

DV COMMUNITY INVESTMENT 2020 ANNUAL REPORT

May 2021

Table of Contents

- 1 A Letter From Our Chairman
- 2 NMTC Program
- 3 Our Mission
- 4 NMTCs & Pandemic Response
- 5 2020 Investment Summary
- 6 Aviva Health Center
- 7 First National
- 8 Green Era
- 9 Multi-Assistance Center
- 10 Provident Public Health Center
- 11 RWDC Industries
- 12 Rural King
- 13 Steeple Square
- 14 2021 Investment Snapshot
- 15 DVCI Advisory Board
- 16 Contact Us



A Letter From Our Chairman



As Chairman of DVCI's Advisory Board, I am pleased to report on our 2020 activities as a Community Development Entity under the CDFI Fund's New Markets Tax Credit Program. In Round 16, we received \$55,000,000 of NMTC Allocation.

Over the past 10 years, we have directly created over 11,000 quality permanent jobs. A majority of these jobs are accessible to persons facing barriers to quality, living wage employment, a key factor in breaking the cycle of persistent poverty. These 56 projects made possible by New Markets Tax Credits to date, have served more than 254,000 people annually, with previously lacking essential services, including healthcare, education and homeless services resources. In 2020 alone, DVCI provided \$58,000,000 in NMTC allocation to 8 projects, supporting \$245,000,000 in total development costs.

DVCI has committed to the renewal and revitalization of low-income communities in both rural and urban areas, with a particular emphasis on those in Arizona, Georgia, Mississippi, Nevada, New Jersey, New York and Virginia. DVCI continues to work in those areas consistently left behind in the economic recovery. We continue to create, with our financing activities, living wage, quality, permanent jobs, which are accessible to the low-income community and provide a means to escape poverty through economic advancement.

An impactful example of our continued efforts to serve non-metro areas is the Aviva Health Center project, which DVCI provided \$9,000,000 of NMTC allocation. Aviva Health Center is located in rural Oregon and is the construction of a 31,350-square-foot expansion to its existing facility to support team-based health care and the Roseburg Family Medicine Residency Program. The project directly creates 52 full-time quality jobs and will add 34 much needed exam rooms and four procedure rooms.

DVCI's mission of renewal and revitalization of economically distressed communities nationwide has never been more urgent. We look forward to continuing to make the NMTC Program the most effective tool for creating quality jobs, and bringing community services, healthcare, education and needed development capital to impoverished communities across America. The scourge of COVID-19 has made this need significantly greater.

A handwritten signature in black ink, appearing to read 'Rob Jenkins', written in a cursive style.

Robert K. Jenkins, Jr.
Chairman

New Markets Tax Credit Program

The New Markets Tax Credit (NMTC) Program is a highly effective federal incentives program, bringing capital into low-income communities starved for these resources with minimal cost to the federal government.

The NMTC has a twenty-year track record of financing daycare centers, community colleges, manufacturing and distribution facilities, workforce training, utility upgrades, schools, healthcare facilities, and other projects that strengthen communities and generate long-term economic growth. Since its inception, the NMTC Program has delivered nearly \$110 billion in resources to the most distressed communities in America.

Tax Reform & The NMTC¹

The Consolidated Appropriations Act of 2020 provided a five-year, \$25 billion annual extension of the New Markets Tax Credit, the largest extension in the history of the NMTC Program. The NMTC, which

faced expiration on December 31 after 20 years of success stories and strong bipartisan support, is one of only two tax extenders to receive a five-year extension.

By providing \$5 billion annually for 2021-2025, the Consolidated Appropriations Act of 2020 exceeds the \$17.5 billion authorization included in the PATH Act of 2015.

The total projected impact of the \$25 billion extension of the New Markets Tax Credits Program includes an estimated 690 new manufacturing expansions & industrial projects; 255 new or improved health clinics, hospitals, and medical offices; 275 mixed-use projects combining housing, commercial, and social services; and 775 investments in daycare centers, Boys and Girls Clubs, and other community facilities.

