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A decorative graphic on the left side of the page consisting of several orange circles of varying sizes and vertical orange lines of varying widths, creating a modern, abstract design.

EB-5 ECONOMIC OVERVIEW

Aaron Goforth

AGENDA

- TEA Designation
- Job Creation Requirements
- Multipliers
- Expenditure Models
- Models
- Recent Developments



TARGETED EMPLOYMENT AREA

- The project area must have been experiencing high unemployment (calculated as an area with an unemployment rate that is at least 150% of the national average);

OR

- The project is defined as a Rural Area (a rural area other than an area within a MSA with a population less than 20,000).



TEA DESIGNATION - RURAL VS MSA

- \$500,000 vs. \$1,000,000 Level Investment



STATE CERTIFIED



Charlie Crist
Governor
Cynthia Lorenzo
Director

November 18, 2009

Mr. Joseph Walsh
South Atlantic Regional Center
15535 Sunward Street
Wellington, Florida 33414

Dear Mr. Walsh:

In response to your request, the Labor Market Statistics has verified that 9100-9250 Belvedere Road in Palm Beach County, Florida is located in Census tract 78.18. The area consisting of contiguous Census tracts 78.18 and 78.19 qualifies as a high unemployment area under the provisions of the Immigration Act of 1990. The 2008 annual average unemployment rate for Census tract 78.18 and 78.19 combined was 14.2 percent, above the qualifying rate of 8.7 percent for that time period. The method used to estimate the unemployment rate in this area is called Census-share disaggregation, a standard U.S. Department of Labor, Bureau of Labor Statistics procedure used to calculate rates for small subcounty areas.

Since this area is located in the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area, it is not considered a rural area. The area does qualify as Targeted Employment Area however, due to its high unemployment rate.

Please call Susanna Patterson at 850-245-7268, if you have any questions.

Sincerely,

Rebecca Rust
Director
Labor Market Statistics Center

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For more information go to www.labormarketinfo.com
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LABOR FORCE ESTIMATES FOR SELECTED CENSUS TRACTS PALM BEACH COUNTY, FLORIDA 2008 ANNUAL AVERAGES (ranked by unemployment rate)

Tract	Labor Force	Employment	Unemployment Level	Rate (%)
80.01	1,652	1,204	448	27.1
22	811	596	215	26.5
83.02	1,634	1,204	430	26.3
82.01	2,149	1,629	520	24.2
14.03	1,654	1,277	377	22.8
23	1,345	1,058	287	21.3
21	1,800	1,459	341	18.9
81.01	3,437	2,899	628	18.3
80.02	2,594	2,128	466	18.0
13.01	1,509	1,240	269	17.8
83.01	710	584	126	17.7
68.01	3,359	2,785	574	17.1
82.02	1,206	1,009	197	16.3
78.18	3,226	2,724	502	15.6
19.02	1,152	973	179	15.5
48.13	1,081	900	181	15.2
57.01	2,311	1,970	341	14.8
19.09	1,364	1,187	197	14.4
51	5,125	4,390	735	14.3
14.02	801	693	108	13.5
82.03	2,147	1,860	287	13.4
59.31	674	584	90	13.4
52.02	2,894	2,517	377	13.0
16	2,348	2,043	305	13.0
13.02	2,457	2,152	305	12.4
14.04	1,747	1,532	215	12.3
31.01	3,379	2,967	412	12.2
31.02	3,531	3,101	430	12.2
40.08	3,010	2,651	359	11.9
56	3,768	3,320	448	11.9
45	2,870	2,529	341	11.9
15	2,008	1,775	233	11.6
11.01	4,041	3,575	466	11.5
64.01	1,421	1,240	181	11.5
40.05	1,250	1,107	143	11.4
61	2,888	2,383	505	11.3
12	2,700	2,395	305	11.3
68.02	2,081	1,848	233	11.2
29	2,421	2,152	269	11.1
69.07	1,450	1,289	161	11.1
49.01	5,255	4,681	574	10.9
40.09	2,142	1,929	213	10.9
58.08	856	765	90	10.5
30	2,391	2,140	251	10.5

Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics program (unpublished data).

Mayorkas – State determines TEA
Combined census tracks should be logical
Example

WHAT DOES THIS MEAN TO THE INVESTOR?

- \$500,000 vs. \$1,000,000
- Advantages of TEA designation
- Case Study: Lake Buena Vista - Orlando



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JOB CREATION REQUIREMENTS

- 10 Jobs per investor
- Jobs can be indirect



DIRECT JOBS

- Direct Jobs are actual, identifiable jobs for qualified employees located with the commercial enterprise into which the EB-5 investor





INDIRECT JOBS

- Indirect Jobs are full-time employees who are not employed directly by the new commercial enterprise.
 - For an automobile manufacturer, indirect jobs might include jobs created by a manufacturer who supplies parts to the manufacturer of cars.



INDUCED JOBS

- Induced jobs are jobs that result from the activities of direct and indirect jobs
 - When a car manufacture hires a new employees, those employees will spend money in the community on groceries and other items, in turn will create additional job creation



CONSTRUCTION JOBS

- If construction in under 2 years may only count indirect and induced jobs
- If construction last over 2 years may count direct as well indirect and induced. Must provide sufficient proof. (USCIS Stakeholder Conference with IIUSA & AILA 2008)
- Architecture and Engineering Fees



CONSTRUCTION AND OPERATIONS

- Input / Output
- Revenue vs Direct Job



DEMONSTRATING IMPACTS

- Show increases in business services and utilities
- Gain in Employment
- Gains in Business Taxation
- Changes in Labor Income
- Statistical information on the US economy
- Specific Statistics on the Utilities & Business Services



MULTIPLIERS

- A multiplier is a mathematical equation that shows the number of indirect jobs created for every direct job that is created

$\text{Multiplier} = (\text{indirect} + \text{induced}) / \text{direct jobs}$



WHAT MAKES A HIGH MULTIPLIER

- Indirect Effects – types of jobs that create a supply chain. Example: professionals & researchers
- Induced Effects – high paying jobs
- Variation based upon regional economy dynamics



EXPENDITURE MODEL

- Basing the analysis on industry expenditure vs. direct to indirect job multiplier
- Construction and Operations
- Administrative considerations



MODELS

- RIMS II
- REDYN
- IMPLAN
- Others

.....run the different models and see which one works best for your project and goals.



RECENT DEVELOPMENTS

- USCIS Economists
- Regional Center Boundaries
- Increased emphasis on supporting assumptions
- Consumer Spending Model in Hotels
- Tenant Occupancy
- Feasibility Studies



QUESTIONS



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