAL RISKS

Organizational risks are related to resources, disruption, and staff.

Resources: To manage the possibility that operational funding falls short, the organizing process has actively engaged and sought input from potential funders. While most have responded with encouragement, this process has identified those potential funders who appear unlikely to participate. The plan tries to incorporate these constraints.

Indeed, this Business Plan is an effective way of testing support and investment during startup. By making plans transparent and clear, funders and investors should know what they would be supporting and can anticipate their interest in providing support, participating in governance, or otherwise getting involved. As a result, the organizers of CDFI Friendly Fort Worth should receive clear feedback.

Disruption: The CDFI Friendly model has drawn wide interest and support, yet in implementation it will disrupt familiar patterns of community and economic development activity in Fort Worth. It might change funding flows, investment patterns, development priorities, institutional relationships, etc.

For that reason, the organizing and planning process was aggressively collaborative and transparent. To the extent possible, the process, as well as this plan, make the path clear to everyone who might be affected and offers the means to anticipate and address concerns.

In addition, CDFI disruption almost always leads to new opportunities that outweigh concerns. For example, CDFIs may bring to Fort Worth new forms and approaches to financing that make local projects possible. In addition, CDFIs bring to the community capital from sources that otherwise might not be present. An example is Bank of America's substantial (10-year, 0-1%, \$10 million) commitment to CDFIs working there, a goal that Bank of America has nearly met.

Staff: Startups are particularly vulnerable to the magnified impact of heavy dependence on a single, key person in the Executive Director role. At least two major mitigants reduce this risk:

The founding Board of Directors comprises people who were actively involved in its creation and have skin in the game.

The key person will be working at the intersection of three support communities: the CDFI industry, which is particularly cooperative and collaborative; the Fort Worth community development community; and funders, particularly Fort Worth banks, who are enthusiastic about supporting CDFI Friendly Fort Worth. In addition, the enterprise will have backup from CFA, the City of Fort Worth, and others with necessary skills and experience.

OPERATIONAL RISKS

Operational risks are related to deal flow and financing expertise.

Deal Flow: If the market research and business planning is wrong, there may not be a sufficient flow of viable deals in Fort Worth to attract and retain CDFI lending here. Or the deal flow might take on different priorities than the CDFIs want to finance.

The size and diversity of the Fort Worth market, evidence from our market research identifying significant credit gaps, the response to the CDFI Friendly Fort Worth inquiry portal, and the volume of CDFI lending between January and August 2023 all suggest that deal flow will not be an issue. A more likely risk is that many deals will require support or seasoning to become viable and ready for CDFI financing, a common issue for CDFIs. Early evidence demonstrates this challenge. While CDFI Friendly Fort Worth has received robust loan inquiries totaling more than \$150

million, in conversations with the CDFIs that reviewed the inquiries, CDFI Friendly Fort Worth learned that up to 50% of the individuals who asked for a referral for a loan did not respond to the CDFIs' repeated outreach.

In addition, discussions with several of the prospective borrowers identified challenges such as lack of preparation and a lack of understanding of finance or how to run a business. Therefore, the lack of availability of TA and community development project consulting resources for potential borrowers will result in lower deal flows.

CDFI Friendly Fort Worth will mitigate this risk by maintaining open communication with CDFIs and local TA providers, matching them when appropriate, and seeking ways to bolster the availability of TA as needed. The latter may include working with the City and with philanthropy to build the capacity of TA providers; it may also include an intentional focus on attracting CDFIs that offer robust TA services to Fort Worth.

Financing Expertise: While CDFI Friendly Fort Worth will be a financing entity through its Capital Enhancement Fund, it will draw on the expertise of its financial institution partners, skilled community development professionals, and contract professional support to minimize its financing expertise risk to virtually nil.

The financing process is CDFI-led, and CDFI Friendly Fort Worth will not consider financing requests until CDFIs have underwritten them to the point of confidence to proceed. The CDFI Friendly Fort Worth Capital Enhancement Fund financing will be *pari pasu*, not subordinate to, CDFI financing in transactions, so through the life of loans it will stand on equal footing with its more experienced CDFI partners.

Finally, to raise debt CDFI Friendly Fort Worth will structure its Capital Enhancement Fund to conservative standards. While experience might lead CDFI Friendly Fort Worth to lower the standards over time, that would come only after the model was proved and with the engagement and agreement of investors.

The CDFI Friendly Model is based on decades of experience in the development, design, and operation of hundreds of CDFIs. The organizing and planning process engaged by the City of Fort Worth has built knowledge, trust, capacity, and aspirations for this strategy. At the same time, prudence has led to a conservative business strategy with clear risk mitigants and significant potential upside.

