EB-5 Investor Program and the State of Minnesota

A Study by the Carlson Consulting Enterprise

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Preface

Motivation and Purpose

What is the purpose of this study?

This study asks and responds to the primary question, “How can Minnesota best leverage the federal Immigrant Investor Program (EB-5) to drive employment in the state?”

Why did the State of Minnesota Department of Employment and Economic Development commission this study?

The MN Trade Office, located within the Department of Employment and Economic Development, is responsible for developing and supporting trade programs and services that help Minnesota companies compete globally. The EB-5 Immigrant Investor Program is a section of the immigration code that specifies one process and its requirements for achieving US immigration authorization based on immigrant investment in local US economies resulting in job creation.

Minnesota has not developed a clear strategy for if and/or how to leverage this element of the tax code to drive enhanced local investment. Developing and delivering a program would require coordination of diverse stakeholder groups and agencies. Before doing this, the MN Trade Office requires a clear analysis of the current status of EB-5 efforts around the country and recommendations on whether and how to proceed.

The MN Trade Office also requested this study be made available to the public, to assist all public and private organizations and individuals interested in learning more about the EB-5 immigrant investor program.

This study was made possible thanks to a grant from the McKnight Foundation to the University of Minnesota Foundation.

Structure

This White Paper has been divided into three parts: Basics, Details, and Recommendations.

For a short summary of EB-5 and its effectiveness, consult the **Basics** section.

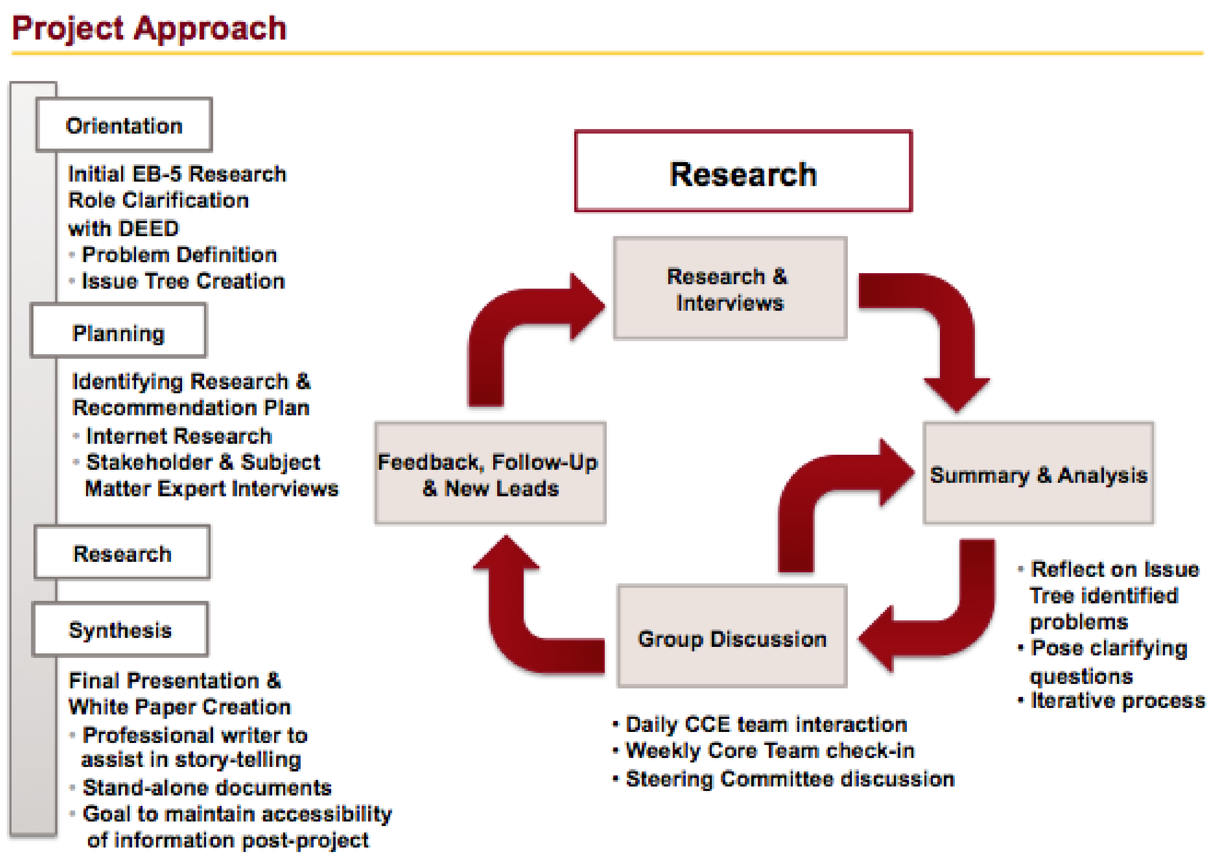
For greater detail on how to set up a Regional Center, including a look at different business and ownership models, read the **Details** section.

Finally, for the Carlson Consulting Enterprise (CCE)’s study’s recommendations for leveraging EB-5 in Minnesota, turn to the **Recommendations** section.

Methodology

The project methodology is focused primarily on a thorough research process. The team began by understanding and identifying questions relevant to the State of Minnesota in regards to the EB-5 Immigrant Investor Program and job creation. Through informational interviews and team research, partial answers to these questions were found, and new questions often arose. Over the course of the engagement, the details of the process became clearer and recommendations began to form naturally. Direct consultation with the Minnesota Trade Office, members of the project Steering Committee, and the directors of the University of Minnesota's Carlson Consulting Enterprise contributed significantly to this process.

The project approach is outlined below:



Acknowledgements

Our team would like to begin by thanking the individuals and organizations who contributed to our project and made these recommendations to the State of Minnesota possible:

- The Minnesota Trade Office; Ms. Katie Clark, Mr. Tim Odegard, and Mr. Kevin McKinnon from the State of Minnesota Department of Employment and Economic Development:
- Mr. Gary Hobart from the Metropolitan Economic Development Association
- McKnight Foundation
- Phil Miller, CCE Director and Team Advisor
- Ugo Eko; CCE Assistant Director and Lead Team Advisor

Thank you for your contribution to our project.

Part I: Basics

What is EB-5?

The EB-5 Immigrant Investor Program is a federal program administered by the United States Citizenship and Immigration Services (USCIS), which is housed in the Department of Homeland Security. It is designed to stimulate the economy through job creation and capital investment by foreign investors. In exchange for making a minimum at-risk equity or debt investment into a new (defined by the USCIS as having been established after November 29, 1990) U.S. business which results in the creation of at least ten jobs, foreign investors may secure a permanent green card for themselves and their families. Alternatively, investors may deposit their funds in a troubled business (having incurred a net loss of 20% of the businesses net worth) and qualify by preserving the ten jobs, instead of creating them.[1] Foreign investors can take advantage of more favorable terms by investing through an administrative Regional Center into a project located in a designated Targeted Employment Area (TEA). A Regional Center is defined as an economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation, and increased domestic capital investment. Foreign investors benefit from working with Regional Centers and investing in TEA-based projects in three main ways:

- Their investment is pooled with that of other foreign and domestic investors and is managed by the Regional Center and the target business.
- Foreign investors get credit for the creation of both direct and indirect jobs, which are calculated via econometric modeling.
- The minimum investment is lowered from $1,000,000 to $500,000.

Because of these favorable terms, over 90% of all EB-5 investment is made through Regional Centers into TEA-based projects.[1]

The **Details** section of this White Paper will provide a more in-depth look at the program including requirements, processes, costs, and expertise needed.

Does EB-5 Work?

Since 2003, EB-5 Regional Centers have invested over $3.1 billion of foreign capital in the U.S. economy, creating over 65,000 jobs for U.S. workers.[2] EB-5 stimulates the American economy by creating jobs and attracting foreign capital.

The **Details** section of this White Paper will take a closer look at a variety of Regional Centers that operate with different business and ownership models to highlight the program's flexibility and show how success can be achieved through a variety of methods. No business endeavor comes without risk, so this section will also discuss some notable Regional Center failures.

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[1] United States Citizenship and Immigration Services (USCIS)
[2] The Association To Invest In USA (IIUSA)

Could EB-5 Help Minnesota Achieve Its Economic Development Goals?

DEED seeks to create high quality jobs in both rural and urban Minnesota and in industries that are compatible with the state's strengths and economic development goals. Our research provides examples of EB-5 projects that appear to have achieved these goals. EB-5 has successfully supported rural development in the agricultural industry as demonstrated in South Dakota by the Dakota Provisions project in 2006, which attracted over $50MM in foreign capital to help fund the expansion of a turkey processing plant and created over 1000 new jobs. EB-5 also has a demonstrated track record in urban areas. In the City of Philadelphia, EB-5 provided $26MM in foreign capital to help fund the construction of the 58-story corporate headquarters of Comcast Corporation, creating over 520 jobs. Hotels, call-centers, wind energy, public transit improvements, convention centers, manufacturing facilities, assisted living space, mixed-use multi-family residential parks, corporate headquarters, health care facilities – these are just a few of the examples of projects that have been successfully delivered using EB-5, these are types of projects which may be able to help the State of Minnesota achieve its economic development goals.

How much would the EB-5 program cost the State of Minnesota?

A successful Regional Center with a sustained project pipeline is self-funding. Fees are charged to the foreign investors for use of the Regional Center's services.