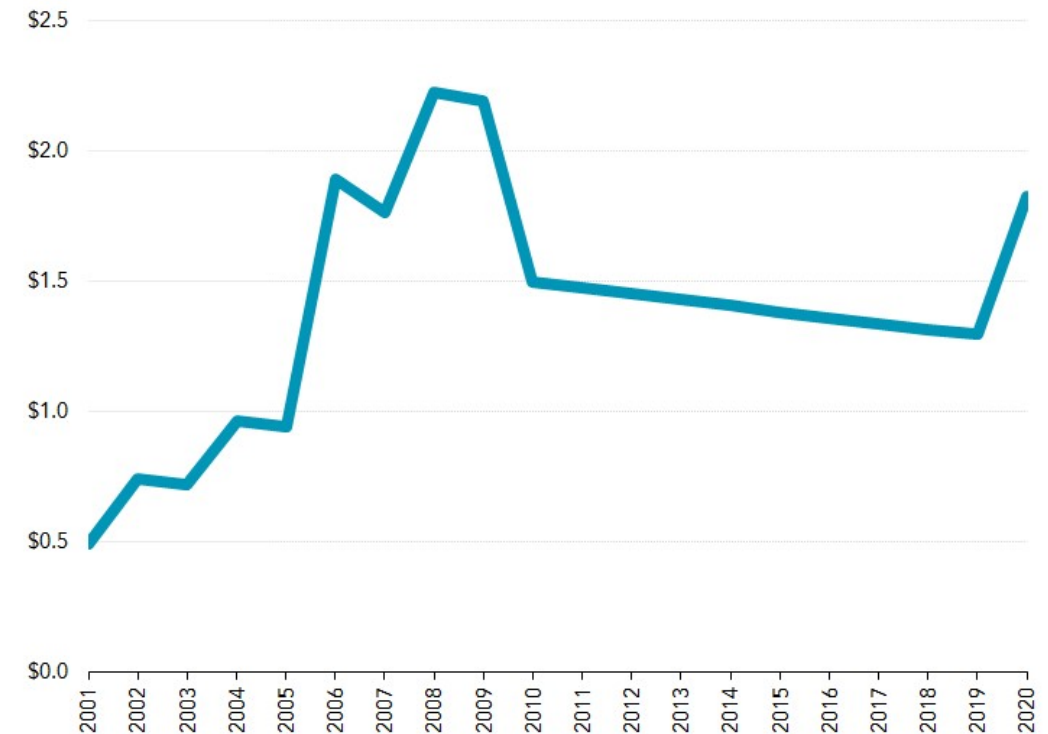
The \$25 billion NMTC extension will also generate an estimated 590,000 jobs.

FIGURE 1

New Markets Tax Credit

Estimated present value of tax expenditures by approval year, 2001–2020

Billions of 2020 dollars



Source: Urban Institute calculations based on allocation award information provided by the CDFI Fund.

Notes: The CDFI Fund publishes the amount of “allocation awards” under the program for each allocation round. This allocation authority is not the actual cost to the federal government, but the amount against which 39 percent can be claimed as credits, which we deflate in cost since not all credits are claimed in the year they are awarded. We adjust spending figures for inflation following the CPI-U. Calendar year of approval does not always align with year that credits were awarded and we use award dates for cost estimation.

¹ <https://nmccoalition.org/2020/12/22/new-markets-tax-credit-receives-five-year-5-billion-extension/>

<https://www.taxpolicycenter.org/briefing-book/what-new-markets-tax-credit-and-how-does-it-work>

Our Mission



Aviva Health Center Residency Program
<https://www.jointracker.com/t/roseburg/posts/5ee81c9d2cd7d20004b4ce22>

DV Community Investment is proud to have been awarded \$460,000,000 in NMTC allocation from the CDFI Fund in Rounds 8 through 16.

