



Summer 2002

A SERVICE OF THE ECONOMIC DEVELOPMENT ASSISTANCE CONSORTIUM

EDAC is pleased to announce its formation of four new technical assistance (T.A.) units to furnish clients with strategic planning, grantsmanship, collaboration formation and consulting services for New Markets Tax Credit initiatives. Our specialists have prior experience as employees of federal and local agencies, banks, community development finance institutions, community development corporations, national intermediaries and the Internal Revenue Service. EDAC has prepared federal applications and structured community development finance entities for municipal, private sector and community-based clients since 1981. During the past year, our senior principals have conducted New Markets Tax Credit (NMTC) symposia around the nation as part of the U.S. Department of Housing and Urban Development's RC/EZ regional briefings and for bankers, CDC associations, CDFIs and real estate developers in New York, New England, Chicago and Honolulu.

EDAC technical assistance units will be directed by Marcus Weiss, Esq. and will feature specialists with decades of experience managing municipal, state, federal and/or community-based loan funds, commercial development programs and public/private partnerships.

Mark Weiss, EDAC's President, was a co-designer (as a consultant for HUD) of two national programs creating development finance vehicles, the Community and Individual Investment Corporation (CIIC) and the Community Empowerment Fund (CEF). The latter (a securitization/secondary market demonstration) was initially part of the original New Markets initiative and the former catalyzed innovative, new finance collaborations such as the City First Bank of Washington, D.C. More detailed bio-sketches for each of our technical assistance consultants are available via EDAC's website at www.ncced.org/EDAC.html.

Technical Assistance Units

Community Development Entities

Dan Horvath, Esq.
Frank Altman
Dr. Ralph Lippman
Claudette Konola

Local Government Innovations

Susan Horn Moo, Esq. *
Paul Horn
Michael Savage
Leslie Winter

Private Sector Initiatives and Collaborations

John Nelson
Chuck Grigsby **
Glenn Sanada
David Sweeny

Charter Schools

Morton Goldfein, Esq.
Harold Oshima

* Not available for projects in the greater Boston area

** Not available for projects in Massachusetts

NMTC

Fifteen billion dollars in tax credits will be allocated via annual allocation “competitions” from 2002 through 2007. This year’s application deadline is August 29th for community development entities certified by the Treasury Department or whose applications for certification were submitted by July 25th. Two and a half billion dollars will be allocated for the 2002 round, with \$1.5 billion scheduled to be allocated in 2003. At its July 12th telecast briefing, Treasury staff indicated that competition for 2003 allocations will probably be scheduled earlier in the year than this year’s round. The Treasury staff have made an extensive effort to provide forms, notices and responses to questions on their website at www.cdfifund.gov.

The credit is claimed at 5% in years 1-3 and 6% in years 4-7. To stimulate investments, the initiative will have to be focused on deals which will generate positive cash flow and capital appreciation. Newly formed Community Development Entities (which receive cash investments in exchange for the tax credits or capital from other CDEs) will need partners, management and outside advisors who have the experience and skills to develop and oversee successful investments in economic development ventures which have prospects for growth in economically challenged areas.

Value in Establishing a CDE

Many communities and organizations may choose to defer pursuing an allocation directly, but will probably find great value in establishing a certified Community Development Entity. Certified CDEs will be eligible to receive investments and loans from other CDEs. Thus for these (and other) benefits, communities will want to explore the establishment of a CDE, even if they do not expect to apply for a tax credit allocation in the near future. It is anticipated that a number of national and regional finance institutions and other intermediaries will be submitting applications on August 29th and will be planning to make investments in multiple target areas. Local efforts to undertake the creation of a “comprehensive investment plan” inspired by the New Markets Tax Credit might also serve to complement a community’s recent efforts to build investment strategies among the community, governmental and private sectors pursuant to local Tax Incentive Utilization Plans required for Renewal Community and Empowerment Zone applications.

