

## PURPOSE

The Annual Report is a requirement stipulated in M.G.L. Chapter 23A, Section 56, enacted in 1993 to ensure regular communication and coordination between quasi-public corporations and public purpose agencies.

Data was collected to analyze the types of financing provided (working capital, debt, equity investment and real estate); business creation and enhancement; job creation and retention; and other financial or technical assistance program activity by geographic region.

### **EXECUTIVE SUMMARY**

This section summarizes key findings of the Annual Report, which documents activities of various quasi-public corporations for Fiscal Year 2010 (July 1, 2009 to June 30, 2010). The report seeks to identify economic impacts relative to projects and financing activities undertaken by these agencies. More specifically, the report intends to afford EOHED an opportunity to evaluate how quasi-public agencies address their statutory missions, deploy the Commonwealth's resources, and measure effectiveness, as well as identify redundancies in their services or constituencies. These findings are based on initial submissions received from several of the agencies comprising the most recently amended Section 16 of Chapter 123 of the Acts of 2006 Massachusetts Quasi-Public Corporation Planning Council (MQCPC). This report also includes information on recently created Quasi-Public Agencies, the Massachusetts Clean Energy Center and the Massachusetts Life Sciences Center.

The report is organized in two sections: the first detailing Quasi-Public Financing Agencies, and the second detailing public and State and Quasi-Public Economic Development Agencies.

<sup>\*</sup>The total numbers represent agencies that provide financing to private businesses, along with agencies to assist in job creation through technical assistance and referral services.

The nine Quasi-Public Financing Agencies identified in this report provide a combination of direct lending, bond financing, loan guarantees, and grant programs to the Commonwealth's public and private sector. Agencies have separate missions and specialized service areas working toward stimulating and spurring economic development in Massachusetts.

### **BDC Capital (BDC)\***

Mission: Provide loans and investment capital to growing companies in New England.

\$8,105,486 in financing Funding 166 projects Creating 109 jobs Retaining 944 jobs

### **Economic Stabilization Trust (EST)**

Mission: Financing to value added businesses/manufacturing. \$11,937,833 in loans Funding 33 projects Creating 96 jobs

### <u>Massachusetts Clean Energy Center</u> (CEC)

Mission: Accelerate Massachusetts' clean energy economy by building a sustainable community of clean energy partners. \$27,244,645 in loans and grants Funding 172 projects

# Massachusetts Community Development Finance Corporation (CDFC)

Mission: Focus on financing of small businesses located in low income/blighted areas.

\$7,368,000 in loan volume Funding 22 projects/businesses Retaining 783 new jobs

### \*BDC is a private financial services company that manages three state funded programs.

### <u>Massachusetts Development Finance</u> Agency

Mission: Lender and Developer to public and private sector. \$1,221,946,306 in loans and bonds Creating 4,230 jobs Retaining 28,399 jobs Funding 203 projects

### Massachusetts Health and Educational Facilities Authority (HEFA)

Mission: Tax-Exempt Debt to non-profits \$2,740,116,185 in total financing Retaining 343 jobs

### <u>Massachusetts Life Science Center</u> (MLSC)

Mission: Investing in life sciences research and economic development. \$187,957,314 in loans and grants Funding 19 projects Creating 586 jobs

### <u>Massachusetts Technology</u> <u>Collaborative (MTC)</u>

Mission: Economic Development for emerging technologies. \$52,747,385 in total financing Funding 506 projects Assisting 506 businesses

## Massachusetts Technology Development Corporation (MTDC)

Mission: Provides venture capital for technology companies. \$2,035,155 in Debt or Equity Investments Funding 51 projects
Creating 57 jobs

### **Economic Development Agencies**

Agencies identified in this report not only provide financing, but deliver programs and resources to spur economic development. The following agencies provide grant programs, technical assistance, tax incentives, and government assistance for the purposes of job creation and business development.

### **Commonwealth Corporation**

Mission: Adult and youth employment and training.
Awarding \$14,523,224

## Executive Office of Housing & Economic Development

Mission: Programs to support business growth and job creation/retention in the Commonwealth.

### <u>Massachusetts Office of Business</u> Development

Mission: Promoting job growth, retaining existing jobs, and stimulating private investment.

Assisting 136 businesses
Creating 5,675 jobs
Retaining 27,389 jobs
Resulting in \$2,286,785,304 in private investment

### <u>Massachusetts Office of</u> <u>International Trade & Investment</u>

Mission: Expand the Massachusetts economy by marketing the state's business internationally.
Resulting in \$43,500,000 for businesses 483 jobs

### <u>Massachusetts Office of Travel &</u> Tourism

Mission: Serves as a leader in the tourism industry, bringing together the public and private sectors to promote Massachusetts as a leisure destination.

Awarding \$2.25 million in grants

# Small Business Development Centers Network (SBDC)

Mission: Technical assistance for small businesses. \$347,991,834 in new loans, contracts, and increased international sales Creating 5,628 jobs Retaining 722 jobs

### **Workforce Training Grants**

Mission: Provide grants to private Massachusetts employers to upgrade the skills of their current or newly hired workers in order to increase their competitiveness.

Awarding \$ 3,667,400 in grants Financing 75 businesses. Training 5,089 employees and new hires

# QUASI-PUBLIC FINANCING AGENCIES

### BDC CAPITAL

The Massachusetts Business Development Corporation (BDC) is the oldest continuing business development corporation in the United States. BDC is a private company, in which many financial institutions in New England have pooled their money to share the risks of helping promising companies expand. Over the years, they have invested over \$4 billion in more than 5,000 companies in New England. BDC Capital provides financial assistance with loans, mezzanine and equity investments, guarantees and financial services to businesses of every type and description.

### "Preferred" Small Business Administration (SBA) Lender

Its affiliate, New England Certified Development Corporation (New England Certified), is one of only 16 "Premier" 504 lenders nationwide. Both designations enable it to expedite significantly the processing of SBA loans for customers.

### **Brownfields Insurance**

The Brownfields Redevelopment Access to Capital Program (BRAC) promotes the clean up and redevelopment of Brownfields sites throughout the Commonwealth of Massachusetts. Created in 1999, BRAC has resulted in more than \$4 billion of investment in the clean up of 347 environmentally contaminated sites.

