



FROM BOOTSTRAPS TO CAPITAL STACKS- SUCCESS IN RURAL ECONOMIC DEVELOPMENT FINANCING

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“BY YOUR BOOTSTRAPS”

“IT’S ALL RIGHT TO TELL A MAN TO LIFT HIMSELF BY HIS OWN BOOTSTRAPS, BUT IT IS CRUEL JEST TO SAY TO A BOOTLESS MAN THAT HE OUGHT TO LIFT HIMSELF BY HIS OWN BOOTSTRAPS.”

Dr. Martin Luther King, Jr.



“BOOTING UP”

- MANY ECONOMIC DEVELOPMENT PROGRAMS MAKE THE FALSE ASSUMPTION THAT SOMEONE IS READY, WILLING AND ABLE TO INVEST IN THE PROJECT.
- BUT WHAT GOOD IS IT TO TALK ABOUT-
 - Development Districts, if the Tax Digest is too small to leverage?
 - Tax-Exempt Bonds, if cash incentive aren't available?
 - Public/Private Partnerships, if the community can't contribute its share to the Partnership”



“BOOTING UP”

- THE REALITY IS THAT THERE ARE REAL PROGRAMS THAT ACTUALLY WORK, ESPECIALLY IN LESS DEVELOPED COMMUNITIES!
 - EB-5
 - NMTC
 - “Build a Bond” that the market will actually buy, even without credit enhancement
 - These programs are either reserved for less developed communities, or best match businesses there!

GETTING STARTED

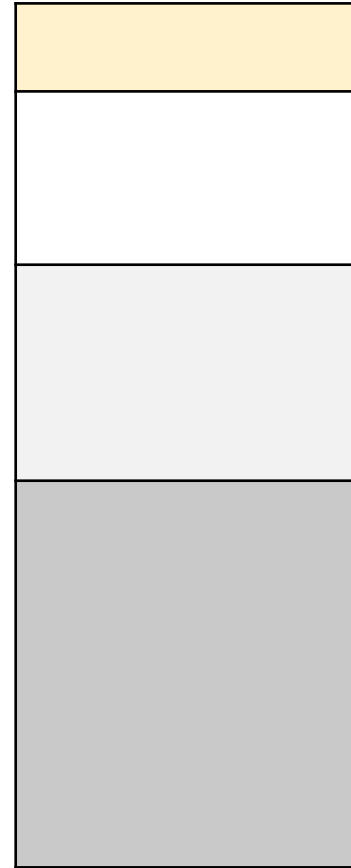


ACRONYMS

- IDBs = Industrial Development Revenue Bonds
 - AKA: IRBs, TEBs (tax-exempt bonds), PABs (private activity bonds), revenue bonds
- NMTC = New Markets Tax Credits
 - AKA: tax credit equity, subordinated debt, sub debt, mezzanine finance, mezz debt, “forgivable loan”
- QCT = qualified census tract
- EB-5 = immigrant investor funding
 - AKA: permanent resident visa, 5th employment-based preference
- TEA = Targeted Employment Area
- JCE = Job Creating Entity
- NCE = New Commercial Enterprise

WATCH FOR THIS

- YOU WILL SEE THIS SHAPE 3 TIMES IN THIS PRESENTATION
- IT IS A "CAPITAL STACK"
- THE PRESENTATION IS ALL ABOUT HOW TO FILL IT UP WITH CAPITAL FOR YOUR PROJECT



CAPITAL STACK

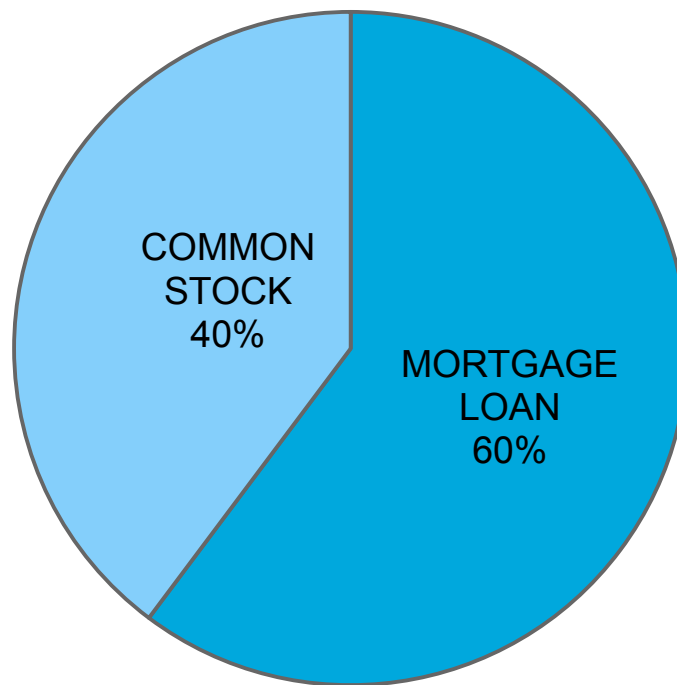


YOU NEED TO KNOW

- A PROJECT CAN'T HAPPEN UNLESS IT CAN BE FINANCED
- ISSUERS NEED TO KNOW-
 - WHY THERE ARE FEWER TAX-EXEMPT BOND DEALS
 - WHAT OPPORTUNITIES TO ISSUE BONDS STILL EXIST
 - WHY A COMMUNITY HAS AN ADVANTAGE IF IT HAS A QCT OR A TEA AND ITS COMPETITOR DOES NOT
 - HOW TO HELP THE PROSPECT

TWO DIMENSIONAL CAPITAL

IT'S NOT AROUND MUCH ANYMORE-



■ MORTGAGE LOAN ■ COMMON STOCK

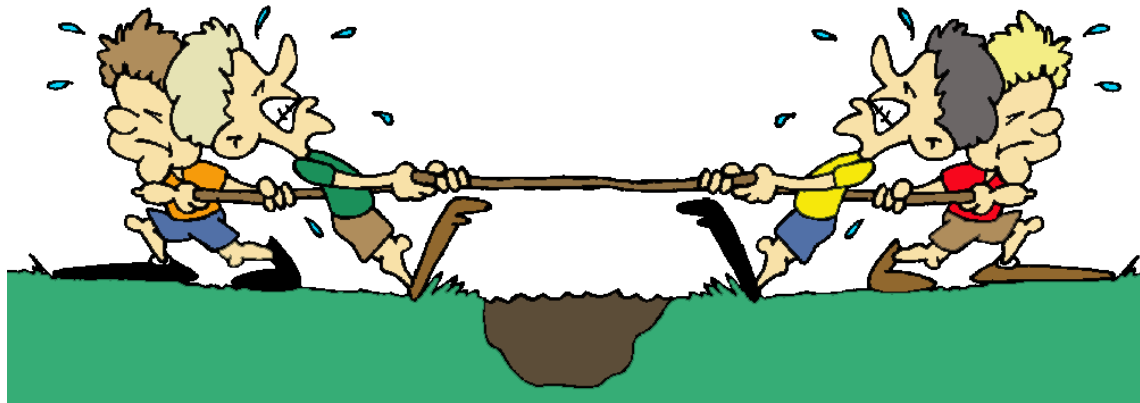


BANKS AREN'T AROUND MUCH ANYMORE

- **NEED BANKS TO BUY BONDS OR PROVIDE LETTER OF CREDIT (LOC)**
- **BANKS ARE EXITING LOC MARKET**
- **FINANCING OF ECONOMIC DEVELOPMENT PROJECTS SUFFERS**

GAPS OPEN

CHANGES IN THE FINANCIAL MARKETS HAVE PULLED OPEN FINANCING GAPS (LAYERS) THAT HAVE TO BE FILLED





3D CAPITAL APPEARS

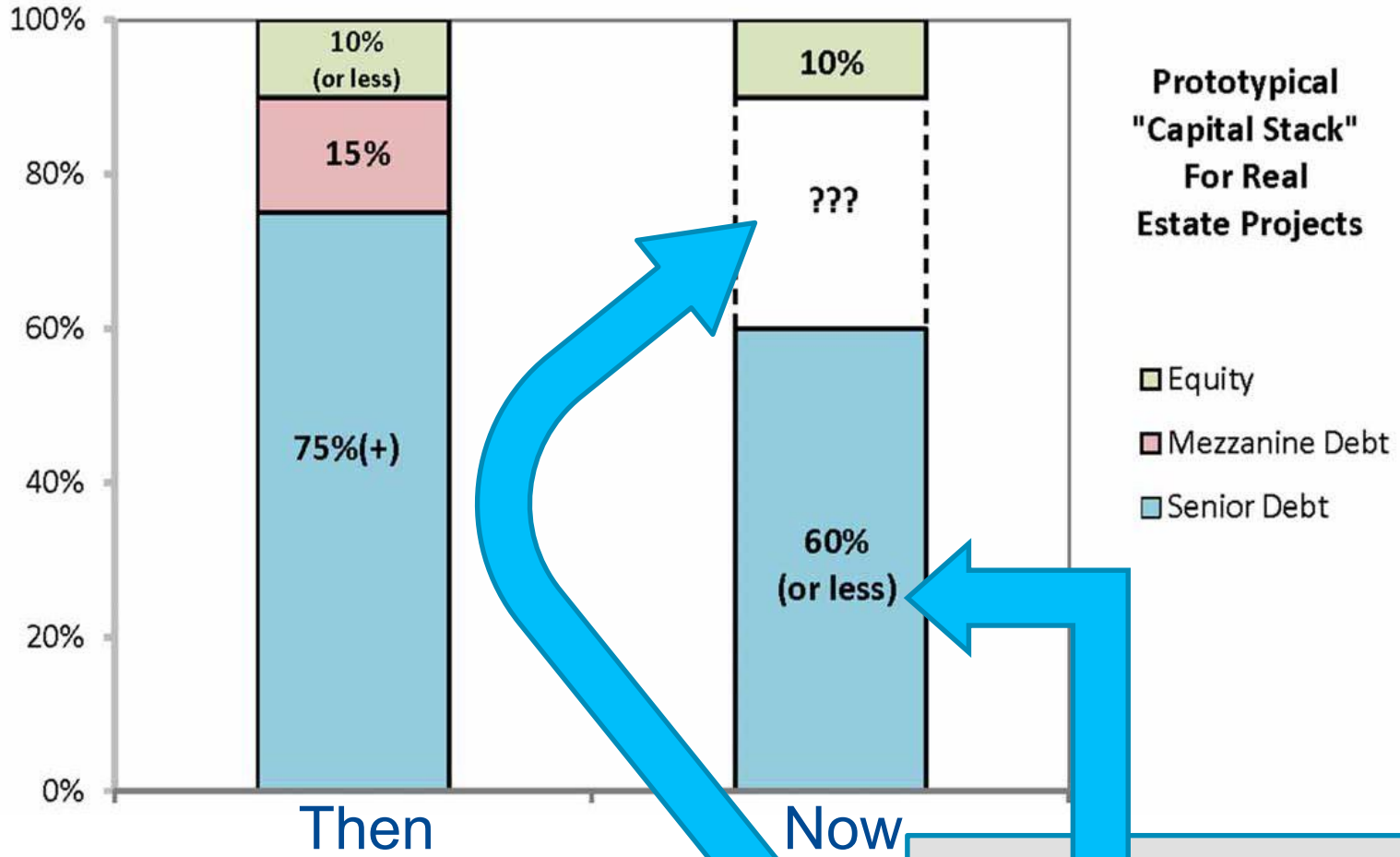
- TODAY, 3D CAPITAL, INSTEAD OF 2D CAPITAL, IS WHAT FINANCES PROJECTS
- 3D CAPITAL = CAPITAL STACK
- MIX AND MATCH TYPES OF CAPITAL
- MATCHING IS HARD
- YOU HAVE TO SATISFY *EVERYBODY!*



CAPITAL STACK

- Capital Stack means all of the capital invested in a project, including pure debt, hybrid debt, and equity.
- The stack is generally described from top to bottom going from the category of capital with the most risk at the top going down the stack to the position with the least risk.
- The higher the position in the stack -- the higher the returns that can be expected for that capital because of the increased risk. Taken From: EGS, "Real Estate Terms"

CAN IDBs BE USED?