For communities and entities seeking to generate new momentum for investments targeting “new markets,” applications for CDE certification will be generally available on an open basis with the Treasury Department’s CDFI Fund. From time to time, the Treasury may establish short-term deadlines by which CDE certification will need to have been pursued for an impending round of tax allocations. However, aside from the annual allocation competition, the Treasury Department is expected to accept applications for CDE certification throughout the year. Interested applicants may want to review regulations, application forms and other types of guidance regularly posted on the CDFI Fund’s website. EDAC will continue to conduct symposia during the Fall and Winter and will post related information on our website at www.ncced.org/EDAC.html.

Selected Allocation Application Emphases

The tax credit allocation application requires applicants to provide extensive information about the projected business activities, investments and other products and services which will be targeted to disadvantaged communities and businesses operating in designated areas. Prior performance and experience will also be an important consideration. The application requires elaboration concerning a proponent’s capitalization strategy with a range of information needed about sources

of capital, investor commitments and potential flow of allocations. The experience of the applicant’s management team with respect to raising and deploying capital and/or providing services are also among the elements to be covered in the application. The impact on the targeted community as a result of the use of investment proceeds and the applicant’s intended approach to preserve community accountability will also need to be addressed.

A number of potential applicants may find that their staff capability and experience are constrained by certain types of gaps with respect to proposed strategies for future investments. The Treasury’s reviewers will apparently be willing to consider techniques by applicants to supplement their proposed internal capacity with outside contractors regularly available to provide expertise and support with respect to targeted investments in businesses operating in low-income areas. EDAC specialists will be available to address the supplementation of local staff and the facilitation of potential additional collaborating partners.

EDAC consultants will also be available to address a number of issues raised by the regulations and comments/questions presented to CDFI Fund and IRS representatives. Among the matters we will be available to assist clients on are the following:

- CDE certification
- “Compelling” business strategies in low-income areas
- Investing in other CDEs
- Key roles for CDCs
- Forming a governing board
- Serving multiple target areas
- Allocation agreements
- Accountability issues
- Disadvantaged businesses
- CDE control re: investments
- Transfers to subsidiaries
- Simultaneous use of bonds, grants and other tax credits
- Refinancing debt
- Investor roles re: leveraged debt
- IRS private letter rulings
- Mixed use investments
- National chains
- Look back allowance
- Treatment of reserve funds
- Recapture events
- Cure periods
- Safe harbors
- Avoiding conflicts
- “Related party” issues
- Serving multiple target areas

Technical Assistance Units Personnel

Community Development Entities

Dan Horvath, Esq. As President of Community Equity Investments, Inc. (CEII) in Pensacola, Florida, Mr. Horvath has developed several innovative small business loan programs, including a revolving loan fund, SBA microloan program, intermediary relending program, and a bank-owned CDC consortium. He has served on the board of the National Congress for Community and Economic Development (NCCED) based in Washington, D.C. and as chairman of the Florida Federation of CDCs. A former staff attorney with the National Economic Development and Law Center, he wrote portions of the Lawyer’s Manual for Community-based Economic Development. Mr. Horvath is a graduate of Brooklyn Law School and Hunter College.

Frank Altman assists EDAC clients with CDE and capitalization strategies, loan program management advice, portfolio valuation and securitization as well as operational assessments. He is President and CEO of the Community Reinvestment Fund (CRF). He supervised CRF’s application and successful receipt of CDE certification from the Treasury Department. Mr. Altman has been a national leader in the effort to create the New Markets Tax Credit program and has lectured extensively about its implementation at EDAC symposia and at a recent panel briefing conducted in July by the Treasury Department. He has also served as a consultant for the Economic Development Administration and HUD with respect to the development of pioneering securitization and development finance programs. He was a member of EDAC’s subcontracting team (along with Susan Horn-Moo and Mark Weiss) for the development of HUD’s Community Empowerment Fund, which was an initial part of the New Markets initiative. He also advised the U.S. Treasury regarding securitization of economic

development loans. He holds a Masters Degree in Public Administration from the Hubert H. Humphrey Institute of Public Affairs at the University of Minnesota and an A.B. degree from Brown University where he graduated Phi Beta Kappa.