### Capital Access Program (CAP)

BDC administers a program created and capitalized by the Commonwealth in 1993 that is designed to ease small business owners' access to capital by providing cash collateral guarantees to participating banks. Over the past 17 years, CAP has made 4,285 loans to community-based, small businesses across the Commonwealth.

### Massachusetts Recycling Loan Fund

The Recycling Loan Fund (RLF) was created to increase access to capital by providing direct loans to qualifying recycling businesses. The RLF, funded through the Massachusetts Executive Office of Environmental Affairs and the Department of Environmental Protection, is administered by BDC Capital.

### Mezzanine Capital

MB Capital, an affiliate of BDC Capital, makes mezzanine capital investments from \$750,000 to \$5 million in companies that require additional capital outside of conventional debt or equity financing channels. Investments are typically utilized where there are strong prospects for company growth, capital expansion, management transitions or acquisitions.

#### **Term Loans**

BDC Capital, a private company operating throughout Massachusetts, provides direct term loans to bridge the gap between financial needs and conventional bank financing. Loans ranging from \$500,000 to \$2.5 million may be either senior debt or secondary to a primary financing arrangement.

### ECONOMIC STABILIZATION TRUST

Created by the Massachusetts legislature in 1984, the Trust is a quasi-public loan fund that seeks to promote economic activity and a stable, prosperous job climate in the Commonwealth. The Trust has provided working capital to over 400 companies, impacted thousands of jobs, leveraged over \$574 million in private funding, and offered management assistance to many other Massachusetts companies since 1997.

The Trust lends working capital to small and medium-sized, value-added businesses in the Commonwealth of Massachusetts. By providing loans where traditional financing is not available or where credit is no longer extended, companies are able to implement restructuring plans to create a stable financial future for the company and its employees.

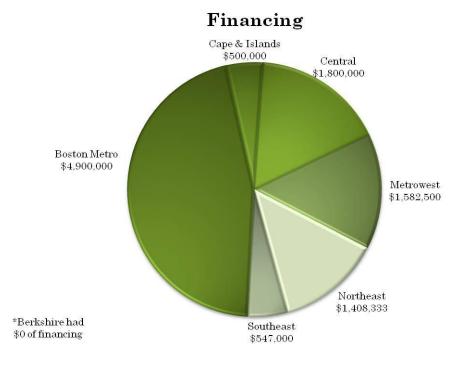
The Trust works with companies to evaluate business plans/opportunities and provide management assistance as well as capital. In the evaluation phase, an officer from the Trust will meet with management to learn about the company and the challenges it faces. In some instances, the Trust can participate with the company in hiring independent consultants to assist management in focusing on those challenges. The Trust is also a provider of capital, helping companies move onto firm financial footing, ensuring that Massachusetts jobs are not at risk.

The Trust offers term loans, lines of credit, and in some instances guarantees for working capital financing.

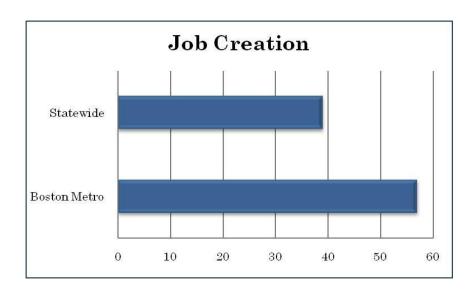
As mandated by the Economic Development Reorganization Act of 2010, the Economic Stabilization Trust and Community Development Finance Corporation have since been merged under the aegis of the Massachusetts Growth Capital Corporation (MGCC). The MGCC serves as a one stop resource for small businesses seeking capital and advice, offering working capital, loan guarantees, and financial guidance - including one-on-one mentoring services.

## **ECONOMIC STABILIZATION TRUST**

In FY10, EST provided \$60.3 million in financing to 50 businesses in the Commonwealth.



In FY10, EST's financing assisted in the creation of 96 new jobs in the manufacturing industry statewide.



# MASSACHUSETTS CLEAN ENERGY CENTER

The Massachusetts Clean Energy Center (MassCEC) was created by the Green Jobs Act of 2008 to accelerate job growth and economic development in the state's clean energy industry. MassCEC serves as a clearinghouse and support center for the clean energy sector, making direct investments in new and existing companies, providing assistance to enable companies to access capital and other vital resources for growth, and promoting training programs to build a strong clean energy workforce that capitalizes on the job opportunities created by a vital new industry.

### **Investments in Clean Technology**

MassCEC makes direct investments in game-changing clean energy technologies. These investments help high-potential clean energy companies establish themselves in Massachusetts, which in turn attracts and retains critical talent, as well as other clean energy companies that are essential to the growth of Massachusetts' clean energy cluster. Each company MassCEC invests in has the potential to create local jobs, foster clean energy careers, increase the state tax base, and provide graduates of the state's world class universities opportunities in the clean energy industry.

### **Clean Energy Sector Development**

MassCEC's Clean Energy Sector Development team is building a strong and sustainable clean energy industry by providing research, strategies, market information, directories, and support for events that foster collaboration and partnership in the Massachusetts clean energy ecosystem.

### **Workforce Development**

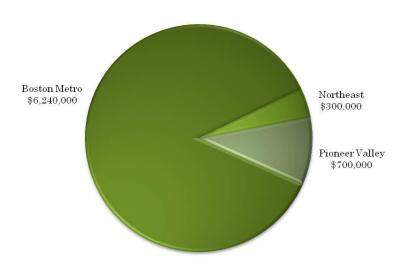
A critical element to developing and supporting the clean energy industry in Massachusetts is providing training programs designed to meet the industry's needs for skilled workers. The Workforce Development Program supports education and training opportunities that align with the Commonwealth's energy goals and bolster economic growth, including:

- Projects that facilitate collaboration with state and local workforce development programs;
- Programs that lead to pathways towards economic self-sufficiency for low- and moderate-income communities; and
- Programs that facilitate
  workforce development efforts
  that train and retain students
  and workers through institutes of
  higher education, vocationaltechnical high schools, and
  community based nonprofits.