Part II: Details

How Does The EB-5 Program Work?

Foreign Investor Process

The EB-5 program places two requirements on foreign investors seeking a green card: first, they must invest $1,000,000 in an approved project of their choice, and second, ten new full-time jobs must be created as a direct result of that investment. The investment must be either in a new business (defined by the USCIS as "a commercial enterprise established after November 29, 1990") or in one which has been purchased and restructured such that a new commercial enterprise has resulted, or the investment will spur either a 40% increase in net worth or employees. Prior to 1992, these restrictions meant that foreign investors either had to create their own new business or find a budding business in which to invest at its earliest stages. In 1992, Congress established a pilot program, which has been regularly reauthorized but has not yet been made permanent, which allows for the creation of economic entities called Regional Centers to assist in the investment process. These entities allow for a more liberal definition of job creation, as detailed later in this paper.

There are two USCIS-mandated checkpoints a foreign investor must complete to obtain their permanent green card through the EB-5 program. In the first stage, the investor files an I-526 form, which explains how the investment will create the required jobs. This form is evaluated by the USCIS on a number of conditions:

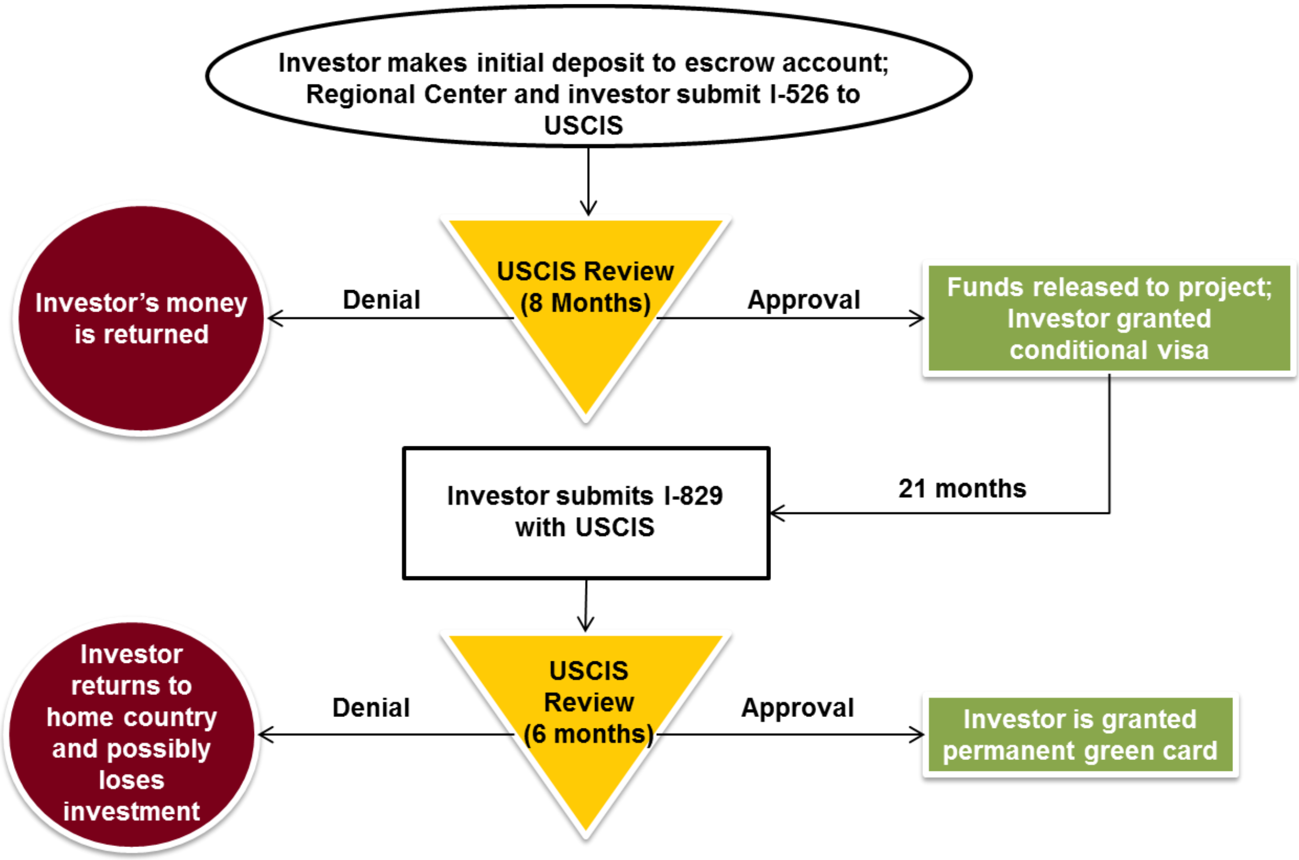
- New commercial enterprise status of the business
- Investment capital: funds must be at risk and be invested or in the process of being invested at the time of application review
- Source of capital: funds must have been obtained through legal means
- Managerial role: the investor must be in some way involved in the management of the enterprise for investment (most often as a limited partner)
- Employment creation

Upon approval of the I-526 (usually within eight months of submission), the investor (as well as the investor's spouse and children under the age of 21 at the time of investment) will receive a conditional visa permitting two years' residency in the United States. After this period, the investor must submit an I-829 form to remove the conditions on his or her green card and allow for indefinite residency. This form is filed sometime in the 90 days preceding the second anniversary of I-526 approval and must demonstrate:

- Investment of the full amount required
- Investment has been sustained in the commercial entity for the full two-year period
- Required jobs (10 new full time) have been created

This process is shown in **Figure 1**.

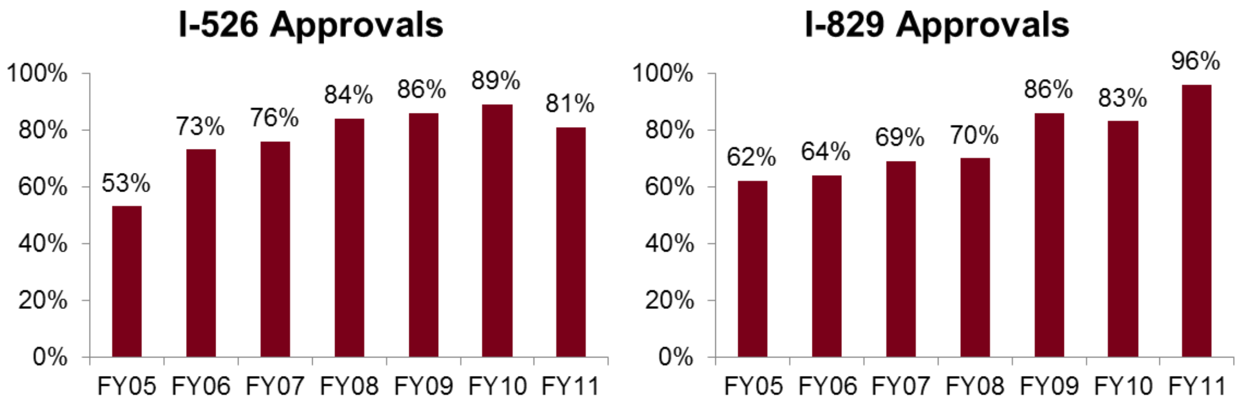
Figure 1: EB-5 Process For Foreign Investor



Approval rates for both I-526 and I-829 applications have increased since the program's inception, primarily because Regional Centers have become better at locating those projects most likely to fulfill all the investment requirements and because immigration attorneys and investors have gained more knowledge about producing a viable application. The upward trend in approval rates can be seen in Error! Reference source not found.[3].

[3] Source: USCIS Immigrant Investor Program Stakeholder Meeting 1/23/2012

Figure 2: Approval Rates[4]



Foreign investors typically hire an immigration attorney with EB-5 experience to facilitate the application process. These attorneys can also serve as a useful marketing ally for a Regional Center, as many will make trips to foreign countries in order to attract foreign investors to the EB-5 program. Immigration attorneys who don't have working relationships with a particular Regional Center will often bring a portfolio of those Regional Centers they believe to be most reputable and then allow the foreign investor to choose whichever is most appealing for partnership.

Foreign Investor Costs

While the actual investment sum does comprise the largest financial outlay for EB-5 investors, it is important to note that a number of other costs, which cannot be recouped, exist. Assuming that the investor goes through a Regional Center and invests in a TEA-based project, the total cost of an EB-5 visa can be projected at about $550,000. This amount is made up of:

- Initial Investment: $500,000
- Regional Center Administrative Fees: $35,000 (ranging from $0 - 60,000)
- Legal Fees ($14,000)
- Application Fees (I-526 and I-829): $5,250

Regional Centers provide a range of services at a variety of prices, and this value can therefore fluctuate. Additionally, many investors will face higher application fees, as the USCIS is increasing the rate at which it denies applications or requests additional information. It is for this reason that the hiring of a lawyer well trained in EB-5 is absolutely essential to ensuring that applications go through smoothly.

Foreign Investor Insights

The following reflects the views of a foreign investor we interviewed. Though we were only able to interview one investor, she stated that her reviews are exemplary of other peers from her country who are interested in or investing through the EB-5 program.