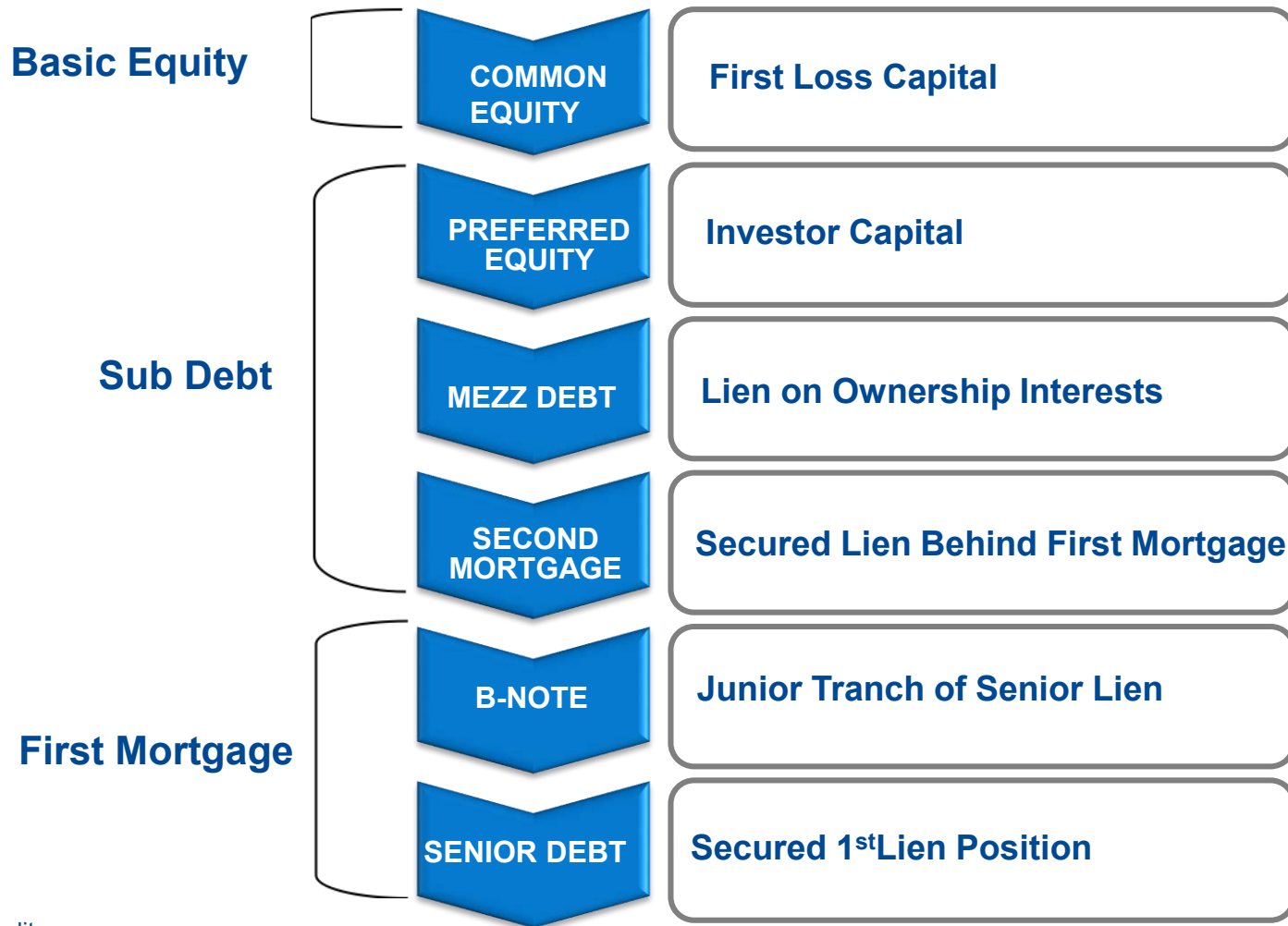
THIS could be IDBs. But in order to use IDBs, THIS gap has to be filled.



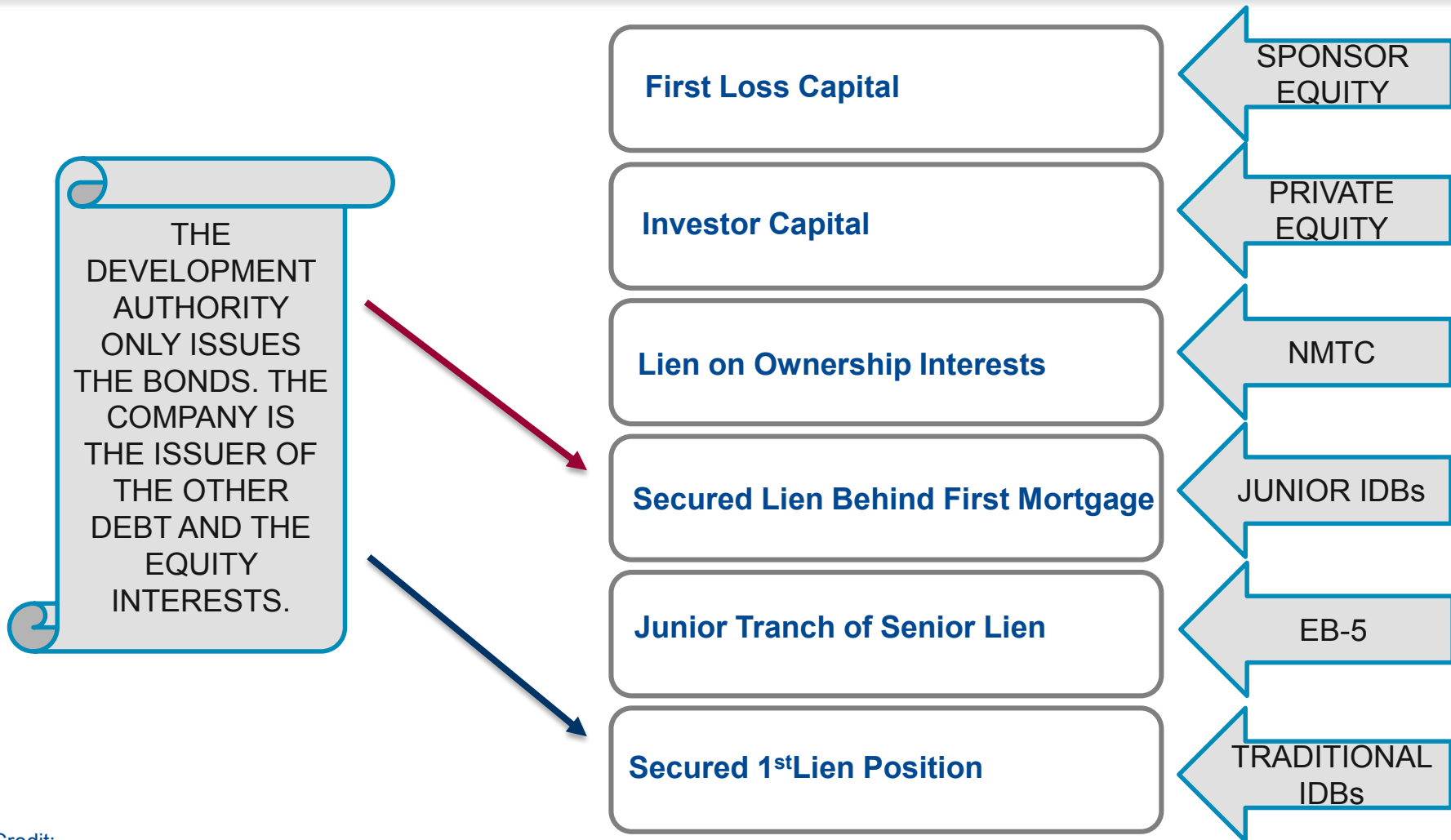
GAP- FILLERS APPEAR

- BUT FINANCIAL MARKET CHANGES ALSO CREATE NEW LAYERS FOR THE CAPITAL STACK
- KEY- FIND A WAY FOR EACH NEW LAYER TO WORK WITH THE OTHER LAYERS

BEHIND THE CURTAIN- WHEN A PROJECT GETS FINANCED: EXAMPLE



EXAMPLE- BEHIND THE CURTAIN- WHEN A PROJECT GETS FINANCED



BONDS



BONDS- “OLD SCHOOL”, BUT STILL THE BEST WAY TO BORROW MONEY

- The interest on bonds issued by a local authority or local government is either federally taxable or federally tax-exempt.
- Federally tax-exempt bonds are more desirable.
 - Advantages of tax-exempt financing
 - Lower interest rate
 - Longer term
 - Greater marketability
 - More availability of interest-only/capitalized interest
 - Smaller bond issues more do-able



BONDS- WHO PAYS?

WHEN THE PUBLIC SECTOR ISSUES BONDS, A KEY QUESTION IS- HOW WILL THEY BE REPAYED?

- LOCAL GOVERNMENT BONDS ARE OFTEN BACKED BY TAXING POWER
 - “GENERAL OBLIGATION”
 - REFERENDUM REQUIRED
- LOCAL AUTHORITY BONDS ARE USUALLY TRADITIONAL REVENUE BONDS
 - REPAYED ONLY OUT OF PROJECT REVENUES

BASIC RULE



- A PUBLIC BODY'S BONDS WILL BE TAX-EXEMPT, GOVERNMENTAL PURPOSE BONDS UNLESS THERE IS-
- TOO MUCH PRIVATE USE, AND
- TOO MUCH PRIVATE PAYMENT OR PRIVATE SECURITY

TAX-EXEMPT BONDS

- "TOO MUCH" USUALLY MEANS MORE THAN 10% OF
 - USE- BASED ON TOTAL COST, OR
 - PAYMENT/SECURITY- BASED ON TOTAL DEBT SERVICE
- Above assumes compliance with other tax rules
- "Private loan" test sometimes must be considered

local authority issued tax-exempt bonds for Washington County jail





PRIVATE ACTIVITY BONDS

- THE OPPOSITE OF "GOVERNMENTAL PURPOSE" IS "PRIVATE ACTIVITY"
 - MEANS THERE IS
 - TOO MUCH PRIVATE USE, AND
 - TOO MUCH PRIVATE PAYMENT/PRIVATE SECURITY
 - "PRIVATE LOAN" TEST MIGHT APPLY



PRIVATE ACTIVITY BONDS

- INTEREST ON PRIVATE ACTIVITY BONDS NOT FEDERALLY TAX-EXEMPT UNLESS THERE IS AN "EXEMPTION"
- EXEMPTIONS ARE HARD TO FIND
 - COMPLIANCE WITH OTHER TAX RULES REQUIRED
- HERE ARE A FEW
- "small issue" manufacturing bonds
- "qualified 501(c)(3)" bonds
- "exempt facility" bonds