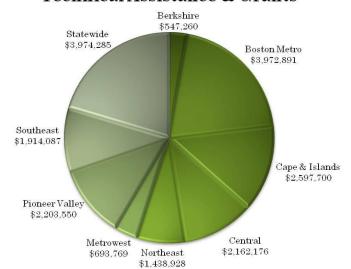
# MASSACHUSETTS CLEAN ENERGY CENTER

In FY10, the Clean Energy Center provided \$27,244,645 to 172 businesses.

### **Debt Investments**



### Technical Assistance & Grants



# MASSACHUSETTS COMMUNITY DEVELOPMENT FINANCE CORPORATION

Massachusetts Community Development Finance Corporation (CDFC) is a quasipublic corporation authorized by the Massachusetts Legislature in 1975, under the statute of Chapter 40F, as one of the nation's first state-level community economic development finance institutions.

CDFC concentrates on lending to small business throughout the Commonwealth to which private capital is not readily available with the purpose of creating or preserving jobs in low-income areas as defined by Chapter 40F.

In financing near bankable transactions, CDFC's products fill the gap between the financial need of small businesses and the ability funding of private capital market. As reflected by its loan programs, CDFC's involvement is temporary in nature and aimed to facilitate closing the financial gap.

CDFC provides three products providing loans from \$100,000 to \$500,000:

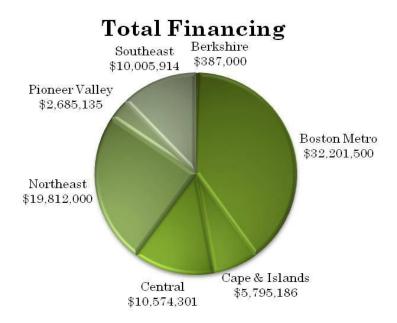
- Revolving Line of Credit Purpose: Accounts receivable and inventory
- Term Loans
   Purpose: Equipment purchase and working capital
- & ARRA Contract Surety Bond Guarantee Program Purpose: Collateral to help a contractor get bonded for the first time or to take the next step up in job size

**Contractor Bond Guarantee** 

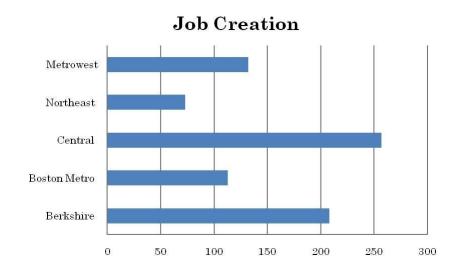
The function of the CDFC has since been absorbed by the Massachusetts Growth Capital Corporation.

# MASSACHUSETTS COMMUNITY DEVELOPMENT FINANCE CORPORATION

In FY10, CDFC provided over \$7.3 million in financing to 22 businesses in the Commonwealth. This resulted in total financing of \$81,461,036.



In FY10, CDFC's financing assisted in the retention of 783 jobs statewide.



# MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

MassDevelopment is the state's finance and development authority. It was created in 1998 when the State Legislature enacted M.G.L. Chapter 23G and merged the Government Land Bank with the Massachusetts Industrial Finance Agency.

The agency serves as both a lender and developer, working with private and public sector clients to stimulate economic growth by eliminating blight, preparing key sites for development, creating jobs, and increasing the state's housing supply.

### Lending

With more than \$1.2 billion in FY 2010 deals, MassDevelopment loan products include permanent mortgage financing, development loans, construction loans, term loans, and loan guarantees. Special programs include the Manufacturing Innovation Loan Program, Community Service 501(c)(3) Loan Fund, USDA Guarantee Program, Small Farm Loan Program, DOE Non-Governmental Lender Program, Recovery Zone Facility Bond Program, and the Emerging Technology Fund.

#### **Bond Financing**

The agency has issued federally taxexempt and taxable bonds for real estate and equipment acquisition projects undertaken by non-profit organizations, governmental entities, elder care and affordable housing developers, manufacturers, and environmental enterprises. MassDevelopment also issues under the federal Recovery Zone Facility Bond Program.

### Tax Credit Financing

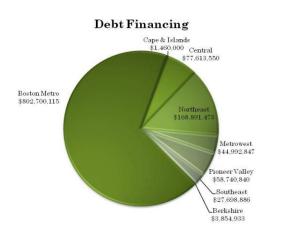
Since 2004, the U.S. Department of the Treasury awarded MassDevelopment \$155 million in New Markets Tax Credits. This program stimulates economic development in low-income communities by attracting private capital in return for federal income tax credits.

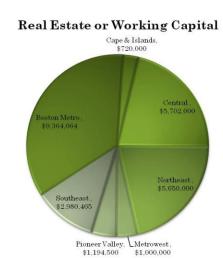
### **Brownfields Redevelopment Fund**

MassDevelopment administers the Brownfields Redevelopment Fund, a state-funded Brownfields reclamation program. Created by the Legislature in 1998 and recapitalized in FY 2006, the Brownfields Redevelopment Fund has issued nearly 500 awards for projects in 100 eligible communities.

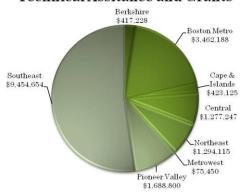
# MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

MassDevelopment provided nearly \$1 billion in bonds, loans, guarantees, and grants in FY10.

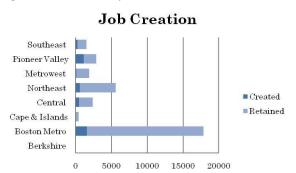




### **Technical Assitance and Grants**



As a result of these investments MassDevelopment is supporting the creation of 4,230 jobs and helping retain 28,399 jobs.



# MASSACHUSETTS HEALTH & EDUCATIONAL FACILITIES AUTHORITY

The Massachusetts Health and Educational Facilities Authority (HEFA) is the premiere source of tax-free bonds to community nonprofits, large and small, in the Commonwealth of Massachusetts. Last year, HEFA financed 58 projects for hospitals, colleges and other nonprofit institutions across the state, totaling more than \$3.8 billion in investment.