Investment Programs

The investor has explored a wide variety of opportunities, and although she was not an expert on EB-5, she expressed that the $500,000 cost and two-year waiting period were not worrisome. That said, she was

[4] USCIS Immigrant Investor Program Stakeholder Meeting 1/23/2012

skeptical of the program, as she had heard of cases that had failed for investors (jobs were not created, and so the green card was not granted). Immigration agencies in China provide the majority of information on different programs to investors and represent the most credible source of detail (other immigration websites are often consulted, but considered to be less reliable than the agencies). When reviewing these websites, appearance is key to whether or not an investor will take the information as true—cheaper looking websites which lack detail will not be regarded as credible. There is also a high degree of word-of-mouth information exchange, and stories about successes and failures are taken very seriously among investors considering various programs. Government involvement, and the structure of the Regional Center in general, were not qualified as highly important decision factors, although it follows that government involvement does lend some degree of credibility to programs.

Investors

The individuals who are most interested in immigrating tend to be from the middle class (with an income of ~$100,000), working either for large corporations or in their own small businesses. These investors have four primary interests in investing:

1. Permanent green card**.** This is far and away the most important aspect of any program or project, and was consistently referred to as the most critical component of any investor's considerations. The great fear for any investor is that, after two years, they will face deportation.
2. Education for children. Educational opportunities are a prime motivator for immigration to the United States.
3. Health care access/private property protections. These are less important motivators than educational opportunities, but were also cited by the investor.
4. Profit. While investors are certainly interested in profit, it is actually the lowest motivator for investment. The $500,000 mark for EB-5 is seen as an acceptable price to be able to come to the United States quickly, even for the middle class investors who are the primary targets of the program.

Location

Investors are interested in coming to the United States, but also seriously consider locations such as Canada, Australia, and Singapore. Of these countries, the U.S.'s immigration process is the most difficult to navigate and has the lowest rate of success for immigrants. Because of this, immigration agencies in China push opportunities in the other countries over American options. Within the U.S., investors are indifferent as to where their investment goes. Most investors do not consider the U.S. in terms of different states and do not consider major legal or regional differences between states.

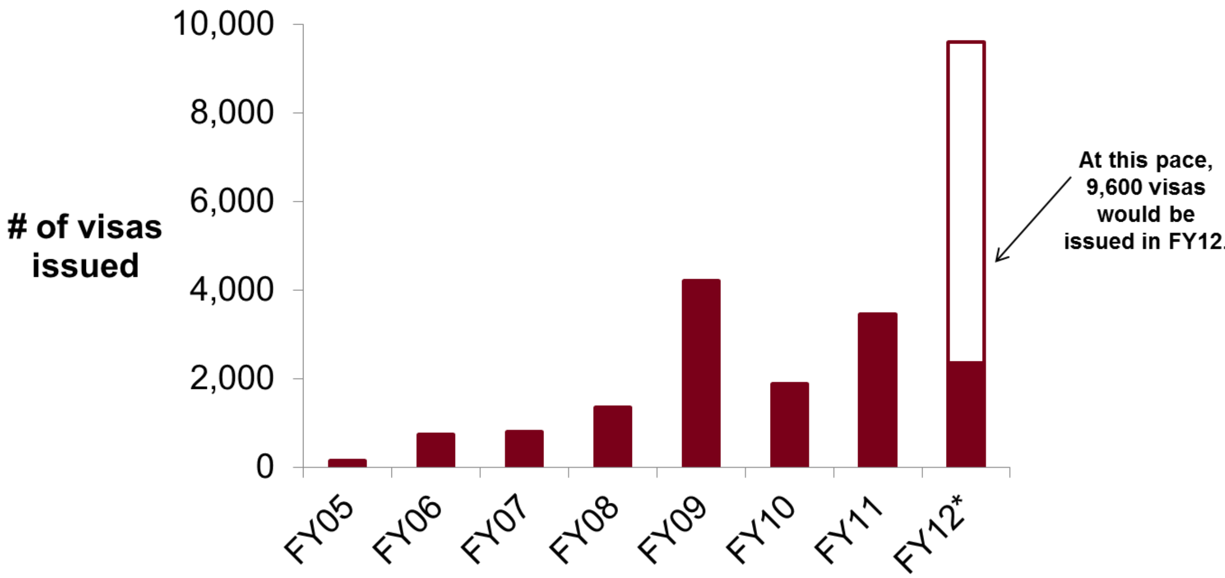
Success factors

For an immigration process to be considered successful, it must result in a permanent green card. Investors want to know from the start what it will take to get a green card and do not want to be surprised by any additional regulations in the process. Investors are skeptical of programs like EB-5 and need assurance that they will not be deported. Investors do not hope to lose their investments, but the profit motive is secondary to the successful immigration process.

Current State of The Program

Congress allocates 10,000 visas to the EB-5 program every year; however, less than 4,000 have been issued annually over the past 10 years. According to the USCIS, however, if issuance continues at its current pace, 9,600 visas will be issued in 2012. (See **Figure 3**) This growth is generally attributed to Regional Center directors becoming better at attracting investors and locating projects well-suited for the program and to increased awareness of the program, both on the part of state governments and foreign investors.[5]

Figure 2: EB-5 Visas Issues Annually[6]



*As of January 23, 2012

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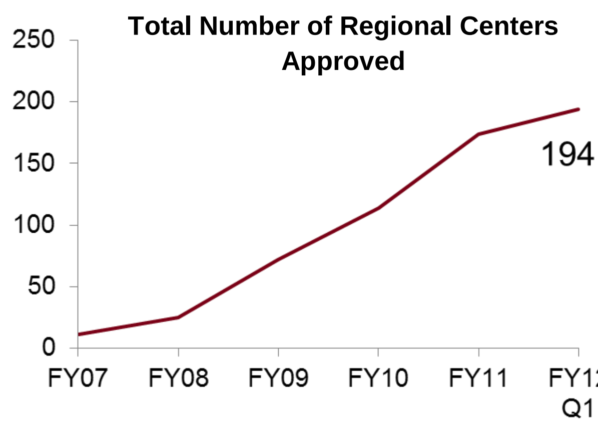
[5] Stakeholder Interviews
[6] USCIS Immigrant Investor Program Stakeholder Meeting 1/23/2012

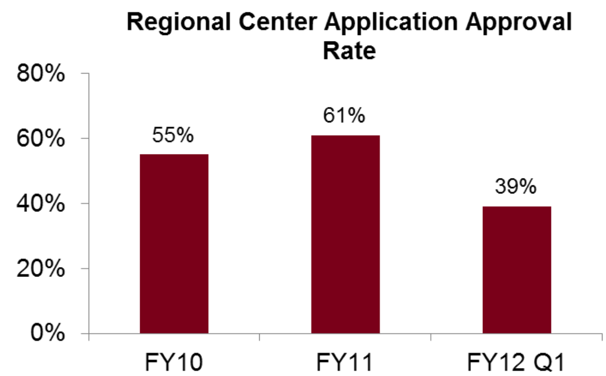
What are Regional Centers and how do they work?

Regional Center Background

A Regional Center, as defined by USCIS, is "any economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment." Regional Centers are set up to act as a liaison between foreign investors and EB-5-eligible projects in the United States. Regional Center staff will find projects, conduct due diligence to ensure the viability of those projects, and then market the projects to potential investors. These investors can deposit their funds directly into the Regional Center, which will then allocate the funds to the projects. This system's benefits are two-fold: first, the government has allowed for investments in Regional Centers to count *indirect* job creation toward the ten required jobs per investor. Indirect jobs are created collaterally or as a result of the investment capital. Second, Regional Centers can easily bring multiple investors together on a single project, allowing for EB-5 investment to fund much larger projects than might be possible if investors acted autonomously. Currently, 3,000 of the 10,000 visas reserved for EB-5 investors are set aside for Regional Center investors. However, 90% of those visas actually issued have come through Regional Centers, suggesting strong support from foreign investors for this model. There are currently over 200 Regional Centers in the U.S., although only about 10-20 of these are regarded as fully operational—many Centers are either single-project operations or do not actively seek and receive investments. While there was a rise in the number of Regional Center approvals through 2011, USCIS has become far more stringent in 2012, likely in an effort to control for poorly run or ineffective Regional Centers being created (see below[7]).

