



REQUEST FOR INFORMATION

RFI #: RFI-2504

For: Statewide Community Development Financial Institution

The Rhode Island Commerce Corporation (“Corporation”) is seeking information and ideas from qualified entities (“Respondents”) regarding the creation of a statewide Community Development Financial Institution (“CDFI”) to promote and integrate business development and access to capital opportunities for limited-income and underserved Rhode Island small businesses and communities, with a particular focus on micro-enterprises (those with nine or fewer employees).

Project Overview

This Request for Information (“RFI”) seeks input on best practices and operational insights for establishing a CDFI serving eligible small business clients across the state. It also seeks to garner specific capital and technical assistance engagement for small business participants. The Corporation is interested in receiving comments, questions, recommendations, facts, information, ideas, and responses to help it better understand the scope and characteristics of operating a statewide CDFI in Rhode Island.

CDFIs are small business lenders focused on providing accessible, fair, flexible, affordable financing and technical assistance to disadvantaged micro/small businesses and entrepreneurs, mainly in rural, urban, indigenous, and other underserved communities that might not otherwise have access to mainstream financing. In addition, these institutions are often nonprofits and use their funding to provide loans, investments, and financial services to micro/small businesses and entrepreneurs in under-resourced communities.

CDFIs are mission-driven and are certified by the U.S. Department of the Treasury’s CDFI Fund. CDFIs were established by the Riegle Community Development and Regulatory Improvement Act of 1994 (“the Act”). The Act also established the CDFI Fund, which formally certifies local CDFIs. Today, there are more than 1,300 certified CDFIs nationwide.

Because of their mission to help small and micro-businesses succeed, CDFIs offers access to capital to historically underserved groups with more flexible terms and lower interest rates than traditional lenders. In addition to lending, CDFIs provide their clients with customized business assistance, financial education, and business coaching to increase economic potential and help build income and wealth.

Four CDFI structures exist: community development banks, credit unions, loan funds, and venture capital funds. Although they share a common vision of expanding economic opportunity

for all, each has a different business model and legal structure. CDFIs combine capital with technical assistance to fit the needs of their communities. Because they engage with limited-income and underserved communities, CDFIs can often respond to community needs that larger institutions can't—especially in times of crisis.

This RFI invites respondents to review and recommend CDFI structures and operational models they believe best fit the Rhode Island market. The intent of this RFI is to collect critical information and best operational practices to lead to implementing a fully operational statewide CDFI within the FY 2027 state budget cycle.

Background

Rhode Island Governor Daniel J. McKee has made small business development a prime focus of his overall state economic development strategy. The development of a statewide CDFI can be essential in advancing the state's "Rhode To Prosperity" initiative to raise per capita income in Rhode Island by a minimum of \$20,000 by 2030. Raising incomes through small business development has been well-documented as a successful strategy.

Most businesses in Rhode Island are small; in many cases, micro-enterprises and sole proprietors are vital to its economy. According to the Economic Progress Institute's May 2024 report "State of Small and Micro Businesses in RI," approximately 105,000 businesses were registered in Rhode Island. Ninety-eight percent employ under 100 people, making up 51% of the state's workforce. More than 130,000 people receive income from micro-businesses.

Small businesses contribute to a sense of community pride, help strengthen social connections and increase opportunities for wealth creation. However, these business owners often face economic obstacles to growing a sustainable business, particularly in limited-income and underserved communities. Small and micro-enterprise businesses usually have a limited credit history and lack the collateral and assets to secure conventional financing that covers the total costs of start-up and sustainable operations. Yet, these businesses often have the most significant potential for positive community impact.

In January 2022, the Corporation and the Rhode Island Foundation issued a report entitled "Rhode Island BIPOC Small Business Ecosystem Assessment" that recommended the State launch "a new Community Development Finance Institution (CDFI) focused on BIPOC-owned ventures" to expand access to capital and equity. Additionally, the Corporation issued a "Strategic Development Finance CDFI Roadmap" report in September 2024 that found "a self-sustaining, state-wide CDFI can accomplish the goal of getting affordable capital to underserved minority borrowers while also creating a self-replenishing funding pool. Such an entity can serve as a reliable and resilient source of funding and technical assistance, providing the flexible loan products and business support services that are much needed in the state's underserved communities."

The reports mentioned above and meetings with community stakeholders have consistently pointed out the need to increase access to capital for small businesses – particularly micro-enterprises – in the state. These businesses have been left out of lending in general. As reported in the CDFI Roadmap, "many people of color lack bank relationships and are often discouraged from applying for business loans."

