

9-1-2006

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Community Development Investment Models Supporting the Biosciences

An Analysis Performed by

CENTER FOR ECONOMIC DEVELOPMENT RESEARCH
College of Business Administration



USF Downtown Center

1101 Channelside Dr., 2nd Floor N., Tampa, Florida 33602
Office: (813) 905-5854 or Fax: (813) 905-5856

September 2006

Preface

The Hillsborough County Economic Development Department (HCEDD) commissioned the Center for Economic Development Research (CEDR) to conduct the applied economic research reported herein. This study reviews community-initiated development entity models, provides examples of community-initiated development High Technology – Bioscience models and outlines a model for The Hillsborough County initiated development project High-tech – Bioscience.

CEDR, a unit of the University of South Florida’s (USF) College of Business Administration (COBA), initiates and conducts innovative research on economic development. The Center’s education programs are designed to cultivate excellence in regional development. Our information system serves to enhance economic development efforts at USF, COBA, and throughout the Tampa Bay area and the state of Florida.

Robert Forsythe, Dean, COBA, University of South Florida (USF)
Dennis Colie, Director, CEDR, COBA, USF
Jim Snyders, CEDR Research Consultant and Principal Investigator
Dodson Tong, Data Manager, CEDR, COBA, USF

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EXECUTIVE SUMMARY

In this paper, we review the Community Development Entity (CDE), Community Development Financial Institution (CDFI) Fund, Double Bottom Line Investment Funds (DBLIF), and Early Stage Gap Financing models. We create a matrix to help differentiate the models with regard to (1) what they are, (2) how they are used, and (3) how they are structured. The paper also includes information relative to opportunities and demand for New Market Tax Credits (NMTC) and examples of community-initiated development models centered on High Technology – Bioscience and the NMTC program.

As part of the research process, we create a model outlining the structure of a new Hillsborough County initiated High-tech – Bioscience project. This includes a matrix of possible structure combinations, vision of the model, steps in the project’s evolution, an outline of a Business Plan, and an economic assessment.

Community development projects take on a variety of structures. Some are large scale Low Income Community (LIC) projects based on tax credits or venture capital alliances, while others are on a smaller scale that rely on Angel Investors and Small Business Administration programs and funding. We identify key attributes and characteristics of successful community-initiated development projects. The projects tend to have four basic components: (1) management oversight and capacity, (2) capitalization and funding strategy, (3) a business plan, and (4) community impact. Furthermore, the success is more likely if these elements are all interrelated and linked with a governmental entity and private-sector investors.

There are many ways in which communities employ both private and public resources to attempt to stimulate and improve the economic well-being of sections of their community. Perhaps one of the most successful concepts involves the use of NMTC. There are significant opportunities and demand for using this approach to funding successful community growth projects.

Additionally, the attributes and characteristics of potentially successful community development projects can be summarized into what has been labeled the New Triple Bottom Line concept. This concept emphasizes the importance of societies three values of **P**eople, **M**oney, and **P**roperty (PMP) working together embracing three economic qualities of **S**ufficiency, **O**ptimization, and **S**ustainability.

1. Introduction.

The Community Development Entity (CDE), the Community Development Financial Institution (CDFI) Fund, Double Bottom Line Investment Funds (DBLIF), and Early Stage Gap Financing are the basic forms of a community-initiated development. In this paper we discuss these models and provide a quick comparison guide.

This report includes a full section on opportunities and demand for New Market Tax Credits. It provides updates on the CDFI fifth round of the NMTC allocations and the U.S. Senate's failure to pass legislation to extend the NMTC program beyond 2007. Following this update is a summary of NMTC opportunities by Clearinghouse NMTC's President and CEO, Douglas Bystry. We also provide a brief introduction to a valuable NMTC resource, i.e. the NMTC Coalitions. And, we include information about the demand for NMTC illustrated by examples of successful community-initiated development projects focused on High Technology – Bioscience and the NMTC program.

The report has nine additional examples of community-initiated development High Technology – Bioscience models that have recently been implemented in the United States. From this information, we present a matrix of possible structures.

Additionally, we outline a vision for a Hillsborough County initiated development project for High-tech – Bioscience, including an outline of the project's evolution and a Business Plan.

The final section of this report show summarizes findings of the attributes and characteristics of successful community-initiated development projects. The discussion includes the presentation of a very new concept call the Triple Bottom Line Development values.

2. Information Sources

The primary information sources are The Department of Treasury, Community Development Financial Institutions Fund, and the Small Business Administration web sites.

3. Scope

The official report focuses on CDEs and other Community Development Investment funding model options that might provide incentives for creating and promoting the biosciences industry within the USF Enterprise Zone (EZ) and beyond. The study Discussion includes:

- Review of community-initiated development models
 - Community Development Entity (CDE) and New Market Tax Credit (NMTC) Program
 - Community Development Financial Institutions
 - Double Bottom Line Investment Funds
 - Early stage Gap Financing
 - Summary Comparison of the models
- New Market Tax Credits (NMTC) Opportunities and Demand
 - Current news from Washington on NMTC program
 - Clearinghouse NMTC investment opportunities
 - NMTC Resources - Introduction to the NMTC Coalition
 - Examples of BioScience CDE activity in other communities
- Examples of community-initiated development High Technology – Bioscience models
- The Hillsborough County initiated development project High-tech – Bioscience model
 - Matrix of possible structure combinations
 - Vision of model
 - Project evolution
 - Business Plan outline
- Findings - Attributes and characteristics of potentially successful community-initiated development projects
- Summary – the New Triple Bottom Line concept

4. Review of community-initiated development models.

A. Community Development Entity (CDE)

The term Community Development Entity (CDE) can take on three different meanings.

1. CDE, as defined by the US Internal Revenue Service (IRS), is any domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments or financial counseling in “Low-Income Communities” (LICs). It can be for-profit or non-profit. A CDE is required to demonstrate that it:
 - have a primary mission of serving, or providing investment capital for, LICs or Low-Income Persons, and
 - are accountable to residents of the LICs that they serve.
2. “Certified” CDE is one that has gone through and been approved by the CDFI as a CDE that is “Qualified” to be eligible to apply for NMTC.
3. Simple CDE with no certification and no commitment to LIC. This title for a community project may be incorrectly or loosely used for community project that may in some way benefit a community but does not directly serve an officially designated LIC area. Although referred to as a CDE it may not a correct use of the term and can confuse the reader.

The main objectives of CDEs and other development opportunities put forth in this paper are intended to stimulate economic growth and community development in low income areas designated as Enterprise Zones (EZs) or sometimes called Empowerment Zones or Low-Income Communities (LICs).

There is only one main reason to form a CDE and that is to improve economic conditions to LIC persons and to a LIC area. Likewise there is only one reason to obtain the status of a “Certified” CDE. That reason being so as to be eligible to apply for NMTCs and other capitalization incentives sponsored by The CDFI Fund.

There is a formal application process to become a Certified CDE. The complete application form can be found at:

<http://www.cdfifund.gov/docs/certification/CDE/CDEcertificationApplication.pdf>

Each CDE NMTC Allocation awardee, as well as CDEs that are recipients of Qualified Low-Income Community Investments (QLICIs) from other CDEs, may be required to annually certify to the Fund that it continues to meet the Primary Mission and Accountability requirements by providing the information below. The Fund may revoke a CDE’s certification if it fails to provide the requested information.

- Information indicating that the entity remains accountable to the LIC(s) it is serving; and
- A certification statement certifying that no material changes have occurred to affect their current status as a CDE.

CDEs are structured like any domestic corporation or partnership. CDE may be either non-profit or for profit and have subsidiaries consisting of either. There is nothing special about them except for the following:

- In general, sole proprietorships and single member limited liability companies are not considered corporations or partnerships for federal tax purposes, so these entities would not meet the legal entity test.
- A governmental entity may apply for designation as a CDE, provided the entity is classified as a corporation or partnership for federal tax purposes and would meet the legal entity requirement (which is subject to legal interpretation by the CDFI Fund).
- The LIC must be represented on the board. The following are characteristics board members must possess in order to be deemed a representative of LICs:
 - reside in a LIC in the Applicant CDE’s service area; or
 - otherwise represent the interests of residents of LICs in the Applicant CDE’s service area.

Examples of individuals that represent the interests of residents of LICs include, but are not limited to:

- A small business owner whose business is located in a LIC, and whose business: (i) provides goods and services to community residents; or (ii) principally employs residents of LICs. For the purpose of this requirement, an owner shall include any individual with at least 50% ownership stake in the business, or any individual that has an ownership stake and controls, operates or manages the business;
- An employee or board member of a community-based or charitable organization principally serving the LICs. Employees or board members of an organization that serves Low-Income Persons (as opposed to LICs) may also qualify, but only if it can be demonstrated that the population served by that organization principally resides in LICs;
- A religious leader whose congregation is based in a LIC;
- An employee of a governmental agency or department that principally serves LICs, or a governmental employee whose daily job responsibilities principally serve LICs; and
- An elected official whose constituency is comprised principally of LICs or residents of LICs.

There were 2206 Certified Community Development Entities as of March 1, 2006. These organizations have been certified by the Community Development Financial Institutions Fund (Fund) as Community Development Entities (CDEs). The organizations are listed alphabetically by state and city and be found at: <http://www.cdfifund.gov/docs/certification/CDEstate.pdf>

Additional information regarding CDEs can be found in the form of frequently asked Questions & Answers FAQ at web site <http://www.cdfifund.gov/docs/certification/CDE/CDEcertificationFAQs.pdf>

Appendix A provides a list of the questions in this document.

Because the main reason to form a “Certified” CDE is to participate in the NMTCs (New Market Tax Credits) program, it is important to remember that the CDE:

- Must be “Qualified” CDE
- Exchange Tax Credits for Equity
- For-Profit entities only
- A non-profit organization may establish a for-profit Subsidiary entity as a CDE

- For-profit Subsidiary CDE may apply directly to the Fund for an allocation of tax credits; or
- Non-profit parent may apply to the Fund for an allocation of tax credits with the intention of transferring allocations to its for-profit Subsidiary CDE(s).

The complete NMTC application form and guidance can be found at the following web site:
<http://www.cdfifund.gov/docs/NMTC/2005/2006NMTCApplication.pdf>

As an overview the following chart depicts the flow process of the NMTC. It indicates that the process emanates from the US Treasury Department and centers on the CDE that has become “Qualified” for NMTC program. The arrow shows Investors receiving Tax Credits in turn for Equity in the CDE.



(Reference:<http://www.novoco.com/NMTC/Resources/TonyBrownCRAuses.pdf#search='bank%20enterprise%20awards'>)

Community Comptroller of the Currency Developments Administrator of National Banks
 Summer 2002 Community Affairs OnLine News Articles Bank Enterprise Awards and New
 Markets Tax Credits: Two Tools to Increase the Flow of Private Capital in Targeted Markets, By
 Tony T. Brown, Director, CDFI Fund

Additional information regarding New Markets Tax Credit Allocation Agreement in the form of
 frequently asked Questions & Answers can be found at web site:
http://www.cdfifund.gov/docs/nmtc/allocation_agreement_faq.pdf

Appendix B provides a list of the questions in this document.

B. Community Development Financial Institutions

“The Community Development Financial Institution (CDFI) Fund” is a specialized financial institution that works in market niches that are underserved by traditional financial institutions within the US Department of Treasury. It plays a key role in the funding and oversight process. The CDFI Fund leverages private investment to benefit economically disadvantaged people and communities. It administers a competitive grant program that provides capital grants, loans, equity investments and awards to fund technical assistance to community development financial institutions.

CDFI certification is a designation conferred by The CDFI Fund that indicates that a financial institution, such as banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds, provides financial products and services in defined underserved and economically distressed target markets. The CDFI certification period is three years from the date the Fund designates the CDFI.

The use of a CDFI must include providing development services that support financial transactions, and show that it is directly accountable to its community or its customers. CDFIs provide a unique range of financial products and services, such as mortgage financing for low-income and first-time homebuyers and not-for-profit developers, flexible underwriting and risk capital for needed community facilities, and technical assistance, commercial loans and investments to small start-up or expanding businesses in low-income areas.

Additionally, CDFI certification is used as a requirement for accessing financial and technical assistance from the CDFI Fund through the CDFI Program and Native American CDFI Assistance (NACA) Programs to support an organization’s established community development financing programs. A certified CDFI can also partner with a FDIC-insured depository institution that seeks a Bank Enterprise Award (BEA) from the Fund to support investments in the CDFI. CDFI certification may provide access to the New Markets Tax Credit Program by allowing the CDFI to become a Community Development Entity (CDE). CDFI certification may also enhance a financial institution’s ability to raise funds from foundations and state and local governments.

To apply to become certified as a CDFI an organization must submit a CDFI Certification Application to the CDFI Fund for review. The application must demonstrate that the applicant meets each of the following requirements for the applicant to become certified:

- Be a legal entity at the time of certification application;
- Have a primary mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more target markets;
- Provide development services in conjunction with its financing activities;
- Maintain accountability to its defined target market; and
- Be a non-government entity and not be under control of any government entity (Tribal governments excluded).

(Reference: http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=9)

The application CDFI application guidance and form can be found at web site:
<http://www.cdfifund.gov/docs/certification/CDFI/CDFIcertificationApplication.pdf>

CDFIs structure include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan funds, venture capital funds, and microenterprise loan funds. There were 748 Certified Community Development Financial Institutions as of March 1, 2006. The organizations are presented alphabetically by state and city at web site: <http://www.cdfifund.gov/docs/certification/cdfi/CDFI-state.pdf>

C. Double Bottom Line Investment Funds (DBLIF)

These funds promote and fund what is sometimes called “smart growth” activities. DBLIFs are capitalized to succeed, use private market discipline, and provide investors appreciate returns. They represent a combined effort from the private and public sector for the betterment of the both.

- **Private Equity** of the private sector, that represents the upper quartile market returns for investors, and
- **Community Equity**, that provides measurable job, shelter and wealth creation.

DBLIFs focus their used to investments in:

- Mixed-use commercial, industrial and housing projects
- Affordable and mixed-income housing
- Urban infill and brownfield cleanup
- Transit-oriented development
- Measurable job and wealth for community residents

The funding sources for DBLIFs typical include:

- Community Development Venture Capital Alliance (CDVCA)
- New Markets Venture Capital (NMVC)
- Bank Enterprise Award Program (BEA)
- Small Business Administration (SBA)
- Qualified Target Industries (QTI) State of Florida

There are four emerging model structures of DBLIFs. These models are:

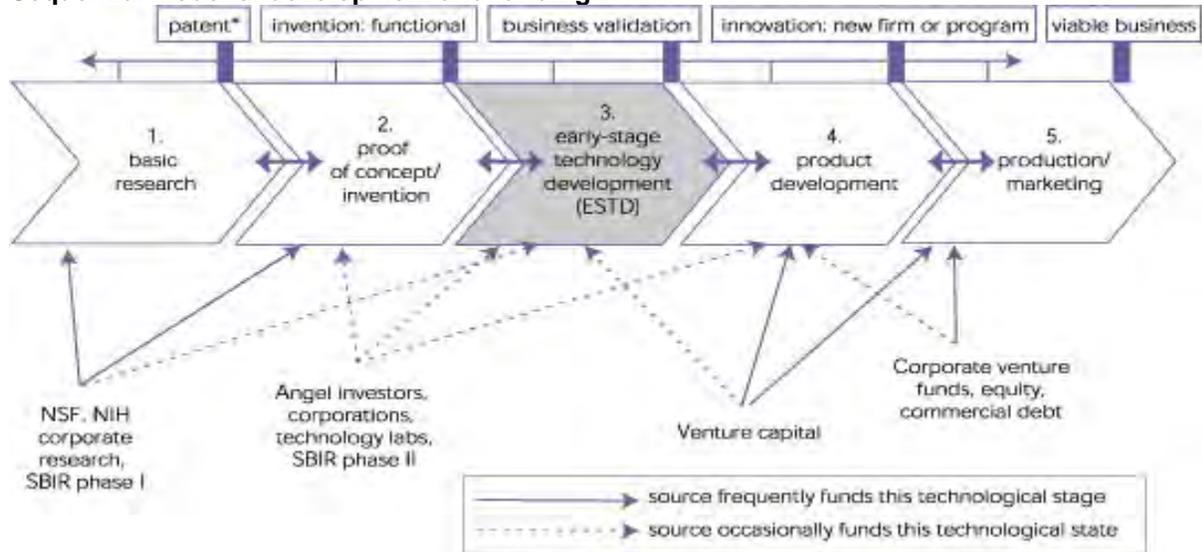
- Contractual
 - Regional private sector/community Not-For-Profit (NFP) sponsors
 - Contracts with world class fund managers
 - Fund manager operates within contractual boundaries
 - Low and moderate income areas only
 - No displacement permitted
 - Mixed-use and mixed-income
 - Measurable job and wealth benefits for residents
 - Within these bounds, fund manager behind firewall
 - NFP sponsor receives .5% management fee and 2% carry
 - Investors and NFP sponsor can remove fund manager

- Ownership
 - NFP community sponsor owns for-profit fund manager
 - NFP sponsor establishes policy for fund
 - Low and moderate income areas only
 - No displacement permitted
 - Mixed-use and mixed-income
 - Measurable job and wealth benefits for residents
 - Limited partners include world class institutional investors
 - For-profit fund manager receives 3% management fee and 20% carry
 - NFP parent owns management company and shares in management fee and carry
- Legislative
 - Community advocates negotiated for funds
 - Insurance industry trades DBLFs for tax reduction
 - Fund criteria and tax deal codified in state legislation
 - Low and moderate income areas only
 - Funds invested in CDC and affordable housing deals
 - No displacement permitted
 - Mixed-use and mixed-income
 - Measurable job and wealth benefits for residents
 - Insurance industry publicly reports: advocates post audit
- Fund Manager
 - Fund managers discover ROI and DBLF
 - Investors like returns, fund managers, and DBL concept
 - Problem: who is monitoring second bottom line?
 - National movement in develop DBL standards

D. Early Stage Gap Financing

Early Stage Gap funding targets a specific phase in technology development. It targets where there is often a lack of funding in the process, that being between “proof of concept” and “product development”. This type of funding is used to target a specific phase in technology development. It targets where there is often a lack of funding in the process. It strives to fill this gap and provide the catalyst to complete and launch new technology products and services. The best way to show how these funds are used is the technology development and funding model.