Our CDE's mission has been consistent: to bring capital not otherwise available to areas of profound economic distress, communities which continue to slip behind, exacerbated by the Covid-19 pandemic. Our focus has been clear: to bring a large number of living wage, permanent jobs targeted to low-income persons and residents of low-income communities, providing an opportunity to escape persistent poverty through economic advancement.

The New Markets Tax Credit Program has consistently focused on creating equity and long-term catalytic impacts in low-income communities across the country. The impact of NMTC financing has become more important than ever, as the COVID-19 pandemic shed a direct spotlight on the disproportionate health and economic impacts faced in communities long suffering from persistent poverty.

During the constantly changing landscape of COVID-19, DVCI's community development projects brought essential jobs and services to ensure the health and economic well-being of communities.

NMTC Projects & Pandemic Response

Thomaston Regional Medical Center¹
Thomaston, Alabama
\$8,000,000



Thomasville Regional Medical Center, LLC (“TRMC”), in partnership with the City of Thomasville, constructed and operate this 68,320 square foot new hospital in rural Thomasville, Alabama. TRMC dramatically expanded healthcare services in this severely distressed non-metropolitan area. In 2021, TRMC is hosting various vaccine clinics, distributing the COVID-19 vaccine to the surrounding community. TRMC is currently the closest hospital in the region. Without this facility, residents would have to travel as far as 100 miles for healthcare services.

Brooklyn Navy Yard²
Brooklyn, New York
\$10,000,000



The Building 77 project renovated the largest, mainly vacant building in the Brooklyn Navy Yard. Building 77 transformed the vacant industrial building into a hub for manufacturing and technology-based businesses. At the onset of the pandemic, the Brooklyn Navy Yard partnered with its vendors to produce much needed “Yard-Made” PPE. The “Made at the Yard” initiative designed to help Yard tenants sell Personal Protective Equipment (PPE) such as cloth face masks and hand sanitizer directly to consumers through a variety of channels.

Parkview Warsaw³
Warsaw, Indiana
\$10,000,000



The Parkview Warsaw project was the construction of a new 83,000 square-foot outpatient medical facility located in a rural low-income community. The design and functionality of this facility enabled Parkview’s implementation of their innovative Population Health Management health care delivery model that serves all of the residents in the Warsaw area. The Parkview Warsaw Center for Healthy Living’s innovative “Moms on the Move” program promoted health and wellbeing for pregnant and new moms throughout the COVID-19 pandemic.

¹ <https://www.wkrq.com/health/coronavirus/covid-19-vaccination-clinic-in-thomasville-set-for-april-25th>

² <https://www.amny.com/news/brooklyn-navy-yard-steps-up-efforts-to-sell-ppe-made-by-yard-merchants/>

³ <https://timesuniononline.com/Content/Local-News/Local-News/Article/Parkview-Warsaw-Offers-Moms-On-The-Move-Program/2/453/128257>