HEFA's mission is to provide the nonprofit institutions which serve the citizens of the Commonwealth with the financing they need to deliver healthcare, educate college students and serve individuals in need. HEFA is completely self-funded and receives no taxpayer assistance.

In addition, PowerOptions®, the energy buying consortium created by HEFA, brings bottom-line savings to nonprofits by lowering their energy costs. The PowerOptions® program now has more than 500 members ranging from small, community-based nonprofits to colleges, hospitals, housing authorizes and cities and towns. It has saved its members millions of dollars, money that is reinvested in communities, employees and local economies. PowerOptions® is one of the largest consortiums of its kind and collectively purchases \$220 million of energy annually.

During Fiscal Year 2009, HEFA executed bond issues, pool loans and leases with colleges and universities totaling \$2,285,516,000; Hospitals and health systems worked with HEFA on \$917,703,651 in various bond issues, leases, and private placements, as well as received \$33 million in New Markets Tax Credits allocation from HEFA; HEFA executed projects totaling \$12,285,000 for human service providers. Additionally, HEFA's popular grant program for community health centers provided a total of \$475,608 for a variety of purchases, equipment and facilities upgrades and other projects at deserving health centers throughout the state.

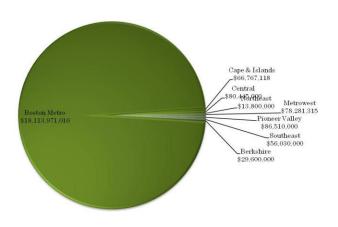
HEFA has programs for tax-exempt financing include bond issues, pool loans, and capital lease programs, providing a range of borrowing options for Massachusetts nonprofits. HEFA also operates a grant program and New Markets Tax Credit program.

HEFA and MassDevelopment were merged under MassDevelopment through the Economic Development Act, to ensure greater transparency, efficiency, and equity in financing a critically important sector of our economy.

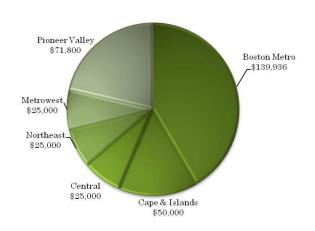
# MASSACHUSETTS HEALTH & EDUCATIONAL FACILITIES AUTHORITY

In FY09, HEFA provided \$2.7 billion in financing to projects.

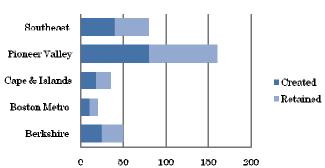
#### Debt Investments



### Technical Assistance and Grants







# MASSACHUSETTS LIFE SCIENCES CENTER

The Massachusetts Life Sciences Center (MLSC) is a quasi-public agency of the Commonwealth of Massachusetts, created by the Massachusetts Legislature in June 2006. The MLSC is closely affiliated with the Executive Office of Housing and Economic Development but is not subject to its direct supervision or control.

The MLSC was established to promote the life sciences within the Commonwealth. It is tasked with investing in life sciences research and economic development.

This work includes making financial investments in public and private institutions growing life sciences research, development and commercialization as well as building ties between sectors of the Massachusetts life sciences community.

Cooperative Research Grant Program

This program is designed to fund research at public and private universities and colleges and affiliated research institutions, such as academic medical centers and independent research entities in Massachusetts. The program aims to foster and grow the scientific research enterprise of the Commonwealth.

Corporate Consortium Program MLSC has developed a Corporate Consortium Program for corporate and investment partners to contribute matching funds for MLSC's activities.

The program will provide capital, support, and enhanced commercial validation to emerging life science companies in Massachusetts.

Life Sciences Accelerator Program
This program reflects the Center's
ongoing commitment to supporting
early-stage life sciences companies that
will grow employment opportunities and
stimulate innovation across the
Commonwealth. The Center is
targeting a 2010 investment of \$5.5
million for this program, with \$3.5
million allocated to a first round that
will open immediately, and the balance
allocated to a second round in the fall.

The primary objective of the Accelerator Loan Program is to provide working capital to early stage life sciences companies that still are in the process of further developing their science/technology and have not yet raised more than \$5 million in equity financing.

Accelerator Program loans are capped at \$750,000 per company. Target applicants generally are early-stage life sciences companies with a high potential for technology commercialization, rapid growth, and private equity financing. The Accelerator Program is designed to help sustain these companies through a critical stage of development and financing.

Life Science Internship Challenge
The MLSC provides a web-based
interface where students can apply for an
internship, and prospective host
companies can match skills with their
needs. Companies are responsible for
reviewing resumes, contacting,
interviewing, and hiring candidates. The
Center reimburses companies with 100 or
less employees for selected students at up
to \$15 per hour for up to 12 weeks.

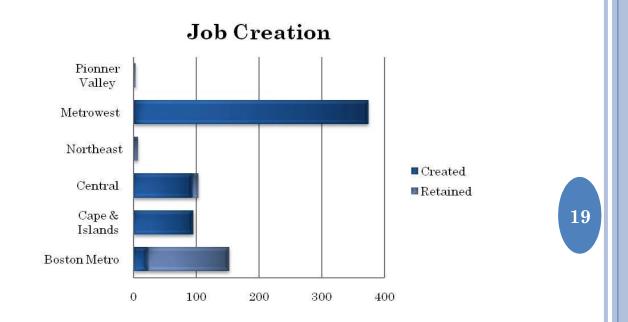
# MASSACHUSETTS LIFE SCIENCES CENTER

MLSC provided \$54,167,123 in grants to educational institutions and municipalities as well as supporting the MLSC Internship Grant Program. Additionally, MLSC awarded \$3.4 million grants for first round of the Accelerator Loan Program funding 7 early-stage companies.

### **Technical Assistance and Grants**

#### **Accelerator Loans** Northeast \$2,113,213 Metrowest \$22,356,163 Pioneer Valley Boston \$1,058,000 2,500,000 Metrowest, Southeast \$900,000 \$608,243 Berkshire Central \$9,600 \$116,549,644. Boston Metro \$31,862,451 Cape & Islands \$10,000,000

In FY09, MLSC programs assisted in the creation of 544 jobs.