Sequential Model of development and funding



The region corresponding to early-stage technology development is shaded in gray. The boxes at top indicate milestones in the development of a science-based innovation. The arrows across the top of, and in between, the five stages represented in this sequential model are intended to suggest the many complex ways in which the stages interrelate. Multiple exit options are available to technology entrepreneurs at different stages in this branching sequence of events.

Early Stage Gap Financing is structured around:

- Technology development and Funding model
- Angel Investors
- Universities
- Small Business Innovation Research (SBIR) program
- Small Business Technology Transfer (STTR) programs
- Advanced Technology Programs (ATP)

E. Summary Comparison of the models

	<u>What they are</u>	<u>How they are used</u>	<u>How they are structured</u>
Community Development Entity (CDE)	<ul style="list-style-type: none"> -have a primary mission of serving, or providing investment capital for, LICs or Low-Income Persons, and -are accountable to residents of the LICs that they serve -Application made to TheCDFI Fund -Administered by The CDFI Fund 	<ul style="list-style-type: none"> -intermediary vehicle for the provision of loans, investments or financial counseling in “Low-Income Communities” (LICs). -Only entity eligible to apply for NMTCs 	<ul style="list-style-type: none"> -domestic corporation or partnership -<u>may be either non-profit or for profit</u> -LIC must be represented on the board
Community Development Financial Institutions (CDFI)	<ul style="list-style-type: none"> -leverages private investment to benefit economically disadvantaged people and communities -application made to the CDFI Fund 	<ul style="list-style-type: none"> -competitive grant program (capital grants, loans, equity investments -awards to fund technical assistance -mortgage financing for low-income and first-time homebuyers and NFP developers, -flexible underwriting and risk capital -commercial loans and investments to small start-up or expanding businesses in low-income areas 	<ul style="list-style-type: none"> - regulated institutions such as community development banks and credit unions, - non-regulated institutions such as loan funds, venture capital funds, and microenterprise loan funds -directly accountable to its community or its customers
Double Bottom Line Investment Funds (DBLIF)	<ul style="list-style-type: none"> -represent combined equity effort from private and public sector -Funds sources are CDVCA, NMVC, BEA, SBA, QTI 	<ul style="list-style-type: none"> -Mixed-use commercial, industrial and housing projects -Affordable and mixed-income housing -Urban infill and brownfield cleanup -Transit-oriented development -Measurable job and wealth for community residents 	<ul style="list-style-type: none"> -Contractual -Ownership -Legislative -Fund Manager
Early Stage Gap Financing (EDGF)	<ul style="list-style-type: none"> -funding targets technology development between “proof of concept” and “product development” 	<ul style="list-style-type: none"> -fill this gap and provide the catalyst to complete and launch new technology products and services 	<ul style="list-style-type: none"> -Technology development and Funding model -Angel Investors -Universities -SBIR program -(STTR) programs -(ATP)

5. New Market Tax Credit Opportunities and Demand.

The section discusses recent information relating to NMTC Opportunities and Demand. It provides updates on the CDFI fifth round of the NMTC allocations and the Senates failure to pass legislation to extent the NMTC program beyond 2007. Following this update is a good summary of NMTC opportunities as summarized by Clearinghouse NMTC's President and CEO, Douglas Bystry. A brief introduction to a valuable NMTC resource the NMTC Coalitions is provided. The last part of this section provided information relative to the demand for NMTC as illustrated in examples of communities that have successfully utilized NMTCs.

A. Current news from Washington on NMTC program

WASHINGTON, D.C. — September 1, 2006 — A notice of allocation availability for the New Markets Tax Credit (NMTC) program will be published December 1, 2006, according to the Community Development Financial Institutions (CDFI) Fund web site. Applications for the fifth round of NMTC allocations will be due by February 28, 2007 and the CDFI Fund expects to announce awards in Fall 2007.

WASHINGTON, D.C. — August 7, 2006 — The Senate last week failed to pass legislation that would have extended the new markets tax credit beyond its 2007 sunset. The bill (H.R. 5970), referred to as the 'Trifecta' bill because it included permanent estate tax relief, tax extenders and increasing the minimum wage, failed on a 56-42 vote. Supporters of the provisions included in the measure have expressed hope that they could be passed yet this year after Congress returns from recess.

The extension of the new markets tax credit will be discussed by industry experts at Novogradac & Company LLP's New Markets Tax Credit Investors Conference October 24-26, 2006 in Boston, Mass.

Reference. <http://www.novoco.com/NMTC/index.shtml>

B. Clearinghouse NMYC Investment Opportunities

HOW YOUR INVESTMENT WILL IMPACT THE LOW-INCOME COMMUNITY JOB CREATION: The Clearinghouse NMTC will fund loans that will create jobs for residents of low-income communities, as well as individuals with low-income, in the eligible census tracts where loans are approved.

- **Construction jobs:** New projects or rehabilitation projects will likely benefit some of the residents of the low-income communities.
- **Manufacturing jobs:** This is an important sector of jobs for revitalizing local economies and creating projects, such as, factories, manufacturing plants, machine shops, etc. Retail jobs will also be created for shopping centers, strip centers, nurseries, and other similar type of uses.

INCREASED WAGES/ INCOME: The Clearinghouse NMTC will increase household income for residents of low-income communities, as well as individuals with low-income, in the eligible census tracts where the loans are approved. Additional higher paying jobs will be created as a result of the economic injection in certain areas and neighborhoods.

- **Jobs For Unemployed Residents:** Increased commercial development and revitalization will be recognized as part of the benefit.
- **Cost Effective Services:** Closer, more competitive, retail and service related jobs would benefit the low-income consumer and effectively save them money thereby increasing their family income. Money saved in gas or transportation costs associated with not driving out of neighborhood to go to a grocery store.

UNEMPLOYMENT IMPACT: The loans financed by the Clearinghouse NMTC will have an immediate impact in areas of high unemployment because of the new jobs created. The lack of good jobs is the #1 impediment to solving chronic unemployment in low-income areas.

BUSINESS RETENTION: The Clearinghouse NMTC will fund loans that are designed to keep businesses in low-income neighborhoods. Expansion Loans will allow a successful business in the neighborhood to expand and stay as opposed to leaving when things get good.

Owner equity requirements are one of the tools used by the Clearinghouse CDFI and the Clearinghouse NMTC that makes sure the business owner has a vested interest in staying and not walking away from a business that may encounter hard times. Prepayment Penalties, which will be substantial over the life of the loans, will provide another financial incentive for business owners to remain in the community.

These unique provisions planned by the Clearinghouse NMTC will be something that all good lenders should do but often do not. Hard-money lenders or predatory lenders are not committed to the long-term vitality of the neighborhood. They may make a loan knowing that a borrower will not have the ability to pay back the loan over the long run. They are simply interested in loan fees and getting the collateral back. The Clearinghouse NMTC would never make a loan knowing that the borrower would fail. We would work with that borrower and assist them in strengthening their situation.

RESIDENT/ WOMEN/ MINORITY OWNED BUSINESSES: The Clearinghouse CDFI has a strong track record of lending to women and minority owned businesses as well as businesses owned by low-income residents. Of all businesses we have loaned to, 40% were black owned, 40% were to women owned business, 10% to Hispanic owned borrowers, and 10% to disabled business owners.

Start Up Businesses: Home based businesses or truly entrepreneurial in activity will be eligible for consideration and encouraged to apply. Many minorities and women are anxious to start their own businesses, only they lack the capital to get the endeavor off the ground. The Clearinghouse CDFI recently made a loan to a woman owned business that distributes and sells a homemade, one of kind dolls.

It requires that a lender look beyond traditional conventional underwriting and analysis to have such a strong track record of lending to such a diverse group of applicants. CDFIs or CDEs are likely to have strong records of this type of lending, but many other SBA programs may have similar statistical data.

CHILDCARE/ HEALTHCARE/ EDUCATIONAL SERVICES: The Clearinghouse CDFI is regarded as being one of the premier community development lenders in Southern California. We have earned that reputation by funding a total of over \$10 million in community development loans over the past four years. 79% of those went toward childcare facilities, healthcare clinics or educational services.

- **Childcare loans:** The Clearinghouse CDFI has funded in several different neighborhoods in our service area. To date we have funded a total of 12 loans. One loan was for a childcare center that created over 250 childcare slots and restored a vacant boarded-up historic building. It is anticipated that the Clearinghouse NMTC will continue to fund many of these types of loans.
- **Healthcare loans:** The Clearinghouse CDFI has made a total of 7 Healthcare related loans. One loan was to help a Spanish speaking dental clinic located in a low-income neighborhood stay in business, since his original note had come due and the existing lender refused to extend further credit, even though the business was profitable. The CDFI made the loan at a lower interest rate and the business is doing better than ever. **Educational Services Loans:** Several educational loans have been approved to organizations that focus on providing educational services to low-income communities. In addition to several childcare / pre-schools, we have approved a charter school, and to a training program for emancipated foster youth. One loan was to a non-profit that brings books and educational material to the lowest-income school districts throughout the United States.

WEALTH CREATION/ ASSET ACCUMULATION: The Clearinghouse NMTC will make loans that will contribute to wealth creation and asset accumulation through a number of ways.

- **Commercial Acquisition Loans:** The Clearinghouse CDFI has made a number of loans that have allowed businesses that were currently renting their facilities to purchase them. Often these loans have had mortgage payments less than what the business owner was paying on rent.
- **Home Ownership Loans:** The Clearinghouse CDFI, through our non-profit community partner, Affordable Housing Clearinghouse, offers home loans to first time buyers in low-income census tracts. They successfully have facilitated the lending of over \$40 million in these loans. The Clearinghouse CDFI is also approved by Freddie Mac as a lender in their “lease to purchase” program that allows families to get into home ownership in spite of credit problems and with only a 1% down payment. While the Clearinghouse NMTC will not be offering loans for home ownership, we anticipate that we can offer our home ownership loans in additional areas and in a more directed approach to longer-term wealth creation.

TAX BASE EXPANSION: Clearinghouse NMTC loans will have a definite positive impact on increasing the tax base of the municipalities where we expect to lend. Property tax revenue will increase do to the increase in valuation based on development of undeveloped land or improvement on existing buildings.

Sales tax revenue will increase substantially in areas where new commercial centers are being proposed.

Reference: “A COMMUNITY DEVELOPMENT INVESTMENT WITH A MARKET RATE RETURN”, dbystry@clearinghousecdfi.com, To obtain an investment prospectus and offering, please contact: Douglas J. Bystry, President and CEO, Toll Free: 800-445-2142 Phone: 949-859-3600

<http://www.clearinghousenmtc.com/index.cfm?fuseaction=browse&id=4858&pageid=32>

C. NMTC Resources - Introduction to the NMTC Coalition

The New Markets Tax Credit (NMTC) Coalition was founded in 1998 by a group of local, regional and national community development organizations that came together to advocate for a federal tax credit that would encourage private investment in community development. The goal was to create a federal tax credit that could do for community development what the Low Income Housing Tax Credit had done for housing.

The Coalition worked with the Clinton Administration and a bipartisan coalition within the 107th Congress to see the New Markets Tax Credit authorized as part of the Community Renewal Act of 2000.

Since the NMTC became law, the Coalition has worked closely with the Bush Administration and Treasury Department officials to launch the program and to develop implementation regulations and procedures.

With its growing membership of more than 100 organizations, the Coalition has established itself as the principal policy voice advocating for the NMTC. Working with NMTC champions in Congress, the Coalition has launched a legislative campaign aimed at extending the NMTC to 2012. The Coalition is actively working to engage CDEs, investors, public officials and other NMTC supporters in this reauthorization campaign.

Reference: For additional information on the NMTC reauthorization effort and how you can help. <http://www.newmarketstaxcreditcoalition.org/News/news.frameset.htm>

D. Examples of other Bioscience CDE activity in other communities

Minnesota’s Biobusiness

ST. LOUIS PARK, Minn. (May 10, 2006) — While Minnesota is home to a broad array of biobusiness technology enterprises — at least 425 entities, the state’s strength in biobusiness slipped in comparison to key competitor states, according to the BioBusiness Alliance of Minnesota.

“Minnesota lost ground in biobusiness employment from 1997–2002, which was a time when other states targeting bioscience added high-paying jobs in this industry,” stated Dale Wahlstrom, chairman, BioBusiness Alliance of Minnesota. “During this time, Minnesota saw a decline in biobusiness employment and struggled to develop start-up companies,” he said. Biobusiness includes enterprises in biotech, agri-bio, bio-industrial, medical, pharmaceuticals, diagnostic and life sciences R&D.

The BioBusiness Alliance of Minnesota commissioned a series of research studies aimed at understanding the economic well-being of the state's biobusiness technology sector. The research studies drew their findings from data collected by the U.S. Census Bureau and a first-ever grass roots survey of Minnesota's biobusiness technology enterprises. The research findings will be presented in a forthcoming white paper.

"An area of concern identified in the study is within a key sub sector – medical device technology," said Wahlstrom. The competitiveness study confirmed Minnesota is a major player in medical device technology, however, the state lost ground in total medical device employment and new business generation from 1997–2002.

There is good news as well. Since 2002, the date of the most recent federal economic census, Minnesota job losses in biobusiness have stopped. It appears no other state added as many medical device jobs as Minnesota and in fact, the biobusiness industry has added upwards of 4,000 jobs, according to the Minnesota Department of Employment and Economic Development.

"In the past three years, employment in Minnesota's biobusiness sector has grown," according to Kelvin Willoughby, Honeywell-W. R. Sweatt Chair in the Management of Technology at the University of Minnesota and author of one of the studies. "However, we cannot be sure exactly how our recent job growth compares to that of key competitor states, because the federal economic census will not be updated until 2008; it is important to remember that key competitor states are also adding jobs throughout the bioscience industry."

"The BioBusiness Alliance received strong support from the Governor, legislative, industry and academic leaders in completing this statewide assessment. The BioBusiness Alliance will continue to collaborate with business, government and academic leaders to identify ways to strategically target and grow this vital sector of our economy," said Wahlstrom. Recent studies of the U.S. bioscience sector revealed that nationally the sector is growing. "Biobusiness provides good jobs – they pay \$26,000 more than the average private sector job. U.S. biobusiness, including the health and agricultural markets, are strong, growing and the businesses are profitable," Wahlstrom said.

"Minnesota remains a leader in certain biobusiness sub sectors. The 1997–2002 trends identified in the studies must not only be turned around, but growth must be accelerated in order for Minnesota to remain competitive," Wahlstrom said. "Jobs created by Minnesota companies and academic institutions working in the human health and agri-bio sub sectors are being targeted by other states and countries. We need to protect Minnesota jobs," he said.

The BioBusiness Alliance of Minnesota is an action-based, 501(c)(3) not-for-profit organization of biobusiness executives from the academic, public and private sectors. The charter of the BioBusiness Alliance is to bring together all related areas of the biosciences in a coordinated effort to ensure the long-term health and success of Minnesota's bioscience industry.