CDFI Friendly
Fort Worth
2023-2027 Business Plan

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Appendix A. Data Assessment

CDFI Friendly America Data Assessment: Fort Worth, TX

	<i>Assessment Measure</i>	<i>Fort Worth City</i>	<i>Tarrant County</i>	<i>Dallas-Fort Worth-Arlington, TX Metro Area</i>	<i>Texas</i>	<i>United States</i>
Population	Total Population	874,401	2,049,770	7,320,663	28,260,856	324,697,795
	% Change in Population 2010-2019	24.0%	17.6%	19.0%	16.2%	6.8%
	% Population of Color	60.8%	53.3%	54.0%	58.0%	39.3%
	% Black or African American	18.9%	16.5%	15.8%	12.1%	12.7%
	% Hispanic	35.1%	28.8%	28.9%	39.3%	18.0%
	% Asian	4.6%	5.4%	6.9%	4.8%	5.5%
	% Native American	0.5%	0.5%	0.5%	0.5%	0.8%
	Geographic Square Miles	340	864	9,280	261,797	3,531,905
	Population Per Square Mile	2,573	2,372	789	108	92
City population as % of county, metro area, state, and nation	NA	42.7%	11.9%	3.1%	0.27%	
CDFI Lending	% Census tracts eligible as CDFI Investment Areas	61%	44%	42%	49%	46%
	CDFI Lending 2005-2019*	\$34,049,424	\$60,171,562	\$239,675,763	\$3,365,340,750	\$76,212,732,453
	CDFI Lending Per Capita 2005-2019	\$39	\$29	\$33	\$119	\$235
	CDFI Lending: Average % Population of Color	65%	59%	66%	82%	58%
	HMDA Lending: Average % Population of Color	48%	44%	43%	48%	32%
	Ratio of CDFI to HMDA % Population of Color	1.3	1.3	1.5	1.7	1.8
Economy	Median family income	\$72,062	\$79,859	\$82,984	\$73,349	\$77,263
	Percent change in median family income 2010-2019	27.4%	22.2%	24.4%	26.2%	22.7%
	Poverty rate	14.5%	11.9%	11.7%	14.7%	13.4%
	Unemployment rate	5.4%	4.7%	4.4%	5.1%	5.3%
	Labor force participation rate	67.5%	68.2%	68.8%	64.7%	63.4%
Housing	% Households spending at least 30% of income on mortgage	26.4%	24.8%	25.9%	26.4%	27.7%
	Median owner-occupied home value/purchase price	\$169,700	\$188,500	\$215,700	\$172,500	\$217,500
	% Change median home value/purchase price: 2010-2019	41.1%	39.7%	46.5%	39.7%	15.4%
	# Mortgage Loans Per 1,000 Residents 2018-2020	48	47	50	44	43
	% Households spending at least 30% of income on rent	49.0%	47.5%	46.3%	47.8%	49.6%
	Median contract rent	\$873	\$914	\$964	\$875	\$896
	% Change in median contract rent: 2010-2019	41.0%	40.6%	41.1%	40.0%	28.2%
	% Households headed by a single parent	17.9%	15.7%	14.2%	14.5%	13.4%

Sources: US Census Bureau, 2019 American Community Survey; CDFI Fund, 2019 Transaction Level Report (TLR) Database; Urban Institute HMDA Database, 2018-2020.

*Includes lending from CDFIs receiving Financial Assistance Awards and reporting to the CDFI Fund's Transaction Level Report (TLR) database for years 2005-2019.

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Appendix B. CDFI Lending, 2005-2020

	Fort Worth	Dallas	Texas	United States
% Census Tracts that Are CDFI Investment Areas	61%	64%	49%	46%
CDFI Lending 2005-2020*	\$40 Million	\$119 Million	\$4.3 billion	\$105 billion
CDFI Lending Per Capita 2005-2020	\$46	\$90	\$155	\$325

Sources: US Census Bureau, 2019 American Community Survey; CDFI Fund, 2020 Transaction Level Report (TLR) Database; Urban Institute HMDA Database, 2018-2020.

*Includes lending from CDFIs receiving Financial Assistance Awards and reporting to the CDFI Fund's Transaction Level Report (TLR) database for years 2005-2020.