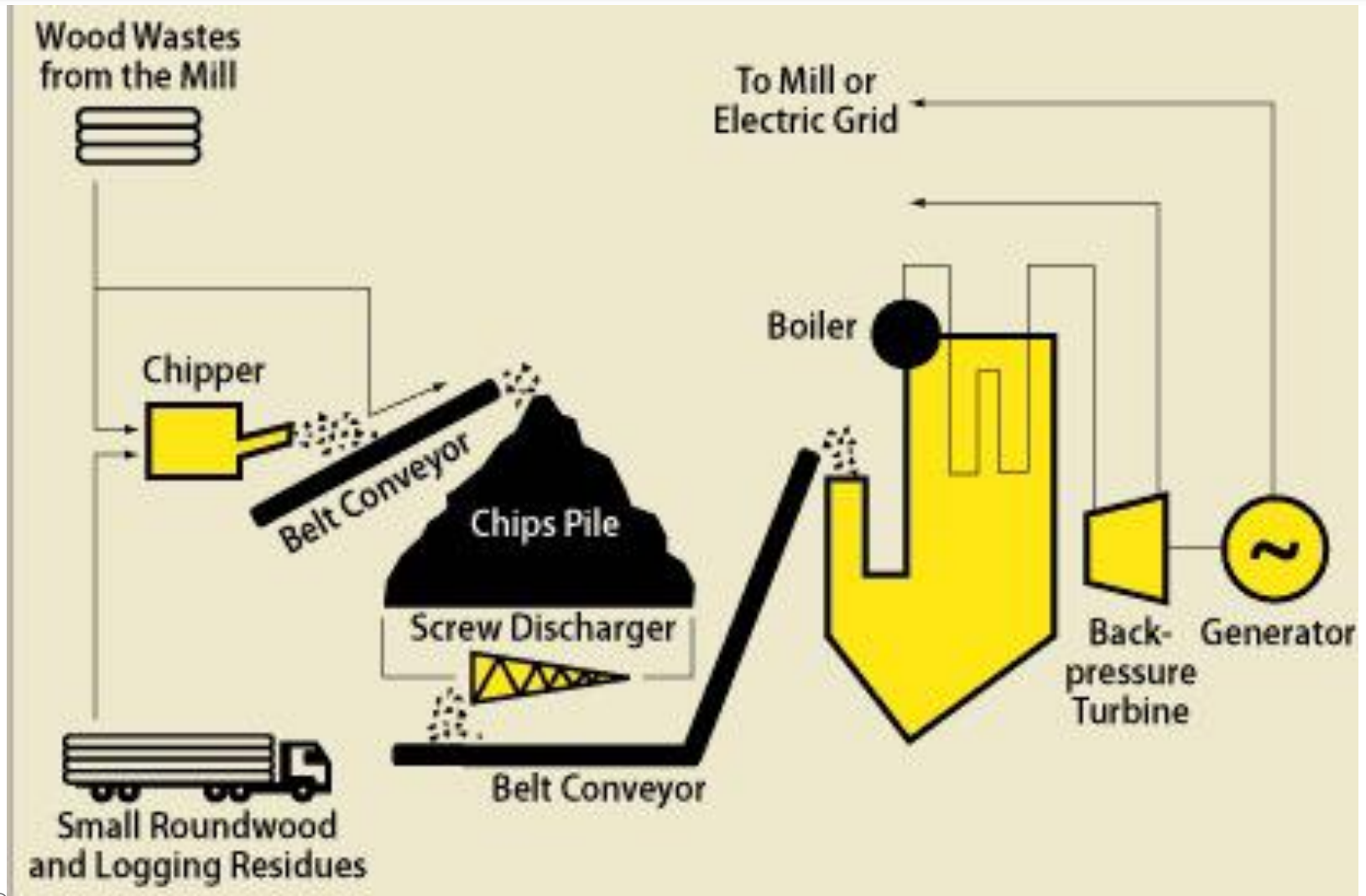
BOND OPPORTUNITIES

BOND OPPORTUNITY-RENEWABLE ENERGY

- Solid waste disposal bonds
- “Small issue” manufacturing bonds
- Examples of projects:
 - pellet mills



BOND OPPORTUNITY-RENEWABLE ENERGY- EXAMPLE: woody biomass-to-electricity project





BOND OPPORTUNITY- SENIOR LIVING

Affordable Housing: Sec. 142(d) Bonds

- Example: Development Authority of Cobb County Revenue Bonds (Provident Group - Creekside Properties LLC Project) Series 2014 in an aggregate principal amount not to exceed \$14,500,000 (assisted living and memory care facility)

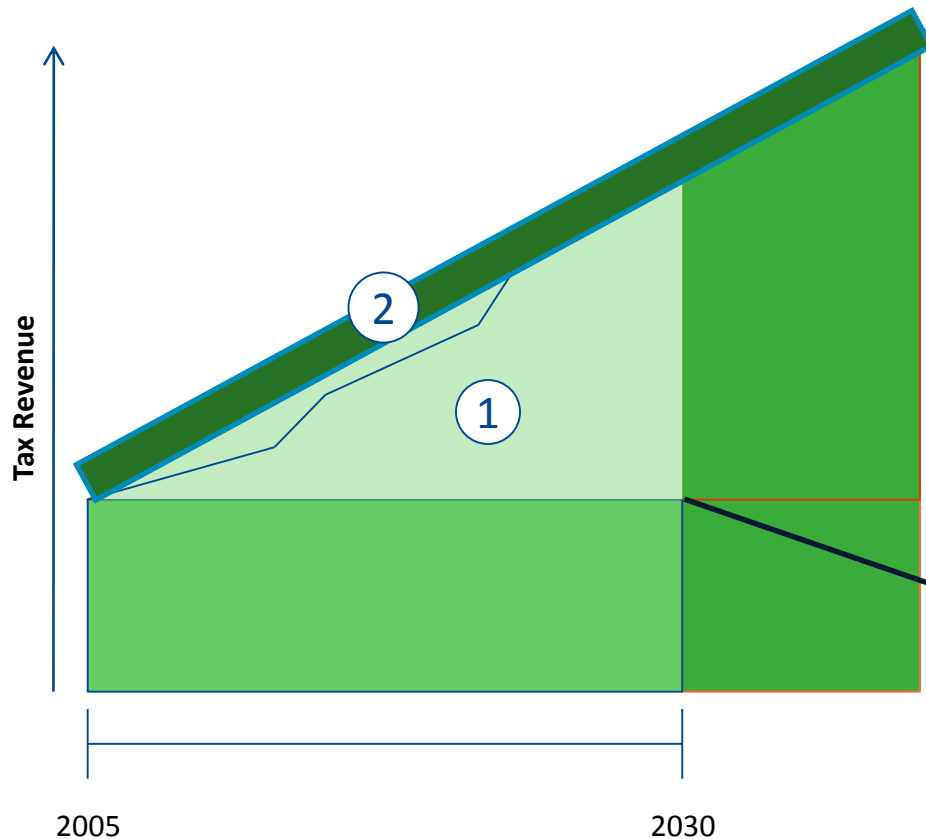


BOND OPPORTUNITY- HIGHER ED

Qualified 501(c)(3) bonds

- Example- Development Authority of Cobb County \$43,290,000 of Student Recreation and Activities Center Revenue Bonds (KSU SRAC Real Estate Foundation, LLC Project) Series 2013

BOND OPPORTUNITY- "MONETIZING" PROPERTY TAXES: BONDS ARE ISSUED. REVENUE NEEDED TO REPAY THEM.



WHERE THE REVENUE COMES FROM

1. Incremental tax revenue. TIF bonds/tax allocation bonds "monetize" the increment (increase) within the TIF/TAD.
2. A new layer of additional taxes or assessments. Development Districts "monetize" the new revenues within its district.

Revenue from
increment
released at end
of TIF/TAD.



“NEW SCHOOL” CAPITAL

Source: Balfour Beatty

IDENTIFY NEW REVENUE STREAMS

- **HOUSING, PARKING, RETAIL**
- **MIXED USE, ECONOMIC DEVELOPMENT**

CREATE NEW TAX OR FEE REVENUE

- **HOTEL/MOTEL AND RENTAL CAR TAX**
- **USER FEES AND SURCHARGES**
- **TAD/TIF DISTRICTS**

ACCESS ALTERNATIVE FUNDING SOURCES

- **GOVERNMENT GRANTS**
- **EB5, NEW MARKETS TAX CREDITS**

MONETIZE UNDER-UTILIZED ASSETS

- **SALE OR LEASE**

OPERATIONAL SAVINGS CAN INCREASE FINANCING CAPACITY

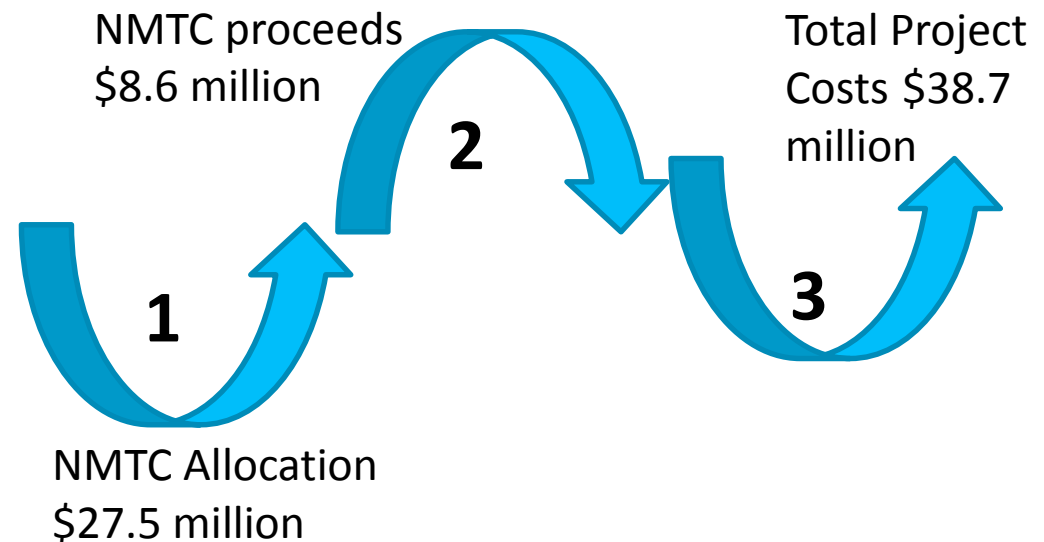
SOME STRUCTURES NOT SUBJECT TO VOTER REFERENDUMS OR CAPITAL BUDGET ALLOCATIONS

NMTC

HOW TO USE NMTC TO GET A “FORGIVABLE LOAN”



Meridian Bioplastics, Inc. (Meridian) is a green technology company that uses byproducts of the timber and agricultural industry to create bioplastics. Meridian utilized NMTC financing to acquire new equipment and expand from their previous facility to a 190,000 square-foot industrial, office and research facility in Bainbridge, Georgia. The continued success and growth of Meridian is vital to the economic health of the city of Bainbridge, and the new facility has brought significant investment into a low-income community in rural Georgia.