2020 Investment Summary*

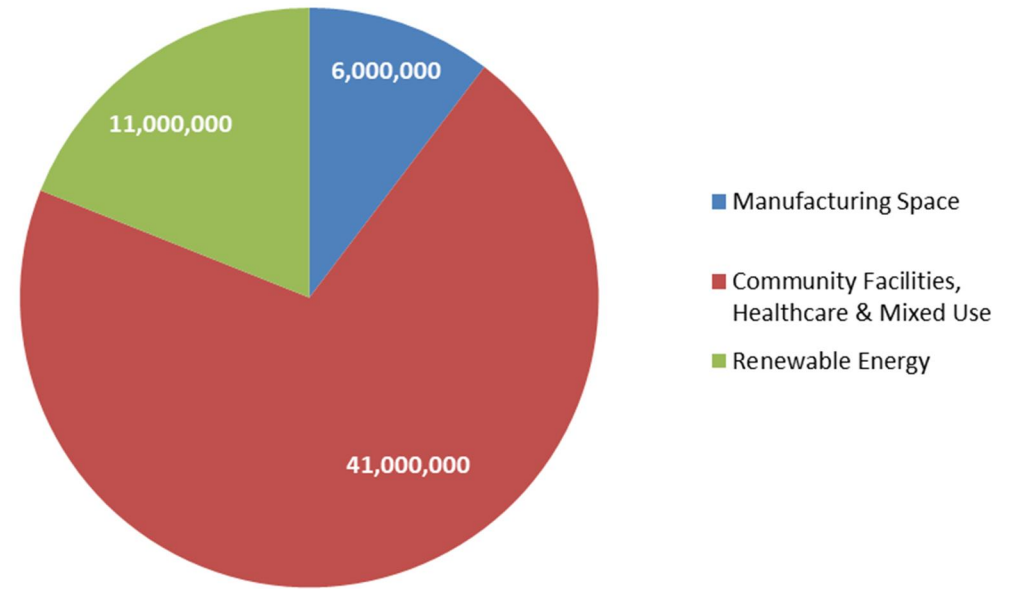
2184
Full-Time
Jobs Created

62%
of New Jobs to be filled
by LIPs or LIC residents

1,207,500
Square Feet of
Manufacturing &
Renewable Energy Space

560,950
Square Feet of
Mixed-Use

Investment Portfolio By Asset Class



* 2020 Investment Summary includes Round 16 transactions closed as of December 31, 2020.

Aviva Health Center



\$9,000,000 Qualified Equity Investment

Aviva Health (Aviva), a Federally Qualified Health Center, is constructing the Aviva Health Center in rural Roseburg, Oregon. Aviva will construct a 31,350 square-foot expansion to its existing facility, which will better support team-based health care and the Roseburg Family Medicine Residency Program (RFMR), which welcomed its first cohort of eight resident physicians in July 2020. The expansion will add 34 exam rooms and four procedure rooms. The new clinic will provide services for an additional 3,300 low-income and underserved community members annually in an area currently identified by the federal government as a health care provider shortage area. RFMR is a three-year program with eight students each year, which at full capacity will host 24

on an 8-8-8 rotation. Residents will hone their rural family medicine skills while providing health care to thousands of patients annually, increasing access to care and reducing wait times. The residency program is focused on training doctors for rural communities with a severe shortage of physicians and retaining them once they complete residency, to practice in Roseburg and in other rural Oregon communities. Aviva Health secured financing through a USDA construction loan, but without the NMTC funding, the project wasn't sustainable. In the past, community giving has been a major source of funds for the organization, but because of the COVID-19 pandemic local businesses were unable to provide support and NMTCs filled this gap.

Location: Roseburg, Oregon

Poverty Rate: 25.5%

Unemployment Rate: 12.4%, 1.61x the national average

Non-Metropolitan Census Tract

Projected Community Impact:

- 52 direct FTE jobs created
- 16 construction jobs
- Aviva is an independent, not-for-profit organization that cares for the people of Douglas County by providing affordable health care. Douglas County has had severely constrained medical services since 2015 when five area family physicians left their practices due to retirement and/or relocation.

Co-CDEs: Community Hospitality Healthcare Services

First National



\$7,000,000 Qualified Equity Investment

Location: Olean, New York

Poverty Rate: 42.30%

Median Family Income: 44.17%

Unemployment Rate: 17.8%, 2.14x the national average

Non-Metropolitan Census Tract

Projected Community Impact:

- 20 direct FTE jobs created and 60 jobs retained
- 87 FTE construction jobs
- Over 50% of jobs created will be filled by low-income persons or residents of the low-income community.
- 100% of permanent jobs will be above the area living wage and have access to medical, dental and vision insurance, short/long term disability and 401k.