Appendix C. List of Stakeholder Interviews

First Name	Last Name	Organization/ Business Name	Job Title
Christopher	Plumlee	Catholic Charities Fort Worth	President/ CEO
Ronna	Huckaby	Catholic Charities Fort Worth	Chief Services Officer
Kenny	Mosley	Renaissance Heights Foundation	Executive Director
Ori	Fernandez	City of Fort Worth Texas	Assistant Director
Jazmin	Gutierrez	Fort Worth Hispanic Chamber of Commerce	Director of Business Development
Glenn	Forbes		Finance Professional
Celeste	Embrey	Texas Bankers Association	EVP, Government Relations & Deputy General Counsel
Lonnie	Nicholson	EECU Credit Union	President/CEO
Kenny	Mosley	Renaissance Heights Foundation	Executive Director
Paul	Keplinger	Simmons Bank	Commercial Lending
Flora	Brewer	Paulos Foundation	Manager
Jay	McCall	Rainwater Charitable Foundation	Program Manager
Chris	Qualls	NeighborWorks Waco	Housing Counselor
Sarah	Geer	Rainwater Charitable Foundation	Program Officer
Andy	Williams	Rehab Warriors	Founder
Jay	Chapa	J Chapa Strategic Solutions LLC	Independent Consultant
Marla	Bilonick	NALCAB (National Association of Latino Community Asset Builders)	President & CEO
Dan	Nissenbaum	Low Income Investment Fund	President & CEO
Brandon	Jones	Comerica Bank	External Affairs Market Manager
Courtney	Lewis	Cadence Bank	Fort Worth Market Executive
LaShaunda	Rene	Trufund Financial Services	Vice President - Texas Managing Director
Andrea	Glispie	Charles Schwab Bank	Senior Manager
Rahiel	Alemu	Charles Schwab Bank	Community Development Manager
Schavion	Graham	LVT Rise	Development Coordinator
Donna	VanNess	Housing Channel	President
Matt	Kaudy	EECU Credit Union	Chief Retail and Marketing Officer
David	Rush	Fort Worth Independent School District	Student Success Specialist
Leah	King	United Way of Tarrant County	President & CEO
Faye	Beaulieu	United Way of Tarrant County	Senior Vice President of Community Investment

First Name	Last Name	Organization/ Business Name	Job Title
Jeffrey	Allison		CFO
Tiffany	Binford	<u>Colonial Savings</u>	Sr. loan Counselor
Heather	Guidry	<u>Colonial Savings</u>	VP, Fair Lending Manager & CRA Officer
Jackie	O'Donnell	<u>Colonial National Mortgage</u>	Chair D&I Committee / Loan Processor
Jennifer	Veal	<u>Community Inspired Capital Development, LL</u>	CEO
William	Giron	<u>Artes de la Rosa</u>	Executive Director
Andrea	Goins	<u>Transform 1012</u>	Project Coordinator
Tania	Castillo-Queppet	<u>Artes de la Rosa</u>	Board Chair
DeeJay	Johannessen	<u>The Help Center</u>	CEO
<u>Sandra</u>	Garcia Acevedo	Hispanic Womens Network Fort Worth	Chair
Felipe	Gutierrez	One Safe Place	President
Ken	Shetter	One Safe Place	VP of Development and Engagement
Dante	Williams	Community Front Line	President / Co-Founder
Dominique	Cooke	Create + Collaborate	VP of Programs
Derrick	Walker	<u>Smoke-A-Holics BBQ</u>	Owner
<u>Sonya</u>	Barnette	Fort Worth Housing Solutions	Senior Vice President
Shawn	Lassiter	BRAVE/R Together	Executive Director
Jennifer	Trevino	Leadership Fort Worth	Executive Director
Michelle	Kennedy	Trinity Habitat for Humanity	Sr. Director of Operations
Kara	Waddell	Child Care Associates	CEO
Kathryn	Arnold	Pathfinders	CEO
Victor	Turner	City of Fort Worth Texas	Director, Neighborhood Services
Cynthia	Harnest	SBDC Tarrant County College	Business Advisor
Brian	Marshall	BCL of Texas	Director of Entrepreneurship
Mike	Brennan	Near Southside, Inc.	President
Charletra	Sharp	Center for Transforming Lives	Director for Economic Mobility
Dorice	Ramsey	Child Care Associates	Director of the Child Care Business Hub
Lourdes	Rambo	Tarrant County Community College	Program Coordinator
Stephen	Chacko	Vcs capital	CEO
Mary-Margaret	Lemons	Fort Worth Housing Solutions	President

Appendix D. Founding Board of Directors

Javier Balderrama – Secretary

Attorney at Alband, Lane & Balderrama

Francisco Javier Balderrama was born and raised in Tarrant County, Texas. After graduating from law school, Javier spent a year at one of the largest criminal defense firms in the State of Texas. There he handled various types of criminal cases in Tarrant, Dallas, Denton, Johnson, Parker, and Collin Counties. He also managed thousands of clients including those arrested for DWI, Assaults, Thefts, and many other crimes. Currently, Balderrama is an attorney at Alband, Lane, & Balderrama. Mr. Balderrama is a member of Tarrant County Criminal Defense Lawyers Association (TCCDLA), Texas Criminal Defense Lawyers Association (TCDLA), Mexican American Bar Association (MABA), and was included in Fort Worth Magazine's list of Top Attorneys (2021).