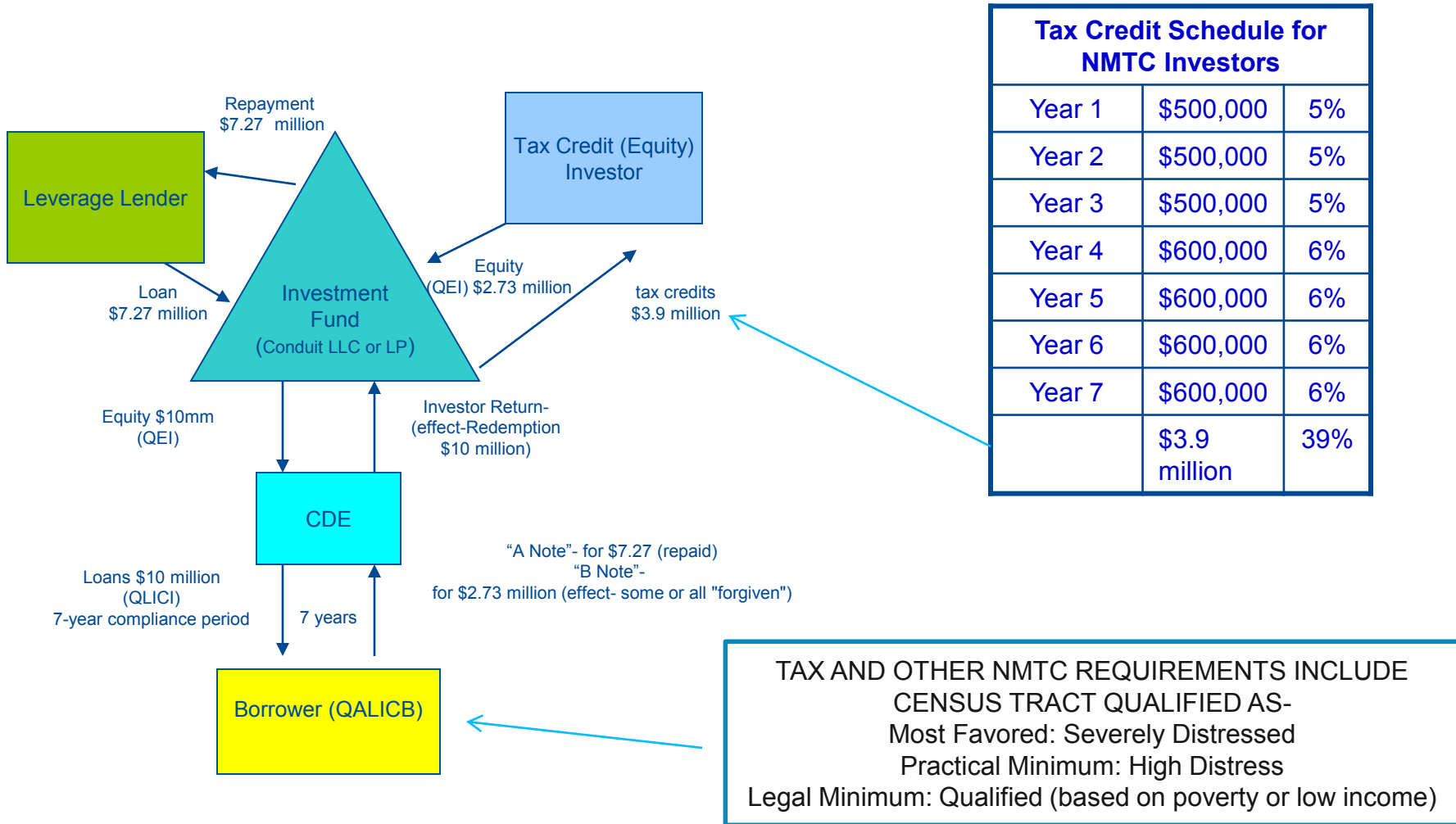
Source: Meridian

BASIC RULE

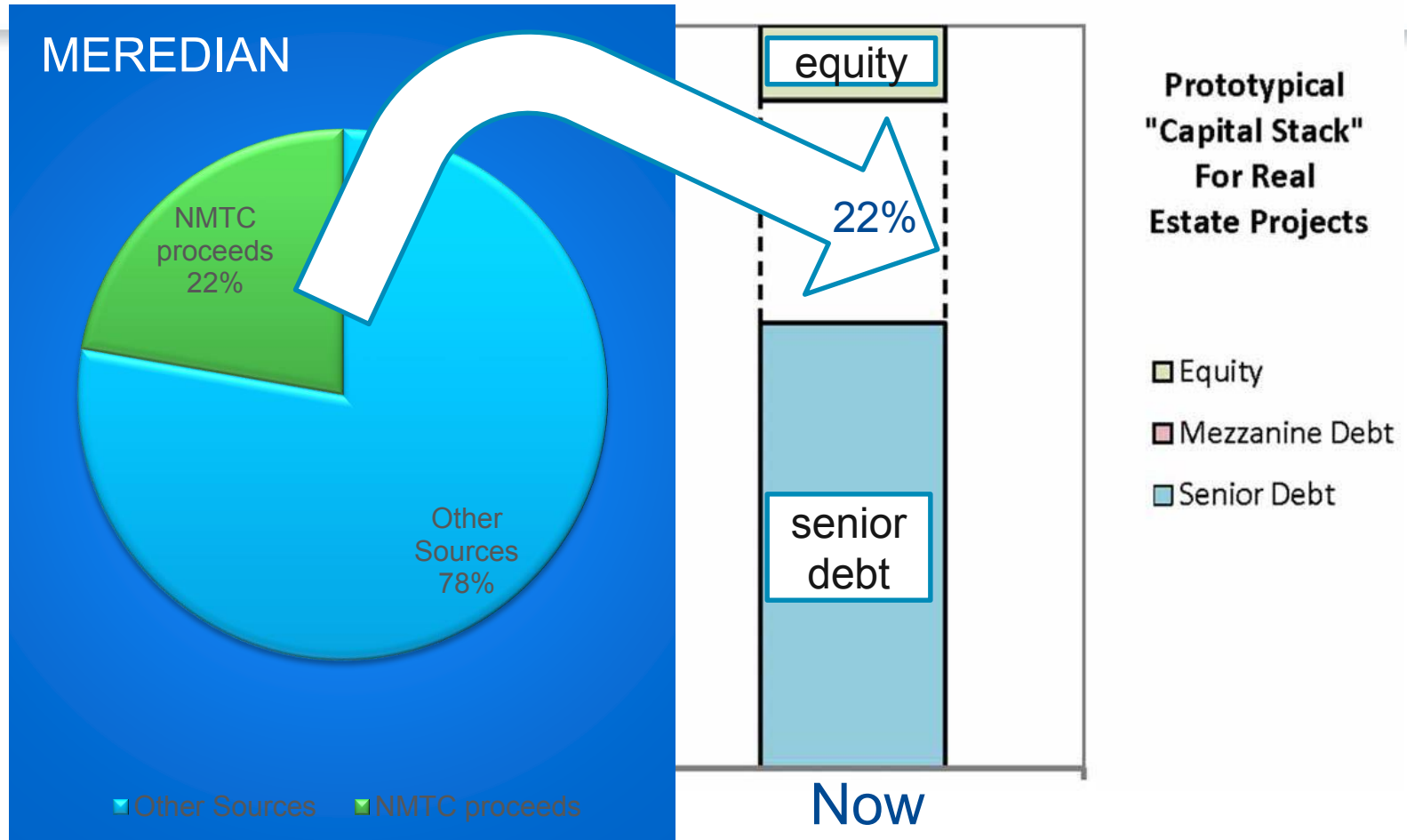
THE PROJECT TYPICALLY
NETS SUB DEBT
("FORGIVABLE LOAN")
EQUAL TO 20%-25% OF
THE NMTC ALLOCATION



HOW NMTC SUB DEBT BECOMES TAX CREDIT EQUITY



HOW NMTC FILLED THE GAP



Taken From: Smith, "Closing the Gap"



BREAKING NEWS!

- **Latest (2013) round of NMTC allocations announced June 5, 2014**
- **\$3.5 billion of allocation authority awarded to 87 allocatees**
- **Average award = \$40 million**
 - **Largest = \$60 million**
 - **Smallest = \$15 million**



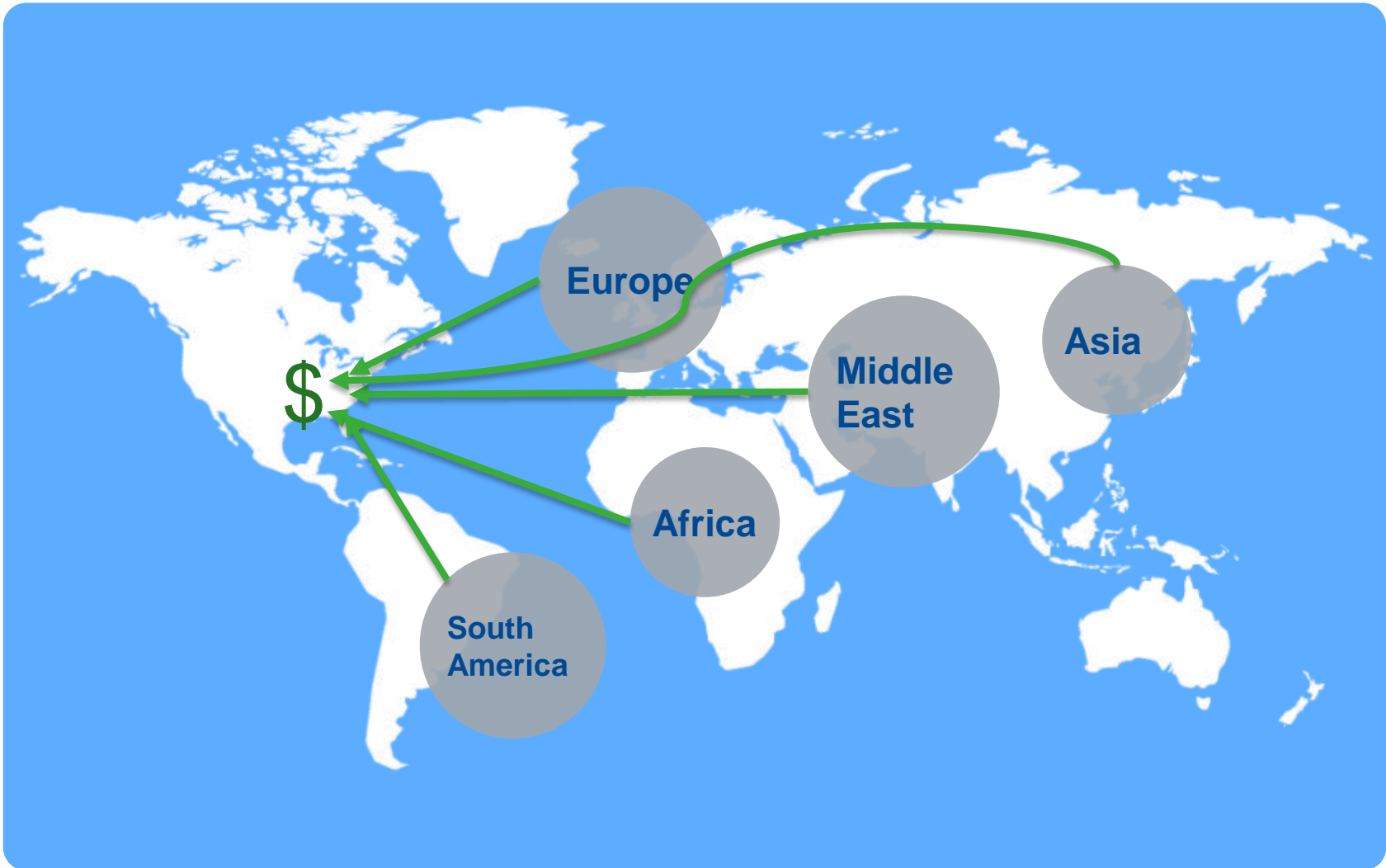
- **12 allocatees qualified as "rural CDE"**
- **38 allocatees will deploy some of their investments in non-metro counties**
- **61 allocatees will devote some portion of their allocation to Healthy Food financing**

WHO HOLDS ALLOCATION?