The First National Project will renovate over 41,000 square feet of the historic former headquarters of the 1915 First National Bank and the adjoining Siegel's Shoes buildings. The Project will lease space to two local organizations: the Council on Addiction Recovery Service (CAREs) and Olean Gallery, as well as provide an additional 4,000 square feet of high visibility retail space. The Project will also create 23 market rate housing units, 5 of which will be rent restricted, in downtown Olean. CAREs is a community-based organization and resource for those affected by chemical and behavioral dependencies (e.g. opioid addiction) as well as victims of domestic violence and sexual abuse. CAREs anticipates that they will provide services to 2,000

people a year. Services include prevention education, treatment for substance abuse, mental health counseling, and medication assisted treatments. CAREs will pay for up to 350 credit hours to employees for obtaining advanced degrees in counseling, for continuing education, counseling credentials and licensing requirements. With the market constraints on achievable rents and the low appraised value of the Project, the Sponsor was not able to raise sufficient sources to complete the project. But for the flexible terms that the NMTC financing allows, the Project would not be able to move forward with the development of the project, providing much needed housing and below market rents for a vital community non-profit service organization.

Green Era Sustainability Campus



\$5,000,000 Qualified Equity Investment

This innovative project will redevelop a vacant 9-acre brownfield site into a sustainability campus which includes a biodigester, greenhouse space, community garden with a fresh produce stand and a visitor's center with classrooms for STEM programs and community activities (Green Era Sustainability Campus). Green Era Sustainability Campus is located in Auburn Gresham, one of the poorest areas in Chicago. The Project involves biotechnology and green energy, urban agriculture, quality employment opportunities for low-income people, fresh food for Food Deserts across Chicago, educational opportunities for youth, and crime reduction. At its core, the project is focused on environmental sustainability and social justice. The

biodigester is expected to produce enough energy to power 1,200 homes and will keep 42,500 metric tons of carbon dioxide out of the atmosphere. Using anaerobic digestion, Green Era will recycle inedible food waste to produce clean renewable energy and nutrient-rich soil (compost). The greenhouse space is expected to produce between 14,000-26,000 pounds of food per year for the surrounding community, serving 4,500 LIPs annually. Due to the technological risk of the digester and limited financial history of the Sponsor the Project would not move forward without the New Markets Tax Credits. The project was able to secure Federal and State New Markets Tax Credits from four CDEs.

Location: Chicago, Illinois

Poverty Rate: 49.5%

Median Family Income: 32.81%

Unemployment Rate: 34.2%, 4.12x the national average

Projected Community Impact:

- 47 direct FTE jobs created
- 40 FTE construction jobs
- At least 75% of jobs will be filled by low-income persons.
- The Project will work with community organizations and local high schools to offer environmental job training programs.
- A portion food will be given to the Fresh Moves Program, providing fresh food to Food Deserts, serving 4,500 low-income people annually.

Co-CDEs: MBS Urban Initiatives CDE, LLC, USBCDE LLC, and Southside Community Optimal Redevelopment Enterprise, LLC

Multi-Assistance Center at Morgan's Wonderland



\$9,000,000 Qualified Equity Investment

Multi-Assistance Center at Morgan's Wonderland (MAC) will be the new construction of a 165,000 square foot, one-stop service center providing an innovative approach to address the fragmented and uncoordinated health and social service care offered to low-income special needs individuals and their families. MAC will have 109,000 SF of leasable space for medical, social, and community services, with the remaining 56,000 square feet as shared common areas. MAC is a collaboration and partnership bringing together over 30 non-profit service partners with a mission to support and better the lives of special needs individuals. Anchored by CommuniCare, a Federally Qualified Health Center, 40% of services will be medical related, providing primary and

specialist services tailored to special needs individuals. Other medical services will include: dental procedures, optometric exams, audiological testing, blood-drawing services, and therapy including physical, occupational, speech, and behavioral. Without the NMTCs, MAC will be unable to offer these tenant/service providers lease rates approximately 50% below comparable market rates and above market services including: patient advocates, office staff, housekeeping, IT, and building maintenance all rolled into monthly rent payments. The NMTCs supplement a capital campaign and provide credit support where MAC has had limited access to debt due to the numerous non-profit service providers utilizing the facility.