Reference. "Minnesota's Biobusiness Strength is Threatened, Recent Data Suggest Turnaround", May 10, 2006

Frequently Asked Questions — May 2006

Q. What is the BioBusiness Alliance of Minnesota releasing today?

A. The BioBusiness Alliance of Minnesota announced the findings today from a series of commissioned research studies that assessed the economic well-being of Minnesota's bioscience sector.

Q. What was the scope of the commissioned research?

A. The BioBusiness Alliance of Minnesota commissioned research to: generate an inventory and census of the state's biobusiness technology enterprises (BTEs); survey Minnesota's BTEs to gain insights into their capabilities specifically focused on their technologies, products and markets; and assess Minnesota's competitiveness in the biobusiness sector with 10 other states.

Q. What is a biobusiness technology enterprise (BTE)?

A. A BTE is an entity devoted to the development and/or commercialization of bioscience or bioscience-related technologies, products or services. A BTE could be a for-profit business, a not-for-profit entity or an academic institution.

Q. What were the findings of the BioBusiness Alliance's first statewide, grass-roots census of Minnesota's biobusiness sector?

A. The census showed that Minnesota has at least 425 biobusiness technology enterprises located throughout the state.

Q. Is Minnesota a leader in any specific sub sector of biobusiness?

A. The vast majority of Minnesota's BTEs are in the human health sub sector. Of the 425 BTEs identified in the census, 252 BTEs are based in human health, 120 BTEs are based in agri-bio/bio-industrial, and 7 BTEs are based in biotechnology/bioscience. The remaining 46 BTEs are based in cross-over areas, which include more than one of the above categories.

Q. What were the findings of the BioBusiness Alliance's survey of Minnesota BTEs?

A. The survey showed the state's top markets are cardiology, research, and oncology and the state's top products are surgical devices, delivery systems, and drugs. The survey also revealed that the technological breadth of Minnesota's biobusiness sector is substantial.

Q: What were the findings of the competitiveness study?

A. Minnesota's competitiveness in the biobusiness sector was compared with 10 other states.

The study found that Minnesota is average on most key economic indicators; however, the state lost jobs in the biobusiness sector between 1997-2002. Job losses in Minnesota's biobusiness industries have stopped and recent data on biobusiness employment from 2002-2005 suggest a turnaround.

Q. Why did Minnesota’s competitiveness in biobusiness erode from 1997-2002?

A. We do not know why the state’s competitive position eroded. The BioBusiness Alliance of Minnesota’s studies were designed to assess the economic-well being of the biobusiness sector. The studies confirmed that Minnesota’s biobusiness sector remains competitive and a leader in the medical device technology sub sector, even though the industry lost jobs during the study period of 1997-2002.

Q. When can I view the BioBusiness Alliance’s statewide assessment?

A. The statewide assessment is a collection of commissioned research studies. The BioBusiness Alliance of Minnesota will issue a White Paper in the coming weeks that summarizes the findings of the commissioned studies and sets forward an action plan, including the group’s 20-year economic growth initiative called Destination 2025.

Q. What is Destination 2025?

A. Destination 2025 is a collaborative initiative to ensure the long-term growth and competitiveness of the state’s biobusiness sector. The project will tap the biobusiness expertise in Minnesota’s business sector, academic sector and research institutions.

Q. What is the BioBusiness Alliance of Minnesota and who are its members?

A. The BioBusiness Alliance of Minnesota™ is an action-based, 501(c)(3) not-for profit organization of biobusiness executives from the academic, public and private sectors. The charter of the BioBusiness Alliance is to bring together all related areas of the biosciences in a coordinated effort to ensure the long-term health and success of Minnesota’s bioscience industry.

Posted on 05/10/2006 BioBusiness Alliance of Minnesota’s Statewide Assessment Findings, Frequently Asked Questions” — May 2006
<http://biobusinessalliance.org/news-articles/minnesotas-biobusiness-strength-is-threatened>,
Source web site <http://www.bioenterprise.com/news/index.html#top>

Phoenix

Phoenix has been awarded \$170 million in New Markets Tax Credits (NMTC) to stimulate private sector investment in the economic development of low-income communities, city officials said Friday. The program was set up through the Community Development Financial Institutions Fund of the U.S. Department of the Treasury, according to the announcement. Congress passed legislation for this program under the Community Renewal Tax Relief Act of 2000 that provides a 39 percent tax credit for qualified equity investment over a seven-year period.

Phoenix and 65 other agencies were selected to receive NMTCs totaling \$2.5 billion for the 2002 fund year. Applicants who demonstrated the strongest business and capitalization strategy, management capacity and community impact got the credits, according to city officials. The NMTC program received 345 applications requesting nearly \$26 billion in allocations for 2002. Only \$2.5 billion was available for distribution in 2002 with \$15 billion available throughout the life of the program, which ends in 2007.

The city of Phoenix sponsored the application for NMTC by creating a nonprofit agency, Phoenix Community Development and Investment Corp. (PCDIC), to apply. The PCDIC board of directors has representation from the city, Chicanos Por La Causa, Phoenix Community Alliance and the Urban League, all of which provide services to individuals and businesses in low-income communities. The Community and Economic Development Department partnered with the Finance, Neighborhood Services, Housing and Equal Opportunity departments to apply for the tax credit allocations, city officials said.

The mission of the Phoenix program is to attract and provide funds for qualified projects that will improve the quality of life of those individuals who live and work in underserved areas of the community. The initial focus will be in four areas: business development and revitalization, biosciences, small business finance programs and venture capital, officials said.

Reference. "Phoenix given \$170M in tax credits", The Business Journal of Phoenix - March 14, 2003. For more information, call Lynda Dodd at 602-261-8708, or visit the city of Phoenix Web site at <http://www.phoenix.gov>.
bizjournals.com/phoenix/stories/2003/03/10/daily62.html?t=printable

Baltimore

Placing a high priority on the biosciences as a measure for long-term economic development, the Baltimore Workforce Investment Board (BWIB) has released a strategic plan that aims to ensure growth, in part, by securing a highly motivated and well trained workforce for the city's bioscience sector.

Conducted by two consulting firms, the Baltimore Bioscience Initiative finds that the city and surrounding region already have a sizable employment base of approximately 11,000 people. The majority of this workforce is housed at university medical schools and hospitals and National Institutes of Health (NIH) laboratories, the report states. Of the 78 companies (4,800 employees) that make up the bioscience sector, however, 12-15 percent of their workforce is comprised of low-skill workers, such as lab assistants, technicians, production technicians and clinical technicians.

In preparing the plan, the consultants studied economic and demographic trend information in the Baltimore area and conducted interviews with human resources directors of major employers and directors of major education and training providers. The consultants also reviewed best practices for similar training initiatives and visited two areas with reputable programs, Berkeley, CA, and Spokane, WA. The Baltimore Bioscience Coalition, a group of stakeholders, subsequently was formed to assist in developing the plan.

The outlook for the biosciences in Baltimore is very promising, according to the plan. Continued growth of the area's nonprofit sector, rapid increases in NIH funding, and emerging young biotech companies from R&D firms are all positive signs. Plans also are in the works for an R&D park near Johns Hopkins Medical School and development around the University of Maryland medical campus, and some construction of the 600,000 sq. ft. of lab and office space

planned for these facilities already is underway. The researchers estimate cumulative growth will increase 25 percent by 2005 and 40 percent by 2007.

What is lacking in the effort to bolster this growth, the report suggests, are "more vigorous technology commercialization efforts from the research-rich base, better entrepreneurial support services, greater access to investment capital, larger stock of laboratory space and a stronger leadership base in the bioscience community." The report adds that small biotech companies "simply do not have the resources or the need for technician level workers."

Baltimore should model the efforts in Berkeley and Spokane, the researchers say. The projects in those locations reveal several applicable lessons: initiatives and programs must be employer-driven; programs must reflect shifts in technology and markets; and healthy relationships among employers, educational institutions and other area players must be present.

A new nonprofit corporation called BHR2 (Bio Human Resource 2), created as part of the consultants' sectoral employment plan for Baltimore, would help facilitate the above lessons. BHR2 would act as an extension of bio employers' human resource departments, serving to recruit and retain qualified candidates, and would work with a Baltimore Bio HR Network to be supervised by the Maryland Bioscience Alliance.

The report also recommends establishing a Bio Pilot Program that would consist of a biosciences leadership steering group, a similar HR network as that of BHR2, and a coordinated program for employment and training services. The city could apply for a \$100,000 Department of Labor (DOL) grant and use \$180,000 in existing training funds to get the pilot program started. For the entire strategic plan, the researchers say implementing the training portion will require five to 10 years.

BWIB was created in September 2000 following legislation under the Workforce Investment Act to form such boards. Funding for the Baltimore Bioscience Initiative, as well as the blueprint for the Bio Pilot Program, came from a DOL planning grant.

Reference. Both reports are available at <http://www.baltoworkforce.com>. "Bioscience Initiative Pushes for Jobs in Baltimore"

Kentucky

Sixty-nine percent of Kentucky businesses use computer technology to handle some of their business functions, but only 36 percent use the Internet and little more than 20 percent have a website, according to a report released by Governor Paul Patton's Office for the New Economy. Kentucky Prepares for the Networked World, which details computer, Internet and website use among the state's businesses, shows more than 50 percent see "no need" to use the Internet.

The report is part of the governor's connectkentucky strategic plan that is designed to give Kentucky a sophisticated information network. It was commissioned by a steering committee to respond to the governor's request to assess the condition of the Kentucky's Internet highways,

high-speed on-ramps to the highways and current use of the Internet by business, government and consumers.

Overall, the state is on par with national averages in business use of computer technology and the Internet, yet significant regional differences remain, the report states. The survey results show more than 60 percent of Kentucky's city and county governments do not have a website. In addition, of those that do have a website, the vast majority provide only basic information, not the e-government services that keep citizens from having to visit the local courthouse or city hall.

Several strategic goals are outlined in the report:

- Increase public awareness of the benefits of e-commerce, e-government and e-learning to Kentucky's businesses, governmental agencies and citizens;
- Create and implement market driven strategies that increase business, consumer and government use of the Internet; and,
- Implement public policy initiatives that promote competition and eliminate regulatory barriers to increase Internet usage and enhance broadband deployment throughout Kentucky.

Each goal also has success measures that outline how the connectkentucky Steering Committee will measure their progress in the future.

Kentucky Prepares for the Networked World contains some helpful maps showing the degree of Internet access in all of the state's 120 counties. The report is available at Reference: <http://www.connectkentucky.org>, "connectkentucky Plan Prepares State for Tech-driven Economy".

Great reference print only – could not copy to word doc. NMTC Monthly Report, June 2003, "Evaluating NMTC Opportunities for Smaller Development Organizations and CDFI's", [WWW.newmarketscredits.com](http://www.newmarketscredits.com)
http://www.novoco.com/NMTC/Article_of_month/NMTC_article_of_month_0603.pdf#search='NMTC%20opportunities'

Virginia

Various community development organizations throughout Virginia will organize and become members of Virginia New Markets Fund, LLC ("VNMF"), a joint venture formed to manage Virginia new markets tax credit ("NMTC") transactions. VNMF will apply for an allocation of NMTCs, receive management fees and possibly a percentage of profits for its management services, establish transaction terms and provide deal flow to the subordinate funds. A board of managers composed of representatives from the various organizations will govern VNMF. NMTC investors will invest directly into one or more funds managed by VNMF and certified as community development entities ("CDE"). VNMF-managed funds will seek to provide investors with the benefits of other economic incentives such as historic rehabilitation tax credits and enterprise zone incentives.

The Virginia Small Business Loan Fund will provide loans to small businesses and community development entities throughout Virginia.

The Virginia Real Estate Fund will focus on business development and commercial development by providing loans and investments for acquisition, construction and rehabilitation of real estate projects, including, where appropriate, mixed use developments and housing developments. This fund will also invest in CDEs focused on real estate development and investments.

The Virginia Venture Capital Fund will provide equity investments to seed and early stage QALICBs for operating expenses and equipment.

The Virginia Business Services Fund will provide financial counseling and other services to Virginia community organizations, small businesses and residents in low-income communities.

Proposed terms for Virginia New Markets Fund, LLC (“VNMF”):

A. Purpose/scope: VNMF will operate for the purpose of applying for New Markets Tax Credits (“NMTC”) and bringing these credits to third parties as an incentive to make investments in businesses and real estate projects located in low-income communities. VNMF will facilitate NMTC investments through its management of four funds: a small business fund, a venture capital fund, a real estate fund, and a fund expected to provide financial counseling and other services. In addition, VNMF will administer and monitor investments to ensure that all investments comply with the NMTC program during the seven-year tax credit period.

B. Capitalization: Each community development entity seeking to participate in and possibly source deals through VNMF will make a capital contribution to VNMF of at least \$_____ per membership unit. VNMF will raise a minimum of \$_____ through investments from member community development entities to at least cover organizational expenses. The members will be required to make additional capital contributions to VNMF in the following instances:_____.

C. Management and voting rights: The members will elect a board of managers made up of at least __ but no more than __ representatives. The board of managers will elect the officers and select the investment advisor(s) for the VNMF-managed entities.

D. Competition: Each member will agree that VNMF will be the sole entity through which said member pursues NMTC opportunities without the prior written consent of the other members.

Reference: “Proposed Model for Virginia New Markets Tax Credit Fund”

http://www.rich.frb.org/community_affairs/new_markets_tax_credits/pdfs/bullardmodel.pdf#search='NMTC%20opportunities',

Minneapolis

MINNEAPOLIS – March 8, 2004 – Community Reinvestment Fund (CRF) today announced that it has closed its first New Markets Tax Credits (NMTC) investment between Bear Stearns and Commercial Lending, Inc. The deal, totaling \$82.5 million, is potentially the largest to date

within the New Markets Tax Credit system and ensures CRF's eligibility for the second round of NMTC allocations, schedule to be announced this spring.

In March of 2003, CRF was awarded \$162.5 million in NMTC, receiving the largest allocation of any national organization. However, in order to be eligible in 2004, the organization was required to have received cash from its investors for 50 percent of its qualified equity investments by March 5, 2003.

"By making the investment now, Bear Stearns has kept CRF in the ring to compete for a second round of New Markets Tax Credits," said Frank Altman, president and founder of CRF and charter member of the NMTC Coalition Steering Committee. "This marks a major milestone for CRF on its New Markets journey."

The NMTC, a program aimed at stimulating private investment in low-income communities, is a first of its kind tax credit to investors who make qualified equity investments in privately managed investment vehicles. By making an equity investment in an eligible "community development entity" (CDE), investors can receive tax credits worth more than 30 percent of the amount invested. In March of 2003, the Treasury Department's Community Development Financial Institutions (CDFI) Fund distributed \$2.5 billion in credits to (how many?) CDEs across the nation. CRF's wholly-owned for-profit subsidiary, National New Markets Tax Credit Fund Inc, was awarded the second largest allocation, the highest amount made to an organization with national reach.

As a purchaser of economic development loans, CRF, a non-profit organization, is able to take advantage of the NMTC program and make it even more attractive to investors. The organization takes on the administrative burdens that lenders otherwise would have to handle, such as establishing a for-profit entity, applying for tax credits, finding investors, reporting the use of the credits and loans to investors and more.

Bear, Stearns & Co. Inc. is a leading global investment banking, securities trading and brokerage firm. Through Bear, Stearns Securities Corp., a wholly owned subsidiary of The Bear Stearns Companies Inc., the firm processes approximately 8% of the New York Stock Exchange volume cleared daily through the National Securities Clearing Corp. We are also widely recognized as the largest borrower of U.S. equities, and for over a decade have averaged nearly 20% of the reported NYSE short interest. Bear Stearns had total capital of \$37.5 billion (as of November 30, 2003) and total assets of \$209.7 billion (as of August 31, 2003). According to the April 2003 issue of Institutional Investor magazine, Bear Stearns is the seventh largest securities firm in terms of total capital.

Community Reinvestment Fund (CRF), a Minneapolis-based non-profit organization, is the nation's leader in bringing capital to public and private, nonprofit community development lenders through the secondary market for loans. Formed in 1988, CRF has injected hundreds of millions of dollars into low-income and economically disadvantaged communities around the country to help stimulate job creation and economic development, provide affordable housing and support community facilities.

Reference: 3/08/04 – “CRF Finalizes First NMTC Investment, Community Reinvestment Fund Finalizes First New Markets Tax Credits Investment, \$82.5 Million Transaction to Aid Communities Across the U.S.”