Dr. Ralph Lippman serves as director of the California Community Economic Development Association (CCEDA), which provides technical assistance and related support for 200 member organizations engaged in a range of community-building strategies. A former employee of L.A.'s Community Redevelopment Agency, he serves on the board of the National Congress for Community Economic Development as well as a number of other boards. Dr. Lippman previously served as the Los Angeles director for the Local Initiative Support Corporation. He received his Doctorate in Public Administration from the University of Southern California.

Claudette J. Konola, Director of Training and Technical Services at the Community Reinvestment Fund, has been involved in various aspects of finance for almost 30 years. Prior to joining CRF, she managed the Mesa County Revolving Loan Fund, a program of the Western Colorado Business Development Corporation. In her capacity as Administrator of the Loan Fund, she was one of the first Colorado loan sellers to CRF. Ms. Konola spent almost 25 years in commercial banks in various positions, including the positions of commercial loan officer and corporate cash management. Ms. Konola holds a BS in Finance from the University of Colorado.

Local Government Innovations

Susan Horn-Moo, Esq. is General Counsel of Transit Realty Associates, Boston, a private company with contracts to handle all real estate dispositions for the Massachusetts Bay Transportation Authority which is the second largest land owner in the state and which provides all bus, rail and subway transit in Eastern Massachusetts. Ms. Horn-Moo previously served as General Counsel to the City of Boston's Economic Development Industrial Corporation (EDIC) and the Boston Local Development Corporation where she assisted in the design and implementation of two small business lending programs. She has authored many articles on economic development legislation and policy as well as monographs and pamphlets on legal issues of concern to those involved in the economic development process including "Alternative Legal Structures for CDCs" (and subsidiaries). Ms. Horn-Moo holds a law degree from Harvard University, cum laude, a B.A. in Physics from Wellesley College and has honors as a Phi Beta Kappa and Durant Scholar.

Paul Horn has assisted numerous cities with the development of economic revitalization strategies as a former Community Builder with the U.S. Department of Housing and Urban Development and as a consultant. He has also assisted numerous Empowerment Zones and Enterprise Communities and served as Director of Program Development for Boston's Economic Development and Industrial Corporation (EDIC). As a consultant to the Massachusetts Department of Housing and Community Development, Mr. Horn developed the "Local Partnership Program," a statewide initiative of planning assistance targeted to small and rural communities. He holds an MBA and a Master of Urban Affairs from Boston University and a B.A., with honors, from University of California, Berkeley.

Michael Savage is the former Acting and Deputy Director of HUD's Office of Economic Development, where he had extensive responsibility for the initial implementation and oversight of the Empowerment Zone program. He currently serves as a consultant to the Corporate Partnership Program of the National Congress for Community Economic Development and regularly serves as an EDAC consultant assisting cities, incubators, CDCs and rural collaborations with economic development strategies and federal funding analyses. He holds an M.A. and a B.A. in Public Administration from the University of California, Berkeley, and received an NIPA fellowship for Advanced Graduate Study at the Woodrow Wilson School at Princeton University.

Leslie Winter is a specialist in industrial retention and commercial development and the former Director of the Office of Real Estate in the New York City Office of Business Development. He also served as an Assistant Commissioner in the City's Division of Real Property. He is the former Director of the Real Estate Institute at New York University and serves as Board Chairman of one of New York's most admired CDCs. He serves on numerous boards and is particularly responsible for fundraising, planning and leadership activities for the Achilles Track Club, a charitable organization with chapters in over 41 countries around the globe. He graduated cum laude from Syracuse University where he also received a Master's in Public Administration. He also received a Master's in Psychology from the New School for Social Research.