Joe Cordova

Financial Advisor at Edward Jones

Joe Cordova has been a Financial Advisor at Edward Jones since 2016. He holds a Series 7 License and Series 66 License and is also an Accredited Asset Management Specialist or AAMS® this is a professional designation from the College of Financial Planning. Mr. Cordova's background and professional work experience gives him a unique prospective when helping individuals and business owners plan for and reach their financial goals. Prior to joining Edward Jones, he spent over 17 years working for the City of Fort Worth in various supervisory and management roles, managing federal grant programs.

Glenn Forbes

Independent Consultant

Forbes has over 32 years of comprehensive Commercial Banking experience inclusive of Government Finance, Public Board Governance, Branch Management, Community Development, and Public Speaking. He served as the initial CEO for two Private/Public Economic Development agencies inclusive of capital investment and organizational leadership. Forbes was recognized as the 2018 JP Morgan Leading Edge Banker and Fort Worth Minority Business Leadership awardee. Extensive not-for-profit Board leadership and Committee Governance for local and statewide agencies, inclusive of roles as Chairman and Executive Committee Member.

Michelle Green-Ford

President/CEO of Fort Worth Metropolitan Black Chamber of Commerce

Michelle Green-Ford is the president and CEO of the Fort Worth Metropolitan Black Chamber of Commerce, the first woman in the role. In the 90's, she started working at American Airlines doing international training, leadership development, and management training. This experience led her to start her own training firm, which sought out contracts with city and state government, and other sectors. Through this company, Ms. Green-Ford became affiliated with the Chamber and the City's Economic Development Department, that helped her business grow. She eventually became the VP of Diversity and Inclusion at JPS Health Network and partnered with the Chamber to conduct business workshops for members. In her new role of President and CEO for the Black Chamber, Green-Ford wants to continue helping small businesses and encouraging economic development.

Jazmin Gutierrez – Vice Chair

Director of Business Development, Fort Worth Hispanic Chamber of Commerce

Jazmin Gutierrez is a young professional who is passionate about serving her community. Jazmin has five plus years of experience in non-profit, business/economic development, program management, event management and fundraising. Jazmin received her bachelor's degree from the University of North Texas with an emphasis in Business Administration, Public Administration, and Communication Studies. Jazmin is currently pursuing her Master's in Public Administration from Tarleton State University. Jazmin was recently named Vice Chair of the City of Fort Worth's Library Advisory Board and Vice Chair of CDFI Friendly Fort Worth Board.

Cristal Hernandez-Galvan – Treasurer

Owner & President of Hernandez Grants & Consulting, LLC

Cristal is the founder and president of Hernandez Grants & Consulting, LLC., a woman and minority-owned comprehensive service firm. She has a diverse background in working with Federal, State and Private Foundations, identifying funding sources, guiding proposals and securing the resources needed to further organizational strategic goals. Cristal is currently an Ambassador for the Fort Worth Hispanic Chamber of Commerce and Co-Chair of their Advocacy Committee, as well as a member of the Hispanic Women’s Network (HWNT) where she serves as the State Representative.

Grace McDermott

President of US Pan Asian American Chamber of Commerce, Southwest Region

Grace McDermott is President of the US Pan Asian American Chamber of Commerce Southwest Region. She has been an active advocate and role model for mentoring women and Asian Americans in assuming greater leadership roles in the business community. She helps Asian businesses achieve their goals through a variety of educational, advocacy, and training programs. Her accomplishments include the signature Annual Asian Business EXPO and the widely acclaimed Women’s Business Symposium.

Willie Rankin

Director of Institute to Advance Child Care, Childcare Associates

Willie Rankin is the Director of the Institute to Advance Child Care at Child Care Associates. Willie Rankin has over ten years of experience in nonprofit management and has worked on several projects to impact vulnerable populations positively. Willie is a Marine Corps Veteran with an Executive MBA from the University of Texas in Arlington. He describes his occupation as a “community servant” and enjoys collaborating with community leaders to impact change.

Andy Williams – Chair

Founder of Rehab Warriors

Andy Williams is a U.S. Marine, real estate developer, and award winning social entrepreneur. Host of former HGTV show “Flip or Flop: Fort Worth” and Author of the book “Business is a Battleground”, Mr. Williams continues to leverage the skills from his career in anti-terrorism with the Marines, paramilitary operations with Blackwater, and entrepreneurial ventures within Blackstone Tactical Opportunities fund to create change within his veteran community.

Williams is the founder of the vertically integrated real estate investment firm, Rehab Warriors, executing full scale community revitalization with a focus on social impact. Further defined as a social venture structured to empower transitioning veterans to become home rehabbers, home builders, and affordable housing developers.

