

DV COMMUNITY INVESTMENT 2022 ANNUAL REPORT

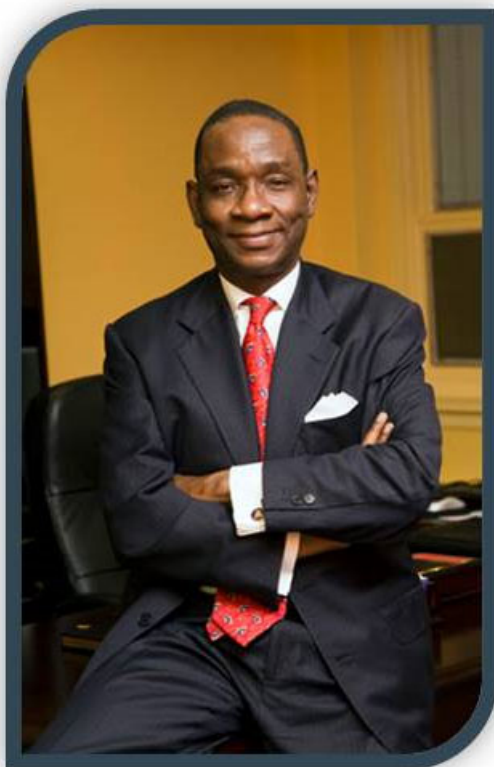
June 2023

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A Letter From Our Chairman



As Chairman of DVCI's Advisory Board, I am pleased to report on our 2022 activities as a Community Development Entity under the CDFI Fund's New Markets Tax Credit Program.

Over the past 12 years, we have directly created over 13,000 quality permanent jobs. These 69 projects have served more than 300,000 people annually, previously lacking essential services, including healthcare, education and homeless services resources. In 2022, DVCI provided \$58,000,000 in NMTC allocation to 8 projects, creating over 1,100 quality FTEs and supporting community services benefiting more than 36,000 people annually.

DVCI has committed to the renewal and revitalization of low-income communities in both rural and urban areas. 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 provide allocation to underserved states is the Lauderdale Community Hospital project, which DVCI provided \$9,000,000 of NMTC allocation. Lauderdale Community Hospital, located in rural Tennessee, is the construction

of a new 35,000 square foot state-of-the-art medical facility. Without this hospital patients must travel many hours to the nearest metropolitan area for care and many residents of the community have limited access to transportation. We are proud to have invested in this impactful project, bringing much needed healthcare services to the community.

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.

A handwritten signature in white ink on a dark blue background. The signature is stylized and appears to read 'Robert K. Jenkins, Jr.'.

Robert K. Jenkins, Jr.
Chairman

New Markets Tax Credit Program¹

NMTC projects create jobs, increase economic opportunity and improve lives in underserved communities. 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.

Funding for Projects

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. Over the life of the program, Congress has approved \$99 billion in allocation authority through 2025.

The NMTC Extension Act of 2023 establishes the NMTC as a permanent part of the tax code.

Established in 2000 in the Community Renewal Tax Relief Act (P.L. 106-554), the New Markets Tax Credit is a bipartisan effort to stimulate investment and economic growth in low-income urban and rural communities.