Private Sector Initiatives and Collaborations

John Eric Nelson is director of NCCED's Corporate Partnership Program (CPP). Funded as part of the Ford Foundation's *Corporate Involvement Initiative*, CPP facilitates market-driven, business case opportunities with community-based development organizations and minority entrepreneurs in joint venture business investments. (NCCED is the 32-year old national trade association for the country's 3,600 community development corporations.) Mr. Nelson co-directs Wall Street Without Walls, which facilitates the provision of pro bono technical assistance from financial professionals to community-based organizations for transactions over \$2 million. He also designed and managed the Small Business Opportunity Project for HUD to assist public housing residents plan and run their own businesses. Mr. Nelson graduated from Yale College and the University of Michigan where he also taught social psychology.

Charles Grigsby currently serves as Senior Vice President and Fund Manager of The Life Initiative, a \$100,000,000 community investment fund capitalized by eleven Massachusetts based life insurance companies. In three years of operation the fund has committed \$72,000,000 to 44 projects. Mr. Grigsby previously served as Director of the City of Boston's Department of Neighborhood Development, with an annual budget of \$220,000,000 and a staff of 312. Other experiences include his leadership as CEO of the Massachusetts Community Development Finance Corp., one of the nation's earliest governmentally-funded CDFIs which provided equity as well as debt for business development in targeted areas. He has additional background as a lending officer at Bank of Boston and as a CEO of a millwork and a venture capital company. He currently serves on the Boards of Directors of the Boston Private Bank and Trust Co., Trillium Asset Management Co., Mass. Housing Investment Corp. and Neighborhood House Charter School. Mr. Grigsby is a graduate of Harvard College.

Glenn Sanada has significant experience as a former Senior Vice President in Community Development Banking with Bank of America. He currently serves as Program Manager of CCEDI, a comprehensive training and technical assistance program of the California Community Economic Development Association.. He is the Mayor's representative on the City of Los Angeles' Banking Oversight Committee. He serves on loan committees and boards for L.A.'s Commercial Development Division Loan Committee, the Little Tokyo CDC, and the Los Angeles Community Design Center. He is a graduate of the Pacific Coast Banking School, DTI and holds a Bachelor's degree in Urban Planning from California Polytechnic University, Pomona.

David Sweeny is the CEO of the Greenpoint Manufacturing and Design Center in Brooklyn, NY, one of the foremost shared manufacturing incubator facilities in the Northeast. He has extensive experience in formulating regional economic growth strategies and has developed an evaluation matrix to score and rank economic development projects for insurance, government and industry collaborations in cities such as Hartford, CT. A winner of numerous awards for small business advocacy and industrial development, he also served as a Credit Analyst for Banker's Trust in New York and graduated magna cum laude from the University of Vermont, where he studied economics.

Charter Schools

Mort Goldfein, Esq. has extensive experience in the areas of commercial real estate development and community investment. As the former Director of Community Investment at New Community Corporation in Newark, NJ, the nation's largest non-profit community development entity, he was instrumental in launching community-based financial institutions pertaining to low-income housing opportunity funds, low-income housing tax credits, as well as a for-profit community lending entity which makes loans to job-generating inner-city businesses. He was also responsible for overseeing NCC's credit union and coordinated several charter school real estate undertakings. He subsequently served as CEO for the New Newark Foundation. Previously, as Senior V.P., Law and Public Affairs for Hartz Mountain Industries, Inc., he was responsible for legal, regulatory, civic, and philanthropic activities for the region's largest real estate developer. A former president of the New Jersey chapter of the National Association of Industrial & Office Parks, Mr. Goldfein was awarded NAIOP's "Personal Achievement Award". He received his law degree from the University of Pennsylvania and his Bachelor's degree from Tufts University.

Harold Oshima is EDAC's financial analyst for federal grant projects and a former employee of the Internal Revenue Service. An NASD regulated securities adviser, he has extensive experience in analyzing real estate and business investments. He is a co-founder and chair of the Board of Trustees of the Somerville Charter School and is a financial consultant on charter school development. He holds a Master's degree in Philosophy from Harvard University and a B.A. from Pomona College.