Figure 3: Regional Center Creation

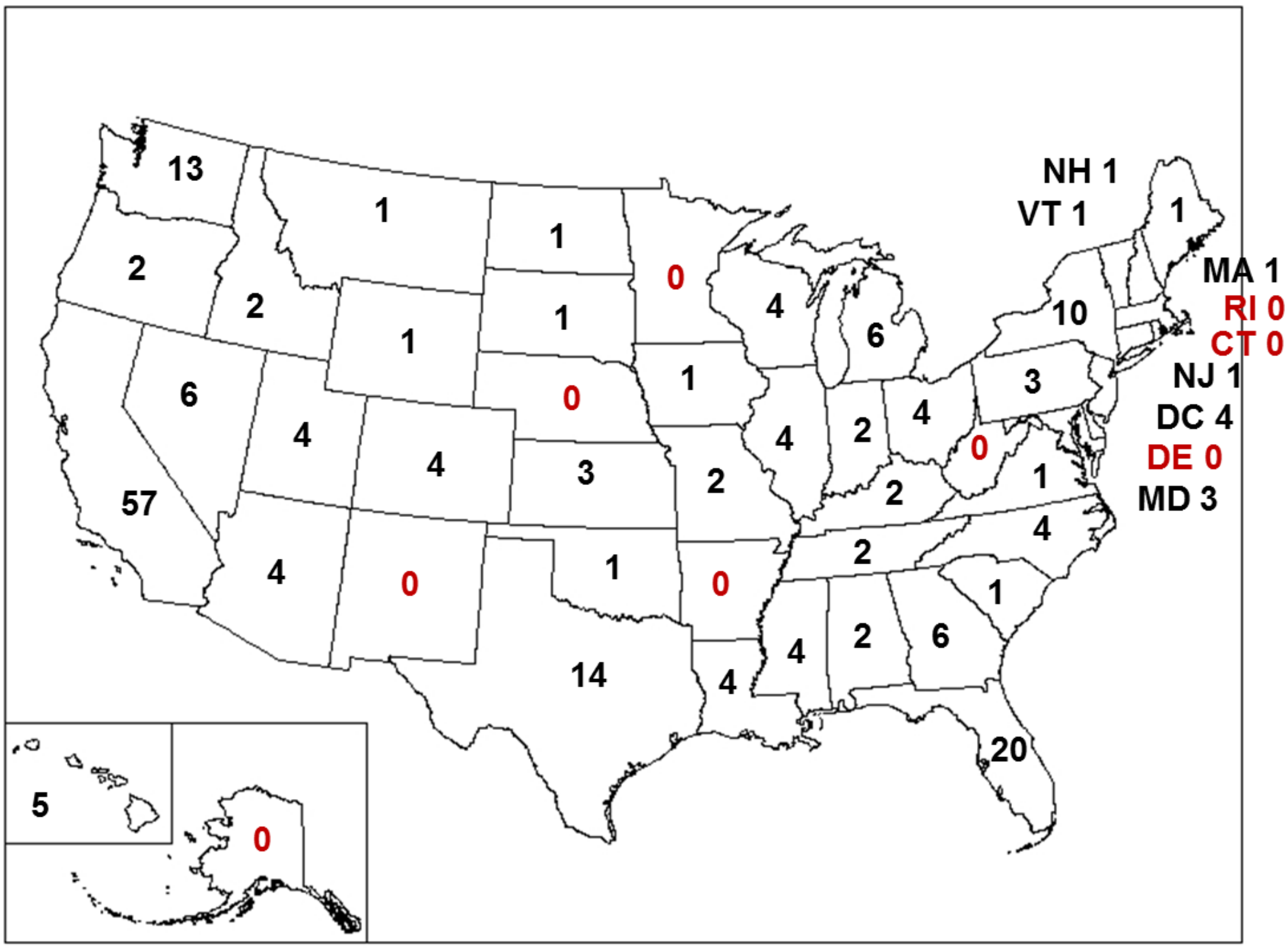




[7] USCIS Immigrant Investor Stakeholder Meeting 1/23/2012

As shown in **Figure 4**, Minnesota is one of 9 states without a Regional Center, although 20 counties in the Grand Forks area are serviced by the North Dakota/Northwest Minnesota EB-5 Center, which is run by the University of North Dakota Center for Innovation. Because this Center is operated by the University of North Dakota, it is not considered to be a Minnesota Regional Center.

Figure 4: Regional Center Distribution



Regional Center Application Process

Regional Centers can be established by any individual or organization, either as a new enterprise or as an existing enterprise approved by the USCIS. In order to be approved as a Regional Center, a proposal must demonstrate with statistically valid economic forecasting tools:

- How the Regional Center plans to focus on a geographical region within the United States and promote economic growth in that region.
- How, in verifiable detail (often using economic models), jobs will be created directly or indirectly through capital investments made in accordance with the Regional Center's business plan.
- The amount and source of capital committed to the Regional Center and the promotional efforts made and planned for the business project.
- How the Regional Center will positively impact the regional or national economy.

To apply for Regional Center designation, a Form I-924 Application can be submitted to the USCIS. There is a $6,230 registration fee, and the application processing time is approximately 8 months. The cost to actually set up the center, including professional service fees for economic research, job creation estimation, and legal fees, are estimated at $200,000 to $500,000. Each year after approval, the Regional Center must submit an I-924A to the USCIS. This document demonstrates continued eligibility for Regional Center designation. If the USCIS determines that a Regional Center no longer meets the requirements for designation, Regional Center status can be terminated.

Regional Center Application Timing

The USCIS reports as of January 31, 2012 it takes eight months to process the initial I-924 Application, though the target processing time is four months. This is indicative of the increase in Regional Center applications and the higher level of scrutiny applied to such applications over time. Following approval of the I-924, at least six months are required to hire experts to help with the completion of the application and to finalize the studies used to support the application. In total, a Regional Center start-up should expect no fewer than 14 months in preparatory work.

Regional Center Costs

The costs associated with the set-up and management of a Regional Center can vary greatly, as revenue streams can come from a variety of areas (management fees charged to investors, developers seeking capital, etc.), and costs are almost entirely service-based, therefore depending on the number and size of projects, the extent to which the Regional Center chooses to market, and so on. However, conversations with stakeholders suggest that set-up costs can be expected to fall between $100,000 and $250,000, including:

- Economist fees for construction of the econometric model: ~$25,000
- Legal fees (applications and lawyers): ~$35,000
- Immigration lawyers (EB-5 experts to assist in structuring): ~$30,000

Estimates provided for these costs extended from $75,000 to $250,000.

Beyond start-up costs, first-year sales and marketing fees may range from $5,000 to $250,000. Total first year cost estimates, not including operations or ongoing marketing efforts, range from $100,000 to $500,000. Annual operating expenses are estimated at between $100,000 and $500,000. In sum, the expected first year cost for a Regional Center, including set-up, marketing, and operations, are estimated at $200,000 to $1,000,000. Obviously, this is a dauntingly wide range; prospective Regional Center entrepreneurs must explore cost expectations based on their specific business models, Regional Center structure, size, and so on.

Budget Item	Low Estimate	High Estimate
Start-Up Costs	$ 100,000	$ 500,000
Economist and Model	20,000	50,000
Legal Fees	50,000	150,000
Marketing	5,000	250,000
Misc. Expenses	25,000	50,000
Operations	$ 100,000	$ 500,000
Total Cost Year One	**$ 200,000**	**$ 1,000,000**

Regional Center Revenue

A well-run Regional Center with a sustained project pipeline can be completely self-funded using fees charged to foreign investors. These fees typically range from $35,000 to $60,000 per foreign investor.[8]

Government Involvement and Support

Government involvement in EB-5 ranges from no involvement, to support of private regional centers through education and letters of support, to directly operating Regional Centers either solely or via public-private partnerships. When looking across the broad spectrum of over 200 Regional Centers, many of which are new and unproven, failed, or no longer active, direct government involvement in Regional Center operation is uncommon. However, of the around twenty highly active Regional Centers, eight have direct government involvement at either the local or state level:

- State of Hawaii
- State of Iowa
- State of Pennsylvania
- State of South Dakota
- State of Vermont
- County of Los Angeles
- City of New Orleans
- City of Philadelphia (via the Philadelphia Industrial Development Corporation)

In addition at least two other Regional Centers are run by not-for-profit organizations that have close ties to government agencies:

- Metropolitan Milwaukee Chamber of Commerce
- Center for Innovation at the University of North Dakota

Even when governments are not directly involved in Regional Center operation, many still choose to support EB-5 Regional Centers in other ways. Many states' offices of economic development have created websites that provide background on the program, offer information and defined processes for checking on TEA status, and provide letters of support. The State of Washington, which has an active private Regional Center industry, has designated one member of the economic development staff its EB-5 leader. This person is responsible for tracking EB-5 and creating and maintaining connections with private EB-5 Regional Centers to identify opportunities to work together and support projects that further the state's economic development goals.

Regional Center Required Expertise

The creation and management of a Regional Center will require expertise in the following areas:

- The EB-5 process
- Immigration law
- Equity fund structuring
- Transaction due diligence and structuring
- Real estate
- Marketing

[8] Law Offices of Rajiv S. Khanna Immigration Attorney

In addition to the external assistance of experts in these areas, individuals striving to start a Regional Center should have two primary features to ensure success:

- Access to foreign investors. Investing the capital required to establish and run a Regional Center without knowing where the foreign investment capital will come from is very risky. Investors have a large number of programs and Regional Centers to choose from, and Centers without proven projects may have difficulty competing for capital.
- Access to a project pipeline in the United States. If a Regional Center is established based on a single project, it may easily complete that project, then fail to find access to any other projects to sustain operations. Our interviewees recommended that individuals starting a Regional Center have at least three projects prepared for investment before launching their Center.

Investment Models and Exit Strategies

EB-5 investments can be described by one of two high-level models: the Equity Model or the Debt Model.

In the Equity Model, the investor acquires an ownership interest in the development project, entering as a limited partner. This is a well-established model with a track record of USCIS approvals and is currently the primary strategy for EB-5 investments. At the end of the specified term (generally five years), the EB-5 investor's interest in the project is sold to other interested parties. The proceeds of the sale are returned to the investor. Complications could arise in the sale of equity, so the return of investments is not guaranteed.

In the Debt Model, the investor still joins as a limited partner, but provides a low-interest term loan to the project developer rather than acquiring a stake in the project. Principal repayment is made either through sale of the project or refinancing of the EB-5 loan at the end of the term (generally five years). The EB-5 investor is almost guaranteed the return of the investment, regardless of the state of the project. This is a fairly new model, and it may undergo greater scrutiny by USCIS before approval; Debt Model projects can be deemed in conflict with the "at risk" clause of the EB-5 law. So, while investments are more secure, project approval is less so. Many of the stakeholders we interviewed suggested that the Debt Model has become very popular and may become the only model in the near future.

