

Iowa Regional Center  
Iowa Economic Development Authority  
**Effective Use of EB-5 Financing**



The Iowa Economic Development Authority (IEDA) has partnered with CMB Regional Centers to manage the recently amended Iowa Regional Center as part of the EB-5 program. A regional center is able to offer qualified foreigners the opportunity to invest in a project within their geographic area. By showing that this investment creates 10 American jobs, the foreigner is able to receive permanent residency within the United States. This cooperation with CMB will allow the Iowa Regional Center to participate in the financing of large-scale infrastructure and construction projects throughout the state.



*Although there is a large amount of direct employment, the Iowa Regional Center doesn't use direct jobs due to the increased risk to investors.*



*Construction of major infrastructure projects leads to the creation of indirect jobs in the industries supporting the project.*

Construction spending is directly related to job creation in the CMB / Iowa Regional Center EB-5 investment model. All construction spending helps in determining what role we can play in the financing needs of our borrowers. We encourage prospective borrowers (both public and private) to discuss with CMB and IEDA their most current construction projects as well as future projects where additional financing or bridge financing may be needed or a consideration.

Once we understand your project's financing needs and the timing for the project, we research the unemployment rate data for the project region in order to determine the project's suitability for EB-5 investment. If the region were to qualify as a Targeted Employment Area (TEA) this could become a primary candidate for an Iowa Regional Center investment project. A project that has progressed beyond planning, permitting, entitlement and environmental hurdles and it is now in the early stages of construction also becomes a primary candidate.

The investment model used relies upon indirect and induced job creation that results from construction spending. Indirect and induced jobs are created at the moment monies are spent. Indirect and induced jobs also meet all of the requirements that are placed upon EB-5 investors without the burdens that go along with direct jobs that are claimed such as W-2's, I-9's and proof of citizenship. The timing of construction and the construction spending will determine how soon and in what amounts EB-5 investor capital can play a role.

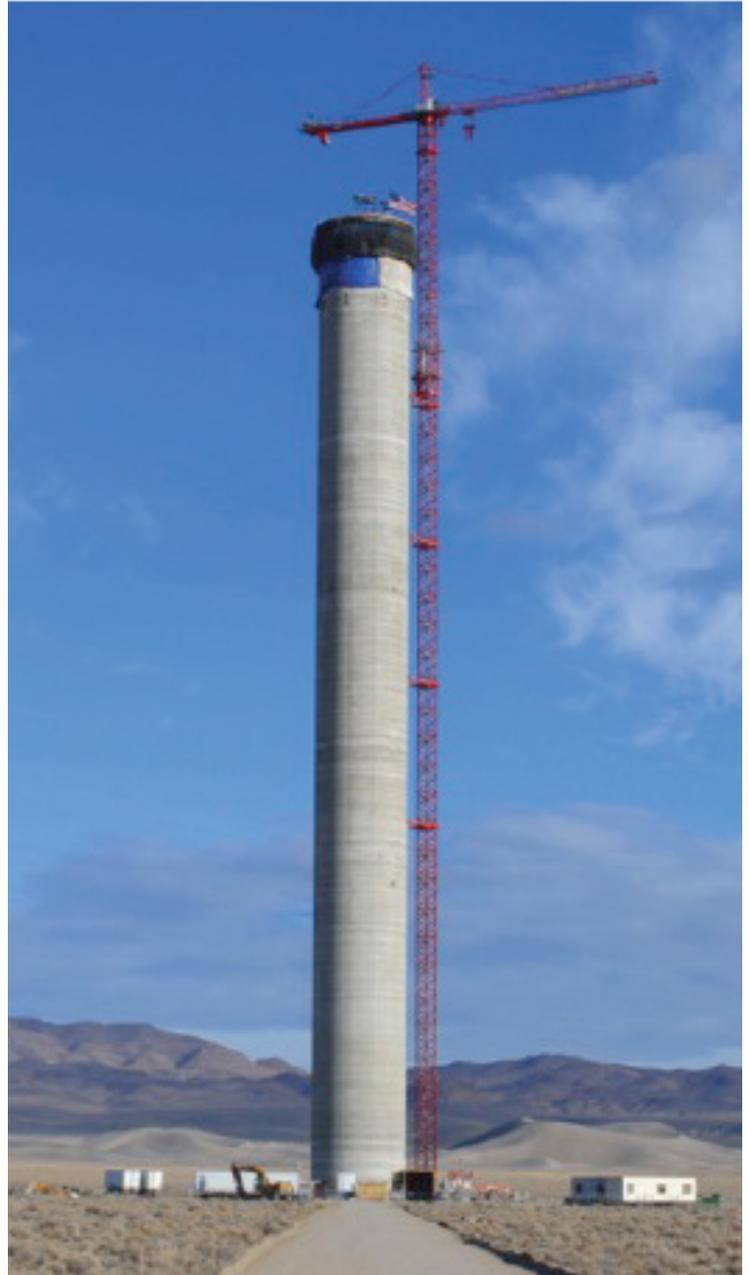
A recent CMB project can serve as a template as most large infrastructure projects contain the fundamental components of each prior CMB infrastructure investment project.

There is a ratio of CMB investment capital to outside capital that determines a limit to our lending capabilities which is linked to indirect job creation from spending. There are also limitations based upon the ability to service debt and to repay the loan at maturity.

CMB investor capital was lent to one equity participant in the Crescent Dunes Solar Energy Project, and CMB is in the process of lending to a second equity participant through an upcoming partnership. Each of these partnerships lends \$80 million to the respective borrowers for a total of \$160 million in EB-5 funds. This requires the creation of no less than 1,600 jobs by the project. The overall cost of this project is nearly \$1 billion, which creates 6,441 total jobs according to the economic models utilized.

Each of these two equity participants has a 36.6% share in the project, with the remaining 26.8% of equity being held by a third equity participant (not considering the use of EB-5). As such CMB investors will be availing themselves of the entire 6,441 jobs shown to be created by the project. These will be divided among the two partnerships based upon the equity participation of the borrowing entities. As the third equity participant is not considering the use of EB-5, each of the CMB partnerships will receive credit for 50% of the jobs created.

The same concept would hold true in other qualified large infrastructure projects. The potential exists that the Iowa Regional Center investment partnerships could serve as lenders to more than one equity partner in qualified projects if there are sufficient outside investment dollars (such as Department of Energy or other public/private funds). The critical component to any EB-5 financing through the Iowa Regional Center will be ensuring that matching funds will be included in this project.



*Concentrated solar power reflects light through thousands of mirrors and concentrates that light on a single point at the top of the tower.*