Appendix E. Draft Capital Enhancement Fund Term Sheet

DRAFT TERM SHEET

Proposed Credit Facility

Borrower:	CDFI Friendly Fort Worth (“CFFW”), a to be created 501(c)(3) non-profit organization with a mission to encourage and increase the activities of Community Development Financial Institutions (CDFIs) in Fort Worth, Texas.
Purpose:	<p>CFFW will provide financing incentives to CDFIs to increase their mission-oriented financing in Fort Worth for affordable and workforce housing, small businesses, commercial real estate, community facilities, nonprofit enterprises, and other purposes. CFFW will establish a fund (CFFW Capital) to manage its financing.</p> <p>Term Loan(s)</p>
Facility Type:	<p>This term sheet describes the terms upon which CFFW Capital proposes to borrow from one or more banking institutions or foundations (“Lender” or “Lenders”).</p> <p>Each Term Loan shall be structured as a bilateral agreement between CFFW Capital and a Lender in the structure and terms described herein. All loans to Borrower shall be <i>pari passu</i> in priority and payment.</p>
Closing Date	By December 31, 2022.
Amount:	Up to \$10,000,000 in aggregate; however, no more than \$5 million in term debt during the first 12 months following Closing Date.
Eligible Use of Proceeds	<p>Borrower may use proceeds of this Credit Facility to originate mission-oriented loans (“End Loans”) to affordable housing developers, non-profit organizations and to small businesses (“End Borrowers”) in Fort Worth, Texas; however, any such End Loans shall require that an independent CDFI also make a loan to the End Borrower in an amount equal to or exceeding the End Loan (“a Risk Sharing Agreement”). {It is expected that such Risk Sharing Agreement is done on a <i>pari passu</i> basis with CDFIs}</p> <p>Borrower may also use proceeds to pledge to an independent CDFI as a credit enhancement (in the form of partial guarantee) to encourage such CDFI to extend loans to affordable housing developers, non-profit organizations and to small businesses in Fort Worth</p>
Conditions precedent to Closing:	<ul style="list-style-type: none">• Delivery of Lending Policies and Procedures in form and substance satisfactory to Lender(s);• Evidence (in form and substance satisfactory to Lender(s) that Credit Facility shall qualify under the Community Reinvestment Act (CRA) for banks and under Internal Revenue Service distribution rules related to Program Related Investments (PRIs) for foundations;• No fundings/advances shall occur unless or until the Total Net Assets of CFB equals or exceeds \$1,000,000

Interest Rate:	2.0% or as set by CFFW's Board of Directors
Recourse:	Full and direct recourse to Borrower.
Collateral	This Credit Facility shall be unsecured; All loans to Borrower shall be <i>pari passu</i> in priority and payment
Maturity:	This Facility shall be paid in full on the fifth anniversary following Closing Date
Covenants:	<p>Borrower must comply with the following:</p> <ul style="list-style-type: none"> • Minimum Capital Requirement – Borrower's ratio of Total Net Assets to Total Assets shall not fall below 50% during the first 12 months of this Facility and shall not fall below 33% thereafter. • Loan Loss Reserve – Borrower shall maintain allowance for loan losses at a level set by the Board and consistent with Generally Accepted Accounting Principles
Management & Board:	Borrower shall establish a Board of Directors, to include investors, funders and members of business community, civic organizations and local government; Borrower shall establish of Investment Committee authorized to approve loans and guarantees.
Reporting:	Borrower will provide audited financial statements and loan portfolio report within 120 days following the end of each fiscal year (following the closing of this Facility).

Appendix F. CDFI Friendly Fort Worth Timeline

City of Fort Worth hires CDFI Friendly America (CFA)	November 2021
CFA conducts outreach to CDFIs and community	November 2021-May 2022
CFA and City hold launch event	January 2022
CFA and CDFIs establish loan referral system	January 2022
CFA tracks new CDFI lending	January 2022-ongoing
CFA and City create Steering Committee	March 2022
Steering Committee holds What's Next event and selects Board of Directors	June 2022
CDFIs reach \$6.6 million in new lending	September 2022
CFFW Board registers CFFW and applies for 501 ^(c) (3) status	December 2022
CFFW Board hires Executive Director	December 2022
Executive Director implements business plan	January 2023 – December 2027

Appendix G. CDFIs Lending in or Interested in Lending in Fort Worth

1. Accion Opportunity Fund
2. Alliance Lending Corporation
3. BCL of Texas
4. BiGAUSTIN
5. Capital Plus Financial
6. Chickasaw Community Bank
7. DreamSpring
8. Lendistry
9. LiftFund
10. Momentum Capital (fka CDC Small Business/Capital Impact Partners)
11. On the Road Lending
12. Oweesta Corporation
13. Partners for the Common Good (PCG)
14. PeopleFund
15. Texas Association of Community Development Corporations
16. Texas Mezzanine Fund
17. The Change Company
18. TruFund Financial Services
19. William Mann Jr. CDC