Targeted Employment Areas (TEA's)

Targeted Employment Areas (TEAs) are geographic areas the government has specifically targeted for EB-5 investment opportunities. When investing in a project located in a TEA, the required minimum investment is lowered from $1,000,000 to $500,000. As in the case of Regional Center investments, the creation of the TEA designation has resulted in almost all EB-5 investments being made in this fashion. Any investment made today is almost guaranteed to be made through a Regional Center in a project located in a TEA.[3]

Designating TEA's

Areas qualify for TEA designation if they are either rural or have unusually high unemployment. A rural area is defined as "any area not within either a metropolitan statistical area or the outer boundary of any city or town having a population of 20,000 or more."[9] An area qualifies under the unemployment

[9] EB-5center.com

guideline if it has an unemployment rate of at least 150% of the national average based on the latest published employment data. A Regional Center can obtain TEA designation by either directly submitting the statistical documentation to the USCIS or receiving a letter verifying TEA determination for the area from the authorized body of the state government (states are empowered to choose their own authority for TEA designation). Many states publish documentation with a list of statistical areas within the state that qualify as TEAs, and Regional Centers can then piece these areas together to create the full area that they wish to invest in, so long as the unemployment rate for the entirety qualifies. The maps on the following pages highlight areas that would likely qualify for TEA eligibility within the Twin Cities Metro Area and in the state as a whole.

Interpreting the TEA Maps

The maps on the following two pages are a first look at the potential for creating TEA's in the State of Minnesota. Further research and consultation with the USCIS will be required to develop official TEA designations.

The first TEA map on the following page reveals that TEA's cannot be created based on rural status in the Twin Cities metro region because all land is either in a city with population greater than 20,000 (shown in yellow) or is included in the Minneapolis/St. Paul Metropolitan Statistical Area[10] (shown in gray), as defined by the United States Office of Management and Budget. In order to establish a TEA in the Twin Cities metro region, an area must be defined such that the weighted average unemployment rate of the census tracts included in the TEA is greater than 150% of the national average. This will require including in the TEA one or more of the census tracts highlighted in green.

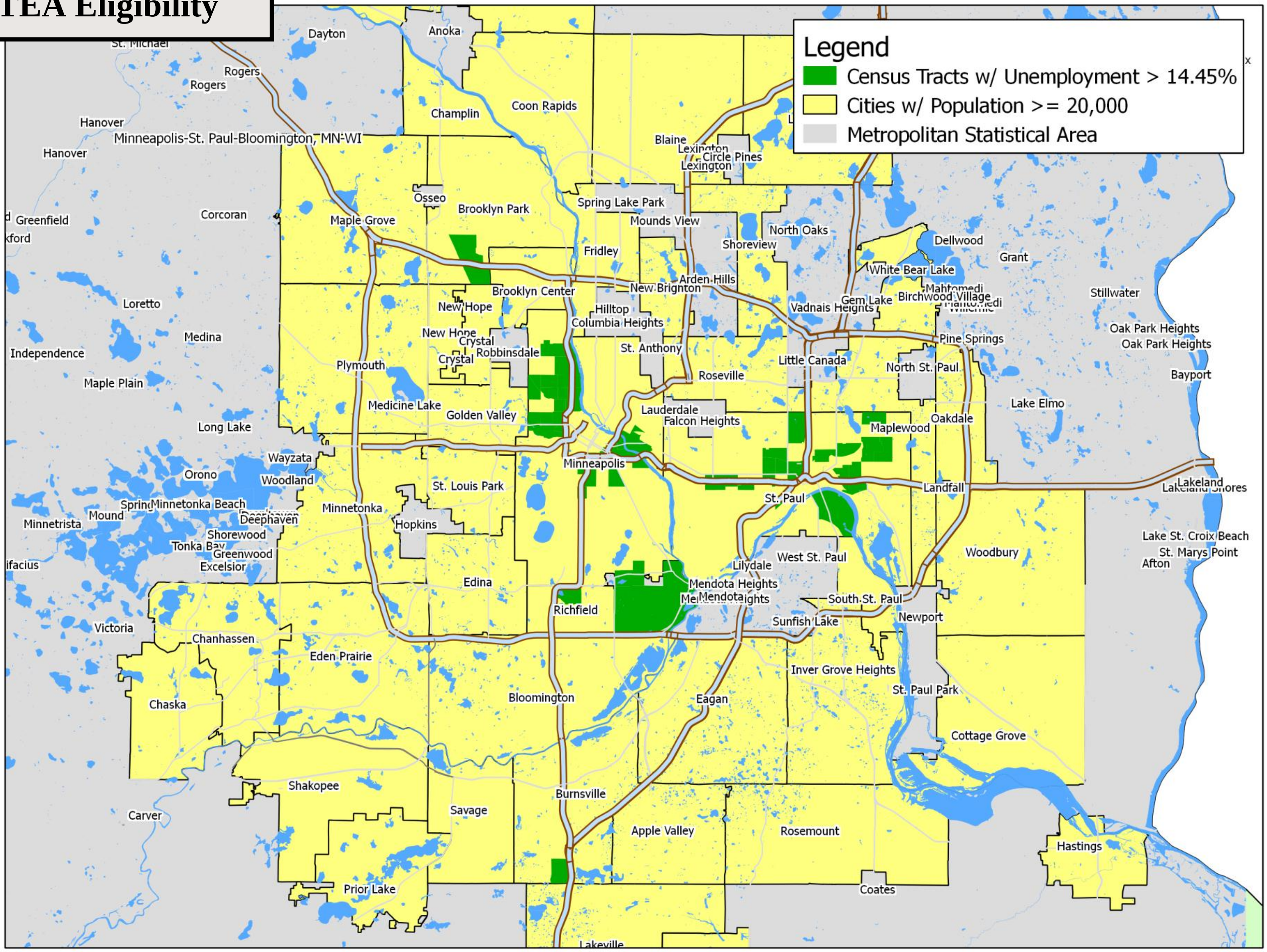
The census tracts comprising the University of Minnesota (Minneapolis), the Minneapolis-St. Paul International Airport, and the St. Paul Downtown Airport all report unemployment data exceeding 150% of the national average, though very few to no residents actually live within the boundaries of these special land uses. Further confirmation will need to be obtained from experienced Regional Center immigration attorneys to determine if these areas could actually qualify for TEA designation.

The second TEA map provides a state-wide view of TEA eligibility. The areas highlighted in light green are considered rural and could be used to qualify for TEA status without unemployment requirements. Also note that in addition to the MSA surrounding the Twin Cities there are numerous other large MSA surrounding cities such as Duluth, Rochester, etc. The following areas within MSA's or cities have census tracts, too small to see on this map, that have an unemployment rate that would qualify for TEA status:

- Grand Forks MSA – one census tract
- Duluth MSA – 3 census tracts
- City of Duluth – 3 census tracts
- City of St. Cloud – 1 census tract
- City of Rochester – 1 census tract

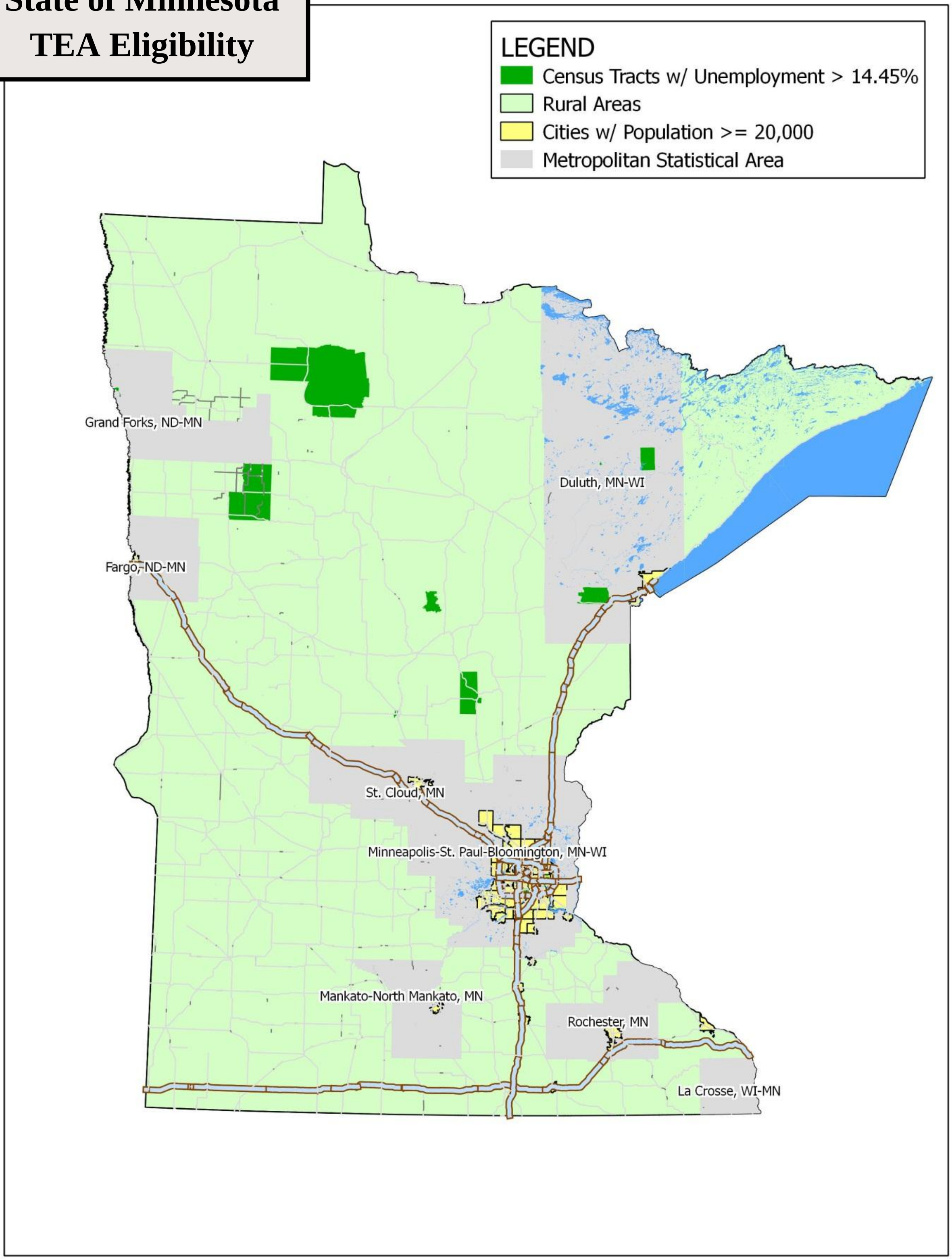
[10] An MSA is defined as an urban core and the surrounding counties that have strong social and economic ties to that urban core.