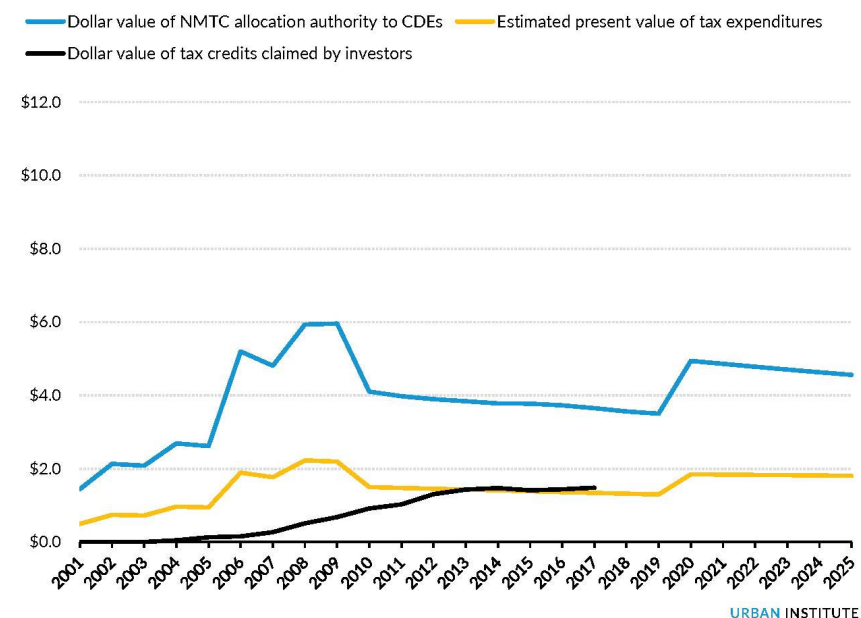
Since 2021, \$63.4 billion in NMTC allocation has been deployed to 7,615 projects and businesses, totaling \$120.5 billion in total project investment, resulting in:

- More than one million total jobs in all 50 states;
- 228 million sq. ft. of real estate;
- 1,073 mixed-use projects;
- More than 3,500 federally qualified health centers, schools, daycare centers, vocational programs, treatment facilities, and other service providers supporting tens of millions of low-income people; and
- 1,803 manufacturing projects.

¹ <https://nmtccoalition.org/2023/04/06/bill-introduced-in-house-calls-for-nmtc-to-receive-permanent-extension-at-5-billion/>

FIGURE 1

NMTC Program Financials by Year of Government Approval, 2001 to 2025
Dollars (billions)



Sources: US Treasury's Community Development Financial Institutions Fund; Internal Revenue Service Statistics of Income for corporate and individual tax returns.

Notes: CDE = Community development entity. All amounts are adjusted for inflation to 2019 dollars. Year refers to the calendar year of government approval; the Community Development Financial Institutions Fund may have made the allocation awards in that year or in a following year depending on the award announcement date. Tax claim data are only available for individuals and corporations through 2017.

Novogradac Journal of Tax Credits

2022 Operating Business QLICI of the Year Award

Coffee Café Bakery

Location: Atlanta, Georgia

Poverty Rate: 35%

Median Family Income: 45.79%

Unemployment Rate: 31.9%, 3.84x the national Average

Projected Community Impacts:

- 109 FTE jobs created
 - 98% LIPs or Residents of the LIC
 - 85% Minority Persons
- 100% of the job openings are made available to Atlanta's workforce development agency, WorkSource Atlanta
- Jobs created include positions in baked goods manufacturing, sanitization, and transportation



\$6,000,000 Qualified Equity Investment

Coffee Café Bakery, a joint venture between four minority business owners, renovated and fully equipped an existing 31,150 square foot warehouse into a baking facility located at 3528 Browns Mill Road in Atlanta, Georgia (the "Project"). The Project will feature state-of-the-art bakery equipment in a production area, with full wash down capabilities, and equipment for mixing, proofing, frying, glazing, and finishing baked goods for 365-day delivery of up to an estimated 31MM baked goods annually. The facility will sell baked goods to more than 170 local Dunkin Donuts franchise stores, 50% of which are minority owned. At present, stores in the region purchase frozen products at higher cost. Using high-tech production lines and equipment, the Project will make and deliver fresh baked goods daily. The fresh baked goods will increase product quality while reducing production costs which will result in a better experience for the customers. Due to the high construction and equipment costs coupled with small operating margins, the ability to service debt and raise equity was limited and the Project had a financing gap which the NMTCs fill.