## MASSACHUSETTS TECHNOLOGY COLLABORATIVE

The Massachusetts Technology Collaborative (MTC) is a public economic development agency that promotes new economic opportunities and fosters a more favorable environment for the formation, retention and expansion of technologyrelated enterprises in Massachusetts.

MTC is advancing economic development in key areas such as life sciences, health care technology, information technology, nanotechnology, broadband deployment, and marine sciences. With a long history of managing complex projects, MTC has successfully invested close to \$500 million in public funding by providing grants, loans and other financial assistance to thousands of projects across the state during the past 27 years.

Through its major divisions—the John Adams Innovation Institute, the Massachusetts e-Health Institute and the Massachusetts Broadband Institute—MTC is stimulating economic activity in every corner of the Commonwealth. MTC is working closely with Governor Deval Patrick's Administration, supporting international economic development activities to maximize opportunities for Massachusetts.

### John Adams Innovation Institute

The Innovation Institute is the Commonwealth's leading science, technology, and innovation policy agent—fostering the vitality and capacity for self-renewal of the Massachusetts Innovation Economy through working closely with academics, industry practitioners, and government officials. Bringing together Massachusetts CEOs and VCs to work together to launch the next generation of entrepreneurs, the new 12x12 initiative reinforces the innovation

ecosystem in Massachusetts and the region's growing recognition as a global tech hub.

Targeted investments by the Innovation Institute support key industry clusters in the Commonwealth's knowledge economy. The Innovation Institute also supports rigorous collaborative interdisciplinary research and development partnerships at Massachusetts universities.

Life Sciences Collaborative The Massachusetts Life Sciences Collaborative brings together life sciences leaders in academia, industry and government to create a cross-sector collaboration to advance the growth and vitality of the life sciences super cluster in Massachusetts. The life sciences super cluster includes the Commonwealth's world-class universities, teaching hospitals and research institutions, as well as biotechnology, medical device, and pharmaceutical companies and the many software, venture capital, plastics, and IT companies who contribute to the expansion of the cluster.

### E-Health

MTC is working to speed adoption of technologies that save lives and reduce costs in healthcare. Its work has brought together policymakers, healthcare experts, physicians, and business leaders to break down barriers to widespread integration of advanced technologies.

## MASSACHUSETTS TECHNOLOGY COLLABORATIVE

Building on this momentum, Governor Deval Patrick and leaders in the Massachusetts Legislature created the Massachusetts e-Health Institute (MeHI) through the passage of Chapter 305 of the Acts of 2008, with a critical mission to improve quality and reduce costs in health care for citizens of the Commonwealth. The Massachusetts e-Health Institute is aggressively promoting cost containment, transparency and efficiency in the delivery of quality health care through the deployment of electronic health record systems in all health care provider settings in Massachusetts.

As the Regional Extension Center for the state, MeHI is responsible for offering technical assistance, guidance and information to help providers implement electronic health records and achieve meaningful use. MeHI is leveraging the existing expertise in the healthcare industry working with established leaders and implementing organizations. In February 2010, MeHI was awarded a \$14 million federal grant to support the implementation of electronic health records for approximately 2,500 providers and an additional \$10.6 million to support the development of a secure, statewide health information exchange.

### **Massachusetts Broadband Institute**

Governor Patrick signed the landmark Broadband Act, which created the Massachusetts Broadband Institute (MBI) as a division of MTC. The MBI is making strategic and targeted public investments with the goal of expanding broadband access to all unserved and underserved communities by August 2011. The MBI is investing public funds (up to \$40 million of state bond funding) into essential, long-lived

broadband infrastructure assets, such as fiber and wireless towers, thereby lowering the overall cost of deployment for private providers.

In March 2010, the MBI submitted an application for \$45.4 million in federal stimulus funding under Round Two of the U.S. Department of Commerce's Broadband Technology Opportunities Program. Through the leadership of the Patrick-Murray Administration and the Massachusetts Legislature, the Commonwealth is providing \$26.2 million in matching funds to bring the total potential investment in the project to \$71.6 million.

The application—named MassBroadband 123—will create a robust fiber-optic network that connects 123 communities in the western part of the state. MassBroadband 123 will build an essential foundation for connecting residents, new economic opportunities, improving education and healthcare, and strengthening public safety.

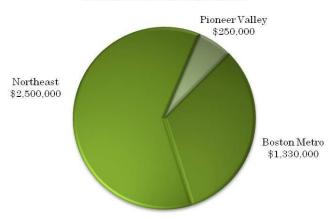
### **International Activities**

The Patrick Administration has prioritized the state's international trade and investment operations, which include a successful trade and business development mission to China. MTC is working with the Massachusetts Office of International Trade and Investment, under the Executive Office of Housing and Economic Development, to develop a plan for working within existing budgets to maximize exports, galvanize international business partnerships, and increase foreign direct investment..

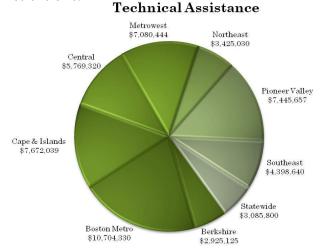
# MASSACHUSETTS TECHNOLOGY COLLABORATIVE

MTC provided over \$4 million in loans to emerging technology businesses, 85% of debt investments were made to small business.

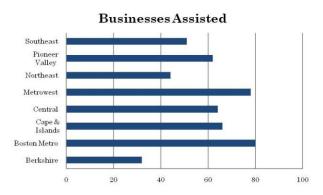
**Debt Investments** 



MTDC provided over \$36 million in grants and technical assistance to municipalities and educational institutions.



MTC assisted 239 businesses through their programs.



# MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION

The Massachusetts Technology Development Corporation (MTDC) is a state-sponsored venture capital company focusing on companies seeking small amounts of venture capital, in the range of \$1 million to \$3 million.

Established by the Massachusetts Legislature in 1978, MTDC was created to address the capital gap for start-up companies and to encourage the growth of early-stage technology firms in Massachusetts. Since 1988, MTDC has been entirely self-supporting.

