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EB-5 ECONOMIC OVERVIEW

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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);

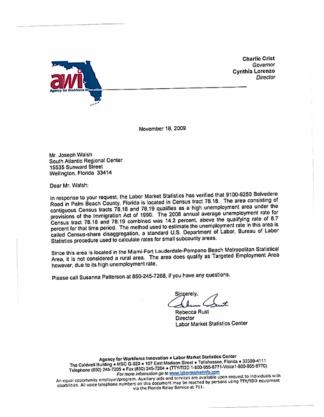
OR

• 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



LABOR FORCE ESTIMATES FOR SELECTED CENSUS TRACTS PALM BEACH COUNTY, FLORIDA 2008 ANNNUAL AVERAGES Level Rate (%) 448 27.1 215 26.5 1,204 1,629 1,277 1,058 1,459 2,809 2,128 1,240 584 83.02 1.634 2,149 24.2 82.01 14.03 1,345 21.3 18.9 18.3 3,437 2,594 1,206 3,256 1,152 1,152 1,152 1,152 1,152 1,152 1,152 1,161 1,161 1,164 1,152 1,164 1,152 1,164 1,152 1,164 1,152 1,164 18.0 17.8 80.02 13.01 83.01 68.01 82.02 78.19 19.02 48.13 57.01 19.09 2,785 1,009 2,724 973 900 1,970 1,167 4,390 16.3 15.6 15.5 15.2 14.8 14,4 14,3 13,5 13,4 13,0 13,0 12,4 12,3 12,2 11,9 11,9 693 1,860 584 2,517 2,043 2,152 1,532 2,967 3,101 2,651 3,320 2,529 82.03 59.31 52.02 13.02 31.01 40.08 2,529 1,775 3,575 1,240 1,107 2,383 2,395 1,848 2,152 15 11.5 64.01 40.05 2,081 29 69.07 49.01 1,450 5,255 1,289 4,681 40.09 58.08 2,142 856 1,909 766 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Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics program (unpublished data).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
- o Case Study: Lake Buena Vista Orlando



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JOB CREATION REQUIREMENTS

- 10 Jobs per investor
- o 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

Multiplier = (indirect + induced)/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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