AGC Learning Hub



\$7,000,000 Qualified Equity Investment

The Academy for Global Citizenship (“AGC”), a Chicago public charter school providing a dual-language International Baccalaureate education to low-income students, will transform a 6.2-acre brownfield site into a highly innovative and sustainable community campus that includes: K- 8th and early childhood education, learning farm, school-based Federally Qualified Health Center, community produce market, gym, cafeteria, kitchen, and administrative space. The campus will also include an on-site day care for teachers and staff to use. The project was once the site of 600 units of Chicago Housing Authority public housing and is the lead catalytic project in a 40-

Location: Chicago, Illinois

Poverty Rate: 18.3%

Median Family Income: 63.91%

Unemployment Rate: 21.1%, 2.54x the national average

Projected Community Impact:

- 33 FTE jobs created
- 67 FTE jobs retained
- 100 FTE construction jobs created
- The school will provide education to more than 490 students (kindergarten through 8th grade) and will create a Head Start pre-K education program for 120 low-income children
- The FQHC will provide specialized care to the surrounding minority community and is expected to serve 1,200 patients annually

Co-CDEs: HEDC New Markets, IFF, BMO Harris New Markets Fund, and The Rose Urban Green Fund

acre mixed-use development that will bring affordable housing, community retail and commercial space to the low-income neighborhood. The Project was supported by a successful capital campaign; however due to the high costs to remediate and redevelop the large brownfield site, and the fact that the not-for-profit tenants are not able to generate enough income due to the community services they provide, there are a lack of conventional financing options available which results in a funding gap. Without the New Market Tax Credits, AGC would not have been able to move forward with the Project.

The Crossings at Brick Church



\$9,000,000 Qualified Equity Investment

The Crossings at Brick Church Station is a 200,000 square foot urban, mixed-use redevelopment anchored by a 68,000 square foot ShopRite Supermarket, 24,000 square feet of retail space, Newark Community Health Center, a Federally Qualified Health Center, public open space, and mixed-income residences in a town center format. Located adjacent to the Brick Church train station, the Project will, upon completion, be a new focal point for East Orange, create new jobs in the community, and catalyze future investment. The Project is part of a larger initiative by the City to achieve main street revitalization through its East Orange Transit Village District Redevelopment Plan and will create a “center of place” providing accessibility through

a walkable urban format. Located in historically disinvested East Orange, the Project will be a highly transformative urban redevelopment with a purposeful collective of tenants who will predominantly serve the low-income communities and individuals.

As one of the largest multi-CDE NMTC closings in the NMTC Program’s history, the Project will provide much-needed community goods and services to the community. The ShopRite will serve over 22,000 residents annually, providing fresh food in a Food Desert. The Newark Community Health Center is expected to serve more than 4,000 patients per year, 75% of whom are LIPs in this medically underserved area.

Location: East Orange, New Jersey

Median Family Income: 39.78%

Unemployment Rate: 15.6%%, 1.88x the national average

Projected Community Impact:

- 65 direct FTE jobs created
- 170 FTE retained jobs
- 596 FTE construction jobs
- At least 50% of the permanent jobs will be provided to low-income persons or residents of the low-income community with pay above the area living wage and have access to medical, dental and vision insurance, short/long term disability and 401k

Co-CDEs: ESIC New Markets Partners LP, Mid-City Community; New Markets Support Corporation/LISC, PNC, The Reinvestment Fund, and Urban Action Community Development

HFCC Towne Twin Village



\$5,000,000 Qualified Equity Investment

Location: San Antonio, Texas

Poverty Rate: 31.7%

Median Family Income: 39.75%

Unemployment Rate: 11.4%, 1.37x the national average

Projected Community Impact:

- 16 direct FTE jobs created
- 90% of jobs will be filled by low-income persons or residents of the low-income community
- HFCC will engage with the Eastside Education and Training center, offering programs for adults and youth to improve literacy and employability skills
- The commercial kitchen will provide meals to residents, as well as offer more than 48,000 meals to the neighboring community

Co-CDEs: Capital Impact Partners and Accion Opportunity Fund Community Development