<http://www.crfusa.com/info.asp?sectionID=59&subsectionID=59&articleID=151>

6. Examples of community-initiated development High Technology – Bioscience models.

Examples presented in the paper include:

- a) Virginia's Center for Innovative Technology (CIT)
- b) Durham, Research Triangle Park-based nonprofit Biotechnology Center
- c) Cleveland, BioEnterprise
- d) Oxford Bioscience Partners (OBP)
- e) Portland, Bioscience Innovation Funds
- f) Pittsburg, Life Sciences Greenhouse - LifeSPAN
- g) Rocky Hill, Connecticut Innovations (CI) - Biotech Seed Fund
- h) Kansas Technology Enterprise Corporation (KTEC)
- i) Phoenix Community Development & Investment Corp. (PCDIC), New Market Program

A. **Virginia's Center for Innovative Technology (CIT) Program**

Recognizing the role that private equity investment plays in the initiation and growth of high-growth technology enterprises,

- Works with hundreds of regional technology companies to assist them in identifying federal R&D funding opportunities appropriate to their growth objectives
- Through a series of educational events, proposal development support offerings, and hands-on consultative activities, CIT enhances their chances of winning federal grants and commercializing resulting technologies.
- CIT's Capital Access Program nurtures the growth of technology companies through early-stage financial investment.
- The Growth Acceleration Program is to help close Virginia's "funding gap" for pre-seed and seed stage technology companies.
- Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR and ATP awards and other government contracts.

Reference:

http://www.innovationave.com/cap_program.asp, Contact Joseph S. Svetina, NASA Innovative Partnerships Director, Phone: 757-249-0884 Fax: 757-249-0738 jsvetina@cit.org,

B. **Durham, N.C., Research Triangle Park-based nonprofit Biotechnology Center**

Mission is to provide long-term economic and societal benefits to the state through the support and growth of biotechnology research, business and education

- Chose Eno River Capital to set up and manage the Bioscience Investment Fund
- NationsBank invest up to \$5 million in the fund (1984)
- Biotechnology Center's staff of 60 professionals
- Highlights:
 - \$16 million in financial assistance to 92 early stage biotechnology companies

- Recruit, retain and expand biotechnology companies; Biogen Idec, Diosynth RTP, Merck and Co., Novozymes - responsible for high-paying jobs.
- \$50 million in North Carolina universities to recruit 46 outstanding faculty, purchase multi-user research equipment, and sponsor 450 research projects.
- For every \$1 invested in research projects by the Biotechnology Center, the universities have gained about \$14 in federal grants.
- Preparing 1,100 teachers in North Carolina to teach about biotechnology.
- Tripling enrollment in the biosciences at the state's six historically minority universities by granting \$8 million in special appropriations

Reference:

<http://www.ncbiotech.org/> 15 T.W. Alexander Dr., Research Triangle Park, NC, 27709, 919-541-9366

<http://www.bizjournals.com/charlotte/stories/1998/04/06/daily5.html>, Charlotte Business Journal - April 7, 1998

C. Cleveland, BioEnterprise (June 2, 2005)

Business formation, recruitment, and acceleration initiative designed to grow health care companies and commercialize bioscience technologies.

- Five-year partnership (2002) among Case Western Reserve University, Cleveland Clinic Foundation, University Hospitals Health System and Summa Health System,
- Received a grant from a collaboration of nearly 70 philanthropic foundations
- Provides Companies:
 - Experienced bioscience management guidance.
 - Privileged relationships with world-class research and clinical institutions.
 - Access to bioscience venture capital and private equity firms
 - Business development and alliance support for strategic partnerships.
 - Network of regional business capabilities
- Results since July 2002,:
 - 45 companies created, recruited, and accelerated
 - \$200 million in new funding
 - \$50 million in revenues
 - 150 technology transfer

Reference: Denise Richardson, Manager, Business Development, BioEnterprise Corporation
11000 Cedar Avenue, Suite 100, Cleveland,
OH 44106. submissions@bioenterprise.com

As an interesting note this project's fund raising efforts included taping the Florida sunshine. The nonprofits BioEnterprise Corp. and JumpStart Inc. flew south in search of investment dollars. They organized a group of 25 angel investors who met in Naples, Fla., to hear presentations from four Cleveland-area companies in search of venture capital. Reference: Brandon Glenn, March 27, 2006, <http://www.bioenterprise.com/news/2005/05ffef.html>

D. Oxford Bioscience Partners (OBP)

This is a Life Science venture capital firm that provides equity financing and management assistance to advanced-stage start-ups and later-stage commercially oriented organizations. Its Objective is to generate long-term capital gains for both investors and entrepreneurs. This fund invests in businesses capable of improving the diagnosis and treatment of disease, as well as companies with technologies that accelerate drug discovery and development.

Reference: <http://www.oxbio.com/index.html>

For General Information: **Kathleen Moeckel**, Office Manager, 222 Berkeley St. Suite 1650, Boston, MA 02116, (617)357-7474, Fax: (617)357-7476, kmoeckel@oxbio.com

E. Portland, Ore. Bioscience Innovation Funds

This fund was founded in 2003 to help university investigators translate promising early-stage discoveries into marketable technologies. The Oregon Health & Science University (OHSU) awarded its first funds March 3, 2005. The project involves:

- Helping to fund OHSU researchers bridge the "valley of death" funding gap
- Includes five investigators that shared a total of more than \$400,000
- The goal of the fund is to help scientists overcome the financing gap between discovery and initial commercial seed funding.

Reference: <http://www.ohsu.edu/ohsuedu/newspub/releases/030305biosciencehtml.cfm>, <http://www.ohsu.edu/>, Arundee Pradhan, director of OHSU Technology and Research Collaboration, 3181 S.W. Sam Jackson Park Rd., Portland, Oregon 97239-3098, (503) 494-8311

F. Pittsburg, Life Sciences Greenhouse – LifeSPAN

Innovation Works (IW) and Pittsburgh Life Sciences Greenhouse (PLSG) forms LifeSPAN Investor Forum. It is a network for angel investors supporting early-stage life sciences. PLSG invests in and supports growth in the areas of:

- bioinformatics;
- bionanotechnology;
- diagnostics;
- medical devices;
- medical robotics;
- therapeutics;

The projects objective includes:

- Employment creation,
- community development, and
- elimination of urban blight

The program:

- Provides Capital
- Involves People
- Makes Space

- Maintains “Leading Edge Research”
- Establishes Industry Connectivity

Reference: <http://www.pittsburghlifesciences.com/content.aspx?id=76041a52-ecb6-44c0-b3e5-06ad1aecbf62>EWS RELEASE, Contact: Terri Glueck, Innovation Works, 412-681-1520 x 435, Charlotte Rapkin, Pittsburgh Life Sciences Greenhouse, 412-201-7483,

G. Rocky Hill, Connecticut Innovations (CI) - Biotech Seed Fund

The fund helps to catalyze the development of biotech companies through the crucial early stages.

- \$5 Million for growth of Biotech Companies, (September 25, 2001)
- State’s leading investor in high technology
- Created to accelerate the growth of early-stage biotech enterprises in Connecticut
- Makes equity investments in emerging Connecticut technology companies
- Provides essential, non-financial support to entrepreneurs
- Conducts initiatives that address specific needs of technology sector.
- Support includes:
 - BioScience Facilities Fund - finance the expansion or creation of laboratory space;
 - Yankee Ingenuity Technology Competition - offers awards to Connecticut universities that collaborate with Connecticut businesses on applied research and development projects leading to marketable products and processes. Provides transitional laboratory space available to biotech start-ups.
 - Eli Whitney Fund - both equity capital and guidance for high-technology companies

Reference:

<http://www.ctinnovations.com/news/13.php>, Connecticut Innovations President and Executive Director, Victor R. Budnick. Connecticut Innovations 200 Corporate Place, 3rd. Floor, Rocky Hill, CT 06067, Phone: 860-563-5851 Fax: 860-563-4877

H. Kansas Technology Enterprise Corporation (KTEC)

This is a private/public partnership established by the state of Kansas to promote technology based economic development. The project supports:

- Strategic research and development at our Centers of Excellence,
- Intense hands-on business assistance at our incubators, and
- Equity investments in early-stage companies.

The projects goal is to create rapid growth companies and higher paying jobs. The programs and affiliate organizations fall into three basic functional areas:

- Strategic Research and Development/Centers of Excellence - located at the state's universities, conduct basic and applied industry-led research KTEC's Intense
- Hands-on Business Assistance/Incubators - private/public partnerships designed to turn intellectual property and science into businesses and products

- KTEC Investment Funds - provides equity investment in early-stage technology companies and helps companies acquire the capital they need

Reference: www.ktec.com/index_Flash.htm, Tracy Taylor, President & CEO, (785) 296-5272, ttaylor@ktec.com, KTEC, 214 S.W. 6th St. First Floor, Topeka, KS 66603, (785) 296-5272, Fax: (785) 296-1160, info@ktec.com

Appendix C Kansas Legislator Briefing Book 2005. This document includes legislated guidance for the fund.

Reference:

<http://skyways.lib.ks.us/ksleg/KLRD/Publications/Briefs/G2BioscienceAuthority.pdf#search='bioscience%20funds'>

I. Phoenix Community Development & Investment Corp. (PCDIC), New Market Program

This program seeks to offer financing to businesses that meet the qualifying criteria and demonstrate how PCDIC's financing will improve the economic conditions in the low-income community (LIC) in which they operate. Participants in Phoenix's program must conduct business and provide services in an eligible census tract that meets community impact standards. Phoenix Community Development and Investment Corporation's five-member Board has majority representation from leaders in Phoenix's under-served communities.

Reference: <http://www.phoenixnewmarkets.org/links.html> Lynda Dodd 602-261-8708 or write to **Phoenix Community Development and Investment Corporation**, c/o City of Phoenix, Community and Economic Development Department, 200 West Washington - 20th Floor, Phoenix, AZ 85003 Phone: 602-262-5040, Fax: 602-495-5097

Appendix D "Phoenix Community Development and Investment Corporation - Lending Guidelines for Bioscience or Technology Industries Effective," Date: PCDIC Board approved March 30, 2005.

7. The Hillsborough County initiated development project High-tech – Bioscience model.

A. Matrix of possible structure combinations

The table below lists a sample of the various structure selections that can be used. It is divided into four major categories; Management, Business, Capitalization, Community Impact. These category are the same as used by The CDFI Fund for a CDE to apply for the New Market Tax Credit Program. This represent the basic evaluation categories used to scope applicants. They lend themselves very well to this analysis.

Matrix of possible structure combinations

Management	Business	Capitalization	Community Impact
For-profit	Biodefense	NMTC	Create jobs
Non-Profit	Biosensors Nanotechnologies	DBLF	Maintain Jobs
Corporation	Bioinformatics	CDVCA	Increase Wages
Partnership	Behavioral research	NMVC	Increase Income
Contractual	Biology Cell and Gene	BEA	Finance LIC Business
Ownership	Therapy	SBA	Assist LIC Business
Legislative	Biosilicon devices	QTI	Facilitate Wealth
Fund Manager	Biocompatible Mat's	CITVC	Creation
Subsidiaries	Acousto-optics	SBA	Facilitate Asset
	Opto-electronics	ESGF	Accumulation
	Imaging Technologies	Private Funds	
	Genetically engineered proteins	Early Stage Gap	
	Proteomics	SBIR	
	Genomics	STTR	
	Complementary & Alt. Medicine (CAM)	ATP	
	Pharmaceuticals	SSBIC	
	Specialized Training	SBIC	
	Research – Cancer,	Universities	
	Surgical techniques,	Angel Investors	
	Aging, Heart disease	In-kind Trade	
	Robotics		
	Prosthesis		
	Spinal Cord Injury		

B. Vision of The Hillsborough County Initiated Development Project High-tech – Bioscience model

The below table postulates theoretically which types of Management, Business, Capitalization and Community Impact structure components might be targeted for the Hillsborough County initiated development project High-tech – Bioscience project.

<u>Management</u>	<u>Business</u>	<u>Capitalization</u>	<u>Community Impact</u>
-Non-Profit with For- Profit Subsidiaries -Corporation -Ownership	-Biodefense -Biosensors -Pharmaceuticals -Specialized Training -Research – Cancer, Surgical techniques, Aging, Heart disease	-DBLF -CDVCA -NMVC -QTI -Private Funds -SBIR -Universities -Angel Investors -In-kind Trade	Create jobs Maintain Jobs Increase Wages

C. Project evolution of The Hillsborough County initiated development project High-tech – Bioscience

This Projects evolution might follow a path as suggested below. The process is expected to take a number of years before it reaches maturity and has a full force impact on the community.

1. Formulate state-up project team
2. Define project
3. Obtain seed money to proceed
4. Select location (Best EZ fit for “defined project”)
5. Formulate vision of project
6. Establish milestones
7. Formulate Management / Oversight Capacity Objectives
8. Formulate Community Development Entity
9. Formulate capital/funding/investment strategy
10. Create Business Plan
11. Solicited funds and resources
12. Implement business plan
13. Promote opportunities
14. Expand partnerships
15. Make awards
16. Measure results & make adjustments

D. Business Plan outline

Filling the details behind the project evolution helps the project to take shape and can serve an abbreviated business plan.

1. State-up project team
 - a. County – chairperson
 - i. Role – management oversight, business plan, funds, tax incentives, transportation
 - b. City – vice chair person
 - i. Role – funds, property, tax incentives, land, support infrastructure (fire, police, recreation)
 - c. USF
 - i. Role – funds, facilities, labs & equipment, research, faculty support, training,
 - d. Community representatives
 - i. Role – identify community impact needs, location, workers, housing,
 - e. Business
 - i. Role – identify resources needs,
 - f. Professional advisors
 - i. Role – Legal, Financing, Accounting, Real Estate, Construction, Consulting
2. Project
 - a. Scope – Bioscience with emphasis on research & testing of new products and procedures. Target:
 - i. pharmaceuticals and treatments of cancer, aging, aging related ailments
 - ii. all and any DoD Bioscience related needs with emphasis on SOCOM, FEMA and Home Land Security
 - b. Project Name - Hillsborough County Bioscience Initiative (HCBI)
 - c. Objectives –
 - i. Improve economy of USF EZ (jobs/job creation, incomes, skilled labor, minorities, local business)
 - ii. Become national leader in targeted activity (pharmaceuticals and treatments of cancer, aging, aging related ailments and all and any DoD Bioscience related needs
 - d. Prospective business players - roles & responsibilities – Existing national small/medium/large business with current interest, local/state businesses, roles based on economic impact/size/local/facility & labor skill needs
 - e. Professional assistant needs – Funds Manager consultants, Legal, Financing, Accounting, Real Estate, Construction, Consulting, Economic impact analysis,
 - f. Resource needs – Office space at USF, staff of 10 with Director, Finance, Procurement, Marketing/Promotions, Funds solicitors, Business recruiters, Administrative
 - g. Legislative needs – Establish governing board representation (voting & non-voting), empowerments, funding authority, qualification requirements, approval process, prohibited activities, regulated use of funds, reporting and audit requirements, other mandates

- h. Reporting – to board of County Commissioners, Tampa City Council, USF Board of Governors
- 3. Obtain seed money to proceed - \$5 million from County, \$3 Million from Tampa, \$2 million from USF
 - a. Office space, equipment & supplies – New USF Bioscience lab
 - b. Staff – Hire local Director and experienced personnel for key positions of marketing, solicitation and recruiting
 - c. Consultants – use USF, firm like Greenwood Consulting Group or James Carras of Carras Community Investment, Inc.
 - d. Professional fees – Legal, and Financial
- 4. Select location (Best EZ fit for “defined project”)
 - a. Validate location as LIC or persons - CDIF
 - b. Measure base line economic conditions – USF CEDR
- 5. Formulate vision of project
 - a. Measurable objectives
 - i. Create jobs for residents or low-income persons
 - ii. Increase wages or incomes for residents or low-income persons
 - iii. Increase the availability of target desired new high technology and bioscience career skills work force by providing needed education curriculum and student assistant programs.
 - iv. Finance or assist businesses committed to come to and remain in the eligible census tract for many years.
 - v. Other proposed community impact; i.e. housing, transportation, recreation, arts...
 - b. Physical plant/real estate – make best use of existing USF assets and available re-developable land in the immediate area.
 - c. Businesses, research & production – Emphasis is placed on research lab facilities. However, larger areas in the country to be used for environmentally friendly production and distribution facilities. Mating all three activities of R&D, production and distribution with the county’s USF labs, re-developable industrial land and transportation network of sea port, highways and air terminal would make for an ideal environment.
- 6. Establish milestones
 - a. 1st year- form the core people and land/facility support resources and finalize the plan
 - b. 2-3rd year – recruit investors and businesses – build the infrastructures
 - c. 4-5th years – Research and development implemented
 - d. 7th year – new product production started
 - e. 8th years and beyond – product to market and R&D cycle starts over
 - f. 9th year and beyond – new product growth & project expansion
- 7. Formulate Management / Oversight Capacity Objectives
 - a. Sound asset risk management experience
 - b. Compliance with mandates
 - c. Accountability to Community – Community involvement in design, implementation and monitoring
- 8. Formulate Community Development Entity

- a. Decide on type of entity
 - i. Non-Profit with For Profit Subsidiaries
 - ii. Partnership
 - iii. Subsidiaries
 - iv. Identify board members (to include EZ representatives)
 - v. Identify Investment Advisory Committee
 - b. Decide on management type
 - i. Ownership
 - ii. Legislation
 - c. Establish entity structure – organization chart
 - d. Hire staff and train to meet needs
 - e. Create operational rules, procedures and processes
 - f. Legislation (if necessary)
9. Formulate capital/funding/investment strategy
- a. Investor Strategy with ROI of 30%
 - b. Sources and use of capital (Loans, grants, tax credits other incentives)
 - c. Decided on target amounts of capital by use
 - i. 25% start-up, early stage development
 - ii. 50% existing companies willing to relocate
 - iii. 25% Production of new products & services
 - d. Map out anticipated flow of allocations
 - e. Select target funding sources
 - i. DBLF
 - ii. CDVCA
 - iii. QTI
 - iv. ESGF
 - v. Private Funds
 - vi. SBIR
 - vii. STTR
 - viii. ATP
 - ix. In-kind Trade
10. Create Business Plan
- a. Select products, services and investment criteria
 - b. Leverage prior performance
 - c. Project business activity
 - d. Consider investment in unrelated entities
11. Solicited funds and resources
12. Implement business plan
13. Promote opportunities
14. Expand partnerships
15. Make awards
16. Measure results & make adjustments
- a. Make adjustment to plans and procedures as necessary
 - b. Grow or reduce fund and scope as necessary
 - c. Report results to all concerned

E. Community Impact – Economic Assessment

Here we perform a community impact analysis of the Bioscience and other High-tech industries in Hillsborough County, Florida. We use REMI™ Policy Insight, a leading economic-forecasting and policy-analysis computer model.¹ We selected five NAICS industry subsectors to represent this cluster of knowledge-based businesses.² Those industry subsectors are:

1. NAICS 325, Chemical Manufacturing,
2. NAICS 333, Machinery Manufacturing,
3. NAICS 334, Computer and Electronic Product Manufacturing,
4. NAICS 339, Miscellaneous Manufacturing, and
5. NAICS 541, Professional, Scientific, and Technical Services.