Twin Cities Metro TEA Eligibility



All data from US Census Bureau 2010 census

State of Minnesota TEA Eligibility



All data from US Census Bureau 2010 census

Impact of TEAs and Regional Centers

The creation of Regional Center and TEA designations have resulted in a major change in how investors perceive EB-5. Today, nearly all EB-5 investments are made through Regional Centers into projects located in TEAs, allowing for investment at the $500,000 level and the capture of indirect job creation (Figure 6). This has resulted in extensive competition among Regional Centers and a need for more efficient job creation (rather than $1MM, $500,000 must produce ten jobs, directly or indirectly). This is key for any Regional Center to keep in mind. Because of this reduced capital, most successful Regional Centers focus on projects with a major construction or real estate component. These projects are most likely to create a higher volume of jobs than those that are primarily white-collar.

According to the USCIS Congressional Report, indirect jobs are those shown to have been created collaterally or resulting from investment in a new business from an EB-5 Regional Center. This is in contrast to the direct jobs that USCIS identifies as "actual identifiable jobs for qualified employees located within the commercial enterprise". The number of indirect jobs relied upon by investors must be outlined in a business plan, and the projects ability to create these jobs must be demonstrated through thorough economic analysis using an employment creation multiplier effect, which must be evaluated and approved by USCIS[11].

Figure 6: Job Creation and Investment Requirements

		Location	
		Targeted Employment Area *	**Everywhere Else**
Methods of Investment	**Direct**	10 direct jobs created >$500,000 investment	10 direct jobs created >$1,000,000 investment
	Regional Center	**10 direct or indirect jobs created >$500,000 investment**	10 direct or indirect jobs created >$1,000,000 investment

Risks

Some of the more notable EB-5 project failures have made headlines, damaging the perception of the entire EB-5 program. Using three examples of more notable EB-5 failures, this section highlights some of the key missteps that can occur on EB-5 projects.

Poor Due Diligence

It is critical that the government conduct careful due diligence before supporting an EB-5 project either financially or through public declarations of support. The 2011 failure of the Mamtek sucralose factory project in Moberly, Missouri exemplifies this caution. Excited by the prospect of creating 600 jobs, both the municipal and state government rushed through a package of incentives and government funding in just 73 days. Governor Jay Nixon announced $17.6MM in state aid, while the City of Moberly, where the project was to be sited, issued $39MM in bonds. Since that time, the project has defaulted on payments to the City so it could pay bondholders, and the entire project has come to a complete standstill. In retrospect, all involved conceded that they were too hesitant to dig for details in the approval process for fear that Mamtek would take its business elsewhere.

[11] *EB-5 Immigrant Investor Pilot Program*. Washington, D.C.: , Web. <http://www.uscis.gov/USCIS/Resources/Resources for Congress/Congressional Reports/EB-5 Investor Pilot Program.pdf>.

Fraud

In any business endeavor, there is the potential for fraud. With the EB-5 program, this fraud can occur both domestically and internationally. Internationally, professional EB-5 agents may misrepresent American projects, and so it is crucial to vet and establish connections with reputable EB-5 agents overseas. The most notable example of domestic fraud is the El Monte Transit Village project in El Monte, California. Here, two of the senior executives from the private development company were arrested on felony fraud and embezzlement charges. The City Attorney commented: “Questionable investment, overselling the engagement of state and local government, not disclosing accurately the risk of investment – those kinds of problems are a concern not only to people making the investments, but to the U.S.… because we want people to have confidence in the U.S.”

Poor Understanding of EB-5 Requirements and Economic Projections

The Victorville Regional Center project intended to build a wastewater treatment facility using EB-5 funds. The Regional Center status was ultimately terminated by the USCIS because the requisite jobs were found to have been created by non-EB-5 funding from an earlier stage of the project.

Regional Center Models and Projects

The EB-5 program has existed for many years, so Minnesota has an opportunity to learn from the various models utilized and project outcomes seen in other states. This section will highlight a variety of Regional Center models and projects to convey the great flexibility the EB-5 program provides and to frame discussion of which models would best align with the State of Minnesota's economic development needs.

American Life – PRIVATE MODEL

Founded in 1996, American Life is one of the oldest Regional Centers. It is a private enterprise with no funding or operational support from public agencies, and it is exclusively focused on financing, developing, and managing real estate development. American Life manages ten EB-5 Regional Centers nationwide, including in its home city of Seattle.

Performance

- To date has delivered over 200 permanent and 800 conditional green cards.

Key Elements of the Business Model

- All projects funded without debt.
- Invests exclusively in real estate properties that may provide steady monthly income and significant long-term asset appreciation.
- Strong network includes EB-5 immigration attorneys, EB-5 agents around the world, real estate researchers, and economists.

Government Involvement

- None

Project Examples

- Marriott Courtyard Hotel with 222 guestrooms in historic Pioneer Square in downtown Seattle
- The $55MM Stadium Innovation Center with 173,000 square feet of mixed use retail, commercial, and light industrial

Takeaways for Minnesota

The private ownership model is the most popular model for Regional Centers, and American Life is considered one of the most successful Regional Centers in the country. Its focus on real estate projects and careful due diligence has enabled it to build an excellent track record of I-526 and I-829 approval. American Life does, however, highlight some of the potential downsides to the private model. It is completely focused on real estate development and management and does not generate the diversity of projects that have been delivered by Regional Centers with a public-private partnership model.

State of Vermont – PUBLIC MODEL

The State of Vermont Regional Center was established in 1997. It is unique in that it is the only Regional Center funded and operated entirely by a state agency (the Vermont Agency of Commerce). The entire state (except metro areas) is designated a TEA.

Performance

- 100% petition approval rate
- Has only delivered one project (Jay Peak Resort), with 2-3 others in the foreign investor recruiting phase

Key Elements of the Business Model

- State reviews and approves all projects
- State officials visit EB-5 projects on an almost monthly basis to monitor the progress of development and provide any state or federal aid needed to further implement the program
- Contracted visa processing work out to Rapid USA Visa

Government Involvement

- Only Regional Center owned, controlled, and supervised directly by state government.
- Strong support from Senator Leahy
- Governor advocates for Regional Center on foreign trips

Project Examples

- Jay Peak Resort improvements have attracted $250MM in foreign investments from over 500 investors who have immigrated from 56 different countries[12]

Takeaways For Minnesota

The State of Vermont Regional Center is the only Regional Center completely owned and operated by a government agency. Though this provides strong state support and coordination with state foreign trade marketing efforts, the potential downsides are a reliance on government employees who may not have the required expertise, extensive experience, and dedicated bandwidth to manage the Regional Center. There is also the risk of politically motivated decision making and accusations of the government choosing favorites.

[12] Jay Peak's Stenger Testifies Before US Senate on EB-5 Reauthorization, Vermontbiz.com, 2011

South Dakota Regional Center Inc. – STATE LEVEL PUBLIC-PRIVATE MODEL

South Dakota Regional Center Inc. is a private company that operates a Regional Center on behalf of the State of South Dakota. It was established in 1998 and has an impressive track record of delivering a variety of projects, particularly those that bring investments and jobs to rural areas.

Performance

- Has delivered over 750 conditional green cards without any denials
- Has completed over 20 projects ranging in size from $2.5MM to $100MM

Key Elements of the Business Model

- Staff includes former member of USCIS EB-5 team.
- Partners with Hanul Professional Law Corporation, one of the best law firms in South Korea for marketing, investor recruiting, and legal aide.

Government Involvement

- The State has a contract with the South Dakota Regional Center Inc. for the purposes of having SDRC administer and market the South Dakota EB-5 program and Regional Center.