The venture capital market has grown so large that the increases in the size of venture funds have led many firms to make ever-larger investments. As a result, it remains difficult to obtain small amounts of early-stage capital. The problem is compounded for start-up technology companies whose founders may have little experience in running businesses. It is this capital gap that MTDC addresses.

Throughout its existence, MTDC has pursued four basic objectives:

- To help create jobs in technology-based industries in Massachusetts;
- To attract and leverage private investment in Massachusetts companies;
- To foster the application of technological innovations where Massachusetts companies are, or can be, leaders; and
- To nurture entrepreneurship among Massachusetts citizens.

MTDC also differs from private venture capital firms in that it is more willing to invest in an entrepreneur who has yet to establish a proven track record. Approximately 80 percent of MTDC's investments are made in start-up companies.

MTDC seeks to make all of its investments on a co-venture basis with private sector interests, including venture capital firms, banks, limited partnerships, and individual and corporate investors. Investments can

range up to \$500,000, but typically, MTDC provides \$300,000 to \$500,000 of a \$1 million to \$3 million investment. Private co-investors provide the balance. Investments are generally made as equity investments. MTDC's staff negotiates the exact terms of the investment with each company.

MTDC's current portfolio of companies includes firms in the following industries:

- Computer software and services
- Computer equipment and peripherals
- Industrial automation systems and equipment
- · Biomedical instruments and devices
- Telecommunications and data communications
- Material science and environmental management
- Internet- related businesses

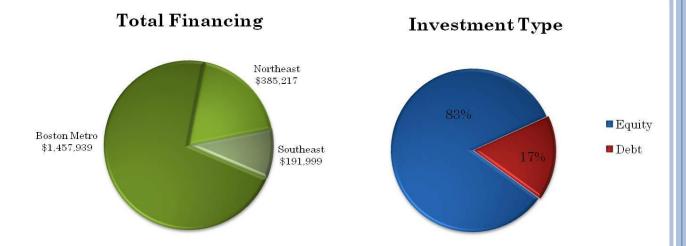
Management Assistance Program In addition to its investment program, MTDC also provides management assistance to entrepreneurs. Through this program, MTDC staff reviews an entrepreneur's business plan, advises the client as to the most feasible options for raising capital from both public and private sources, and helps the company locate sources of financing. MTDC provides management assistance services to approximately 40 to 60 companies annually. Assistance is not limited to companies in which MTDC invests. However, the management assistance program is used to identify potential MTDC clients.

The cumulative amount of appropriations received from the Commonwealth is \$12.7 million. These monies have led to over \$78 million of investment in Massachusetts-based technology companies since 1978. During FY10, MTDC invested \$2,035,155 in 11 Massachusetts companies.

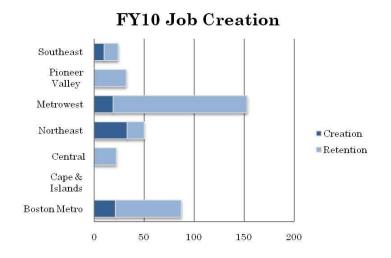
23

# MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION

MTDC provided over \$2 million in debt and equity investments to businesses.



MTDC's investments helped to create 57 new jobs in FY10 and retain 83 jobs.



43 Companies were assisted through MTDC's Management Assistance Program.

# ECONOMIC DEVELOPMENT AGENCIES

### COMMONWEALTH CORPORATION

Commonwealth Corporation is a quasipublic workforce development agency
under the umbrella of the Executive
Office of Labor and Workforce
Development. The organization's
mission is to build upward mobility
pathways for youth and adults to
prepare for high demand occupations in
the Massachusetts' economy, in concert
with state and local partners.

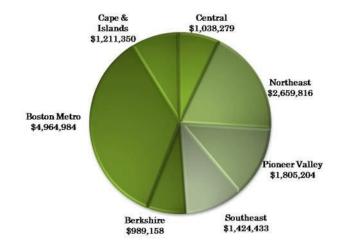
Commonwealth Corporation works in three primary areas: building pathways to educational credentials and careers for youth who are at-risk; creating partnerships among employers, education and workforce entities to prepare adults for new or better jobs in high demand fields; and action-oriented labor market research and evaluation. The initiative highlighted in the Quasi-Public report from Commonwealth Corporation is the Workforce Competitiveness Trust Fund (WCTF), which was created by the MA Legislature in the Economic Stimulus Package of 2006. The purpose of the Workforce Competitiveness Trust Fund is to prepare Massachusetts residents for new jobs in high demand occupations or to upgrade the skills of incumbent workers to ensure that workers and their employers remain competitive in a rapidly changing technological and global economy.

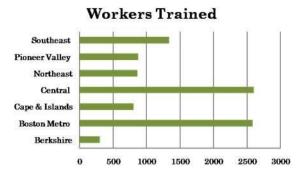
The WCTF was initially capitalized at \$18 million. During Fiscal Year 2010, \$430,000 was awarded for two implementation grants (following up on planning grants that had been awarded the previous year under IPSEM). In Fiscal Year 2009, \$344,345 was awarded to 7 sector projects. In FY 2008, \$7,226,771 was awarded to 15 sector projects across the Commonwealth. In FY 2007, \$6,522,108 was awarded to 15 three-year projects that were in operation in FY 2008.

## COMMONWEALTH CORPORATION

The Commonwealth Corporation has awarded over \$14 million in grants to enhance worker skills increase business competiveness and improve employment and skills for the unemployed.

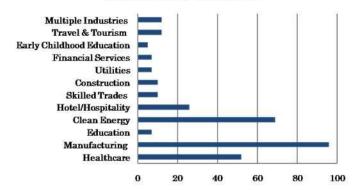
This program has been matched by a private sector match of \$14.6 million.





9,328 workers have been served or will be served by these grants.

### **Business Partners**

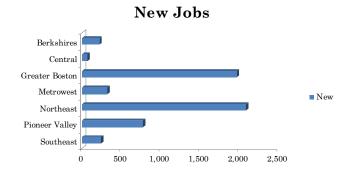


The WCTF works with 313 businesses, 30% of whom represent the manufacturing industry.

# MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT

The Massachusetts Office of Business Development (MOBD) works to promote job growth, retain existing jobs, and stimulate private investment within the Commonwealth of Massachusetts. MOBD facilitates timely access to governmental and non-governmental resources that help businesses thrive in Massachusetts.

MOBD assisted in the creation of 5,675 new jobs and retention of 27,389 jobs.



In FY10, MOBD served 136 projects that yielded over \$2.28 billion in private investment.

## MASSACHUSETTS OFFICE OF INTERNATIONAL TRADE &INVESTMENT

The Massachusetts Office of International Trade of Investment (MOITI) through its contract with The Massachusetts International Trade Council, Inc. (MITCI) is an IRC 501(c)(3), MA Chapter 180, non-profit corporation, established to provide services to expand the Massachusetts economy by marketing the state's business internationally, through focused export promotion, attracting foreign companies to invest in Massachusetts and handling protocol as it relates to trade and investment.

The Massachusetts Office of International Trade & Investment (MOITI) works to expand the Massachusetts economy by marketing the state's business internationally, through focused export promotion, attracting foreign companies to invest in Massachusetts and handling protocol as it relates to trade and investment.

### **Export Promotion**

MITCI's calendar year of trade shows has produced notable results in a challenging economy. Massachusetts Pavilions at 7 leading industry-focused overseas trade shows enabled 32 enterprises including seven regional and industry organizations to compete in the global economy. Massachusetts pavilions include information on State programs and facilities including those offered by the Massachusetts Technology Collaborative, MassPort and Massachusetts Development Finance Agency. Massachusetts at Medica (Dusseldorf) and the China Hi-Tech Fair (Shenzhen) reported record per-company sales; and access to new markets was opened at the Arab Health Trade Show in Dubai and the Hospitalar in Brazil. Projected first-year sales from these shows exceed \$18 million and support over

360 jobs in the Commonwealth. MITCI also actively recruits for upcoming year shows in the winter and spring tradeshow season including CeBIT, Arab Health and Energy

Foreign Direct Investment MITCI's FDI projects have enabled significant economic growth for the Commonwealth by assisting foreign companies to access the U.S. market by establishing a job-creating presence in Massachusetts. Seven separate projects created 53 new jobs in the Commonwealth and represent \$6 million in private investment. The originating countries for the projects are: China, India, Norway, France, United Kingdom and Germany.

### **Protocol**

and tourism.

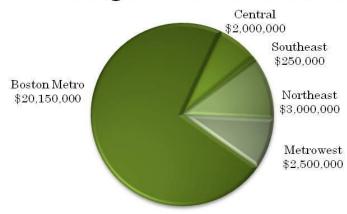
Protocol and consular relations pertaining to trade and investment: MITCI maintains active relationships with the 54 Massachusetts based foreign consulates as well as receiving and hosting regular visits from embassies and consulates outside of Massachusetts. MITCI maintains the primary contact with over two dozen Sister-State or Memorandum of Understanding regions. In this reporting year there were over twenty official delegations from around the world with economic development and trade components.

As part of the Economic Development Act,
MOITI (now the International Trade Office)
was placed under the aegis of the
Massachusetts Marketing Partnership, a
new umbrella agency aimed better
marketing the Commonwealth
domestically and internationally by
promoting synergies between trade

# MASSACHUSETTS OFFICE OF INTERNATIONAL TRADE & INVESTMENT

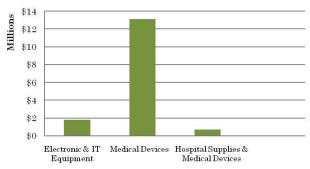
The FDI companies MOITI works with reported over \$27 million in Foreign Direct Investment in FY10.

Foreign Direct Investment

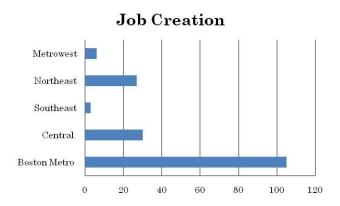


The 23 companies exhibiting in the MOITI pavilions at trade shows reported over \$15 million in sales.

Sales From Trade Shows



MOITI's programs assisted in the creation of 483 new jobs.



## MASSACHUSETTS OFFICE OF TRAVEL AND TOURISM

The Massachusetts Office of Travel & Tourism (MOTT) is the state agency dedicated to promoting Massachusetts as a friendly, family-oriented destination set in the midst of rich historical and cultural tradition. MOTT's budget is derived from a portion of the state hotel room occupancy tax and is therefore responsible for encouraging overnight stays, as well as increasing tourism-related spending and payroll. MOTT serves as a leader in the tourism industry, bringing together the public and private sectors to promote Massachusetts as a leisure destination.

### **Economic Impact**

In FY 2009, Massachusetts hosted 15.6 million domestic visitors. In CY2008, there were 1.9 million international visitors; 1.3 million came from overseas and 635,000 from Canada. Direct spending by domestic and international visitors totaled \$15.6 billion in 2008. Visitor expenditures supported 128,800 jobs in 2008 and \$3.7 billion in wages and salaries.

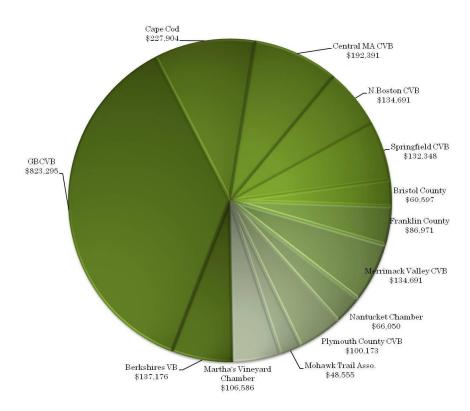
Visitor expenditures generated \$962.7 million in Massachusetts state and local tax revenue in 2008. Each dollar spent by a visitor in 2008 generated 3.8 cents in state tax receipts and 2.3 cents in local taxes. State hotel room occupancy tax collections totaled \$160.9 million in FY2009.