- **National vs. local service area**
 - **41% national**
 - **15% multi-state**
 - **12% statewide**
 - **19% local (e.g., city or county)**
- **Urban v. rural**
 - **58% major urban**
 - **20% minor urban**
 - **22% rural**

EB-5

EB-5

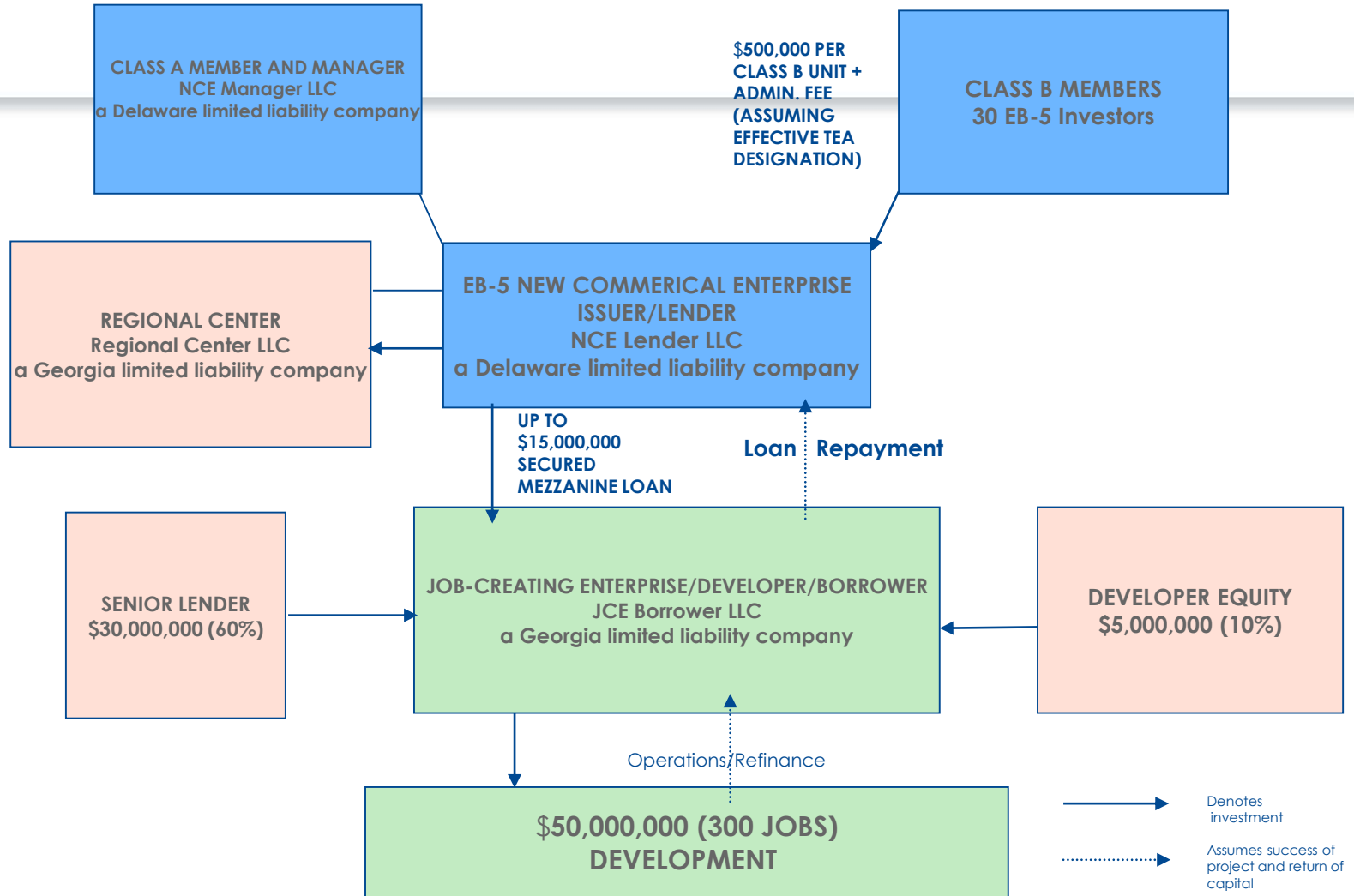


BASIC RULE



FOR A \$500,000 INVESTMENT IN A TARGETED EMPLOYMENT AREA THAT CREATES AT LEAST 10 DIRECT OR INDIRECT JOBS, A FOREIGN INVESTOR WILL GET A "GREEN CARD"

HOW DO YOU GET YOUR MONEY? HYPOTHETICAL EXAMPLE



Taken from- Gate Industries



WHY EB-5?

- IT'S NOT THE INTEREST RATE.
- WHEN THE PROJECT BORROWS EB-5 FUNDS, INTEREST RATE EXAMPLES ARE OFTEN IN THE 5%-7% RANGE. NOT SO GREAT, COMPARED TO A PERMANENT LOAN IN THE REAL ESTATE INDUSTRY, USING TODAY'S INTEREST RATES.



WHY EB-5?

HERE'S WHY-

- IT'S NON-BANK CAPITAL. DIFFERENT CREDIT UNDERWRITING. DIFFERENT RULES AND REGULATIONS.
- INTEREST RATES CAN BE LOWER DURING THE CONSTRUCTION PERIOD.
- IT'S OFTEN INTEREST-ONLY THROUGHOUT THE TERM.
- THERE'S "ALL THE MONEY IN THE WORLD" AVAILABLE.
- THE EB-5 LOAN IS OFTEN SUBORDINATED.
 - BECAUSE IT'S JUNIOR TO THE SENIOR DEBT, THE SENIOR LENDER IS MORE WILLING TO MAKE THE SENIOR LOAN.



EB-5 PRIORITIES

Investor's priorities (in this order)-

- 1. ultimate return of capital**
- 2. obtain “green card” (permanent resident visa)**
- 3. get small return (maybe)**



THE REGIONAL CENTER IS THE CONDUIT

- REGIONAL CENTER (RC)
- EB-5 investment can be made by an investor on a stand-alone basis, or through a USCIS-designated Regional Center (RC)
- RCs are the norm
- Each investor's investment must create at least 10 jobs (direct and indirect)
 - If the investment is stand-alone, indirect jobs are not counted
 - RCs use an economic model to calculate and substantiate job creation
 - Models that are used are subject to USCIS approval



HOW IT WORKS

- Regional Center will have a business model
 - loan model
 - equity model
 - hybrid model
 - “lease” model
 - proprietary model
- Loan model
 - Yield on EB-5 investment is below domestic market if structured as senior debt or sub debt
- Equity model
 - Return on EB-5 investment follows private equity model if structured as equity
- Horizon for EB-5 investment is generally 5 years
 - need to plan for liquidity event
- EB-5 funding can be used to leverage NMTC funding



QUALIFY THE PROJECT

- Per investor requirement is \$1 million, unless project is located in a Targeted Employment Area (“TEA”)
 - Within TEA, allows minimum of \$500,000 per investor
 - EB-5 market consistent – investors only willing to invest \$500,000 each
 - So EB-5 funding really available just within TEAs
- TRENDS-
 - larger minimum investment
 - longer investment horizon
 - attractive projects more financeable even if outside TEA
 - means \$1 million/investor minimum



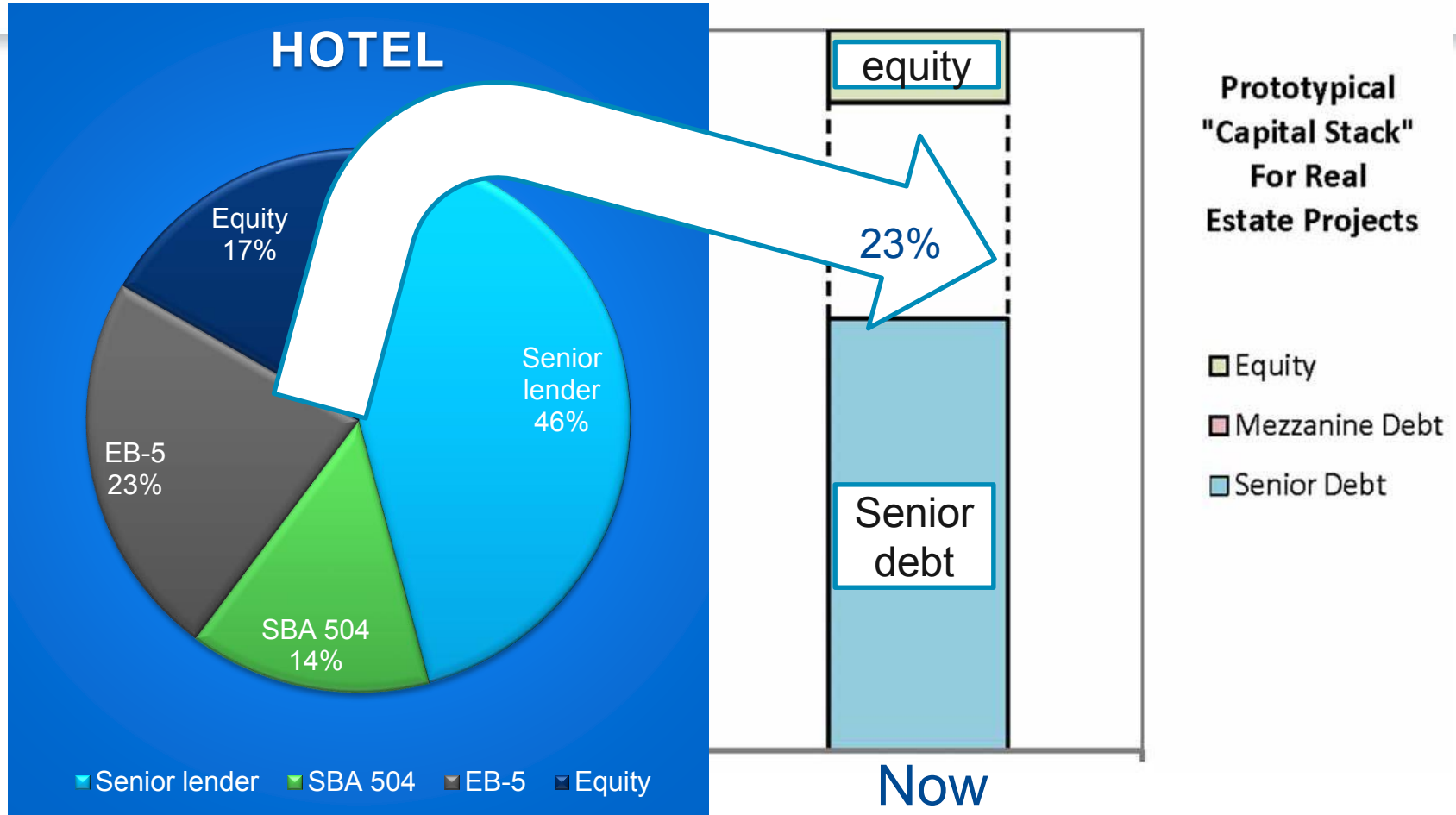
TARGETED EMPLOYMENT AREA (TEA)

- TEA
- A Rural Area
 - outside an MSA, and
 - city or town with population under 20,000, or
 - unincorporated county
- OR
- An area of high unemployment (areas with unemployment rates at least 150% of the national rate)
 - The state may designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town having a population of 20,000 or more within such state as an area of high unemployment (at least 150 percent of the national average rate)