Project Examples

- Expansion of the Dakota Provisions turkey processing plant in 2006 attracted 100 foreign investors, $50MM in foreign capital, and created over 1000 jobs.
- Construction of a new Basin Electric natural gas power plant in 2007 attracted 200 EB-5 investors, $100MM in foreign capital, and created over 2000 jobs.

Takeaways for Minnesota

This Regional Center demonstrates successful job creation in a variety of industries targeted at rural areas and the strong capability for a public-private partnership at the state level to generate a sustained pipeline of projects that benefit the entire state.

City of Dallas Regional Center – CITY LEVEL PUBLIC-PRIVATE MODEL

Established in 2009, the City of Dallas Regional Center is a public-private partnership between the City of Dallas and Civitas Capital Management (a private partner chosen through an RFP process). This Regional Center demonstrates that a public-private model can quickly generate a sustained pipeline of successful projects in a variety of industries.

Performance

- Has successfully completed 6 projects with total investments of $110MM
- The completed projects are diverse, ranging from a call center to a restaurant, senior assisted living, hotel, and multi-family housing
- Another $150M of projects are in the pipeline

Key Elements of the Business Model

- Civitas, which has expertise in capital investment analysis, performs all due diligence and locates foreign investors
- Project investment decisions are made by Civitas, insulating decision from political influence and shielding the city from accusations of favoritism.
- City leverages economic development leadership to locate U.S. businesses in need of capital
- City leverages its credibility to attract foreign investors by making numerous trade missions abroad each year

Government Involvement

- City of Dallas provides transaction pipeline, helps market the program through trade missions to other countries, and provides incentives for some projects.

Project Examples

- Construction of the Encore Enterprises call center has attracted 30 EB-5 investors, $15MM in foreign capital, and will create a minimum of 300 new jobs.
- Construction of the NYLO Dallas South Side Hotel near the Dallas Convention Center attracted 11 EB-5 investors, $5.5M in foreign capital and will create a minimum of 110 new jobs.

Takeaways for Minnesota

The City of Dallas Regional Center provides an excellent example of the benefit a public-private ownership model can provide. Dallas chose to pursue this model because they felt leaving Regional Center operation to private industry would not effectively capitalize on the public economic development benefits provided by the EB-5 program. Dallas also felt it important to use the public-private model to ensure due diligence was completed to minimize risk for the foreign investor and thus attract more investors. The City of Dallas also believes this model protects the City from favoritism toward any particular project.

Philadelphia Industrial Development Corporation (PIDC) Regional Center – NOT-FOR-PROFIT-PRIVATE MODEL

The Philadelphia Industrial Development Corporation (PIDC) is the Philadelphia's city-wide economic development corporation. It is a not-for-profit joint venture between the city and the Greater Philadelphia Chamber of Commerce. The PIDC Regional Center partners with the private EB-5 expert CanAm Enterprises. This Regional Center has the most impressive track record for any public-private model and has also produced projects in the most diversified set of industries.

Performance

- 23 completed projects with total investments of $390MM and 5,830 new jobs
- Projects completed include a transit payment system, hotels, a corporate campus, pharmaceutical manufacturing, telecommunications, a convention center, and more.

Key Elements of the Business Model

- PIDC locates, reviews, and recommends projects to CanAm. CanAm writes up a prospectus, finds investors, and forms LLCs with foreign investors and U.S. businesses
- All foreign money is provided to U.S. business owners in the form of five-year, interest-only loans with the principal due at the end of the term

Government Involvement

- The City of Philadelphia provides funding to the PIDC, a joint venture between the Philadelphia Chamber of Commerce, CanAm Enterprises, and the city.

Project Examples

- A new administrative headquarters for Temple University Health System was constructed using $13MM in foreign capital from 26 EB-5 investors, creating over 260 jobs.
- A new 58-story corporate headquarters for Comcast was constructed in downtown Philadelphia using $26MM in foreign capital from 52 EB-5 investors creating over 520 jobs.
- The Pennsylvania Convention Center was expanded using $122MM in foreign capital from 244 EB-5 investors creating over 2440 jobs.

Takeaways for Minnesota

The PIDC Regional Center is another successful variation on public-private partnership. This model differs from Dallas' model in two key ways. First, the partnership (the PIDC) is a joint venture, public-private partnership between the City, the Chamber of Commerce, and a private partner. Second, this Regional Center chose to work with a company (CanAm) that operates many Regional Centers. CanAm has extensive experience and has established significant connections and credibility in foreign markets. The downside is that CanAm's resources and attention are divided among multiple Regional Centers.

North Dakota / Northwest Minnesota EB-5 Regional Center – NOT-FOR-PROFIT MODEL

The North Dakota / Northwest Minnesota EB-5 Regional Center is owned and managed by the Center for Innovation Foundation which is a 501 (c) (3) not for profit organization that supports the Center for Innovation at the University of North Dakota. This Regional Center is the only one using a pure not-for-profit model. A newer venture founded in 2011, its approved industries include agribusiness, machinery manufacturing, aviation and aerospace, information technology and communications, biotech, construction, real estate development, and utilities. It operates in North Dakota and 20 counties in northwestern Minnesota.

Performance

- The center is less than a year old and is currently evaluating projects

Key Elements of the Business Model

- Leverages the connections, expertise, and experience of the Center for Innovation at the University of North Dakota, which has a long-track record of bringing investment and job creation into the state

Government Involvement

- The State of North Dakota provided start-up funding.

Takeaways for Minnesota

A not-for-profit model could be beneficial in attracting investments to regions and industries that are generally not attractive to the private sector. However, it is too early to evaluate the advantages and disadvantages of the model as it is still new and has no track record.

Evaluation of Regional Center Models

Framework For Evaluation

One of the key differentiating factors in the formation, operation, and outcomes of a Regional Center is the ownership model. There are four primary ownership models: private, not-for-profit, public-private partnership, and public. In this section we define a framework for evaluating these models as the first step toward recommending a model that would best align with the economic development goals of the State of Minnesota. The table below summarizes the framework and our assessment and is followed by a detailed description of each Regional Center attribute and the relevant assessment. For ease of interpretation, the boxes below are colored. Red indicates poorer alignment with the State of Minnesota's economic development goals, green indicates stronger alignment, and yellow is in-between.

Regional Center Attributes	Private	Not For Profit	Public-Private Partnership	Public
Example	AmLife (Seattle)	North Dakota	Dallas	Vermont
State Control	None	None	Some	Most
Credibility Enhancement	None to Some	Some	Most	Most
Sustained Project Pipeline	Sometimes	Potential, but unproven	Strongest	Potential, but unproven
Project Diversity	Less	More	Most	More
Dedicated EB-5 Resources and Expertise	Mixed	Less	More	Less
State Resources Required	None to limited	None to limited	Significant	Most Significant
State Reputation Risk	Limited	Some	Significant	Most
Perceived Potential for Negative Political Influence	Very Little	Little	Some	Most
Perceived Competition with Private Sector	None	None	Some	Most
Conflict of Interest	Some	Some	Least	Some

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State Resource Requirements

As government involvement in the operation of a Regional Center increases, so does the investment of staff time and resources. If the government does not have extensive resources to devote to Regional Centers operation then supporting private Regional Center development may be the best alternative.

State Involvement

The amount of control the state or city government can exert over Regional Center operations varies across the four models. States have the least control when Regional Centers are funded and operated privately or as not-for-profits. In a public-private model, the state can choose an appropriate level of involvement. In both the Dallas and Philadelphia public-private partnerships, the government has elected to be involved with marketing, project leads, and referrals, while the private partner is expected to perform all due diligence, foreign investor recruitment, and final approval of the project. Finally, in a public model, all operations and decision making are controlled directly by the state.

Credibility Enhancement

Investing $500,000 to $1MM in a project, sight-unseen, in a foreign country is an inherently risky proposition. Attaching a state or city's name to a Regional Center lends significant credibility. Under the private model, Regional Centers will often seek letters of support from prominent politicians or government agencies to help build credibility. Though sometimes provided, many agencies or politicians are hesitant to write such letters for fear of seeming biased or putting their name behind a project they have not vetted. With a public-private or public Regional Center, the government's closer affiliation provides enhanced legitimacy.

Sustained Project Pipeline

Private Regional Centers are often formed to fund one project or development in one location or industry. This means they are often short-lived or have narrowly defined economic development goals. (The American Life Regional Center in Seattle is a notable exception, having been in existence for over 26 years and having delivered over 200 permanent green cards.) Public-private, not-for-profit, and public Regional Centers are typically established to provide a sustained pipeline of capital for business in a variety of industries. The Philadelphia Industrial Development Corporation (PIDC) Regional Center, for instance, has successfully funded 23 projects that have created at least 10,000 jobs in Philadelphia in a variety of industries. This sort of public-private model seems to have a better track record than the pure public and not-for-profit models, though it is unclear if that is simply due to their generally longer existence.

Dedicated EB-5 Resources and Expertise

Well-run private and public-private Regional Centers typically have experienced resources, with the appropriate expertise, dedicated to successful operation of the Regional Center. There is some concern that public or not-for-profit regional centers may have staff who are splitting their time between EB-5 and other demands or simply do not have the experience and expertise required for success.

State Reputation Risk

The reputation and credibility of a Regional Center is a very important factor in attracting foreign investors. Failed Regional Centers that are tightly affiliated with local or state governments run the risk of tarnishing the reputation of the government and the entire state. In models where government involvement in Regional Center operations is high, the Government must take extra caution when conducting due diligence.