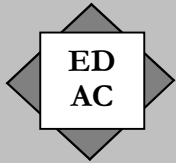
T.A. Director

Marcus Weiss, EDAC's President, is a Boston-based attorney with over thirty years of experience in the formation of community development entities. He recently served as HUD's national trainer on the New Markets initiative and during the last two years served as an advisor to the agency with respect to development finance vehicles designed to complement New Markets tax incentives. Mr. Weiss is the author of [Building Partnerships Between State TANF Initiatives and CDCs – A Guidebook for Practitioners and State Officials](#), an NCCED publication for HHS. He is the co-author of [Workforce Development Networks: Community-Based Organizations and Regional Alliances](#), Sage Publications, Inc. Mr. Weiss served as co-investigator with the late Bennett Harrison of [Rethinking National Economic Development Policy](#), a study prepared for the U.S. Department of Commerce. He is also the co-author of [Community Reinvestment Act: How to Implement Your Bank's Program](#), (Sheshunoff Information Services, Inc.), [A Banker's Quick Reference Guide to Small Business Incubators](#) (The Massachusetts Bankers Association Minority Business and Economic Development Task Force) and the editor of [Community Reinvestment Act: Access to Development Capital/Operating in a Changing Regulatory Environment](#) (Mass. Continuing Legal Education, Inc.). He serves as a consultant to HUD, HHS, DOL and the Department of Commerce. In addition, Mr. Weiss regularly serves as a consultant to the National Congress for Community Economic Development and is a member of the Enterprise Foundation's Best Practices Database Advisory Board. He holds a law degree from Boston University School of Law and a bachelor's degree in Political Science from the American University School of Government.

EDAC also has a number of specialists available for related matters such as the development of small business incubators; comprehensive strategies for commercial revitalization; workforce innovations; and supplemental federal grantsmanship. Please visit our website for additional bio-sketch information concerning our consultants and related resources.

To schedule consultations with EDAC specialists to critique or prepare draft applications or for strategies to develop comprehensive investment plans and tax credit marketing approaches, please contact:

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DEVELOPMENTS

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ECONOMIC DEVELOPMENT ASSISTANCE CONSORTIUM

provides consulting services to CDCs, CDFIs, governmental agencies, foundations, financial institutions and business ventures in the following areas:

Governmental grantsmanship: OCS/HHS EZ/RC CDFI/BEA HUD 108: EDI New Markets/ CDEs EDA/OEDP SBA 7A/8A IDAs WtW/TANF • **“New Markets” and Community Renewal** strategies for retail & commercial development • **Comprehensive Investment Plans** • **CDFI** formation, capitalization and T.A. • **Employment and training** initiatives • **Business incubator** development/feasibility studies • **Retail area revitalization** strategies • Connecting to the **capital markets** • Bank strategic planning for community development lending • Base closing-related **economic development strategies** • Regional economic development strategic planning for local collaboratives, governmental agencies and port authorities • Development and **business finance** • Technical assistance to **micro-equity** and **micro-loan** programs • Transitioning from housing to business **support services** • Program development and **evaluation** • **Venture location** & governmental enhancements • **Community audits** for workforce strategies • Economic development & workforce training symposia • Youthbuild • Securitization



CONSORTIUM MEMBERS

- Marcus Weiss
- Charles Grigsby
- Susan Horn-Moo
- Harold Oshima
- Frank Altman
- Robert Brandwein
- Brian Blaesser
- Leo Fishman
- Isabel Hill
- Reese Fayde
- Roger Frankoff
- Robert Meeder
- Dileep Rao
- Prof. Jon Gant
- Prof. Elliott Sclar
- Prof. John Metzger
- Prof. Hector Cordero
- Ted Wysocki
- Mort Goldfein
- Claudia Viek
- David Sweeny
- Leslie Winter
- Daniel Horvath
- Prof. A. Valenzuela
- Prof. Edw. Melendez
- Ted Landsmark
- David Lee
- Mike Savage
- Anim Steel
- Ralph Lippman
- John Nelson