HOW TO USE EB-5 IMMIGRANT INVESTOR FUNDING: Conference Center Hotel Project (total funding \$34.7 million)

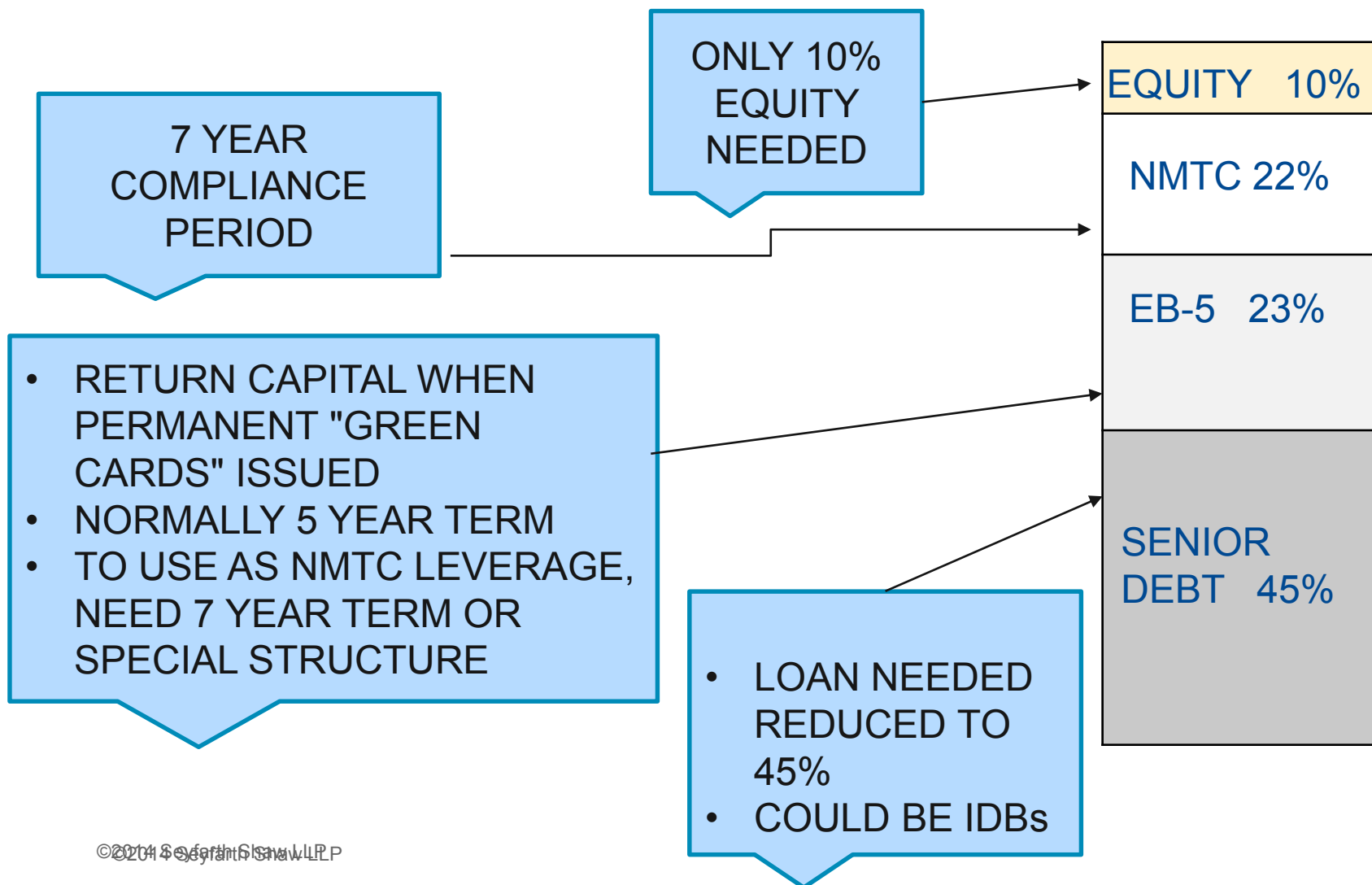


HOW EB-5 FILLED THE GAP



Taken From: Smith, "Closing the Gap"

BRINGING IT ALL TOGETHER- EXAMPLE OF 3D CAPITAL STACK



CONCLUSION



WHAT IT ALL MEANS

- HOW TO FINANCE THE PROJECT?
- INDUSTRIAL DEVELOPMENT REVENUE BONDS USED TO BE THE ANSWER
- NOW, THERE IS NO ONE ANSWER
- BUT WHEN ONE DOOR CLOSES...
 - OTHER DOORS OPEN
- GOOD LUCK WITH ALL YOUR NEW FINANCING OPPORTUNITIES!

MORE INFORMATION



QUESTIONS?

If you have any questions or comments on this presentation, please do not hesitate to let me know.

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REFERENCES

THIS PRESENTATION AND OTHER REFERENCES CAN BE DOWNLOADED AS FOLLOWS:

- November 2013- P3 for D-B: “How the Public Sector and Design-Builders Can Survive and Thrive in the P3 World”
- August 2013- “P3- Understanding Public/Private Partnerships”
- May 2013- “P3- Public/Private Partnerships Done Right”
- November 2012- "In-Sourcing Capital: EB-5 Loans and Equity; NMTC Tax Credit Equity; and Non-Recourse Project Finance Bonds“
- August 2012- “Bonds 101”
- June 2011- "TIFs and TADs in Tough Times“; TIFs and TADs Questions and Answers
- January 2011 - “Introduction to Tax-Exempt Bonds”
- August 2010 – “Bonds For Title”

at <http://danmcræe.info/whitepapers>

- February 2013 – Quick Takes: “Projects – Money Comes Knocking”
- June 2011 – Quick Takes: “Easy Equity – the NMTC and EB-5 Programs”
- January 2011 – Quick Takes: “After ARRA – What Bonds Can We Use Now to Finance Projects?”

at <http://danmcræe.info/quicktakes>



MORE INFORMATION

This presentation is a quick-reference guide for company executives and managers, elected and appointed officials and their staffs, economic developers, participants in the real estate and financial industries, and their advisors. The information in this presentation is general in nature. Various points which could be important in a particular case have been condensed or omitted in the interest of readability. Specific professional advice should be obtained before this information is applied to any particular case. Any tax information or written tax advice contained herein is not intended to be and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. (The foregoing legend has been affixed pursuant to U.S. Treasury Regulations governing tax practice.)

The EB-5 Visa Program
Financing Business and Creating Jobs in America; Nov 6/7/8, 2012

Presented by Walter M. "Marty" Cummins Jr., Pres., Florida EB5 Investments LLC,
a US Citizenship & Immigration Services designated Regional Center
407 497 3653 FloridaEB5Investment@yahoo.com www.FloridaEB5Investment.com

**INTRO BIO: OSU, DUKE, OSU, OHIO, FLORIDA; EB5 HAS BEEN AN
OPPORTUNITY TO USE EVERYTHING (LAW & BUSINESS)**

THE EB5 PROGRAM – A Summary

The EB5 Visa Program was created by the US Congress and is administered by the US Citizenship & Immigration Service (USCIS) to encourage foreign investment in the American economy. The essence of the Program provides that an investor who invests \$1million into a new American business and creates at least 10 full time jobs within 2 years, gets Green Cards for the Investor, spouse and minor children.

WHY IS IT IN DEMAND - THE PERFECT STORM

- a. Cold War end = 100s of thousands of millionaires in E. Europe, Russia, The East
- b. illegal, despotic or unreliable regimes that they want to escape (body & money)
- c. historically low cost of equities in US
- d. historic lack of VC and other capital in US

INVESTOR TOP 2 REASONS FOR USE

- escape other countries (protecting bodies and capital)
- educating their children more easily

WARNING: an art, not a science due to:

1. lack of access to adjudicators
2. lack of definitive answers in some areas (eg., restructured/reorganized)
3. but, applicants are at the core to blame because abuse of the program by Regional Centers; USCIS is led by people who are trying their best
4. Consider: EB5's original anticipated use: foreign entrepreneurs bringing their skills and money to the US to create businesses and jobs.
5. That did not happen, so, people tried to use it to fill a gap in capital of the last 5 years or so by offering essentially passive while technically active investments.

REASON FOR USCIS SKEPTICISM

- Projects designed merely to "sell Green Cards".
- Poorly prepared petitions
- Attempts to guarantee

CORE REQUIREMENTS

- At Risk; no guarantees, but fiction: pooled fund makes a loan, then sub issues:
- preferred
 - convertible to stock

- options from the business only
- If a mere investor and not an actual operating owner or partner, "Active Involvement" must be established. A vote (even as part of an ownership minority) as to management or policy is sufficient within a corporate or partnership vehicle.

WHAT IS EB5 BASIC DIRECT

- Equity investment
- 10 direct FT jobs provable with employment records & w2s
- Diversity? Only if wholly owned subs; so set up a JV with non & Eb5 investors and that entity owns the subsidiaries
- Can invest anywhere in the US

DOCUMENTS REQUIRED FOR DIRECT

- Business Plan per "Ho"
- Operating Agreement, -Subscription & Escrow Agreement, -PPM

WHAT IS EB5 RC

1. Indirect jobs can count (economic analysis required)
2. loan model is available through pooled fund
3. preference processing ?????
4. credibility, but that was based on one project for each RC, and questionable now
5. But, limited geography & business categories and grey areas

MY EXPERIENCE:

- DC; all ready to go,
- Then CA, and no communication for over a year.
- 526 approvals as of 2013, and over 100 approved since; 4 dozen active affiliates.

HOW DO YOU GET AN RC

- GEOGRAPHY, contiguous, necessary for the businesses planed, experience in such businesses, some shovel ready projects
- CATEGORIES, must be listed and economic analysis for each category.
- I 924 & I-924a

TYPES OF RCS

OWNER PROJECTS ONLY

- single project
- single category
- multiple category

HOST RC

- independent business affiliates
- some owner projects

DOCUMENTS REQUIRED FOR RC

- Qualifying Enterprise
- Job Creating Enterprise

- Economic Analysis
- Business Plan per "Ho"
- Operating Agreement, -Subscription. Escrow Agreement -PPM

BUSINESS PLAN FORMAT (HO Case)

1. DESCRIPTION OF BUSINESS
2. PRODUCTS &/OR SERVICES OFFERED
3. BUSINESS OBJECTIVE .
4. MARKET ANALYSIS (The competition, advantages over them)
5. TARGET MARKET
6. LICENSES & PERMITS NEEDED
7. PRODUCTION PROCESSES AND SOURCE OF MATERIALS
8. MARKETING STRATEGY
9. BUSINESS ORGANIZATION
10. MANAGEMENT JOB DESCRIPTIONS
11. BIOS OF MANAGEMENT TEAM AND STAFF
12. OPERATIONAL CHART
13. EMPLOYEE JOB DESCRIPTIONS & REQUIREMENTS
14. HIRING SCHEDULE (Separate FT from PT)
11. INITIAL BUDGET
12. 3 YEAR PROFIT AND LOSS PROJECTION

ECONOMIC ANALYSIS

- Purpose, predict job creation
- Through RIMS II or IMPLAN
- Cost: \$10000 to \$30,000+

TARGETED EMPLOYMENT AREAS

- Therefore \$500,000
- low population, no city with 20,000+
- high unemployment, 150% of national avg
- Determined at time of I-526 (even if not TEA in future)