Our purpose is to forecast economic and fiscal metrics for all industries in Hillsborough County out to 2010. This baseline forecast presumes no change in the historical trend of industrial activity in the County. Then, we forecast a revised picture for the County's economic and fiscal metrics, if 100 jobs were recruited in 2007 for each of the Bioscience / High-tech industry subsectors.

We summarize the results in **Table 1**. In **Panel A** of Table 1 we show the baseline forecast for each Bioscience / High-tech industry subsector as a percent of Hillsborough County's total output and total employment.³ Professional, Scientific, and Technical Services is, by a wide margin, the largest subsector contributing about 6.5% of the County's output and employment. Further, we forecast that if the historical trend continues only two of the five industry subsectors will expand relative to the County's total economy, while the others will decline. The expanding subsectors are Computer and Electronic Product Manufacturing and Professional, Scientific, and Technical Services.

¹ See <http://www.remi.com> for technical information about the model.

² The North American Industry Classification System (NAICS) is a method of hierarchical industry classifications jointly adopted by Canada, Mexico, and The United States. In the U.S. the system is managed and promulgated by The Office of Management and Budget (OMB).

³ Output is akin to Sales, i.e. output equals sales + or – an inventory adjustment. Employment refers to jobs, not necessarily the number of employed people because a person can hold more than one job.

Table 1
Summary of Economic and Fiscal Effects

Panel A
Hillsborough County - **Baseline Levels**

Year:	2007	2008	2009	2010
Output (% of All Industries)				
Chemical Manufacturing	0.85%	0.83%	0.81%	0.80%
Machinery Manufacturing	0.23%	0.23%	0.22%	0.21%
Computer & Electronic Mfg	1.01%	1.14%	1.27%	1.41%
Misc Manufacturing	0.21%	0.20%	0.20%	0.20%
Prof, Sci & Tech Services	6.49%	6.52%	6.54%	6.56%
Total Emp (% of All Industries)				
Chemical Manufacturing	0.23%	0.22%	0.22%	0.21%
Machinery Manufacturing	0.13%	0.13%	0.13%	0.12%
Computer & Electronic Mfg	0.12%	0.12%	0.13%	0.13%
Misc Manufacturing	0.13%	0.13%	0.12%	0.12%
Prof, Sci & Tech Services	6.53%	6.55%	6.57%	6.60%

Panel B
Hillsborough County - **Differences from Baseline**

Year:	2007	2008	2009	2010
Output (All Industries - Fixed 2000\$)				
Chemical Manufacturing	\$64,000,000	\$67,000,000	\$70,000,000	\$73,000,000
Machinery Manufacturing	\$35,000,000	\$37,000,000	\$39,000,000	\$41,000,000
Computer & Electronic Mfg	\$140,000,000	\$158,000,000	\$174,000,000	\$190,000,000
Misc Manufacturing	\$36,000,000	\$38,000,000	\$39,000,000	\$40,000,000
Prof, Sci & Tech Services	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000
Total Emp (All Industries)				
Chemical Manufacturing	273	284	289	290
Machinery Manufacturing	217	225	228	229
Computer & Electronic Mfg	425	451	467	474
Misc Manufacturing	242	250	253	253
Prof, Sci & Tech Services	56	58	59	59
Net Fiscal Impact (2004\$)				
Chemical Manufacturing	\$1,604,590	\$2,124,300	\$2,641,820	\$3,108,510
Machinery Manufacturing	\$1,453,630	\$1,924,000	\$2,381,210	\$2,796,800
Computer & Electronic Mfg	\$3,343,300	\$4,393,600	\$5,422,700	\$6,366,600
Misc Manufacturing	\$1,854,500	\$2,385,230	\$2,911,100	\$3,383,500
Prof, Sci & Tech Services	\$290,950	\$433,652	\$573,430	\$700,200

In **Panel B** of Table 1 we forecast differences from the baseline, if 100 jobs were recruited in 2007 for each of the Bioscience / High-tech industry subsectors. We report the dollar amount of increase in output, increase in employment, and the net fiscal impact.⁴ Recruiting 100 jobs for Computer and Electronic Product Manufacturing would have the largest economic and fiscal impacts on Hillsborough County. We predict that the 100 new jobs would boost the County's total output by \$140 million in the first year (2007) and increase to \$190 million by 2010. And, as the effect of the new jobs ripples throughout the economy total employment rises by 425 jobs in 2007, increasing to 474 jobs by 2010. The net fiscal impact is about \$3.3 million in the first year and about \$6.6 million in 2010.

As we show in Panel B, Table 1, recruiting 100 new jobs in any of the other Bioscience / High-tech industry subsectors would result in positive economic and fiscal effects, but not as great as produced by the Computer and Electronic Product Manufacturing subsector. For all subsectors, the model predicts that the implied Employment Multipliers increase year over year, as the effects of the added jobs are fully absorbed into the economy.⁵ The employment multipliers are:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Chemical Manufacturing	2.73	2.84	2.89	2.90
Machinery Manufacturing	2.17	2.25	2.28	2.29
Computer and Electronic Product Manufacturing	4.25	4.51	4.67	4.74
Miscellaneous Manufacturing	2.42	2.50	2.53	2.53
Professional, Scientific, and Technical Services	0.56	0.58	0.59	0.59

Interestingly, notice that because of the wide variety of industries in the Professional, Scientific, and Technical Services subsector and because of the competitive market structure built into the model, 100 new jobs in that subsector are predicted to produce a net gain of only 56 to 59 jobs in Hillsborough County.

Further details of this Community Impact – Economic Assessment are found in **Appendix E**.

⁴ Net fiscal impact is the combined change in State and local governments revenue and expenditures as a result of the added jobs.

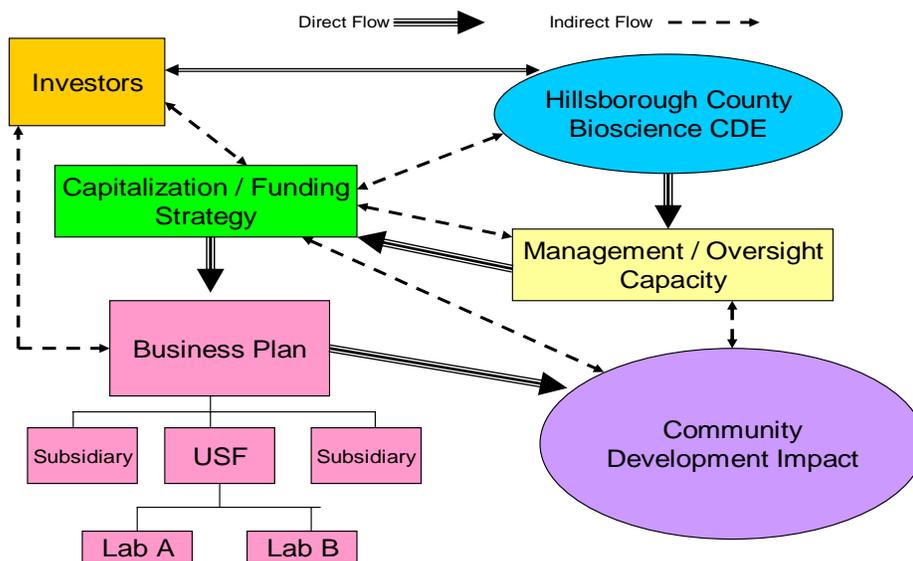
⁵ The implied employment multipliers summarize the impact of recruiting new jobs into an area. For example, an employment multiplier of 2.50 indicates that adding 100 new jobs in an industry will generate a total of 250 (100 x 2.50) jobs for the area's economy.

8. Findings - Attributes and characteristics of potentially successful community-initiated development projects

From the research we find that community development projects seem to take on a variety of structures. Some are large scale LIC projects based on tax credits or venture capital alliances while others are on a smaller scale that rely on Angel Investors and Small Business programs funding. The projects seem to be scaled, as well as driven, by the nature of the businesses involved and the desired community impact. The important factor does not seem to be the structure that it takes. The structures take shape as the project evolves.

Our findings identify key attributes and characteristics of potentially successful community-initiated development projects. The projects tend to have four basic components of (1) management oversight and capacity, (2) capitalization and funding strategy, (3) business plan, and (4) community impact. Furthermore, the success factor seems to be even higher if these elements are all interrelated to each other and linked with the governmental entity and the investors. The figure below shows these components and their linkage.

Key Components of Successful Community Projects



The four components can be briefly described as follows:

1. Management / Oversight Capacity consist of:
 - Sound asset risk management experience
 - Compliance with mandates
 - Accountability to Community – Community involvement in design, implementation and monitoring
2. Capitalization / Funding Strategy incorporates:
 - Investor Strategy

- Sources and use of capital
- Flow of allocations
- 3. Business Planning includes”
 - Products, services and investment criteria
 - Prior performance
 - Projected business activity
 - Investment in unrelated entities
- 4. Community Development Impact requires:
 - Targeting the use of Qualified Low Income Community Investments within Low Income Communities
 - Economic Impacts are achieved by using specific realistic projections and using a business plan proven successful from other prior community project performance
 - Investments in unrelated entities that broadens the project and creates growth opportunities

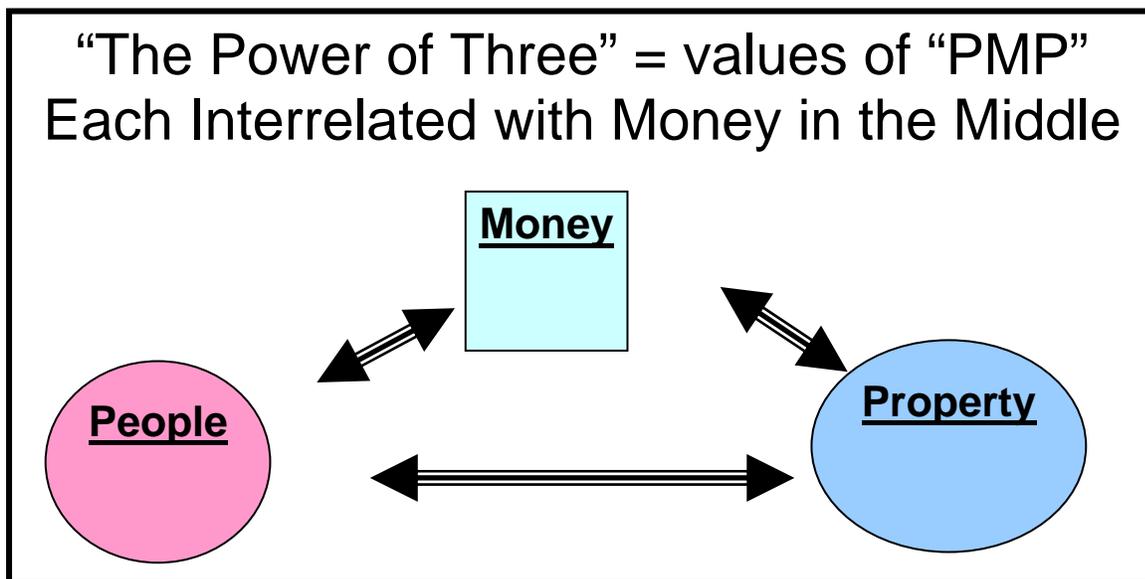
Also, the findings indicated that the projects addressed at least one of the Community Development Impact Goals as spelled out in The CDFI Fund 2006 allocation application for NMTC. These impact categories are:

- Create jobs for residents or low-income persons
- Increase wages or incomes for residents or low-income persons
- Target job creation to areas of high unemployment
- Finance or assist businesses committed to remain in the eligible census tract
- Finance or assist businesses owned by residents
- Finance or assist minority or women-owned businesses
- Other proposed community impact; i.e. housing, transportation, recreation, arts...

9. Summary - The New Triple Bottom Line Community Development Economy

As indicated above the harnessing of both community and private energy/enthusiasm, funding, and resources is a large driving force to any community-initiated project. I consider this dynamic trio extremely important. I call it the “Power of Three”. This concept has been recently coined by John Elkington, co-founder of the business consultancy SustainAbility and recognized by Arthur Warmoth, Ph.D. Sonoma State University & Skaggs Island Foundation. They call it the new “Triple Bottom Line Development Economy”. I have concluded that this new concept is based on three basic values of People – Money – Property (PMP)

Understanding these values and interrelationships are key to the success of any Community Development Entity Project. It is important for decision makers to weigh these factors when making decision along the projects evolution path. The figure below shows this relationship.



Characteristics of the three values are explained as the follows:

- **People:**
 - make up the community and form an economics of the commons (public goods and services, sustainable ecology, quality of life).
 - foster human creativity and relationships that intrinsically forms wealth.
- **Money**
 - should be viewed as an agreement, not a thing.
 - Is created by an agreement within a community to use something countable as a *medium of exchange*.
 - has value only within a society where it can be used to purchase tangible goods and services.
 - provides a community with a fungible information system standardizing measurements of value in order to facilitate trade.

- **Property**
 - forms the economics of markets.
 - includes:
 - material,
 - useable land,
 - trade goods, and
 - services

For a newly initiated community development project or enterprise to be successful in this new three value based it needs to embrace three qualities. These qualities are, as I have labeled them, “SOS”. “SOS” represents; Sufficiency, Optimization, Sustainability.

- **Sufficient** material goods
- **Optimal** quality of life, based on the abundance of personal and community-oriented services
- **Sustainable** ecological systems

To show how the Triple Bottom Line PMP (values of Money, People and Property) interact with SOS (qualities of Sufficiency, Optimization, and Sustainability), I have devised a table showing how one effects and influences the other.

	<u>Values</u>		
<u>Qualities</u>	People	Money	Property
Sufficiency	-Social Justice -Satisfaction of human needs *	-Profitability -Return on Investment -Supply	-Land -Material -Labor
Optimization	-Wages -Employment -Accumulation of assets/wealth	-Flow & exchange -Return on Investment -Creation of opportunity	-Best use -Conserve limited supply -Environmental impact
Sustainability	-Quality of life	-Time value (NPV)	-Sources

*As defined by Abraham Maslow’s (1954) hierarchy: physiological, safety, love, and belongingness, esteem and self-esteem, and self-actualization

Appendix A

CDE Certification Q & A Document Community Development Financial Institutions Fund

Reference: <http://www.cdfifund.gov/docs/certification/CDE/CDEcertificationFAQs.pdf>

General Application and Eligibility Questions

- 1) What is a Community Development Entity (CDE)?
- 2) What benefits are there to becoming a CDE?
- 3) How does an entity apply to become a CDE?
- 4) What types of entities are eligible to apply for CDE certification?
- 5) Who should be listed as the Applicant CDE in the Applicant Information section?
- 6) May an entity apply for certification as a CDE on behalf of itself and on behalf of Subsidiary organizations under a single CDE Certification Application?
- 7) Under what circumstances would an organization want to certify Subsidiary entities as CDEs?
- 8) What criteria will the CDFI Fund use to determine CDE eligibility?
- 9) Is there an application deadline for organizations seeking designation as CDEs?
- 10) If an organization that is not a certified CDFI is interested in obtaining certification as a CDFI as well as certification as a CDE, should it apply for CDFI certification, CDE certification, or both?
- 11) For how long is the CDE designation valid, and what reporting requirements will the Fund impose on certified CDEs?
- 12) How does CDE certification differ from CDFI certification?