Location: San Antonio, Texas

Poverty Rate: 31.7%

Median Family Income: 58.81%

Projected Community Impact:

- 250 direct FTE jobs created
- 125 FTE construction jobs
- Job training and placement assistance targeting employment for 2,000 special needs teens and adults annually.
- MAC will work with workforce development programs including Alamo Community Colleges District Workforce Development Program, Texas A&M University, Reaching Maximum Independence, and Texas Workforce Vocational Rehabilitation Services.

Co-CDEs: CCG Community Partners, LLC and PeopleFund NMTC, LLC

Provident Public Health Center



\$10,000,000 Qualified Equity Investment

IS3 Team LLC, a joint venture partnership, acquired the historically significant 300,000 square foot Provident Mutual Life Insurance Building which has been vacant for over 20 years, to renovate it into the Provident Public Health Center, a medical campus in Philadelphia, PA (the Project). Children’s Hospital of Philadelphia (CHOP) and Public Health Management Corporation (PHMC) will serve as the anchor tenants and provide essential medical care to the low-income community. According to a Philadelphia Department of Health 2018 Study, adult obesity in the surrounding neighborhood is 39.6%, diagnosed mental health conditions are 22.4% and 47.6% of children under the age 18 are living in poverty. The Project is designed to provide the services the

community needs most, including a medical clinic providing basic health and dental services to the low-income community. PHMC will run the Children’s Community Umbrella which will provide case management to at-risk children and CHOP will offer various programs focused on behavioral health including suicide prevention, autism, eating disorders and depression. The high costs of the adaptive re-use of the historic building, coupled with the below-market rents offered to the nonprofit tenants that will provide essential services to the community, created a financing gap. But for NMTCs, the Project did not have the financial resources to repurpose the building and provide flexible below-market commercial leases to local nonprofits.

Location: Philadelphia, Pennsylvania

Poverty Rate: 44.3%

Median Family Income: 38.51%

Unemployment Rate: 17.5%, 2.11x the national average

Medically Underserved Census Tract

Projected Community Impact:

- 1,500 direct FTE jobs created
- 160 FTE construction jobs
- Tenants will partner with Philadelphia Works and Enterprise Center to ensure low-income persons and low-income residents have access and receive the training needed to qualify for the new jobs.
- The Project will serve at least 28,000 people annually with a large majority of those being from the low-income community.

Co-CDE: National Trust Community Investment Corporation

Rural King



\$6,000,000 Qualified Equity Investment

Rural King will acquire an 800,000 square foot building which will be renovated to allow for expanded operations in Waverly, Ohio (the Project). The new facility is a former cabinet making operation which sat vacant for years prior to Rural King bringing a distribution facility to the market. Rural King, founded in 1960, is a family-owned farm supply store based in Mattoon, Illinois which currently has 119 stores across 13 states. The Project will enable Rural King to grow into new regions and open additional stores, creating widespread direct and indirect impacts for rural communities. The company is making good faith efforts to include vendors and suppliers from the local low-income community and women and minority owned

businesses. The Project will allow for expanded fulfillment capabilities for as many as 60 new retail stores to be opened over the next five years. Rural King evaluated several sites for the new distribution center and was considered a facility with a lower purchase price but was not located in a low-income community. NMTC financing enabled the Project to be undertaken in the low-income community, bringing costs in line with the more competitive location. The NMTC financing helped to overcome the significant capital outlay and additional training costs. The NMTC net benefit allows Rural King to create jobs, generate economic impact, and provide shopping opportunities to residents in a severely distressed rural community with high poverty.