TEA DOMINANCE CONSEQUENCES

- Reduces economic impact; less money
- Skepticism re job creation
- Will become less available as economy recovers

FULL TIME JOBS

- Definition: 35 or more hours per week
- Not Seasonal
- Job Sharing; what is it?
- Indirect part time essentially get counted in RCs

NEW BUSINESS

- New (obvious); it is a new business (actually "recent" is probably fine).
- Started in anticipation of EB5 Money

- How new? Essentially created “recently”
- Confusion due to date in statute; must still be “new”
- Restructured & Reorganized; No examples, except for non-qualified hotel

TROUBLED BUSINESS

- Cash losses for 12 or 24 months equal to 20% of net worth before the losses
- Standard Accounting Principles
- Unpaid Debt Service & amortization
- Saved & new jobs count

EXPANDING BUSINESS

- 40% increase in # of Full Time jobs or
- 40% increase in revenue ????????
- Can count all additional jobs
- No wiggle room on the 40%

RC GEOGRAPHICAL LIMITS

- The areas must be contiguous
- Generally limited to one State, unless the economic activity spills over State Lines eg., OK & TX for energy business
- Set by 924 and can be increased only via an amendment
- Statewide still do-able (eg’s: restaurant rights to State, State-wide impact eg., Disney)

PERMISSABLE BUSINESS CATEGORIES

- Set by NAICS codes; 4 digits required in all economic analysis
- Sets the scope of businesses RC can do
- Basis of Economic Analysis
- Demand and Effects Multipliers

BASIC/DIRECT VS REGIONAL CENTERS

- BD = no geographical or business limits
- BD = no grey areas
- RC = preferred processing ???
- RC = credibility
- RC = loan model
- RC = diversification with minority ownership

TIME LINES

- preparing an I- 924: 1 to 6 months
- preparing the econ report: week to 1 month
- business plan; should be essentially prepared before business considers EB5 market
- securities docs; 7 to 30 days+
- 526 investor info is reviewed by the immigration attorney during the same 30 days that the legal docs are being reviewed by the investor.
- 526 adjudication: 3 to 6 months, but up to 9months +
- then 6 months for Green Card (consular or US admin)

-2 years from Green Card must file 829, but 6 months before and after ie., 20-30 mos.

REQUIREMENTS TO MAINTAIN GREEN CARDS

-6 months and a day, but rebuttable presumption
-bread winner, in light of home country business responsibilities or concerns about higher tax rates may not want or want to maintain a Green Card, but rest of family may; he can abandon, but should always be included in 526 (just don't apply for the Green Card after 526 approved).

COSTS OF EB5 PROGRAM

-\$6230 RC app plus from \$20,000 to \$100,000+
-Administration Fees to Regional Center: \$20,000 to \$50,000
-Attorney fees from \$20,000 to \$100,000+
-Filing Fees – constantly changing; \$4,000 to \$5000 right now.

ROLE OF NON-EB5 MONEY

-By using funds for non-job creating uses or for non EB5 qualified categories, you allow all the EB5 money to get job credits
-EB5 investors get credit for jobs created by non-EB5 partners' money
-More market credibility due to nonEB5 money willing to invest; therefore, it makes investment sense
-Similar credibility enhancement with USCIS

POTENTIAL ECONOMIC IMPACT

Consider 10,000 visas set aside each year. If all were utilized at just \$500,000 each that is direct new investment of \$5billion; at \$1million each, that is \$10billion. Moreover, with a better economy and more US capital, EB5 money could end up being either "seed" money or "top-off" money which would create even more impact from the EB5 money being part of a more prosperous economy.
-Plus foreign talent
-Buying homes outside EB5

EB5 PROGRAM'S FUTURE

-Depends on Business Quality and USCIS transparency

List of RC Projects:

Office Building
Boutique Hotels
Resorts
Lumber Mill
Mixed Use Development
Housing Development
Restaurant/Retail (Chapters & Babe Ruth)
Construction Company

EB5CLEJax

Economic Development Administration Funding in Florida

(A lot) More Than Water Tanks and Pump Stations

2014 Florida

RURAL ECONOMIC DEVELOPMENT SUMMIT

Bruce Ballister, MSP

Apalachee Regional Planning Council

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EDA

It's the **Economic Development Administration** of the **US Department of Commerce**



The reauthorization of EDA and its programs will take place within the context of more prominent policy debates regarding efforts to reduce federal spending to address growing budget deficits and the national debt; concerns about the duplication, fragmentation, and effectiveness of federal economic development assistance; and efforts to support economic recovery and job creation following the worst economic recession since the Great Depression. The Obama Administration requested \$325 million for EDA activities, including salaries and expenses, for FY2012. On November 18, 2011, the President signed into law P.L. 112-55, which appropriated \$457.5 million in EDA assistance and salaries and expenses, including \$200 million in supplemental disaster assistance for states and communities in presidentially declared disaster areas. For FY2013, excluding supplemental disaster assistance, the President has proposed to reduce program funds by \$38 million to \$220 million, including \$182 for program activities and \$38 million for salaries and expenses.

Florida's Regional Planning Councils are EDD's Economic Development Districts.

- **11 regions**
- Councils of **local governments**
- Governed by **Boards of Directors**
 - 2/3 local **elected officials**
 - 1/3 **gubernatorial appointees**
 - **Range in size** from 18 to 48



EDA Eligibility

Eligible applicants must be a:

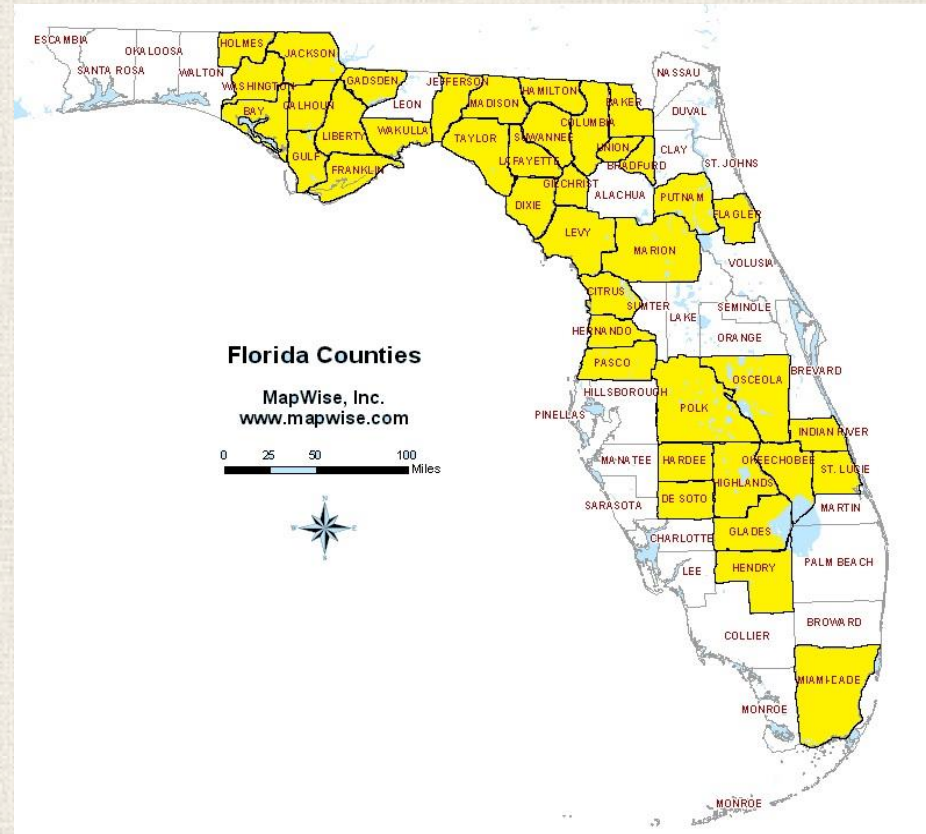
- ✓ **State,**
- ✓ A political **subdivision of a state**, (county)
- ✓ A **district** organization, (RPC)
- ✓ An Indian **tribe**,
- ✓ An institution of **higher education**,
- ✓ Or a **non-profit** acting in coordination with a political subdivision of a state. FGNW, Opp Fla, an EDO or a Chamber.

EDA Eligibility

Automatic Eligibility for Certain Counties

(You may be wondering)

Why isn't my county on this map? →



EDA Eligibility

Automatic Eligibility
if county's PCI is 80% of
national average

or

24-Month Unemployment
is above the National
Average

This does **not** mean that
you should not call and
ask about your eligibility
for your particular
project!



Certain economic distress criteria must be met
(for Public Works or Economic Adjustment
investments):

- ★ An unemployment rate that is, for the most recent twenty-four (24) month period of which data is available, or
- ★ At least one (1) percent greater than the national average unemployment rate;
- ★ Or per capita income that is, for the most recent period for which data is available, eighty (80) percent or less of the national average per capita income; or
- ★ A "special need" (certain unemployment or economic adjustment problems) as determined by EDA.

What do you do with the Money?

Construction

Public Works

Investor + Jobs = \$



What COULD you do with the Money?

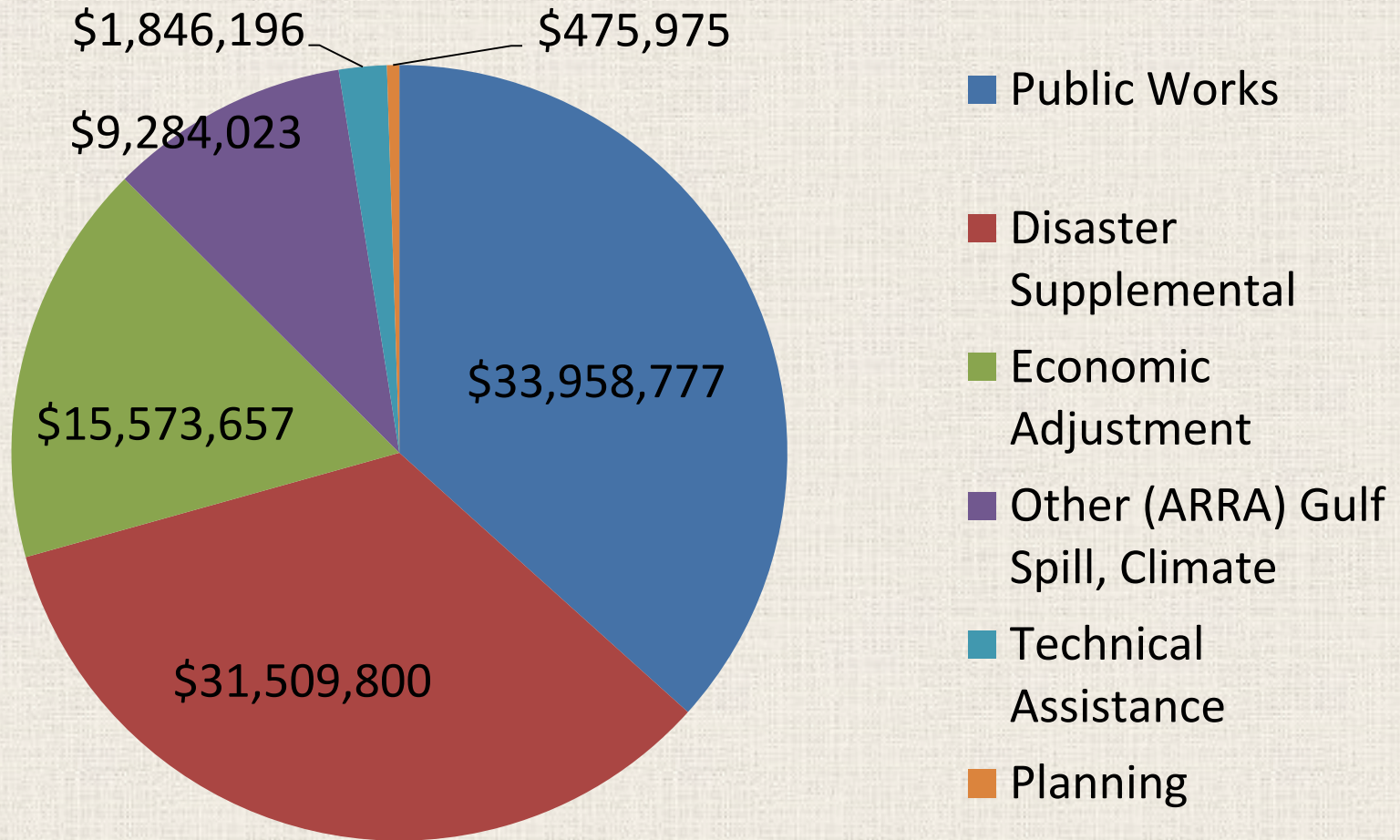
Construction

- Public Works
- Economic Adjustment Assistance

Non-Construction

- Technical Assistance
- Economic Adjustment Assistance
- University Centers
- Regional Innovation Strategies (e.g., i6 Challenge, Jobs Accelerators, Science and Research Park Development Grants, etc.)
- Planning

Where Does the Money Go?