Questions Regarding Status as a Legal Entity

- 12) Can a sole proprietorship or single member LLC become a CDE?
- 13) Can a governmental entity become a CDE?
- 14) The Fund requires that each entity applying for CDE certification provide documentation that it has been assigned an Employer Identification Number (EIN) from the IRS. How do I obtain an Employer Identification Number (EIN), or request verification of an already assigned EIN?

Designation of Low-Income Communities

- 15) What is the definition of a LIC?
- 16) How do I determine if an address is in an eligible LIC census tract?
- 17) What should I do if CIMS could not geocode an address?
- 18) Is it possible to designate additional areas as qualifying LICs?

Questions Regarding Accountability

- 19) What characteristics must board members possess in order to be deemed representative of LICs?
- 20) Can a board member that is a principal or staff person of the applicant or affiliate, or a principal or staff member of an investor, be deemed representative of LICs?
- 21) Can a board member that is an employee of a bank, and whose principal responsibilities are with the community development department of the bank, be deemed representative of LICs?

- 22) Can a board member that is a retiree—whose career was spent in the community or economic development fields—be deemed representative of LICs?
- 23) Can a board member that is an employee of a redevelopment or economic development authority (statewide or local level) be deemed representative of LICs?
- 24) Can a board member that is an elected official or an individual working for an elected official be deemed representative of LICs?
- 25) Can a board member that is an employee or board member of a non-affiliated community-based or charitable organization be deemed representative of LICs if the mission of that organization does not clearly indicate that it primarily serves LICs?
- 26) How do I demonstrate accountability to LICs in my service area if I am serving a large geographic area (e.g., a state, a multi-state region or the entire nation)?
- 27) When should a certified CDE amend its service area?

Appendix B

2006 NMTC Allocation Application Q & A Document, Community Development Financial Institutions Fund

This document is a second revision of a document originally published on July 14, 2005. On August 26, 2005, minor clarifications were made to Q&A #24; Q&As #30 and #38 were substantially revised; and three new Q&As were added (#s43-45). On September 9, 2005, two new Q&As were added (#46 and #47).

Questions on the NMTC Program

- (1) How does the New Markets Tax Credit (NMTC) Program work?
- (2) What is a CDE?

Questions on Eligibility and CDE Certification

- (3) Who is eligible to apply for NMTC Allocations?
- (4) What are the deadlines and dates that I need to know if my organization intends to apply for NMTC Allocations in 2006?
- (5) My organization submitted its CDE Certification Application prior to the August 22, 2005 deadline, and received a confirmation that it was in fact received. Will the Fund be able to make a determination regarding my certification status prior to September 21, 2005? If not, how will this affect my ability to submit an NMTC Allocation Application to the Fund?
- (6) Is an entity that has previously received a CDFI or BEA Program award (or an Affiliate of such an awardee) eligible to apply for NMTC Allocations?
- (7) Is an entity that has previously received an Allocation (or an Affiliate of such entity) eligible to apply for NMTC Allocations and, if so, does it have any advantage or disadvantage with respect to competing for an Allocation?
- (8) If my organization intends to transfer all or part of an NMTC Allocation to one or more Subsidiaries, do the Subsidiaries need to be established and certified as CDEs prior to submission of the Allocation Application?
- (9) Can non-profits apply for a NMTC Allocation?
- (10) In Question #12 of the Allocation Application, can I designate a service area that is different than the service area that I was certified for in my CDE Certification Application? Similarly, can a CDE modify its service area after closing an Allocation Agreement with the Fund?

Questions on the Process for Applying for and Receiving a NMTC Allocation

- (11) How can my organization apply for NMTC Allocations?
- (12) What is the process for submitting an online Allocation Application?
- (13) What is the process for submitting a paper application?
- (14) What are the advantages to submitting an online application?
- (15) What attachments am I required to submit with my Allocation Application, and how do I submit them?
- (16) Will the information that I provide in my Allocation Application be accessible by the general public?
- (17) Can more than one Affiliated entity submit an application?

2006 NMTC Allocation Application Q & A Document

- (18) Can my organization apply for a NMTC Allocation on behalf of Subsidiary entities, as it did with its CDE Certification Application?
- (19) Are there any limitations with respect to using NMTCs, or the proceeds of QEIs, in conjunction with other CDFI Fund program awards?
- (20) When will the Fund make Allocation decisions? Can my organization start to offer NMTCs to investors as soon as it receives an Allocation?
- (21) What terms and conditions will be placed upon Applicants that receive NMTC Allocations from the Fund?
- (22) My organization applied for an Allocation of tax credits in a previous round. How do I access an electronic copy of that application and my debriefing document?
- (23) May I offer NMTCs to investors that made an investment in my organization before it received an Allocation of NMTCs?
- (24) Who can I contact if I have more specific questions?

Questions on the NMTC Allocation Application Contents

- (25) When requesting NMTC Allocations from the Fund, should the Applicant ask for the total amount of equity it intends to raise through NMTCs, or should it ask for the total value of the tax credits that will be available to its investors?
- (26) Is there a limit to the total NMTC Allocation amount that an Applicant may request in the 2006 Allocation round?
- (27) If an Applicant indicates a minimum allocation amount (Q#59), will it receive at least its minimum request if it makes it to the pool of potential allocatees?
- (28) How do I complete the Allocation Application if my organization is a start-up entity?
- (29) If an Applicant intends to use part or all of the QEI proceeds to capitalize an Affiliate CDE (e.g., capitalize a Subsidiary CDE bank), how should it complete the Allocation Application?
- (30) Who can be considered a Controlling Entity, for purposes of demonstrating an organizational track record in the Business Strategy and Capitalization Strategy sections and in Exhibits A and E? Can an individual be considered a Controlling Entity? Can an Applicant have more than one Controlling Entity? Can an Applicant identify the parent of its parent company as a Controlling Entity?
- (31) If the Applicant (or Controlling Entity) engages in activities through one or more subsidiary entities, am I permitted to present these activities on a consolidated basis for the purposes of completing the tables in Exhibit A?
- (32) What data should I be providing in the tables in Exhibit A?
- (33) The Instructions in Exhibit A state that an Applicant that does not itself have a track record of activities may rely upon the track record of its Controlling Entity. What if the Applicant does have a track record of activities, but the track record is relatively limited in comparison to that of its Controlling Entity? May I choose instead to use the Controlling Entity's track record for the purpose of filling out the tables in Exhibit A?
- (34) There are some activities that are not clearly prohibited by the IRS Tax Regulations, but that are also not clearly allowed. If my business strategy falls within one of these more undefined areas, how will my application be scored by the Fund?
- (35) What is a non-real estate versus real estate QALICB?
- (36) Is there an example of what format the Fund would like to see in Questions #10a and 10b of the Allocation Application?

- (37) In Question #28 of the Allocation Application, how can an Applicant earn the 5 priority points for investing in Unrelated entities?
- (38) What are some examples of permissible and non-permissible activities for organizations that answer “yes” to Question #29b?
- (39) What documents are considered acceptable to demonstrate investor commitments for Table E1 and per Question #50?
- (40) My organization has not yet received commitments from its investors. Will this prevent it from scoring well under the Capitalization Strategy section of the application?
- (41) Tables 1-4 in Exhibit D include a column heading “Years with (or years providing services to) the Applicant.” In completing this information, may a start-up entity refer to the years of service that an individual provided to its Controlling Entity?
- (42) In Table C1, there is a column heading “# of projects.” How should this column be completed relative to each row in the table?

New Questions (Added Since July 14, 2005 Version of Document)

- (43) Questions #32 and #33 in the Allocation Application ask the Applicant to quantify the community and economic impacts it hopes to achieve, and to describe the underlying methodologies and assumptions supporting its projections. Should such assumptions also include a discussion of means by which the Applicant intends to achieve its goals?
- (44) The Application includes several “Tips” informing Applicants that responses to certain questions may be used to populate fields in their Allocation Agreements, should they receive an allocation award. Are these the only application-specific items that will be included in the Allocation Agreements for 2006 round allocatees?
- (45) The Fund has provided clarifications in the Application that instruct Applicants to only reference in the Tables in Exhibit A, and in the narrative to Question #22, loans or investments that the Applicant (or its Controlling Entity) have directly originated and for which it has capital at risk. Does this suggest that developers or other entities that have not actually originated loans or investments are at a distinct disadvantage when applying for NMTC allocations?

New Questions (Added Since August 26, 2005 Version of Document)

- (46) Will the Fund extend the September 21, 2005 Allocation Application deadline due to recent natural disasters affecting parts of the United States?
- (47) Are major disaster areas considered to be “particularly economically distressed or otherwise underserved communities”, as such term is used in Question #29 of the Allocation Application?

Appendix C Kansas Legislator Briefing Book 2005

This document includes legislated guidance for the fund

Reference:

<http://skyways.lib.ks.us/ksleg/KLRD/Publications/Briefs/G2BioscienceAuthority.pdf#search='bioscience%20funds'>

Kansas Technology Enterprise Corporation (KTEC)

http://www.ktec.com/index_Flash.htm

Tracy Taylor

President & CEO

(785) 296-5272

ttaylor@ktec.com

KTEC, 214 S.W. 6th St. First Floor, Topeka, KS 66603, (785) 296-5272, Fax: (785) 296-1160, info@ktec.com

The Kansas Technology Enterprise Corporation (KTEC) is a private/public partnership established by the state of Kansas to promote technology based economic development. Through support of strategic research and development at our Centers of Excellence, through intense hands-on business assistance at our incubators, and through our equity investments in early-stage companies, KTEC serves as an invaluable partner to companies that bring economic growth to Kansas.

As a natural extension of its mission, KTEC has played a key role in the statewide Bioscience Initiative. As a sponsor of the Regional Bioscience & Innovation Roadmap process, as a founding member of Kansas Bio and as a support to the Kansas Bioscience Authority, KTEC is dedicated to statewide success in the competitive bioscience industry.

How KTEC Works

KTEC is a private/public partnership established by Kansas to promote technology based economic development. KTEC assists Kansas entrepreneurs and technology companies by supporting the development and commercialization of new technologies through a statewide network designed and built to support researchers, entrepreneurs, and technology companies through each phase of the technology life cycle. The ultimate goal of the program is to create rapid growth companies and higher paying jobs. The KTEC's many programs and affiliate organizations fall into three basic functional areas:

- Strategic Research and Development/Centers of Excellence:
Located at the state's universities, these Centers conduct basic and applied industry-led research that is the foundation for new products and technologies.
- KTEC's Intense, Hands-on Business Assistance/Incubators:
Unique private/public partnerships designed to turn intellectual property and science into businesses and products to sell in the marketplace.

- KTEC Investment Funds: KTEC provides equity investment in early-stage technology companies and helps companies acquire the capital they need in critical early states.

KTEC: A Key Ally in the Biosciences

As a natural extension of its mission, KTEC has played a key support role in the statewide Bioscience Initiative. As a sponsor of the Regional Bioscience & Innovation Roadmap process, as a founding member of KansasBio, and as a support to the Kansas Bioscience Authority, KTEC is dedicated to statewide success in the competitive bioscience industry.

KTEC: A Key Ally in the Biosciences

Kansas looked to KTEC to play a central role to ensure that the state successfully creates a viable bioscience industry within its borders. KTEC has been ready, willing and able to serve in this capacity, as biosciences are a natural extension of its mission to support technology-oriented economic development.

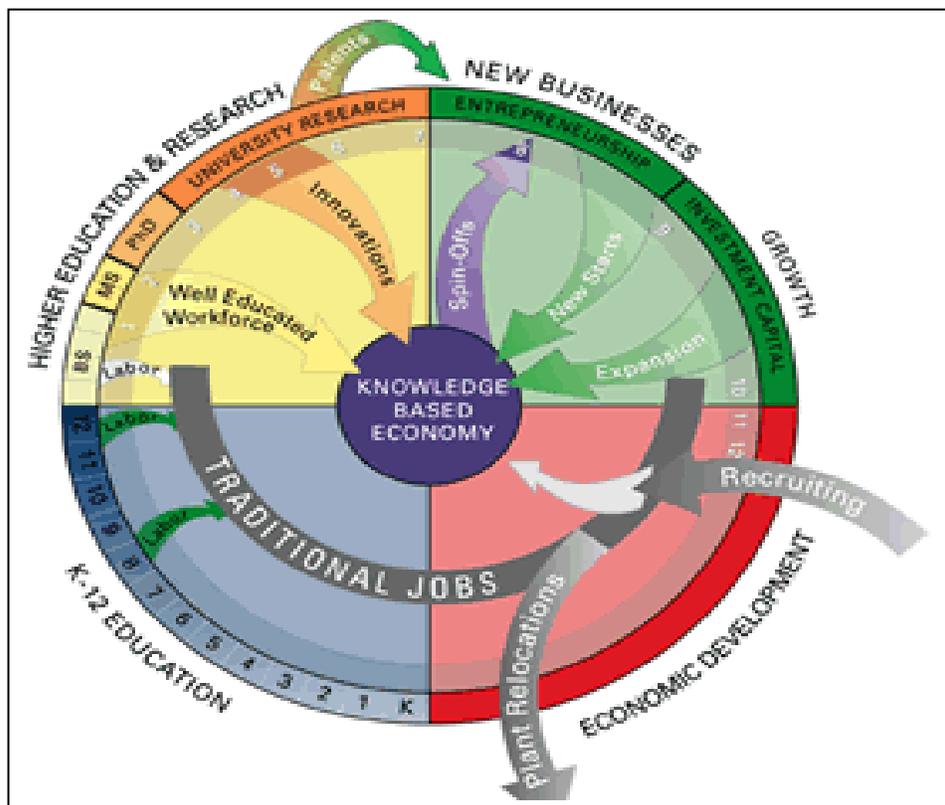
KTEC leveraged its expertise and resources to play a key role in the development of the biosciences portions of the Kansas Economic Growth Act (KEGA). KTEC believes that Kansas should always look to the future and prepare itself for the next wave of technology-oriented opportunities. Along with many key partners in the Kansas Legislature and Administration, KTEC's efforts to create and pass KEGA have positioned Kansas to become a leader in the field of biosciences.

As part of its mission to support technology-oriented economic development in Kansas, KTEC has sponsored the Kansas Bioscience & Innovation Roadmap process this past year. The Roadmap process will provide Kansas a strategic plan as it moves forward to stake its claim in the bioscience industry.

KTEC continues its commitment to the Bioscience Initiative, serving as a founding member of KansasBio and supporting the Kansas Bioscience Authority. KTEC is committed to the success of this Statewide Bioscience Initiative, ensuring that Kansans reap the benefits of a successful bioscience industry.

Statewide Bioscience Initiative: Kansas Economic Growth Act

As a "first step" in its bioscience-specific work, KTEC assisted in the development of the Kansas Economic Growth Act (KEGA), which has at its core the statewide Bioscience Initiative



KTEC leveraged its knowledge and resources during the development, research and writing phase of KEGA. KEGA passed with overwhelming margins in both the House and Senate, and was signed into law last year. Since that time, KEGA has drawn national attention and accolades.

The Bioscience Initiative within KEGA provides a tangible process for promotion and support of the bioscience industry. A funding mechanism in KEGA, tied to growth in the Kansas bioscience industry, is expected to generate more than \$580 million over the next 10 to 15 years. These funds can be utilized to develop the bioscience research- to-development continuum, recruit world-class scholars, fund the development of the necessary lab space and equipment to conduct superior research in the biosciences, drive the commercialization of bioscience discoveries, and support the growth of the bioscience industry base.

In order to receive the best guidance possible in the use of such funds, KEGA created the Kansas Bioscience Authority (BioAuthority)-a completely independent body composed of prominent local and national leaders in the areas of technology, science and economic development. To ensure every possible chance of success, KTEC is working closely with the BioAuthority. This prominent and innovative group, supported by KTEC and its resources, is positioned to change the economy and quality of life for all Kansans

Economic Development G-2 Bioscience Authority

The Kansas Economic Growth Act (2004 HB 2647) created the Kansas Bioscience Authority. The mission of the Authority is to make Kansas a desirable state in which to conduct, facilitate, support, fund, and perform bioscience research, development, and commercialization. In addition, the Authority is to make Kansas a national leader in bioscience, create new jobs, foster economic growth, advance scientific knowledge, and therefore, improve the quality of life for all Kansas citizens. The paper only discusses the Bioscience Authority while the bill contains numerous other economic development measures.