Housing First Community Coalition will repurpose a 17.3-acre, vacant drive-in movie theater into a community campus serving chronically homeless individuals who are 50+ years old with physical and/or mental disabilities. HFCC is developing 100 energy efficient “tiny homes”, 24 RV pads, an onsite health clinic, resource and administrative offices and the Dorothy Day House of Hospitality. The health clinic will include primary health and dental care exam rooms, counseling, and case management. The Dorothy Day House of Hospitality will provide meals, a barbershop, nail care, and laundry facilities to residents and will have a commercial kitchen to provide meals to residents, as well as offer 48K+ meals to the neighboring

community. The campus will house 194 formally homeless individuals, plus 10 Please Alleviate Loneliness volunteers. Peer volunteers and individuals who have overcome chronic homelessness will offer a wide range of support including mentorship. HFCC is reliant on charitable contributions and grants. NMTCs filled the gap allowing HFCC to move forward and develop the community campus to serve the chronically homeless population, enhancing the lives of those who will reside in the Tiny Homes and surrounding neighborhood. Without NMTCs, this highly impactful project would otherwise have to be significantly scaled down, eliminating critical services, amenities, and housing units from the campus.

Lauderdale Community Hospital



\$9,000,000 Qualified Equity Investment

Lauderdale Community Hospital, LLC, is constructing a new state of the art facility to replace an obsolete hospital in medically underserved, rural Ripley, Tennessee. The project will create a significantly improved facility for patients and staff including the latest medical equipment and a more efficient layout. More than \$22MM is being invested in the facility to improve and expand services including Emergency Cardiac and Pulmonary Rehab, Surgery Services, Radiology, Laboratory, Physical Rehabilitation, Acute Care, and Respiratory Therapy. Lauderdale Community Hospital is a critical access hospital and the new building will significantly improve efficiency over the existing facility by implementing a layout optimized for outpatient procedures and care, improved energy efficiency, and modern equipment to help provide better

Location: Ripley, Tennessee

Poverty Rate: 38.9%

Median Family Income: 41.46%

Unemployment Rate: 13.1%, 1.56x the national average

Non-Metro Census Tract

Projected Community Impact:

- 20 direct FTE jobs created
- 100 FTE jobs retained
- 50% of jobs will be filled by low-income persons. 100% of the job openings will be quality jobs which have a comprehensive benefits package that includes medical, dental, 401k, access to additional onsite training and tuition reimbursement

Co-CDEs: CCG Community Partners LLC & Hope Enterprise Corporation

patient outcomes and earlier detection and diagnosis of many diseases. The Project is expected to serve 50,000 patients per year with approximately 31,500 of those visits being from low-income persons. Lauderdale County and the surrounding area have severely constrained medical services whereby Lauderdale Community Hospital is the only hospital in that county and there are no hospitals in several neighboring counties. Rural Hospitals and medical facilities across rural America have closed due to falling rural populations and an inability to remain profitable or raise enough charitable funds to stay in operation. Most lenders have little or no ability to underwrite a deal under these conditions, which has severely limited potential debt options and necessitates the need for New Markets Tax Credit financing.

Lent Hill



\$7,000,000 Qualified Equity Investment

Ag-Grid Energy (“AGE”), a minority and women owned waste-to-energy developer has partnered with Lent Hill Dairy Farm (“LHDF”), a 172-year-old family owned-and-operated dairy farm to install and jointly operate a 2-megawatt anaerobic digester system in rural Cohocton, NY (pop. 2,626). AGE will process LHDF’s cow manure along with 43,000 gallons per day of local farmers’ food waste, silage, and other crop residue to produce renewable energy and other valuable co-products. Consisting of two 120’ x 20’ digester tanks and a 2-megawatt combined heat and power unit that will produce both heat and electricity, the project will generate roughly 13,200 megawatt-hours of electricity annually. The electricity not used by Lent Hill Dairy Farm will be sold to a local cheese factory co-op at a 10% discount. The project will also

Location: Cohocton, New York

Poverty Rate: 17.10%

Median Family Income: 71.6%

Unemployment Rate: 7.6%, .92x the national average

Non-Metro Census Tract

Projected Community Impact:

- 15 direct FTE jobs created
- 39 FTEs retained
- 18 FTE construction jobs created
- 100% of the new FTEs will be filled by residents of the low-income community and accessible to the hard-to-employ individuals
- New jobs will have an annual average wage of \$53,000 and include health benefits and technical training
- Lent Hill will dramatically improve the air quality for the surrounding rural low-income community while mitigating greenhouse gas emissions

produce 16,820 tons per year of liquid filtrate biochemical fertilizer that LHDF will use to replace the fossil fuel-based chemical fertilizer it currently uses. Decreasing greenhouse gas for over 2,000 low-income residents, the project will mitigate 340 metric tons of methane annually or 8,500 metric tons of CO₂e derived from dairy manure and food waste processed within 30 miles of the facility. Lent Hill directly aligns with the Steuben County Economic Development Plan which identifies renewable energy as a primary economic development engine. Conventional financing was unavailable as anaerobic digesters are a difficult to finance asset class and a lack of a strong track record, with limited revenue. The NMTCs allowed the project to create jobs and significantly improve environmental conditions in the community.

Momeni & Sons



\$7,000,000 Qualified Equity Investment

Momeni, Inc. is a minority owned business and leading manufacturer and importer of area rugs, wall-to-wall carpeting and home décor. Momeni will develop a 302,600 SF warehouse and distribution facility in a severely distressed non-metro area in Adairsville, Georgia. When complete, the facility will serve as a centralized import center and distribution hub. The project will provide skills training in conjunction with a local workforce development provider or technical school. Momeni has a long history of employing those faced with barriers to employment, such as lower levels of formal education. The current labor force is made up of ~90% of people of color and Momeni is committed to hiring minority employees for at least 60% of its labor force.

Location: Adairsville, Georgia

Poverty Rate: 20.3%

Median Family Income: 71.14%

Unemployment Rate: 14.6%, 1.76x the national average

Projected Community Impact:

- 80 FTE jobs created
- 100 FTE construction jobs created
- 82% of direct, permanent FTE jobs will be accessible Jobs
- At least 60% of jobs will be filled by minority residents of the low-income community
- Employees will be provided with technical warehouse skills training and opportunities to advance within the company

Co-CDEs: Rural Development Partners

The Project has received strong support from local and state government agencies and community leaders and is aligned with the 2018-2028 Gordon County Joint Comprehensive Plan, which includes economic development, resource management, housing, transportation, and health goals, among others. Momeni experienced challenges created by the COVID-19 pandemic and their existing warehouse has not been able to keep up with demand and the volume of inventory required for online sales, leaving it unable to capitalize on recent market opportunities. The Project will help Momeni meet market demand, thus growing revenue. Without the NMTC subsidy, the Project would not be completed.

Nextec



\$6,000,000 Qualified Equity Investment

Located in a highly distressed area of Birmingham, Alabama, Nextec will renovate and restore the vacant 47,000 square foot, 90-year-old historic Edwards Motor Company and create flexible workspace and collaboration areas designed for earlier stage companies, particularly in the fast-growing technology sector (the “Project”). Nextec’s sponsors have a public/private partnership with Rev Birmingham, an economic development group aimed at driving growth in downtown Birmingham through impactful development. Prioritizing small and minority-owned businesses, Nextec will offer tenants below market rent rates and other flexible lease terms to provide an opportunity for companies that graduate from the Innovation Depot to stay downtown and spur economic development within Birmingham’s Northwest

Location: Birmingham, Alabama

Poverty Rate: 34.6%

Median Family Income: 73.57%

Projected Community Impact:

- 83 FTE jobs created
- 53 FTE construction jobs
- At least 50% of jobs created will be filled by low-income persons or residents of the low-income community
- Nextec will provide free educational seminars and workshops to more than 1,000 LIPs annually

Co-CDEs: UB Community Development

Quadrant, including the Civil Rights District, which will increase economic vitality to the area. The Project will create 83 new quality full-time jobs and 53 construction jobs, with at least 50% of full-time jobs created to be filled by low-income persons or residents of the low-income community. Comprehensive services include communal business space, flexible leasing and mentoring programs. Nextec will also create an outdoor community space, including an urban/pocket park and a small amphitheater, and all community space will be available for use by the surrounding low-income community. Absent the NMTCs, the Project would not be able to offer the below-market lease rates and additional services to start-up businesses, impacting the city-wide effort to develop Birmingham’s downtown Switch District.