Appendix H. Agenda for January 26, 2022 Launch Event

Introducing
**CDFI FRIENDLY
FORT★WORTH**

AGENDA

9 a.m.	Registration and Light Breakfast
9:30 a.m.	Welcome Robert Sturns Economic Development Department Director City of Fort Worth
9:40 a.m.	Keynote Remarks Mayor Mattie Parker
9:55 a.m.	Introducing CDFI Friendly Fort Worth Mark Pinsky Founding Partner CDFI Friendly America
10:30 a.m.	Discussion: What Can CDFIs Do for Fort Worth? Veronica Villegas Diversity and Inclusion Manager City of Fort Worth Lenwood V. Long Sr., President and CEO African American Alliance of CDFI CEOs Marla Bilonick President and CEO National Association of Latino Community Asset Builders
10:55 a.m.	Wrap Up and Next Steps Christina Brooks Chief Equity Officer & Diversity and Inclusion Department Director City of Fort Worth
11 a.m.	Networking with CDFI Leaders (in-person attendees only)
Noon	Adjourn

Appendix I. CDFI Loans Closed, January 26 – September 30, 2022

Lending Sector	Loan \$	Loan #	Avg Loan Size	% of Total \$	% of Total #
Small Business	\$1,470,897	46	\$31,976	22%	40%
Mortgage	\$4,907,265	24	\$204,469	74%	21%
Car Loan	\$186,427	9	\$20,714	3%	8%
Personal Loan	\$29,956	36	\$832	0.5%	31%
Total	\$6,594,545	115	\$57,344	100%	100%

Appendix J. Steering Committee Members

Christina Brooks

Chief Equity Officer of Department of Diversity & Inclusion, City of Fort Worth

Christina is a results-driven equity, diversity, access, and inclusion professional with twenty years of experience working with underrepresented populations. Over ten years of her experience is grounded in organizational equity and inclusion policy and process change. As the City of Fort Worth's first Chief Equity Officer and Director of Diversity and Inclusion Department, she is responsible for Business Equity – equitable participation and access in City contracting and procurement and capacity building of underrepresented business firms, Civil Rights Enforcement - of the City's Non-Discrimination Ordinance for Fair Housing, Fair Employment, Public Accommodations, ADA and Title VI, and Municipal Equity – policy and process development for equity in municipal service delivery and workforce development as well as tracking and supporting the Fort Worth Race and Culture Initiative's recommendations across criminal justice, economic development, education, governance, health, housing, and transportation. Christina holds a Master's in Business from University of Notre Dame Mendoza College of Business and Master Compliance Administrator Certification through Morgan State University.

Jay Chapa

Owner of JC Strategic Solutions

Former government executive now running his own consulting firm, providing advisory and strategic solutions on development, public policy and economic development projects/initiatives. Significant Public Policy experience, including large scale urban revitalization and economic development programs. Local government and Public Administration expert.

Glenn Forbes

Independent Consultant

Forbes has over 32 years of comprehensive Commercial Banking experience inclusive of Government Finance, Public Board Governance, Branch Management, Community Development, and Public Speaking. He served as the initial CEO for two Private/Public Economic Development agencies inclusive of capital investment and organizational leadership. Forbes was recognized as the 2018 JP Morgan Leading Edge Banker and Fort Worth Minority Business Leadership awardee. Extensive not-for-profit Board leadership and Committee Governance for local and statewide agencies, inclusive of roles as Chairman and Executive Committee Member.

Jazmin Gutierrez

Director of Business Development for the Fort Worth Hispanic Chamber of Commerce

Jazmin Gutierrez is a young professional who is passionate about serving her community. Jazmin has five plus years of experience in non-profit, business/economic development, program management, event management and fundraising. Jazmin received her bachelor's degree from the University of North Texas with an emphasis in Business Administration, Public Administration, and Communication Studies. Jazmin is currently pursuing her Master's in Public Administration from Tarleton State University. Jazmin was recently named Vice Chair of the City of Fort Worth's Library Advisory Board and Vice Chair of CDFI Friendly Fort Worth Board.

Grace McDermott

President of US Pan Asian American Chamber of Commerce, Southwest Region

Grace McDermott is President of the US Pan Asian American Chamber of Commerce Southwest Region. She has been an active advocate and role model for mentoring women and Asian Americans in assuming greater leadership roles in the business community. She helps Asian businesses achieve their goals through a variety of educational, advocacy, and training programs. Her accomplishments include the signature Annual Asian Business EXPO and the widely acclaimed Women's Business Symposium.