These reports and community requests for assistance have led to exploring the creation of an independent CDFI. The Corporation and its partners envision a statewide CDFI organized as a 501(C)(3) under the United States Department of Treasury certification rules to provide capital and technical assistance across the State of Rhode Island.

Scope of Work

Please answer all questions relevant to you or your organization to the best of your ability. Answers to these questions are understood to be preliminary and non-binding. Applicants are free to structure responses as necessary to increase clarity and efficiency.

Please provide information on your name, title, organization, contact information, organization web address, and capacity and qualifications for operating and managing CDFIs, with a particular focus on small businesses within underserved populations.

A. Rhode Island as a Small Business Leader

1. How can we position the state for leadership in small business development? Please provide specific recommendations that allow the state to take a differentiated leadership role, particularly with respect to access to capital and engaging underserved populations.
2. What assets can you contribute toward expanding access to capital in Rhode Island? Please specify how you hope to develop these assets, potentially as a partner in a statewide CDFI model.
3. Who are the 3-5 small business stakeholders (other than yourself/your organization) the State of Rhode Island should know? What innovations and programs are they working on related to small business development and access to capital? Why should the state be aware of them?

B. CDFI Support and Engagement

1. How might a Rhode Island CDFI best advance your organization's goals in small business development and access to capital?
2. What resources or enhancements would help amplify the impact of a CDFI in Rhode Island?
3. How would you envision your role in advancing a CDFI in Rhode Island? How would you seek to provide funding, technical support, or other contributions to

CDFI operations?

4. Would you seek to participate as an investor or provide access to additional funding options to capitalize the CDFI?

5. Would your organization seek other roles, such as providing small business technical assistance, mentoring entrepreneurs, and related support services?

6. Can you help identify space to support the CDFI (e.g., co-working, conference space, offices, events, etc.)?

7. How would your organization or institution contribute to the Rhode Island CDFI's operational and management efforts if provided the opportunity?

8. If provided the opportunity, how would your organization's CDFI involvement support or complement the Administration's economic and business development mission in Rhode Island?

9. Do you have an initial project management plan, which includes a preliminary program plan and CDFI development and delivery schedule for a Rhode Island model?

10. Are there additional comments you wish to share that do not directly respond to one of the above questions?

Qualifications

The RFI is seeking responses from all interested stakeholders. Specifically, this RFI welcomes input from organizations, businesses, academia, coalitions, and individuals, including:

- Existing certified CDFIs, both within and external to the State of Rhode Island
- Those willing to potentially partner with a statewide, certified CDFI, including:
 - o State and municipal agencies
 - o Chambers of Commerce and other Rhode Island business development organizations

- o Non-Government Organizations (NGOs)
- o Banking and financial institutions
- o Organizations with economic and community development expertise
- o Higher education and academic institutions
- o Individual small businesses seeking capital

Respondents should demonstrate management and program experience in operating CDFI functions with the following capabilities:

1. Experience running a Micro/Small Business-focused CDFI (combining Customized Technical Assistance and Funding within your organization).
2. Experience providing Customized Technical Assistance as well as Financial Assistance to Micro/Small Business in various industry sectors.
3. Experience providing Equity Funding within the confines of a CDFI to Micro/Small Businesses.
4. Experience in assisting Micro/Small Businesses in all industry sectors
5. What are your plans for capitalizing the Micro/Small Business-focused CDFI in Rhode Island?
6. How fast can you implement your plan to establish a Micro/Small Business-focused CDFI in Rhode Island?

Respondents do not need to be located within the State of Rhode Island to respond, but CDFI must be certified to operate in Rhode Island.

Submission

All questions concerning this RFI must be submitted in writing no later than 11:59 PM EST on Friday, February 21, 2025, via e-mail to RFP@commerceri.com. Responses will be posted online via addendum at www.commerceri.com on February 28, 2025 to ensure equal awareness of important facts and details.

The subject line of the e-mail should state: “QUESTIONS-2025RFI-CDFI-RI.”

One (1) electronic (PDF) version of RFI responses with an introductory letter must be submitted via e-mail to RFP@commerceri.com, no later than 11:59 PM EST on Friday, March 7, 2025.

The subject line of the e-mail should state: “RFI Response -2025-CDFI-RI”.

The Rhode Island Commerce Corporation reserves the right to terminate this solicitation prior to entering into any agreement with any qualified firm pursuant to this Request for Informationl, and by responding hereto, no firms are vested with any rights in any way whatsoever.

Rhode Island Commerce Corporation reserves the right to reject any or all proposals for not complying with the terms of this RFI.