Governance

The Kansas Bioscience Authority is governed by an 11-member Board of Directors. "Nine members are voting members representing the general public who demonstrate leadership in finance, business, bioscience research, plant biotechnology, basic research, health care, legal affairs, bioscience manufacturing or product commercialization, education, or government. In addition, one member of the Board is to be an agricultural expert who is recognized for outstanding knowledge and leadership in the field of bioscience.

The Governor, the Speaker of the House, and the President of the Senate will each appoint two Board members, and the House Minority Leader, Senate Minority Leader, and Kansas Technology Enterprise Corporation (KTEC) will each appoint one member.

Two non-voting members of the Board are to be representing state research universities and have research expertise and represent Kansas universities.

The voting members are subject to Senate confirmation and will serve four-year terms after conclusion of the initial term, with no more than three consecutive four-year terms.

The Bioscience Authority is to be headquartered in the county with the highest number of bioscience employees associated with bioscience companies.

The Authority, with state universities, will identify and recruit eminent and rising star scholars; jointly employ personnel to assist or complement eminent and rising star scholars; determine types of facilities and research; facilitate integrated bioscience research; and provide matching funds for federal grants.

Powers

The powers of the Authority include:

- Oversee the commercialization of bioscience intellectual property created by eminent and rising star scholars.
- Own and possess patents, proprietary technology, and enter into contracts for commercialization of the research.

- Incur indebtedness and enter into contracts with the Kansas Development Finance Authority (KDFA) for bonding to construct state-of-the art facilities owned by the Authority.
- Neither the State of Kansas nor Kansas Development Finance Authority would be liable for the bonds of the Authority.
- Purchase, lease, trade, and transfer property. Architecture and construction requirements similar to those affecting the research universities research facilities also would apply.
- Solicit and study business plans and proposals.
- Establish a contractual relationship with Kansas Technology Enterprise Corporation and the National Institute for Strategic Technology Acquisition and Commercialization (NISTAC) for the first five years of operation.
- A repayment agreement would be required for any bioscience company that receives grants, awards, tax credits, or any other financial assistance, including financing for any bioscience development project, if the company relocates operations associated with the funding outside Kansas within 10 years after receiving such financial assistance. The Authority would be required to specify the terms of the repayment obligation and the amount to be repaid.
- Eminent domain would not be allowed to be used to secure agricultural land for a bioscience project.

Revenues and Fund Uses

Emerging Industry Investment Act (also part of the bill) creates the Bioscience Development Investment Fund which will not be a part of the state treasury.

- Funds in the Bioscience Development Investment Fund would belong exclusively to the Authority. The Secretary of Revenue and the Authority would establish the base year of taxation for all bioscience companies and all state universities conducting bioscience research in the state.
- The Secretary of Revenue, the Authority, and the Board of Regents would establish the number of bioscience employees associated with state universities and report annually and determine the incremental increase from the base annually for the following 15 years from the effective date of the Act.
- All of the incremental state taxes generated by the growth of bioscience companies and research institutions over and above the base taxation year would go into the Fund. The baseline amount of state taxes would go to the State General Fund each year. The Bioscience Development Investment Fund would be used to fund programs and repay bonds.

Bioscience Development Financing Act (created in the bill) allows the creation of tax increment financing districts for bioscience development.

- One or more bioscience development projects could occur within an established bioscience development district.
- The process for establishing the district would follow the tax increment financing statutes. However, no bioscience development district can be established without the approval of the Authority.

- Counties are allowed to establish bioscience development districts in unincorporated areas.
- Kansas Development Finance Authority may issue special obligation bonds to finance a bioscience development project. The bonds would be paid with ad valorem tax increments, private sources, contributions, or other financial assistance from the state and federal government.
- The bill creates the Bioscience Development Bond Fund which will be managed by the Authority and not be part of the state treasury. A separate account will be created for each bioscience development district (BDD) and distributions will pay for the bioscience development project costs in a bioscience development district.

Bioscience Tax Investment Incentive Act (created in the bill) will make additional cash resources available to start-up companies. The bill creates the Net Operating Loss Transfer Program. The Program will allow the Bioscience Authority to pay up to 50 percent of a bioscience company's Kansas Net Operating Loss Transfer Program during the claimed taxable year.

The Program will be managed by the Kansas Department of Revenue and would be capped at \$1.0 million for any one fiscal year.

Bioscience R & D Voucher Program Act (created in the bill) establishes the Bioscience R & D Fund in the state treasury.

- The Fund could receive state appropriations, gifts, grants, federal funds, revolving funds, and any other public or private funds.
- The Program requires that any Kansas companies conducting bioscience research and development apply to the Authority for a research voucher. After receiving a voucher, the company will then locate a researcher at a Kansas university or college to conduct a directed research project.
- At least 51 percent of voucher award funds would be expended by the university in the state under contract and could not exceed 50 percent of the research cost.
- The maximum voucher funds awarded cannot exceed \$1.0 million each year for two years, and not to exceed 50 percent of the research costs. The company is required to provide a one-to-one dollar match of the project award for each year of the project.

Bioscience Research Matching Funds Act (created in the bill) establishes the Bioscience Research Matching Fund to be administered by the Authority.

- Recipients must be a bioscience research institution and are encouraged to jointly apply for funds. The funds would be used to promote bioscience research and to recruit, employ, fund, and endow bioscience faculty, research positions, and scientists at universities in Kansas.
- Application for the matching funds will be made to the Authority.

For more information, please contact:

Kathie Sparks, Principal Analyst Susan Kannarr, Senior Fiscal Analyst

KathieS@klrd.state.ks.us SusanK@klrd.state.ks.us

Kansas Legislative Research Department

300 SW 10th Ave., Room 545N, Statehouse
Topeka, Kansas 66612

Phone: (785) 296-3181

Fax: (785) 296-3824

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Economic Development G-2 Bioscience Authority Other Economic Development reports
available:

G-1

STAR Bond Authority

Kathie Sparks,

Principal Analyst

785-296-3181

KathieS@klrd.state.ks.us

Appendix D

“Phoenix Community Development and Investment Corporation - Lending Guidelines for Bioscience or Technology Industries Effective,” Date: PCDIC Board approved March 30, 2005.

<http://www.phoenixnewmarkets.org/links.html>

Lynda Dodd at 602-261-8708 or write to us at:

Phoenix Community Development and Investment Corporation
c/o City of Phoenix, Community and Economic Development Department
200 West Washington - 20th Floor

Phoenix, AZ 85003

Phone: 602-262-5040

Fax: 602-495-5097

TTY: 602-534-3476

Phoenix has an exciting new program that will help our community grow in areas that have not seen as much economic growth as in past years – Phoenix New Markets Program. While industry experts who helped shaped this new legislation have known about the potential benefits of the federal New Markets Tax Credit (NMTC) Program for several years, most communities only recently learned about its potential economic impact. We have a new tool that will provide much needed cash and equity investment to assist in the economic revitalization of our under-served communities by creating new jobs, enhancing Phoenix’s commercial, retail and industrial development, and financing small businesses.

Our Goals

Through the NMTC Program, our primary mission is to improve the economic conditions in Phoenix’s under-served communities. Participants in Phoenix’s program must conduct business and provide services in an eligible census tract that meets community impact standards.

Minimally, the recipient must show that their activity:

- Creates jobs for residents or low-income persons
- Increases wages or incomes for residents or low-income persons
- Targets job creation to areas of high unemployment
- Finances or assists businesses committed to remaining in the eligible census tract
- Finances or assists businesses owned by residents
- Finances or assists minority or women-owned businesses
- Other proposed community impact

How the New Markets Tax Credit Program Works

The Program is administered by the U.S. Department of the Treasury, Community Development Financial Institutions Fund (CDFI). The CDFI awarded Phoenix a \$170 million allocation that allows Phoenix to issue tax credits of \$66.3 million to eligible investors. In exchange for tax credits, the Phoenix New Markets Program will raise equity that will provide below market rate loans and equity investment for eligible businesses in under-served areas of Phoenix. Under this program, investors will receive a 39% tax credit over 7 years.

- 5% for each of the first 3 years
- 6% for each of the last 4 years

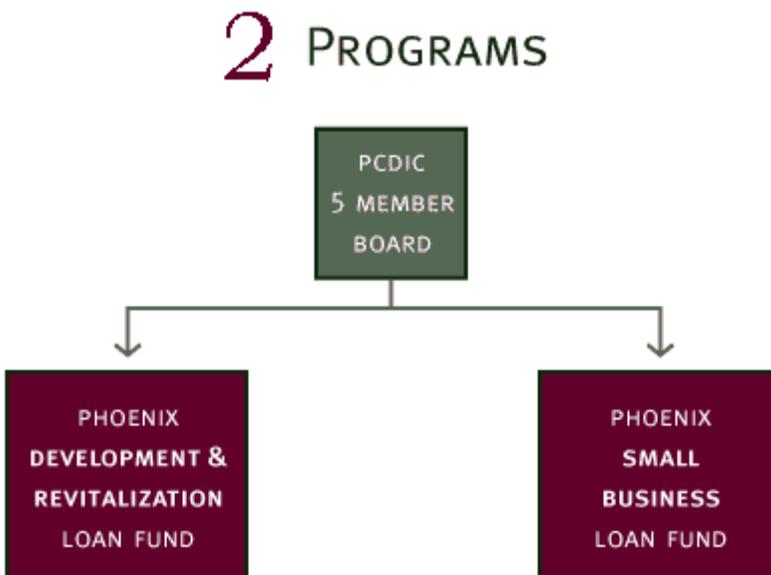
History

In December 2000, Congress passed legislation creating the New Markets Tax Credit (NMTC) Program as part of the Community Renewal Tax Relief Act to encourage private investment in low-income communities.

The U.S. Department of the Treasury, Community Development Financial Institutions Fund (CDFI) administers the NMTC Program, which will release \$15 billion from 2002 through 2007. After a highly competitive process, CDFI made its first allocation in March 2003 to 66 agencies that will receive \$2.5 billion. In May 2004, CDFI announced its second allocation to 62 agencies that will receive \$3.5 billion.

In order to be considered for the program, Phoenix created an independent non-profit corporation, Phoenix Community Development and Investment Corporation (PCDIC), to become a certified Community Development Entity (CDE). Of the \$2.5 billion, Phoenix has been awarded \$170 million in NMTC allocation or \$66.3 million in tax credits (\$170 million X 39%).

We have two programs designed to reach our goals:



Business and Commercial Development (real estate) Loans Small Business Financing

Phoenix Community Development and Investment Corporation's five-member Board has majority representation from leaders in Phoenix's under-served communities. Our Board is

charged with ensuring that Phoenix's NMTC Program meets our primary mission – to attract and provide funds for projects that will improve the quality of life of those individuals who live and work in under-served areas of the community.

Pete C. Garcia

President/CEO - Chicanos Por La Causa, Inc.

www.cplc.org

Chicanos Por La Causa is a statewide community development corporation committed to building strong, healthier communities as a lead advocate, coalition builder and direct service provider. CPLC promotes positive change and self-sufficiency to enhance the quality of life for the benefit of those we serve.

George Dean

President/CEO - Greater Phoenix Urban League

1402 S. 7th Ave - Phoenix, AZ 85007

602-254-5611 FAX 602-253-7359

george.dean@excite.com

www.greaterphxurbanleague.org

The mission of the Greater Phoenix Urban League is to assist African Americans, other minorities and the disadvantaged in the achievement of social and economic equality. The League implements its mission through advocacy, bridge building, program services

Donald P. Keuth

President - Phoenix Community Alliance

502 E. Monroe, Suite C100 - Phoenix, AZ 85004

602-254-7477 FAX 602-253-9192

www.phoenixcommunityalliance.com

The PCA is a non-profit organization formed in 1983 to help create a dynamic and vital central city core. Today it numbers over 135 corporate members from central Phoenix and all over the valley in addition to over 65 adjunct members who are leaders representing government (city, county, state and federal), as well as educational, cultural, religious and civic organizations plus individual property owners.

Roberto Franco

City of Phoenix

Acting Community and Economic Development Director

200 W. Washington, 20th Floor - Phoenix, AZ 85003

602-262-5040 FAX 602-495-5097

roberto.franco@phoenix.gov

www.phoenix.gov/ECONDEV/cedabt.html

The Community and Economic Development Department stimulates economic activity by offering a diverse range of value-added business programs to build, revitalize, and sustain a quality community for Phoenix businesses and residents.

Bob Wingenroth
City of Phoenix - Chief Financial Officer
201 W. Washington, 9th Floor - Phoenix, AZ 85003
602-262-7166 FAX 602-495-5605
bob.wingenroth@phoenix.gov
www.phoenix.gov/FINANCE/index.html

The Finance Department is responsible for maintaining a fiscally sound organization that conforms to legal requirements and to generally accepted financial management principles. Services provided include debt management and capital financing, advisory support, accounting and financial reporting, procurement of materials and services, treasury services, risk and inventory management, tax and licensing programs administration, and acquisition and management of real property.

Through the NMTC Program, our primary mission is to improve the economic conditions in Phoenix's under-served communities. PCDIC seeks to offer financing to businesses that meet the qualifying criteria and demonstrate how PCDIC's financing will improve the economic conditions in the low-income community (LIC) in which they operate. Participants in Phoenix's program must conduct business and provide services in an eligible census tract that meets community impact standards. Minimally, the recipient must show that their activity:

- Creates jobs for residents or low-income persons
- Increases wages or incomes for residents or low-income persons
- Targets job creation to areas of high unemployment
- Finances or assists businesses committed to remaining in the eligible census tract
- Finances or assists businesses owned by residents
- Finances or assists minority or women-owned businesses
- Other proposed community impact

PCDIC plans to sell the tax credits to large institutional investors to maximize the use of the NMTCs. If you are interested in investing in the NMTC Program, please contact Lynda Dodd at 602.261.8708 for additional information.

MINIMUM QUALIFICATIONS

If your business or project can meet the minimum regulatory requirements of the NMTC Program definition of a Qualified Active Low Income Community Business (QALICB), you could potentially qualify for a loan that has better terms than with a traditional lender.

Low-Income Community Census Tract (LIC)– The business is or will be located in a federally designated Low-Income Community Census Tract; if you choose to locate or expand your business in one of the census tracts that shows a higher economically distressed area, your project may receive higher priority consideration. The physical address of your business or project will be used to verify eligibility.

To find out if a business is located within a specific incentive area, such as a New Markets area, an Enterprise Zone, Enterprise Community, or a Foreign Trade Zone, visit the Phoenix Economic Development Incentive Zone Locator. This online tool can help verify if a particular location is eligible for various incentives as well as provide valuable information regarding the location.

Employees – 40% or more of your employees work and provide services from your business or project in a LIC. To verify this test, you will be asked to provide payroll documentation.

Tangible Assets – 40% or more of your tangible assets of your business or project is located in the LIC. To verify this test, you will be asked to provide documentation of the total tangible assets and their location.

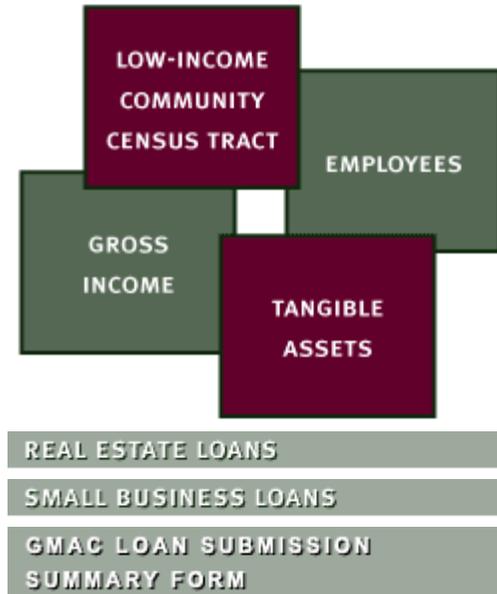
Gross Income – 50% or more of the gross revenue generated from your business is generated from your business or project located in the LIC.

Collectibles– Less than 5% of the average aggregate basis of the property located in the LIC is attributable to collectibles.

Nonqualified Financial Property– Less than 5% of the average aggregate basis of the property located in the LIC is attributable to nonqualified financial property (ie. providing banking services).

*If more than 50% of your employees work and provide services in a LIC and if more than 50% of your tangible assets are located in a LIC, then the gross revenue test is deemed satisfied.