Location: Waverly, Ohio

Poverty Rate: 22.2%

Unemployment Rate: 9.4%, 1.13x the national average

Non-Metropolitan Census Tract

Projected Community Impact:

- 75 direct FTE jobs created
- 30 FTE construction jobs
- The Project will work with local organizations, such as the Community Action Committee (CAC) to provide career guidance, job seeking, skill development, training and other programs for youth and adults in the community, including unemployed and underemployed residents.

Co-CDE: Ohio Community Development Finance Fund

RWDC Industries



\$6,000,000 Qualified Equity Investment

RWDC Industries, LLC (RWDC) is a startup bioplastics manufacturer founded in 2015 in Athens, Georgia. RWDC acquired a shuttered industrial site and is constructing a 4kt commercial demonstration facility producing biodegradable biopolymers (the Project) for use in an array of single-use plastic containers, as well as paperboard used in food service and food packaging applications. Initially, RWDC will produce biodegradable biopolymers based on polyhydroxyalkanoate (PHA) technology, utilizing renewable feedstock, such as waste cooking oil, to help clients produce items such as plastic straws and biodegradable plastic coatings for paper cups and containers. RWDC received internationally recognized biodegradability and compostable certifications

for Solon™, the brand name of its PHA material, from TUV Austria. The certifications provide third-party verification that Solon will biodegrade in any natural environment. Because of this, Solon doesn't require commercial composting facilities as other "compostable" plastic alternatives on the market. Solon can replace traditional single-use plastics, which fill up landfills and often find their way into the oceans where they do not decompose. Solon is 100% biodegradable and will break down in a variety of environments outside of industrial compost and recycling facilities. Without a reference technology to provide underwriting support, and with limited conventional financing resources, the Project has a financing gap which the NMTCs fill.

Location: Athens, Georgia

Poverty Rate: 36.3%

Median Family Income: 42.47%

Unemployment Rate: 15.3%, 1.84x the national average

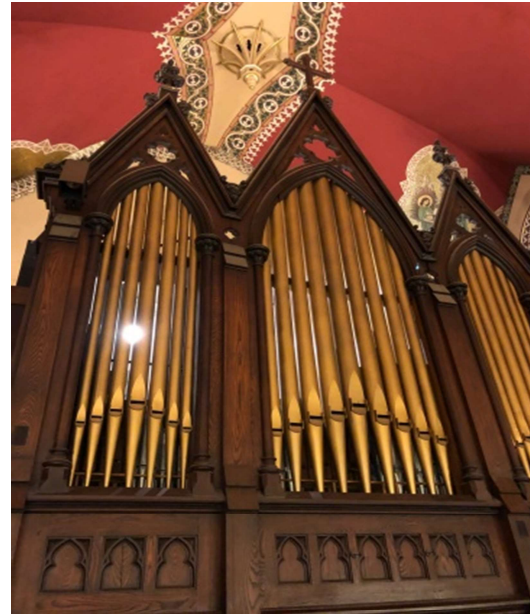
Underserved State

Projected Community Impact:

- 209 direct FTE jobs created
- 187 FTE construction jobs
- The majority of the newly created jobs will be high-paying, tech-intensive positions with an average salary over \$65,000, with over 60% filled by low-skill workers.
- RWDC is working with Quick Start Technical College to provide leadership training for employees and recruit entry level employees.

