

## STATE OF MICHIGAN EB-5 REGIONAL CENTER AT THE MEDC

The State of Michigan EB-5 Regional Center serves as an intermediary between EB-5 projects and international investors. The regional center is administered by the Michigan Economic Development Corporation (MEDC), the State of Michigan's economic and community development authority. The center is one of two state-owned centers in the U.S., providing an established EB-5 resource and a centrally organized process for investors and project developers.

In addition to attracting businesses to the state, the MEDC also works to attract investors to Michigan projects. Investors provide capital to support the growth of Michigan businesses and accelerate the timelines for investment projects.

Projects that meet the requirements for international marketing can be considered for two levels of service:

1. EB-5 financing
2. Marketing to developers and other direct investors through the Michigan Prospectus

### EB-5 FINANCING

A segment of international investors are interested in immigration to the U.S. through the U.S. Citizenship and Immigration Services (USCIS) Employment-Based Visa, Fifth Preference (EB-5) program. Immigrants seeking a path to permanent residency can invest in a new commercial enterprise that will create at least 10 full-time jobs. They must invest \$500K in Targeted Employment Areas (TEAs) or \$1m in other areas.

EB-5 regional centers pool funds from qualified investors to support the financing of major projects. Project developers can benefit from the low cost capital provided by EB-5 investors. The program requires the development of complex investment and marketing documents and a lengthy timeframe for federal approval. Projects must be of sufficient scale to support the cost

of legal, financial and other experts, typically at least \$20 million. Time horizons of one to two years or longer are common. Projects on a short timeline, or that have near term prospects for securing more traditional financing are not good candidates for EB-5 financing.

The State of Michigan EB-5 Regional Center markets projects to global investors with a focus on those projects that are closely aligned with state and regional economic development priorities and that are most likely to be attractive to investors or project developers. There are several EB-5 regional centers in the state providing project developers with multiple options for their EB-5 projects. Projects that meet the eligibility requirements outlined in the Marketing Michigan Projects to Investors section may be eligible to work with the State of Michigan EB-5 Regional Center.

The EB-5 program can also provide financing for small businesses. The requirements for EB-5 individual investor projects differ from projects financed through an EB-5 Regional Center. This activity is managed by an individual and their immigration attorney.

The primary advantage of investing through a regional center versus as an individual investor is in how required jobs are counted. Individual investor projects can only consider direct (W-2) jobs created by the project, while regional center projects can also count indirect and induced jobs generated by project expenditures.

### THE MICHIGAN PROSPECTUS

The Michigan Prospectus is a catalog of major real estate, tourism and business investment opportunities, targeted to meet the needs of project developers and site selectors. Items promoted in the Prospectus are selected based on the audience marketed, so the projects and opportunities included vary depending on the audience.

The MEDC will market investment opportunities using the Michigan Prospectus, opening the door to a wider investor audience.

## MARKETING MICHIGAN PROJECTS TO INVESTORS

In general, projects marketed to investors by the State of Michigan EB-5 Regional Center and the MEDC will meet these minimum requirements:

### Financial

- \$20 million total project minimum
- Demonstrated ability to attract financing • Need for 60% or less of the capital raise

### Benefit to Michigan

- Create 25+ direct jobs OR
- Redevelop brownfield properties OR
- Address a shortage of services or housing options

Projects must demonstrate that sufficient planning and development has been undertaken and that the developer is prepared for the rigors and transparency required by potential investors.

## IS MEDC PROJECT MARKETING A GOOD FIT?

Projects will be publicized to multiple audiences. Marketing results will take time—12 to 24 months.

Many marketing activities are focused on international investors. Project developers should be prepared to pay for national and international travel required to market the project and meet with investors.

## CONTACT THE MEDC

To connect your project to MEDC's marketing efforts or to learn more about the State of Michigan EB-5 Regional Center, contact the MEDC Call Center at 888.522.0103.

## EB-5 INFORMATION FOR PROJECT DEVELOPERS

EB-5 may be an attractive source of low-cost capital. Projects must be of sufficient scale to support the

complexity and cost of USCIS and Securities and Exchange Commission (SEC) requirements, which will require payment for legal, financial and other experts to document the project and prepare it for marketing. Projects must be approved by USCIS prior to investment, so developers must be prepared for and able to work with an extended financing timeline.

EB-5 requires investment in new commercial enterprises that create at least 10 full-time jobs per EB-5 investor. Meeting the requirements leading to successful completion of the green card process is the foremost consideration of investors, so lower return rates may be tolerated. Investor funds are raised and pooled for individual USCIS approved projects. As each investor is approved by USCIS, the job creation and other requirements related to that individual investor begin. USCIS will verify that these commitments are met when the investor applies for an unconditional green card, approximately 2 1/2 years after the project commences. USCIS processing of the investor's application for permanent residency can take an additional 3 years for a final determination.

In addition to the legal requirements of the program, there are other considerations that make projects more likely to gain USCIS approval and be attractive to international investors. Meeting the minimum terms of the law is not sufficient in a competitive international market.

## BUSINESS PLANS

- Projects must demonstrate financially viable business plans, proforma financials, documented market studies and marketing plans, and support of the host community.
- USCIS has issued policy guidance that establishes the required format and content of business plans and other project documents. Developers need to work with qualified EB-5 experts to ensure that USCIS and SEC requirements are met.