Robert Sturns

Director of Department of Economic Development, City of Fort Worth

Robert Sturns has served the City of Fort Worth's Economic Development Department in several capacities for the past 12 years prior to becoming the department's director in 2016. He and his team are responsible for Fort Worth's business recruitment, retention and expansion strategies, the management of the city's TIF and PID districts, economic development incentive awards and compliance, and other related programs and initiatives. Sturns is a certified Economic Development Finance Professional (EDFP) and an Ex-Officio Board Member for Fort Worth South Inc. and Fort Worth Sister Cities International. Before joining the City of Fort Worth, Sturns worked in commercial real estate and banking operations. He also received a commission as an Officer in the United States Army Reserve, where he served for 10 years and reached the rank of Captain. He holds a Master of Business Administration from Texas Christian University and a Bachelor of Arts from Stephen F. Austin State University.

Kara Waddell

CEO of Childcare Associates

Kara Waddell brings a unique executive skillset and range of experience to leading a nonprofit of scale. She's dedicated to the cause of early learning and passionate about developing the best possible educational system in Tarrant County. She plays a key role in improving programs; advising state, municipal, and school leaders about early education; developing educators, and encouraging policies that have a positive impact on children and families. Under her leadership, Child Care Associates is becoming a national leader for early learning and child development. Two of three children receiving child care subsidies in Tarrant County are now in quality-rated child care programs, and classrooms are externally assessed to reach research-based thresholds for quality. In addition, Kara negotiated to ensure Head Start teachers in Pre-K classrooms received compensation parity with public school teachers. She also served as the founding Chair of the Early Learning Alliance.

Andy Williams

Founder of Rehab Warriors

Andy Williams is a U.S. Marine, real estate developer, and award winning social entrepreneur. Host of former HGTV show "Flip or Flop: Fort Worth" and Author of the book "Business is a Battleground", Mr. Williams continues to leverage the skills from his career in anti-terrorism with the Marines, paramilitary operations with Blackwater, and entrepreneurial ventures within Blackstone Tactical Opportunities fund to create change within his veteran community. Williams is the founder of the vertically integrated real estate investment firm, Rehab Warriors, executing full scale community revitalization with a focus on social impact. Further defined as a social venture structured to empower transitioning veterans to become home rehabbers, home builders, and affordable housing developers.

Appendix K. Agenda for June 29, 2022 What's Next Event

CDFI Friendly Fort Worth: What's Next? June 29, 2022

8:30 a.m. - 1:00 p.m.

followed by an optional program for prospective borrowers

Meet the CDFI Lenders

1:30 p.m. - 2:30 p.m.

AGENDA

- 8:30 a.m. Registration, Networking, and Refreshments**
- 9:00 a.m. Welcome**
Christina Brooks - Chief Equity Officer and Director, Diversity & Inclusion Department, City of Fort Worth
Erika Ramos - Owner, Game Theory Restaurant and Lounge
Willie Rankin - Director, Institute to Advance Child Care, Child Care Associates
- 9:30 a.m. CDFI Friendly Fort Worth Progress Report**
Mark Pinsky - Founding Partner, CDFI Friendly America
- 10:05 a.m. Break**
- 10:15 a.m. What Makes a CDFI Loan Application Successful?**
Donna Fabiani - Senior Consultant, CDFI Friendly America
- 11:15 a.m. Is CDFI Friendly Fort Worth a National Community Development Model?**
Glenn Forbes - Member, CDFI Friendly Fort Worth Steering Committee
Marla Bilonick - President and CEO, National Association of Latino Community Asset Builders
Lenwood V. Long Sr. - President and CEO, African American Alliance of CDFI CEOs
- 11:50 a.m. Lunch with CDFI Friendly Fort Worth Borrowers & a Keynote Address from Mayor Pro Tem Gyna Bivens**
Veronica Villegas - Municipal Equity Manager, City of Fort Worth
Ron Bowie - Owner, Hey You! Signs
Tami Ellis - Client, On the Road Lending
Michael Crain - Council Member, City of Fort Worth Texas City Council
- 1:00 p.m. Wrap Up**
Robert Sturns - Director, Economic Development Department, City of Fort Worth
- 1:30 p.m. Optional Program for Prospective Borrowers: Meet the CDFI Lenders**
Marva Williams - Senior Consultant, CDFI Friendly America
- 2:30 p.m. Adjourn**
Marva Williams - Senior Consultant, CDFI Friendly America

Appendix L. Executive Director Job Description

EXECUTIVE DIRECTOR JOB DESCRIPTION

About CDFI Friendly Fort Worth

CDFI Friendly Fort Worth is a startup nonprofit corporation formed to substantially increase financing by community development financial institutions (CDFIs) and others in and around Fort Worth. CDFI Friendly Fort Worth is an independent nonprofit corporation. The CDFI Friendly Fort Worth Steering Committee named the founding Board of Directors in June 2022.