Co-CDEs Central States Development Partners, LLC

Steeple Square



\$6,000,000 Qualified Equity Investment

Steeple Square is the development of a 23,000 square foot community and training campus and daycare that will serve as a multi-tenant center, rehabilitating the vacant St. Mary's Parish built in 1867 (the Project). Part of the campus will house arts, cultural education and community activities in partnership with local organizations and youth-serving non-profits. Shared office and equipment space will be available to nonprofits working with the low-income population. The Project will provide job training in carpentry, historic restoration, and culinary arts. Instead of the traditional classroom, teens rehabilitate dilapidated rental units into affordable, quality homes for first time homeowners and working families while earning a diploma and

connections to post-secondary opportunities. Programming will include English as a second language education. Steeple Square will also advance the Housing Education and Rehabilitation Training (HEART) program model. HEART provides children at-risk of dropping out of school with opportunities to work toward successful careers. Due to the community-based nature of the Project, its non-profit tenants with below market rents, and despite a successful capital campaign, the Project has maxed out all sources of financing including: local donors, private and federal grants, historic tax credit financing, and contributions from the non-profit sponsor. But for NMTCs, the Project will not have the financial resources to complete the Project.

Location: Dubuque, Iowa

Poverty Rate: 31.8%

Median Family Income: 39.21%

Projected Community Impact:

- 31 direct FTE jobs created
- 153 FTE construction jobs
- Over 50% of these newly-created and retained jobs have low barriers to entry and will be readily available to low-income persons.
- The Project's tenant businesses will offer advanced education, technical training, and opportunities for further advancement.
- The Project will also include the Marita Theisen Childcare Center which will serve up to 70 low-income residents of the Washington and North End Neighborhoods.

2021 Round 16 Snapshot

Brick Church Crossings
East Orange, New Jersey
\$9,000,000



The Crossings at Brick Church Station is an urban, mixed-use redevelopment project anchored by a supermarket, restaurants, shops, public open space and mixed-income residences in a town center format. Located adjacent to the Brick Church train station, upon completion, the Project will provide a new focal point for East Orange, provide a crucial economic stimulus and catalyze additional investment. With an unemployment rate of 15.6%, 1.88x the national average, the project will create 313 new full-time quality jobs.

Cook Goodwill
Indianapolis, Indiana
\$8,000,000



Cook Group, a medical device company, is constructing a 40,000 square foot medical device manufacturing plant in a underprivileged area of northeast Indianapolis, Indiana. The facility will be leased to Goodwill of Central & Southern Indiana.. The products include introducers, sheaths, drainage catheters, and needles. Located in an area with an unemployment rate of 25%, 3.01x the national average, Cook Goodwill will create 100 high-quality full-time jobs and will target and hire individuals faced with consistent employment barriers.

DVCI Advisory Board



Chairman - Robert K. Jenkins, Jr.
Renaissance Equity Partners
Senior Managing Director



Dale Royal
Atlanta LISC
Executive Director



Tomas Duran
Concerned Capital
President



Monica Edwards
President
BRIDGE Impact Capital



James D. Howard, Jr.
Dudley Ventures
Principal



Ann Vogt
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James R. Klein
J.R. Global, LLC
Principal



David Adame
Chicanos Por L a Causa
President & CEO



Chimeka Gladney
Enterprise Community Investment
Managing Director



Carlos N. Sanchez
City of Plainfield
Business Administrator



Alex Stillpass
River Ridge Capital Advisors
Director



Angelina O'Connor
Dudley Ventures
Senior Transaction Manager

DV Community Investment is pleased to welcome Chimeka Gladney and David Adame to the DVCI Advisory Board. We are excited to add their vast expertise and community development experience to the advisory board as we strive to maximize this valuable resource to the fullest in the low-income communities we serve.

Chimeka Gladney, Managing Director, leads the New Markets Tax Credits team at Enterprise Community Investments, whose NMTC portfolio includes more than \$800 million of investments in commercial and mixed-use developments, community centers and health care facilities.

David Adame is President and Chief Executive Officer of Chicanos Por La Causa, Inc., one of the nation's largest Hispanic community development corporations. CPLC was established in 1969 to address injustice in Phoenix schools and provides direct services through economic development, education, housing, and health services.

Contact Us

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DVCI welcomes you to submit comments/feedback online at: dudleyventures.com/dvci

DV Community Investment is an equal opportunity provider.