### **Regional Tourism Councils**

The state is divided into 13 regions; each is marketed by a Regional Tourism Council (RTC). The RTCs develop regional advertising, public relations, brochures and other marketing initiatives. The RTCs are nonprofit, membership-based organizations. While MOTT markets the state as a whole, the RTCs focus on their specific areas of the state. The RTCs are an invaluable resource for attractions. accommodations and other tourism businesses. To help accomplish their regional marketing initiatives in FY10, the RTCs received \$2,250,000 in allocations through the state's FY10 RTC 1038 Grant Program.

# MASSACHUSETTS OFFICE OF TRAVEL AND TOURISM

The Regional Tourism Grant Program funded 13 tourism councils and visitors bureaus, providing \$2.25 million in FY10.



# MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

Massachusetts Small Business Development Centers (MSBDC) provide one-to-one free comprehensive and confidential services focusing on, business growth and strategies, financing and loan assistance, and strategic analysis. The statewide program has three integrated product lines: Business Advisory Services, Government Contracting and International Trade/Export Services. Services are delivered through a statewide network of skilled professionals supported by a vast network of federal, state, educational and private sector partners. In addition, low cost educational training programs are offered across the state targeted to the needs of small business.

MSBDC is a partnership of the United States Small Business Administration, the Massachusetts Executive Office of Housing and Economic Development and a consortium of institutions of higher education led by the Isenberg School of Management at the University of Massachusetts/Amherst and includes Clark University, Salem State College, University of Massachusetts/Boston and University of Massachusetts/Dartmouth.

MSBDC's six regional business advisory centers, Mass Export/ International Trade Centers, and Procurement Technical Assistance Centers are designed to effectively service small businesses throughout the state. There is an MSBDC regional, specialty, or satellite office located within 30 minutes of any potential client.

### **Business Advisory Services**

Through six Regional Centers housed in Pittsfield, Springfield, Worcester, Salem, Fall River and Boston full-time business advisors supported by the resources of academic institutions, provide business advising to small businesses. Feasibility studies and start up issues, business plan development, cash flow analysis, marketing and sales strategies, financial plan development, financing options and loan packaging, buy/sell and valuation assistance, technology and e-commerce assistance as well as assistance with equity business plans are among the wide array of assistance provided

### **Minority Business Center (MBC)**

The Minority Business Center provides services on a targeted basis to the minority community of Greater Boston. MBAC is sponsored by UMASS/Boston.

### **Training**

MSBDC conducts seminars, workshops, courses, and conferences addressing a wide range of business issues. Many of these programs are co-sponsored with local chambers of commerce, colleges and universities, community development organizations, and trade associations.

# MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

### **Massachusetts Export Center**

Through four centers located across the state in Boston, Holyoke, New Bedford and Worcester, the MSBDC's Massachusetts Export Center provides export counseling, technical assistance, international market research and promotion, as well as training to businesses. Expertise and guidance is provided in the areas of export market assessment and analysis, establishment of export market channels, international business development, export legal and regulatory compliance. export logistics and supply chain management, and global trade banking and finance. The program works collaboratively with the Mass Office of International Trade & Investment, MassDevelopment, the U.S. Department of Commerce and the U.S. Small Business Administration Office of International Trade.

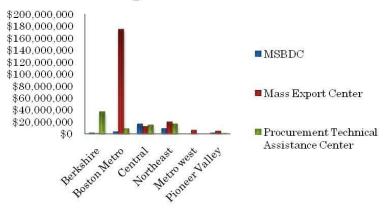
### Procurement Technical Assistance Center (PTAC)

Client firms receive an understanding of contracting requirements and the knowledge of how to obtain and successfully perform federal, state and local government contracts. Small businesses headquartered in Massachusetts and in business for at least 1 year can subscribe to a free bid-matching service informing them of bidding opportunities (when electronically available) matching their specific product and/or service profiles. The PTAC provides a wide range of assistance - such as: guidance on initial registrations and small business certifications, researching procurement histories, small business matchmaking conferences, proposal guidance and review, contract performance issues and much more.

# MASSACHUSETTS SMALL BUSINESS DEVELOPMENT NETWORK

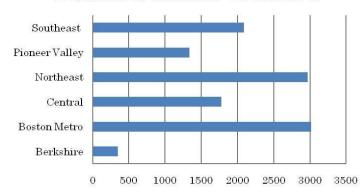
Through the advisory services of the three centers of the SBDC, small businesses reported over \$347 million in new loans, contracts and increased international sales.

### **Capital Infusion**

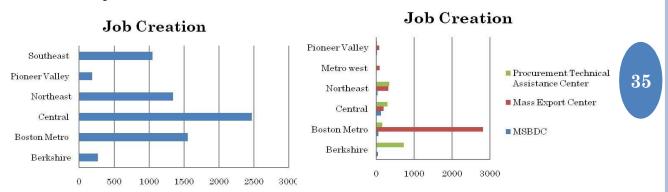


The SBDC assisted in the creation of 5,628 jobs through their services.

**Businesses Trained/ Counseled** 



The three centers trained and provided 1:1 consultation to over 9,000 businesses and entrepreneurs.



## WORKFORCE TRAINING GRANT FUND

The Workforce Training Fund Program (WTFP) is an incumbent worker training program that operates within the Division of Career Services, Department of Workforce Development and is under the umbrella of the Executive Office of Labor and Workforce Development. The Fund's mission is to provide the resources employers need to build and maintain a competitive workforce in the Commonwealth of Massachusetts

The Workforce Training Fund operates three different grant programs: General Program that provides matching grants for customized training; the Express Program that provides matching grants to small businesses (50 or fewer employees) to cover the tuition costs for pre-approved, off-the-shelf courses, and; the Hiring Incentive Training Grant Program that provides a grant of \$2,000 to cover the short-term training costs for newly hired unemployed workers.

The Workforce Training Fund was created by the Legislature in 1999 to increase the competitiveness of Massachusetts employers. The program is funded entirely by a surcharge on unemployment insurance, which generates approximately \$21 million annually. Since its inception in 1999, the WTFP has awarded over 6,000 grants totaling over \$192M to train over 227,000 Massachusetts workers.

During Fiscal Year 2010, WTFG awarded \$3.6 million in grants to 75 employers across the Commonwealth to train 5,089 workers.