WholeStone Farms



\$8,000,000 Qualified Equity Investment

WholeStone Farms Cooperative, Inc. is a 195-member co-op of local farmers, which made significant upgrades to its pork processing plant located in rural Fremont, Nebraska (pop. 26,437). One of the most pressing needs of the plant is to upgrade and modernize the facility to add 118,600 square feet for a new state-of-the-art processing and cut floor. The existing facility was not keeping up with product demand which resulted in losing business to competitors. The improvements included equilibrium coolers which now allows WholeStone to hold inventory prior to fabrication, creating the need for a second shift and significant job creation. The improved process and addition of a second shift improves yield, increases revenue, improves quality and shelf life, all of which results in value passed on to the co-op

Location: Fremont, Nebraska

Median Family Income: 52.7%

Unemployment Rate: 11.6%, 1.4x the national average

Projected Community Impact:

- 800 direct FTE jobs
- 1,277 FTEs retained
- 80% of the full-time jobs will be available to unskilled low-income persons
- WholeStone will offer training and tuition reimbursement programs
- 100% of the full-time jobs will offer health benefits, dental, and retirement plans and pay above the MIT living wage for the area

Co-CDEs: Stonehenge Capital Funding Company and Greenline Community Ventures

members. Employees have access to training, career advancement, and advanced educational opportunities through local colleges. WholeStone also partners with local schools, community leaders, and healthcare facilities to provide accessible jobs and services to surrounding minority communities with limited English proficiency. Due to the COVID-19 pandemic, WholeStone had significant cost increase and supply chain constraints. These rising costs have severely impacted the co-op's planned expansion and improvements due to budget increases which resulted in a budget gap that has put the Project size in doubt. Without the NMTCs the Project would not move forward at its currently planned scale, greatly limiting job creation and economic benefits to the low-income community.

2023 Round 17 Snapshot

The Bottleworks Building



The Bottleworks Building is the renovation of the 254,000 square foot historic Louisiana Coca-Cola Bottling facility, constructed in the late 1940's, into a mixed-use development in New Orleans, Louisiana. The building will be split into two separate condos, one that will include 21 housing units, with 50% of those being affordable, and 62,000 square feet of ground floor office, restaurant, and creative space and a second unit containing an additional 195 units of housing. There will be shared office space on the ground floor for music/film and creative technology that will include programming for job training targeted at low-income, high-risk youth with a special focus on racial equity. Qualifying non-profit organizations with a focus in technology training, music education or disadvantaged youth will receive below market rental rates for office space. Bottleworks will partner with Son of A Saint, a nonprofit organization which provides mentoring life skills training to fatherless boys. Son of A Saint will receive fully abated rents and develop programming services, including computer and technology workforce skills training. Bottleworks will also partner with Xavier University of Louisiana, a historically black university in New Orleans, located directly across the street from the building. Xavier will provide student mentors for SOAS and allow students to utilize shared office space within the project. Xavier's meal program participants will also be able to work at the retail/restaurant shops located onsite.

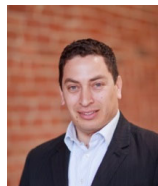
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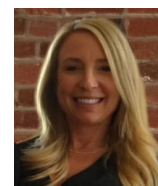
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Tara Krebbs
Dudley Ventures
Director of Marketing

DVCI would like to welcome Leah Rogan and Tara Krebbs to the DVCI Advisory Board. Ms. Rogan is the Managing Director of Enterprise's New Markets Tax Credits business, one of the industry's largest allocators of NMTC awards with more than \$1 billion in investments and close to 100 high-impact properties financed. Ms. Rogan has over 14 years of real estate experience with a focus on commercial asset management, development, compliance, accounting and financial reporting. Ms. Krebbs joined Dudley Ventures in 2005 and currently serves as the Director of Marketing and Operations Manager. She is well versed in the NMTC Program, specifically related to community impacts, and works extensively on the NMTC application.

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.