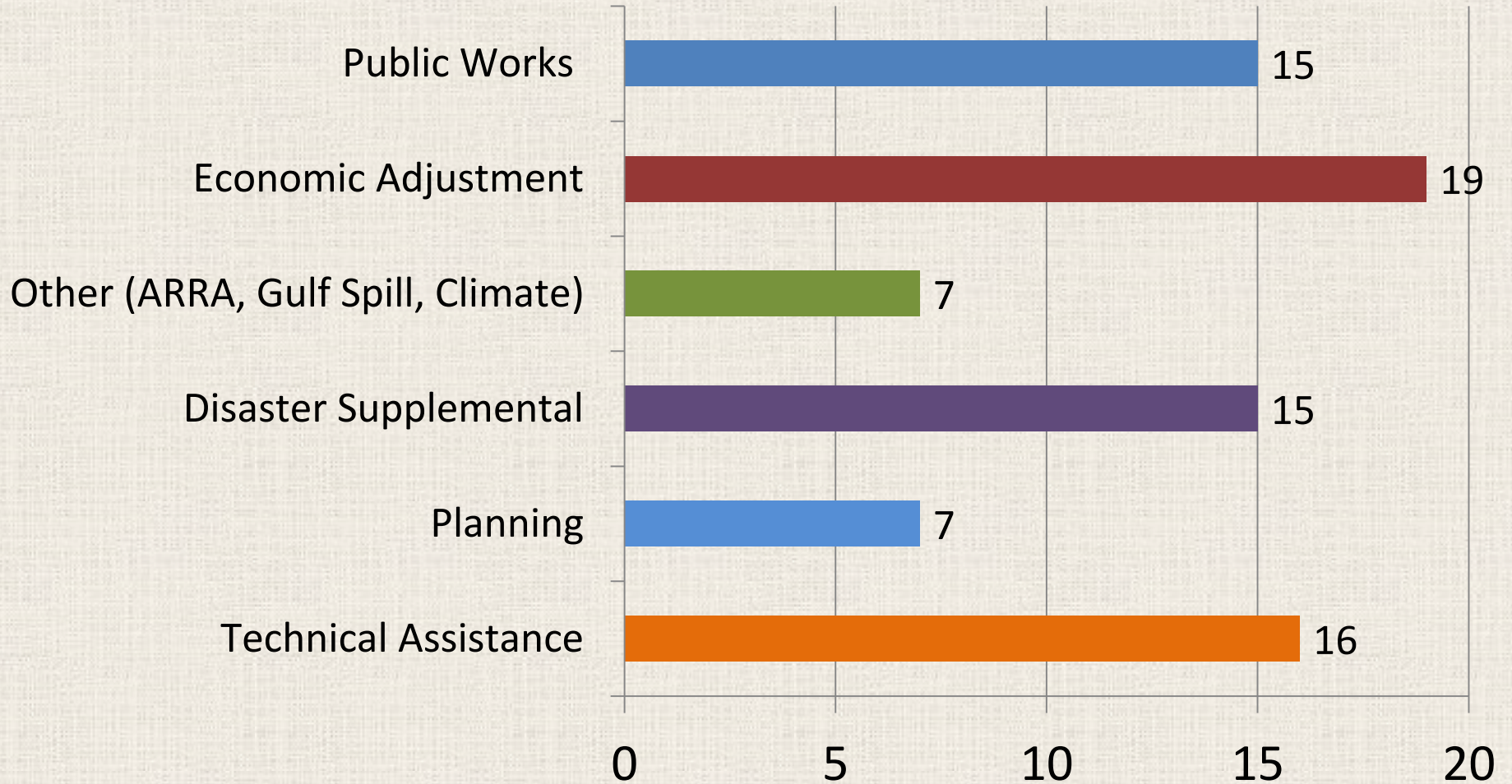


What could You do with the Money?

Investment Category	EDA Funding	Total Project Cost	Grantee's Est. Priv Investment	Jobs Created	Jobs Retained
Public Works	\$ 33,958,777	\$ 61,358,451	\$ 1,463,577,503	4,366	3,513
Economic Adjustment	\$ 15,573,657	\$ 24,085,541	\$ 141,800,000	2,635	0

Planning	\$ 475,975	\$ 788,620	\$ -		
Technical Assistance	\$ 1,846,196	\$ 4,104,403	\$ -	0	0
Other (ARRA) Gulf Spill, Climate	\$ 9,284,023	\$ 14,575,441	\$ 30,018,040		
Disaster Supplemental	\$ 31,509,800	\$ 47,700,112	\$ 169,122,500	1,107	2,704
Totals	\$ 92,648,428	\$ 152,612,568	\$ 1,804,518,043	8,108	6,217

89 EDA Grants Issued 2004-2014



Public Works



Number of Grants	23
Average Grant	\$ 1,476,470
Average Match	\$ 2,817,456
Match Ratio	81%
Total Investment	\$ 98.8M

Public Works



Economic Adjustment



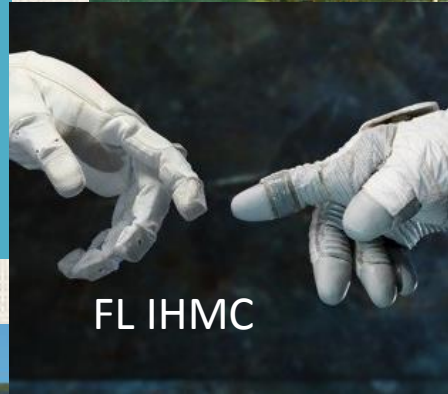
Number of Grants	19
Average Grant	\$ 819,666
Average Match	\$ 447,994
Match Ratio	55%
Total Investment	\$ 24.1M

Economic Adjustment

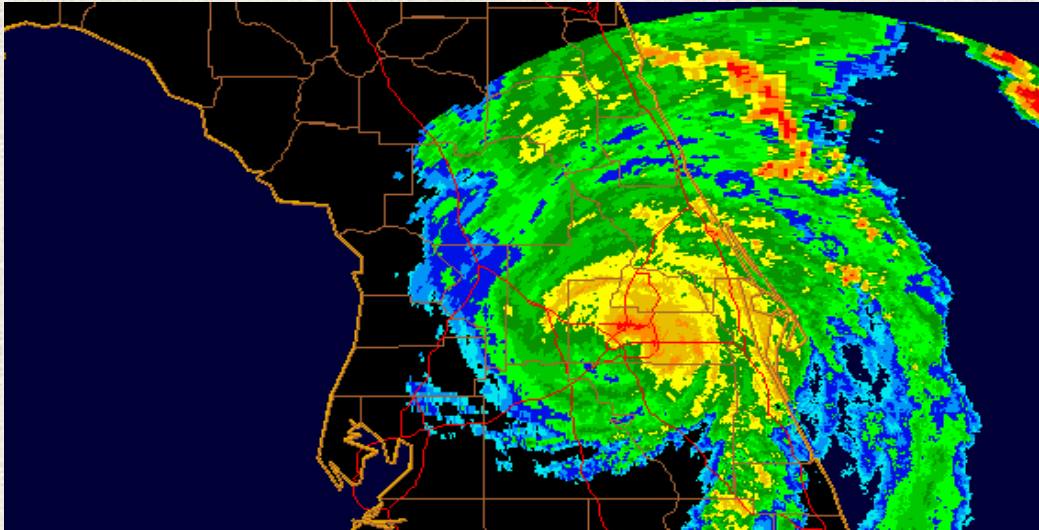


By Entrepreneurs, For Entrepreneurs

Tampa Bay's coolest open innovation center for building, launching and growing tech ventures.

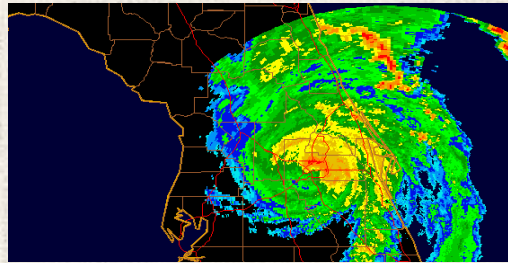


Disaster Supplemental



Number of Grants	14
Average Grant	\$ 2,250,700
Average Match	\$ 1,156,451
Match Ratio	51%
Total Investment	\$ 47.7M

Disaster Supplemental



Technical Assistance



Number of Grants	16
Average Grant	\$ 1,826,645
Average Match	\$ 141,138
Match Ratio	8%
Total Investment	\$ 4.1M

Technical Assistance



1



11



Feasibility Study



<http://expertnet.org/>

Other

(GCCMIF*, Deepwater Horizon, ARRA)



Number of Grants	7
Average Grant	\$ 1,326,289
Average Match	\$ 840,203
Match Ratio	63%
Total Investment	\$ 15.1M

*Global Climate Change Mitigation Incentive Fund


2013's Florida Report Card

During Fiscal Year 2013, EDA invested \$1,462,592 in four projects in the State of Florida. These projects are expected to create or retain 191 jobs and leverage \$13,000,000 in private investment, according to grantee estimates. EDA's investments help Florida communities achieve bottom-up, locally-defined economic development goals and strategies.

EDA offers a complementary, balanced portfolio of grant programs designed to help rural and urban communities grow their private sectors and create jobs.

Program	# of Grants	EDA Funds
Economic Adjustment Assistance	1	\$900,000
Public Works	1	\$364,000
Technical Assistance	2	\$198,592
Total	4	\$1,462,592

Florida's Successes 2004-2014



Number of Grants	89
Total EDA Awards	\$ 93,120,400
Total Project Costs	\$ 90,604,400
Est. Private Investment	\$ 1,804,500,000
Total Jobs Created	10,317
Total Jobs Retained	6,518

Questions?

Jonathan Corso

Georgia and Florida Economic Development Representative

U.S. Economic Development Administration

401 West Peachtree St., NW, Suite 1820

Atlanta, GA 30308

404-730-3023



Family Dollar Distribution Center



Bay County Small Business Incubator

Economic Development Administration Funding in Florida

(A lot) More Than Water Tanks and Pump Stations

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