BUSINESS QUALIFICATION REQUIREMENTS



BUSINESS ACTIVITIES THAT ARE PROHIBITED UNDER THE NMTC PROGRAM INCLUDE:

- Raw Land (No Improvements)
- Farming
- Rental Housing*
- Gambling
- Golf Courses
- Alcohol Sales
- Suntan Facilities & Massage Parlors
- Development or Holding of Intangibles for Sale or License**

*PCDIC understands the importance of the right housing mix in improving Phoenix's communities.

**At this time, PCDIC will not pursue funding for or investments in mixed-use or for-sale housing projects. However, if you have a housing project that includes a commercial component, your project may still qualify for financial assistance only on the commercial piece.

The Phoenix New Markets Loan Program offers commercial and industrial development lending opportunities in underserved communities within the city of Phoenix. These loans will be funded at below market pricing.

PCDIC has partnered with GMAC Commercial Holding Capital Corp. ("GMAC") on a \$100 million fund and 1st National Bank of Arizona ("FNBA"), M&I Community Development Corporation and Prudential Insurance on a \$20 million fund.

The focus for commercial real estate lending can include:

- Community-serving retail projects
- Commercial, industrial and manufacturing development projects
- Office development
- Corporate and regional headquarters

Loan requests will be considered that meet federal NMTC regulations for qualified businesses. In exchange for this financing, we ask the business to demonstrate how their project will positively impact the community in which it is located. Borrowers will be asked to identify community impact goals that they will support for the duration of their loan. Community impact benchmarks within eligible census tracts include but are not limited to the following:

- Remove blight,
- Create jobs for residents or persons below the poverty level in the designated area,
- Increase the minimum wage level of residents or low-income persons hired,
- Increase the number of new jobs created,
- Increase the percentage of women and minorities hired in the general workforce as well as in professional and senior management positions,
- Increase subcontracting with minority, disabled and women-owned firms, and/or
- Create a scholarship fund or training opportunities.

We are currently accepting loan inquiries for commercial real estate projects ranging upwards from \$1 million. FNBA and GMAC fund perimeters are noted below:

PHOENIX NEW MARKETS LOAN PROGRAM		
	GMAC	FNBA
Project Type	Commercial Real Estate: Acquisition, Rehabilitation, Construction	
Industries	Retail, Industrial/Manufacturing, Office	
Loan Size	> \$ 2 MM	\$1 - \$5 MM
Total Fund Size	\$100 MM	\$20 MM
Loan Term	1 - 3 years	7 years fixed
LTV (up to)	95%	80%
Amortization	Interest Only	25 years on Term Loan
Subsidized Rates (general)	25% Below Market	Construction: Prime + 0.15% 7 years Fixed: 7 yr Treasury + 1.65%
Loan Origination Fees	Negotiable	1.50%
Estimated Closing Time	30 - 45 days	--
Contact Information	Bill Nash, GMAC 1801 California Street, Ste 3700 Denver, CO 80202 303-294-3146 or 1-800-523-9792 ext. 3146 bnash@gmaccapital.com Loan Submission Summary Form.	Edward Celaya, FNBA 17600 N. Perimeter Drive Scottsdale, AZ 85255 480-458-2231 ecelaya@fnbaonline.com FNBA Phoenix New Markets Loan Program (forthcoming)

Investment terms subject to change

Phoenix Community Development and Investment Corporation Lending Guidelines for Bioscience or Technology Industries

Purpose: To provide policy direction and establish lending guidelines when evaluating loans to businesses or for projects related to bioscience and technology.

Statute & Regulation:

To qualify for NMTCs, a CDE must invest substantially all of its qualifying equity in Qualified Businesses. Under federal statute and IRS regulations, a Qualified Business does not include “any trade or business consisting predominantly of the development or holding of intangibles for sale or license.” This is often referred to as the Intangibles Test.

The IRS issued the Final Regulations on December 28, 2004 and corrections to those regulations on January 28, 2005. Under the final regulations, before the corrections, a Qualified Business did not include a rental activity to the extent the lessee of the property failed the Intangibles Test. The corrections to the Final Regulations removed the regulatory requirement that the underlying tenant pass the Intangibles Test. The IRS included the limit on lessee businesses because they were concerned that CDEs could avoid the direct statutory prohibition on lending to businesses involving intangibles by simply structuring a lease. Some commentators have suggested that the existing anti-abuse language gives the IRS authority to disallow credits in such a situation. Other have argued that the legislative history to the NMTC specifically approves of such a structure.

Proposed Lending Guidelines:

These are possible scenarios that may occur when considering making loans for bioscience or technology projects:

1. A loan made directly to a company whose trade or business consists solely of the development or holding of intangibles for sale or license.

Recommendation: PCDIC should not consider making loans.

2. A loan is made directly to a company that generates its revenues from the manufacture of biomedical or technology products as well as the development or holding of intangibles for sale or license. Statutorily, the manufacturing activity must be the “predominant” business. One definition of “predominant” is “much greater”.

Recommendation: PCDIC will consider making loans as long as the business is projected to maintain revenues greater than 66% from non-licensing and intangible activity throughout the loan term.

3. A loan is made to a company that intends to use the loan to operate a hospital and/or related medical services such as cancer testing and treatment or providing diagnostic care.

Recommendation: PCDIC will consider funding loans.

4. A loan made to a developer or property owner who leases space to a bioscience or technology business whose primary business consists predominantly of the development or holding of intangibles for sale or license. While the corrections to the Regulations reflect that this scenario may be allowable, the original Final Regulations prohibited making loans to developers who leased spaced to businesses engaged in the development or holding of intangibles for sale or license.

Recommendation: In light of the recent change in Regulations, and the uncertainty in the area, staff recommends that PCDIC adopt a conservative approach by considering making loans only to such developers or property owners who reasonably project that they will lease to a tenant whose revenue generated from the development or holding of intangibles for sale or license is less than 40% of the total revenue generated from the business. This ratio must be projected to be maintained throughout the life of the loan. (Note: PCDIC would make loans to developers or property owners who lease to a tenant whose revenue is generated entirely from manufacturing activity.)

Effective Date: PCDIC Board approved March 30, 2005.

Appendix E Community Impact – Economic Assessment for the Bioscience / High-tech Industry Group

This appendix provides further details about the Community Impact – Economic Assessment that is explained in Section 7E of this report.

In **Table E1** we show the model’s estimates and forecasts of economic and fiscal metrics for all industries in Hillsborough County from 2001 to 2010. The Baseline Levels are in **Panel A**. The baseline presumes no change in the historical trend of industrial activity in the County. Then, in **Panels B through F** we forecast a revised picture for the County’s economic and fiscal metrics, if 100 jobs were recruited in 2007 for each of the Bioscience / High-tech industry subsectors. The revised picture includes the multiplier effect of the added 100 jobs. In Panels B through F we also show the implied Employment Multipliers for each subsector.

Table E1
Panel A

Hillsborough County - All Industries, Baseline Levels

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.089	101.074	105.971	111.052
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.400	858.543	878.061	897.778
Fiscal Impact metrics (Bil 2004\$)										
State Revenues				3.476	3.614	3.776	3.920	4.080	4.235	4.395
Local Revenues				4.474	4.652	4.869	5.082	5.285	5.489	5.699
State Expenditures				5.254	5.504	5.722	5.952	6.140	6.330	6.524
Local Expenditures				5.120	5.343	5.536	5.743	5.913	6.083	6.258

Panel B

Hillsborough County - All Industries, New Levels after adding NAICS 325, Chemical Mfg, firm with 100 jobs in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.153	101.141	106.041	111.125
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.673	858.827	878.350	898.068
Employment Multiplier							2.73	2.84	2.89	2.90

Panel C

Hillsborough County - All Industries, New Levels after adding NAICS 333, Machinery Mfg, firm with 100 jobs in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.124	101.111	106.010	111.093
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.617	858.768	878.289	898.007
Employment Multiplier							2.17	2.25	2.28	2.29

Table E1
Panel D

Hillsborough County - All Industries, New Levels after adding NAICS 334, Comp & Elec Product Mfg, firm with 100 jobs in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.229	101.232	106.145	111.242
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.825	858.994	878.528	898.252
Employment Multiplier							4.25	4.51	4.67	4.74

Panel E

Hillsborough County - All Industries, New Levels after adding NAICS 339, Miscellaneous Mfg, firm with 100 jobs in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.125	101.112	106.010	111.092
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.642	858.793	878.314	898.031
Employment Multiplier							2.42	2.50	2.53	2.53

Panel F

Hillsborough County - All Industries, New Levels after adding NAICS 541, Prof, Sci, & Tech Services, firm with 100 jobs in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	71.029	73.117	77.114	82.058	86.406	91.272	96.096	101.081	105.978	111.059
Total Emp (Thous)	746.422	754.486	758.943	778.076	797.851	817.748	838.456	858.601	878.120	897.837
Employment Multiplier							0.56	0.58	0.59	0.59

Tables E2 through E6 show economic and fiscal activity for each of the Bioscience / High-tech industry subsectors. We measure economic activity in terms of output and employment, both before the 100 new jobs (2001 to 2006) and after hypothetically adding the 100 new jobs (2007 to 2010). In the tables we describe the measures as Baseline Levels (before new jobs) and Difference from Baseline (after new jobs). Additionally, we show the potential fiscal impacts of adding the 100 new jobs. Fiscal impacts are measured in terms of changes State and local revenues and expenses.

Table E2

Hillsborough County - Chemical Manufacturing, NAICS 325, **Baseline Levels**

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	0.654	0.664	0.709	0.742	0.758	0.793	0.817	0.841	0.863	0.885
Output (% of All Industries)	0.92%	0.91%	0.92%	0.90%	0.88%	0.87%	0.85%	0.83%	0.81%	0.80%
Total Emp (Thous)	1.794	1.985	2.032	2.012	1.972	1.972	1.944	1.920	1.893	1.863
Total Emp (% of All Industries)	0.24%	0.26%	0.27%	0.26%	0.25%	0.24%	0.23%	0.22%	0.22%	0.21%

Hillsborough County -Chemical Manufacturing, NAICS 325, **Difference from Baseline**
New Firm with 100 Employees Starting in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)							0.03814	0.03965	0.04116	0.04275
Output (% of All Industries)							0.89%	0.87%	0.85%	0.83%
Total Emp (Thous)							0.09058	0.09019	0.08982	0.08946
Total Emp (% of All Industries)							0.24%	0.23%	0.23%	0.22%

Fiscal Impact metrics (Bil 2004\$)

State Revenues							0.001127	0.001213	0.001303	0.001375
Local Revenues							0.000833	0.000958	0.001092	0.001214
State Expenditures							-0.000437	-0.000259	-0.000086	0.000079
Local Expenditures							0.000082	0.000212	0.000333	0.000441
Net Fiscal Impact							0.001605	0.002124	0.002642	0.003109

Table E3

Hillsborough County - Machinery Manufacturing, NAICS 333, **Baseline Levels**

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	0.280	0.262	0.188	0.198	0.205	0.215	0.220	0.228	0.234	0.238
Output (% of All Industries)	0.39%	0.36%	0.24%	0.24%	0.24%	0.24%	0.23%	0.23%	0.22%	0.21%
Total Emp (Thous)	2.031	1.910	1.140	1.140	1.137	1.138	1.119	1.115	1.101	1.076
Total Emp (% of All Industries)	0.27%	0.25%	0.15%	0.15%	0.14%	0.14%	0.13%	0.13%	0.13%	0.12%

Hillsborough County -Machinery Manufacturing, NAICS 333, **Difference from Baseline**
New Firm with 100 Employees Starting in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)							0.01919	0.02002	0.02082	0.02169
Output (% of All Industries)							0.25%	0.25%	0.24%	0.23%
Total Emp (Thous)							0.09743	0.09731	0.09724	0.09722
Total Emp (% of All Industries)							0.15%	0.14%	0.14%	0.13%

Fiscal Impact metrics (Bil 2004\$)

State Revenues							0.000956	0.001016	0.001084	0.001140
Local Revenues							0.000694	0.000788	0.000890	0.000984
State Expenditures							-0.000293	-0.000106	0.000065	0.000227
Local Expenditures							0.000096	0.000226	0.000342	0.000446
Net Fiscal Impact							0.001454	0.001924	0.002381	0.002797

Table E4

Hillsborough County - Computer and Electronic Product Manufacturing, NAICS 334, **Baseline Levels**

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	0.546	0.511	0.512	0.601	0.708	0.836	0.970	1.148	1.344	1.565
Output (% of All Industries)	0.77%	0.70%	0.66%	0.73%	0.82%	0.92%	1.01%	1.14%	1.27%	1.41%
Total Emp (Thous)	2.144	1.860	1.439	1.151	1.061	1.038	1.032	1.072	1.120	1.176
Total Emp (% of All Industries)	0.29%	0.25%	0.19%	0.15%	0.13%	0.13%	0.12%	0.12%	0.13%	0.13%

Hillsborough County - Computer and Electronic Product Manufacturing, NAICS 334, **Difference from Baseline**
New Firm with 100 Employees Starting in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)							0.09366	0.1067	0.1194	0.1323
Output (% of All Industries)							1.11%	1.24%	1.38%	1.53%
Total Emp (Thous)							0.09948	0.09928	0.09911	0.09896
Total Emp (% of All Industries)							0.13%	0.14%	0.14%	0.14%

Fiscal Impact metrics (Bil 2004\$)

State Revenues							0.002302	0.002505	0.002701	0.002862
Local Revenues							0.001445	0.001680	0.001922	0.002141
State Expenditures							-0.000589	-0.000239	0.000106	0.000444
Local Expenditures							0.000185	0.000448	0.000693	0.000920
Net Fiscal Impact							0.003343	0.004394	0.005423	0.006367

Table E5

Hillsborough County - Miscellaneous Manufacturing, NAICS 339, **Baseline Levels**

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	0.192	0.142	0.171	0.176	0.183	0.190	0.198	0.205	0.211	0.217
Output (% of All Industries)	0.27%	0.19%	0.22%	0.21%	0.21%	0.21%	0.21%	0.20%	0.20%	0.20%
Total Emp (Thous)	1.325	0.923	1.118	1.084	1.081	1.082	1.087	1.089	1.089	1.089
Total Emp (% of All Industries)	0.18%	0.12%	0.15%	0.14%	0.14%	0.13%	0.13%	0.13%	0.12%	0.12%

Hillsborough County - Miscellaneous Manufacturing, NAICS 339, **Difference from Baseline**

New Firm with 100 Employees Starting in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)							0.01731	0.01788	0.0184	0.01892
Output (% of All Industries)							0.22%	0.22%	0.22%	0.21%
Total Emp (Thous)							0.09485	0.09473	0.09464	0.09458
Total Emp (% of All Industries)							0.14%	0.14%	0.13%	0.13%
Fiscal Impact metrics (Bil 2004\$)										
State Revenues							0.001117	0.001172	0.001241	0.001295
Local Revenues							0.000899	0.001004	0.001123	0.001230
State Expenditures							-0.000283	-0.000063	0.000139	0.000330
Local Expenditures							0.000122	0.000272	0.000408	0.000529
Net Fiscal Impact							0.001855	0.002385	0.002911	0.003384

Table E6

Hillsborough County - Professional, Scientific and Technical Services, NAICS 541, **Baseline Levels**

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)	4.984	4.835	4.992	5.340	5.627	5.938	6.240	6.591	6.933	7.286
Output (% of All Industries)	7.02%	6.61%	6.47%	6.51%	6.51%	6.51%	6.49%	6.52%	6.54%	6.56%
Total Emp (Thous)	52.886	50.305	49.887	51.169	52.326	53.517	54.715	56.242	57.728	59.224
Total Emp (% of All Industries)	7.09%	6.67%	6.57%	6.58%	6.56%	6.54%	6.53%	6.55%	6.57%	6.60%

Hillsborough County - Professional, Scientific and Technical Services, NAICS 541, **Differences from Baseline**

New Firm with 100 Employees Starting in 2007

Year:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Economic Impact metrics										
Output (Bil Fixed 2000\$)							0.003743	0.003864	0.003976	0.004083
Output (% of All Industries)							6.50%	6.52%	6.55%	6.56%
Total Emp (Thous)							0.03265	0.03268	0.0327	0.03269
Total Emp (% of All Industries)							6.53%	6.55%	6.58%	6.60%
Fiscal Impact metrics (Bil 2004\$)										
State Revenues							0.000167	0.000178	0.000194	0.000207
Local Revenues							0.000146	0.000168	0.000193	0.000217
State Expenditures							-0.000059	0.000006	0.000066	0.000121
Local Expenditures							0.000037	0.000081	0.000120	0.000155
Net Fiscal Impact							0.000291	0.000434	0.000573	0.000700