Perceived Potential for Negative Political Influence

The potential for political influence increases relative to the degree to which the government is directly involved in the operation of a Regional Center. This influence could come in the form of favoring certain projects, certain geographic areas, or certain Regional Centers. As with any investment opportunity, it is best to showcase to the investor that investment decisions are made on the basis of sound financial analysis and with a focus on fulfilling the job creation requirements for the green card.

Perceived Competition with the Private Sector

If a state participates in the operation of a particular Regional Center, other privately run or planned Regional Centers in the area may see it as a competitor. Since state partnership lends credibility, private Regional Centers may believe the state holds an unfair advantage, and this may discourage additional private Regional Centers.

Conflict of Interest

As stated earlier, most Regional Centers are private companies which are often set-up by business people seeking capital to finance projects of their own interest. This means that the people running the Center may have an incentive to falsely represent the viability of the project to investors, exaggerating its ability to generate jobs. Public-private and state-run Regional Centers may alleviate these concerns by separating the financial gains of the investment projects from the Center itself. In other words, these Regional Centers operate solely to fund projects, and pursue projects that will create jobs, without concern for the potential for financial pay-off.

Summary of Regional Center Model Evaluation

Private

This model has been very successful in a variety of locations around the United States. It can attract significant foreign investment, but is often confined to fewer industries and geographies within any single Regional Center. Further, many private Regional Centers are established for single projects rather than sustained investment. Since private Regional Centers typically have a stake in the projects, they may not always put foreign investors' best interests first. This model may be attractive if the state has minimal resources to commit to EB-5 or in regions in which there is significant private interest in the EB-5 program.

Not-For-Profit

The North Dakota Regional Center is the only Regional Center using this model, so it is difficult to assess its viability, but the model is promising in that it puts some separation between political decision making and Regional Center decision making and aims to invest in a variety of industries and geographies. In North Dakota, it is particularly logical that the state has housed its Regional Center in the University Of North Dakota's Center for Innovation, which has a strong track record helping support venture and job creation. The Center has not yet funded a project, however, so there is no track record to evaluate the actual success of this model.

Public-Private Partnership

This model has been used successfully by states (South Dakota), cities (Dallas), and not-for-profit agencies (Philadelphia Industrial Development Corporation). These partnerships generate a sustained pipeline of investments in a variety of industries and geographies. Foreign investors value the legitimacy provided by government partnership, while the private involvement minimizes public risk and political entanglements and provides experience and expertise. A possible downside is that the government's reputation is at stake given its close affiliation with these investment projects.

Public

This model has only been used in Vermont. It provides the greatest level of government involvement, but requires the greatest commitment of government resources. Downsides include the possibility of politically driven decisions (or the perception of such influence) and the greatest risk to state's reputation in the case of failure. Also, the government agencies may not have the expertise or experience needed for success.

Part III: Recommendations

Strategic Recommendations

Based on our research and interviews with subject matter experts, the Carlson Consulting Enterprise recommends the following for the State of Minnesota:

#1: Support EB-5 Regional Centers in Minnesota.

When managed properly, Regional Centers can efficiently attract significant foreign investment and create jobs. Some of the most successful Regional Centers have generated $60MM in foreign investment and 1,200 jobs annually. We have not identified any specific factors that would limit the success of Regional Centers in Minnesota. Regional Centers have flourished in coastal and central states, urban and rural areas, and in industries that are important to the State of Minnesota.

#2: Target both rural and urban areas.

EB-5 Regional Centers have been successful in both rural and urban areas. The majority of the rural areas in Minnesota would qualify for TEA status, which is essential to attracting EB-5 investors. Within the Twin Cities, numerous census tracts in Minneapolis (including all of North Minneapolis) and St. Paul also qualify for TEA status due to their high unemployment rates. Minnesota stakeholders have communicated a strong interest in this program for both urban and rural development, so neither area should be excluded.

#3: Target a realistic range of industries that reflects the strengths and goals of our economy.

Economic development organizations in the state have indicated that there are industry sectors in Minnesota that are already strong and positioned for job growth in the future. Using these sectors as a starting point, a Minnesota-based Regional Center should conduct careful economic modeling and assessment of economic development goals in order to choose targeted industries.

#4: Pursue a business model that supports a sustained project pipeline.

Minnesota stakeholders are interested in the establishment of a Regional Center that serves as an on-going engine of economic development and job creation. This would require the creation of a Regional Center designed as a sustainable entity rather than a short-term vehicle to foreign capital for one project. This will require both start-up and operating funds that can support staff to manage operations.

#5: Develop a State of Minnesota Regional Center independent of other states.

Both South Dakota and North Dakota run state-wide Regional Centers either as public-private or not-for-profit entities. The recently created North Dakota/Northwest Minnesota Regional Center, based out of Grand Forks, ND, has elected to include 20 counties located in northwestern Minnesota. It has been suggested that one method of expanding access to a Regional Center in Minnesota would be expanding the geographic footprint of the North Dakota/Northwest Minnesota Regional Center. This path is not recommended for a number of reasons:

- Minnesota has significantly different economic development needs than North Dakota. Minnesota has a large urban area and different target industries.
- North Dakota has elected to operate their Regional Center through the not-for-profit Center for Innovation Foundation at the University of North Dakota. Though this center has demonstrated success in attracting investments that create jobs, it does not have proven connections to sources of foreign investment in China and other target countries.
- A Regional Center that spans two states and is partially funded or operated by public organizations in both could present significant governance problems. The allocation of costs, benefits, and political support could be difficult.
- A Regional Center whose mission is to promote economic development in Minnesota should be physically located in the heart of Minnesota.

#6: Pursue a public-private partnership to fund and operate a state-wide Regional Center.

A public-private partnership is the only Regional Center ownership model that has produced sustained economic development in a variety of industries over time. Most private Regional Centers favor a specific industry or region in which they have the most expertise, while a public-private partnership enables the Regional Center to benefit from the significant credibility of the state's close involvement while leveraging the expertise in underwriting and foreign investor marketing provided by private partners. In addition, it gives the state greater ability to leverage its business connections to route projects into the pipeline and provide incentives for projects that align with programmatic objectives.

AND/OR

#7: Support private Regional Center development.

Though a Minnesota-based Regional Center has not yet been developed, this project revealed that numerous private entrepreneurs are interested in setting up Regional Centers in Minnesota. The state should support these Regional Centers in the form of education and letters of support where appropriate. While a certain amount of competition with the private sector is implicit in the creation of a state-run Regional Center, it must be recognized that a poorly-run Center that fails would be far more detrimental to the state's goals than any negative consequences of multiple Centers vying for the same investors. Any Regional Center that can successfully support projects in Minnesota will drive investment and job growth, and therefore should be looked upon favorably.

Tactical Recommendations

DEED can take certain specific steps to work toward the development of a successful EB-5 investment environment in the State of Minnesota. Realistically, it will take at least 18-24 months before the state could have a private-public partnership Regional Center up and running, if this model is chosen. The following steps can be taken to begin this process.

#1: Designate an authority responsible for certifying the unemployment rate in TEAs

The first step is to finalize TEA designation. Rural areas are predetermined by geography, but unemployment-based TEAs must be confirmed at the state government level (we recommend the Department of Labor or whichever other Department most closely watches labor statistics make this determination). Whichever entity is chosen, notification must be sent to the Associate Commissioner for Examinations of the USCIS.

#2: Create a Minnesota EB-5 page on the DEED website and publish a document detailing TEA designations

Many states have created well-designed, informative EB-5 pages on their economic development websites to provide basic information on the EB-5 program including processes for TEA designation and letters of support. A single published document can identify all predetermined TEA eligible census tracts in the state in order to ease the application process for Regional Centers. This document should note that all rural areas (as defined by USCIS) and all high-unemployment areas (150% of the national average) qualify. We recommend providing a listing of qualifying rural counties and census tracts with the appropriate unemployment rate. See the document published by the State of Idaho for reference.

#3: Designate an EB-5 knowledge leader within DEED

A DEED employee should be designated as the EB-5 knowledge leader, becoming fully versed in EB-5, maintaining connections within the EB-5 community to stay abreast of current practices, and making connections with private parties interested in setting up Regional Centers in Minnesota.

#4: Develop a wish list of industries and geographies

Working with appropriate steering committee members, DEED should establish a preliminary list of industries and geographies the state is most interested in supporting via the Regional Center. This list can be vetted by economists during the Regional Center application process to ensure that the selected industries and geographies can realistically drive the required job creation.

If the state chooses to move forward with a State of Minnesota public-private partnership then:

#5: Identify and hire an EB-5 consultant to prepare an RFP for the Regional Center's private partner

There are numerous EB-5 experts who help private parties set up Regional Centers. The state should use the network of EB-5 experts it has established through this consultation to select an advisor to help prepare an RFP to select the Regional Center's private partner. Engage appropriate members of the steering committee in this process to ensure the RFP fulfills the requirements of all stakeholders.

#6: Begin to develop and evaluate a list of potential projects

As noted earlier, a well-established pipeline of projects is essential to the success of a Regional Center. The more projects that are suitable to investor needs, the state's economic development goals, and the financial goals of the private partner that can be identified *before* the Regional Center begins operation the better. The EB-5 knowledge leader within DEED should work to develop the project list.