Nationally, CDFIs provide flexible, affordable financing for affordable housing, small businesses, nonprofits, consumers, and real estate. They work in urban, rural, and Native markets in all 50 states but have underperformed in Fort Worth.

From 2005 through 2020, CDFIs have loaned slightly more than \$40 million in Fort Worth or \$46 per person. By comparison, CDFIs have loaned \$4.4 billion across all of Texas, or \$155 per person for the same period. Nationwide, CDFIs have loaned more than \$105 billion, or \$325 per person.

CDFI Friendly Fort Worth provides critical matchmaking services pairing local borrowers to one or more CDFIs, most of which are headquartered elsewhere. Our business plan estimates that CDFI Friendly Fort Worth could produce more than \$250 million in new CDFI financing in Fort Worth by year-end 2028.

Summary

The Executive Director will lead CDFI Friendly Fort Worth to collaborate locally and with regional and national CDFIs, banks, and other sources of capital to serve the Fort Worth market. This is a startup corporation, and the Executive Director will be the first hire. The Executive Director will oversee all aspects of the set-up and operations of the organization.

The Executive Director must be self-directed and able to implement and build on the current CDFI Friendly Fort Worth understanding of the Fort Worth market. She or he must bring the capacity and willingness to deepen their market knowledge. This person will market the company to entrepreneurs, consumers, affordable housing developers, commercial real estate developers, business owners, and other referral sources to identify prospective CDFI borrowers and to make matches with capital sources. The Executive Director will also market opportunities to invest in and manage CDFI Friendly Fort Worth's Capital Enhancement Fund. The Executive Director will have primary responsibility for community relations, program development, management, fundraising, capitalization, and public relations.

The Executive Director's primary responsibilities will include the following:

Community Relations & Program

- Represent CDFI Friendly Fort Worth in the local community and neighborhoods, promoting its goals and services, and within the CDFI industry locally, regionally, and nationally, advocating and advancing local financing opportunities.
- Develop outreach and marketing and other materials to distribute to potential partners, investors, funders, and allies.
- Ensure a clear understanding of the goals and mission of CDFI Friendly Fort Worth throughout the region.
- Conduct organized and effective public relations efforts in local and CDFI markets through social media earned media, social media, the CDFI Friendly Fort Worth website, and direct communications.
- Coordinate CDFI Friendly Fort Worth's work with investors, funders, the City of Fort Worth,

and others pursuing aligned goals.

- Participate in CDFI industry activities to track CDFI priorities, promote Fort Worth, and seek financing partners.
- Negotiate and structure financing using CDFI Friendly Fort Worth's defined products, present financing opportunities to CDFI Friendly Fort Worth's Investment Committee and Board, close transactions, and monitor investments and portfolio performance.
- Develop and propose programmatic adjustments and/or enhancements in pursuit of CDFI Friendly Fort Worth's mission and purpose.

Management & Fundraising

- Set up and supervise operating systems, including financial management, operational policies, loan policies, and other core functional procedures.
- Create and implement procedures and documentation to close funding and financing as well as other contractual business relationships for CDFI Friendly Fort Worth.
- Raise funds, as determined in partnership with CDFI Friendly Fort Worth's Board of Directors, to ensure ongoing operations and organizational sustainability.
- Manage relationships with funders and investors, including seeking and cultivating relationships with new and additional funders and investors, as needed.
- Supervise CDFI Friendly Fort Worth staff.
- Develop and maintain a positive relationship with the CDFI Friendly Fort Worth Board of Directors, and organize meetings with the Board. Report regularly to the Board and to investors on programmatic outcomes & performance.
- Work with consultants CDFI Friendly America to ensure implementation and operations are consistent with CDFI Friendly Fort Worth's business plan, its planning process, and industry best practices.
- Maintain and track fundraising results.
- Report regularly to the Board and to investors on programmatic outcomes & performance.
- Provide strategic direction and leadership, including recommending to the Board of Directors possible improvements in the organization's strategy and program.

Qualifications

This position involves an unusual blend of financial experience, credit expertise, nonprofit management, and local market knowledge. The Executive Director must have strong financial, writing, speaking, public relations, management, leadership, and planning skills. They must be able to work in both the local community with partners that bring diverse backgrounds and skills and in the financial marketplace of CDFIs, banks, and foundations. They should be skilled organizers able to bring together people across multiple areas of expertise and diverse cultures.

Requirements

The Executive Director must have either (a) substantial professional work experience, related expertise, industry knowledge, and/or appropriate abilities; or (b) a bachelor's degree. We seek someone with at least 10 (10) years of relevant professional work experience, including management, credit, and public-facing duties such as public relations. Fifteen or more years of experience or a master's degree or comparable experience in business, management, economic or community development, banking, and/or finance is a plus.

Strong candidates will demonstrate continuous growth in responsibility in their work and regular pursuit of promising new opportunities.